



Investigating the factors that lead to online micro enterprises success using financial wellness as indicator: a case study in Egypt

بحث العوامل التي تؤدي إلى نجاح المؤسسات متناهية الصغر عبر
الإنترنت باستخدام العافية المالية كمؤشر للنجاح :
دراسة حالة في السوق المصري

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المستخلص:

تمثل المشروعات متناهية الصغر ٩١٪ من إجمالي الشركات في مصر، مما يجعلها قوة مهيمنة في الإقتصاد المصري، خاصة الشركات التي تمارس عملها فقط عبر الإنترنت. وقد أدت جائحة كورونا إلى تسريع تحول الأعمال التجارية كافة إلى ممارسة أعمالها عبر الإنترنت، ويأتي ذلك تزامناً مع رؤية الحكومة المصرية بحلول

عام ٢٠٣٠ بنمو هذه المؤسسات المتناهية الصغر عبر الإنترنت إدراكًا لأهميتها وفعاليتها في الاقتصاد المصري، وبناء عليه فإن هذه الدراسة تهدف إلى دراسة العوامل التي تساهم في نجاح المشروعات متناهية الصغر عبر الإنترنت، وذلك باستخدام العافية المالية للشركة كمؤشر لنجاحها. وتهدف النتائج إلى مساعدة مالكي ومديرين وصناع القرار لهذه المؤسسات في فهم العوامل الرئيسية التي تؤدي إلى نجاح أعمالهم وتشجيع السلطات على تبسيط وتحديث اللوائح الخاصة بعمل الشركات متناهية الصغر عبر الإنترنت في مصر لمساعدتها على النمو أكثر فأكثر.

استخدمت هذه الدراسة منهجًا كميًا، يتضمن توزيع ٤٢٠ استبيانًا على مالكي ومديري المؤسسات متناهية الصغر عبر الإنترنت في مصر. وكشف تحليل الاستجابات، الذي تم إجراؤه باستخدام برنامج SPSS، عن تأثير إيجابي وهام لأنشطة العلاقات الجيدة مع العملاء والأنشطة التسويقية داخل المؤسسة على السلامة المالية للمؤسسات متناهية الصغر عبر الإنترنت في مصر. وهذا يسلط الضوء على أهمية تحديد الأولويات وتعزيز إدارة علاقات العملاء وأنشطة التسويق في الشركات متناهية الصغر عبر الإنترنت. كما أنه يمكن المالكين والمديرين من التعرف على الدور الحاسم لهذه الأنشطة في تحقيق نجاح أعمالهم. ومن ناحية أخرى تبين أن الخبرة الإدارية لها التأثير الأقل أهمية على السلامة المالية للمؤسسات متناهية الصغر عبر الإنترنت.

علاوة على ذلك، وجدت الدراسة أن البيئة التنظيمية الخارجية تؤثر بشكل كبير وإيجابي على السلامة المالية للشركات متناهية الصغر عبر الإنترنت في مصر. وتؤكد هذه النتائج أهمية قيام السلطات وصناع القرار في مصر بدراسة هذه النتائج والعمل على تسهيل وتحديث اللوائح الخاصة بعمل الشركات متناهية الصغر عبر الإنترنت في مصر وفقًا لنتائج الدراسة.

الكلمات المفتاحية:

المشروعات متناهية الصغر عبر الإنترنت، نجاح المشروعات متناهية الصغر، العافية المالية، المشروعات متناهية الصغر في مصر، العوامل التي تؤدي إلى نجاح الأعمال، الأعمال التجارية عبر الإنترنت.

Abstract:

Micro enterprises comprise 91% of all firms in Egypt, making them a dominant force in the country, particularly in the online sector. The COVID-19 pandemic has accelerated the shift from offline to online businesses, and the Egyptian government's vision by 2030 further supports the growth of these online micro enterprises. Recognizing the significance and effectiveness of micro businesses in the economy, this study aims to investigate the factors that contribute to the success of online micro enterprises, using financial wellness as an indicator. The findings aim to assist owners, managers, and decision-makers in understanding the key factors that drive business success and encourage the authorities to streamline and update regulations.

This study employed a quantitative approach, involving the distribution of 420 questionnaires to owners and managers of online micro enterprises. The analysis of the responses, conducted using SPSS, revealed a positive and significant impact of customer relationship and marketing activities on the financial wellness of online micro enterprises in Egypt. This highlights the importance of prioritizing and enhancing both customer relationship management and marketing activities in online micro businesses. It also enables owners and managers to recognize the crucial role of these activities in achieving business success. On the other hand, management expertise was found to have the least significant impact on the financial wellness of online micro enterprises.

Furthermore, the study found that the external regulatory environment significantly and positively influences the financial wellness of online micro enterprises in Egypt. These findings underscore the importance for authorities and decision-makers in Egypt to consider these results and work towards facilitating and updating regulations accordingly.

Keywords: Online micro enterprises, Micro enterprises success, financial wellness, micro-enterprises in Egypt, Factors lead to business success, online businesses

1. Introduction

Micro enterprises constitute 91% of all firms in Egypt; making them the most powerful force in the country specially the online firms the Central Bank of Egypt (2021). In spite of this, research indicates that Egyptian internet micro companies have a restricted capacity for expansion and are confronted with structural flaws. The majority of these enterprises operates unofficially and do not receive any assistance from government support programmers (Zidan, 2023). This is a significant issue that needs to be resolved in order to bring about greater economic progress.

It is essential to have a solid grasp of the aspects that enable the sustainability of online micro enterprises in order to comply with Egypt's 2030 Agenda for sustainable development (Negm et al. 2022). It is possible for online micro enterprises to considerably advance sustainable development goals on a national and global scale (Albalushi & Naqshbandi, 2022). These enterprises serve as vital innovation engines. Through the identification of the primary factors that contribute to the financial well-being of Egyptian online micro firms, policies and efforts may be adjusted to enhance the resilience, formalization,

and development potential of these businesses. Significant economic and social gains that are in line with Egypt's 2030 vision are anticipated as a result of this (Li et al. 2024).

Studying online micro enterprises is vitally important in both academia and practice, especially in developing economies. The creation, development and support of online micro businesses should be a key research priority. Online micro enterprises hold tremendous power to promote employment, investment, innovation and competition through their entrepreneurial nature and digital capabilities (Turner, 2022). By significantly contributing to economic growth, online micro enterprises can also multiply social benefits within developing countries. From citizens running micro enterprises to governments seeking prosperity, multiple stakeholders stand to gain from nurturing sustainable and resilient online micro business models tailored to the developing world context. Advancing academic and practical understanding of online micro enterprise success factors can inform robust policies, programs and environments to fulfil their immense economic and social promise (Abulibdeh et al. 2024).

Considering the strategic economic growth roles of online micro enterprises (OECD, 2017), this research can inform policymakers, practitioners and entrepreneurs on leveraging the immense potential of financially sustainable online micro business models for advancing economies and sustainable development goals.

Understanding success factors for online micro enterprise sustainability promises substantial collective impact. By elucidating risks and enablers for the sector's resilience, research insights can assist Egyptian policy frameworks, support initiatives and capacity building to aid the survival and growth of online micro enterprises. In alignment with Egypt's 2030 strategy emphasizing job opportunities, focused efforts to

nurture successful online micro entrepreneurship can transform this vital 3.8 million segment to better drive inclusive economic prosperity (Ahmad and Patra, 2023).

Based on the previous, this research seeks to investigate the factors that lead to online micro enterprises success using financial wellness as indicator in the market of Egypt. Therefore, several hypotheses have been established for the researcher to test through primary research data **as following:**

Hypothesis One: there is a significant relation between Management experience and talent and online micro enterprises financial wellness.

Hypothesis Two: there is a significant relation between Marketing activities and online micro enterprises financial wellness.

Hypothesis Three: there is a significant relation between Customer Relationships and online micro enterprises financial wellness.

Hypothesis Four: there is a significant relation between Regulatory Environment and online micro enterprises financial wellness.

2. Literature review

Existing literatures has focused heavily on performance improvement for small, medium and large enterprises. However, there has been insufficient research attention towards micro enterprises specially the online micro enterprises (Albalushi & Naqshbandi, 2022), despite their significance. As critical tools for addressing economic and social issues in both developed and developing nations, online micro enterprises require dedicated study of their sustainability factors (Gherghina et al., 2020).

Online micro enterprises refer to very small-scale businesses that leverage the internet and e-commerce platforms for their operations and sales. With the rapid development of e-

commerce in recent years, online tools provide tremendous opportunities for micro enterprises to build their business in more effective and efficient ways. Given the inherent resource constraints for micro enterprises, adopting online capabilities allows them to maximize limited budgets while reaching wider markets through digital channels (Hung, et al. 2018).

Riding the global rise of e-commerce, online micro enterprises can potentially exhibit more resilience against disruptions compared to traditional offline micro firms. As Egypt continues on its digital transformation, the country has witnessed 40% year-on-year growth in e-commerce users during the pandemic (Statista, 2023). This evolving landscape offers ideal timing for Egyptian micro enterprises to transition towards digitally-enabled models that leverage e-commerce for unlocking growth opportunities despite their small size. With innovations in financial technology also expanding funding options, the prospect of thriving online micro enterprises is brighter than ever before (Chishti and Barberis, 2016).

In addition, the agility and leanness of online micro enterprises enables rapid pivots in business models and offerings in response to changing consumer preferences in the digital marketplace. Their small scale allows faster iterations than brick-and-mortar approaches. Adoption of social media platforms and digital marketing tools allows online micro enterprises to build engagement with target customers in cost-effective ways. Strategic social media presence and influencer marketing helps overcome limitations of scale (Ghezzi and Cavallo, 2020).

Furthermore, the rise of online marketplaces and platforms tailored for micro enterprises provides them with access to a global customer base that was previously unimaginable. These platforms often handle logistics, payment processing, and customer service, relieving micro enterprises of many traditional

business burdens. This democratization of access to the global market levels the playing field for small businesses, allowing them to compete with larger corporations on a more equal footing (Periyasami and Periyasamy, 2022).

Moreover, the data-driven nature of e-commerce enables online micro enterprises to gather valuable insights into consumer behavior, preferences, and trends. Through analytics tools and customer feedback mechanisms, these businesses can adapt their strategies in real-time, optimizing product offerings, pricing strategies, and marketing campaigns to better resonate with their target audience. This iterative approach to business development fosters continuous improvement and innovation, enhancing the competitiveness and sustainability of online micro enterprises in dynamic market environments (Balaraman and Chandrasekar, 2016).

Additionally, the digital nature of online micro enterprises facilitates collaborations and partnerships with other businesses and influencers across the globe. Through strategic alliances, micro enterprises can leverage complementary strengths, expand their reach, and tap into new markets more efficiently. Collaborative marketing initiatives, joint product launches, and cross-promotional campaigns can amplify brand visibility and credibility, driving customer acquisition and retention for all parties involved (Puthusserry et al. 2020).

In conclusion, the convergence of e-commerce, digital technologies, and evolving consumer behaviors presents unprecedented opportunities for micro enterprises to thrive in the digital age. By embracing online capabilities, leveraging e-commerce platforms, harnessing data-driven insights, fostering collaborations, and focusing on niche markets, online micro enterprises can unlock growth opportunities, enhance resilience, and achieve sustainable success amidst today's rapidly evolving business landscape.

Based on market research, Egypt has one of the highest numbers of MSMEs in the Arab world; reports indicate that the private sector in the Egyptian market accommodates around 65% to 75% of labor field; and 80% of the GDP in the country comes from these MSMEs (Negm et al. 2022) .

In terms of SME statistics, the main source of information is the Establishment Census undertaken by CAPMAS. This census is usually conducted every ten years, and the latest was issued on 2017. According to the Census, there are 3.8 million micro enterprises in Egypt (OECD, 2018).

According to the Central Bank of Egypt (CBE), micro enterprises can be defined as companies that contain less than ten employees with annual sales less than 1 million L.E.

Micro enterprises are found in numerous fields, such as textile, FMCGs, education, carpentry, etc. figure1 illustrates the fields that contain micro enterprises.

Egypt's online market has expanded rapidly in recent years, with projections to reach \$11.6 billion by 2027 driven by rising internet adoption and engagement in digital purchasing (Galal, 2023). This high growth trajectory is corroborated by reports estimating the Egyptian e-commerce market to reach \$18.04 billion by 2029, growing at a CAGR of 14.8% from 2024 (Mordor Intelligence, 2023). As the broader e-commerce industry thrives, lucrative opportunities arise for Egyptian online micro enterprises to leverage such platforms in cost-effective ways to boost their sustainability.

The global outbreak of COVID-19 in 2020 compelled businesses worldwide to shift to remote operations and embrace digital transformation. Egypt, in response to the pandemic, has taken proactive measures to facilitate a successful transition and position itself as a regional leader in the telecommunications and IT sectors.

According to the Go-Globe 2023 report, the pandemic has significantly impacted consumer behavior, with online purchasing witnessing a remarkable surge. Online buying patterns increased by 94% overall, and 80% of young Arabs now make purchases online. In Egypt, 72% of consumers have increased their online shopping activity, and 54% are directing more of their spending towards virtual experiences. The report also reveals that 41.36 million people in Egypt purchase consumer goods online, with an average annual spend of \$79 per person. This translates to a \$3.27 billion consumer goods market with an impressive annual growth rate of 63.5%.

Understanding the key drivers of success for online micro enterprises is crucial, particularly in developing economies where such models foster employment, investment, innovation, and overall growth (Lagunas et al., 2018). Given the significant social and economic benefits that these online micro enterprises offer, it is imperative to explore the factors that influence their sustainability, as measured by indicators of financial wellness (Hikouatcha et al., 2024).

This study aims to investigate the impact of management experience and talent, marketing activities, customer relationships, and the regulatory environment on the success of online micro enterprises. By examining these factors, the research seeks to provide valuable insights into the elements that contribute to the prosperity and longevity of these enterprises.

Financial wellness in the online micro enterprises, reflect how the business is able to manage their bills and expenses, pay their debts, weather unexpected financial emergencies and plan for long-term financial goals (Turner, 2022). Sustaining a business in the market requires financial wellness from the enterprise.

3. Research Methodology

In this study, the researcher chose to find knowledge based on the pragmatism philosophy, depending on the research objectives and research questions, various data collection take place, leading to various analyses of the data and conclusion development.

The researcher conduct this Cross sectional study by making a quantitative research by creating a questionnaire which was pilot-tested using 20 samples to check the reliability and validity to make sure that the questionnaire is clear to the respondents, and once the final questionnaire was confirmed in dependability, the actual data collection began by distribution of questionnaires to various online micro enterprise owners and managers.

The quantitative outcome data analyzed statistically by the Statistical Package for Social Science (SPSS) program to conduct the analysis of the collected data. Other statistical package is SmartPLS, used in further structural equation modeling. These analyses are as follows: reliability analysis, validity analysis, correlation and structural equation modeling to allow the researcher to examination of hypothesis that there is a relation between independent variables (Management experience and talent, Marketing activities, Customer relationships and Regulatory Environment) and dependent variable (Online micro enterprises financial wellness) to have a final and clear information about the factors affecting online micro enterprises financial wellness in Egypt and the degree of this effect.

The population of this study is all online micro Enterprises in Egypt and the main source of information is the Establishment Census undertaken by CAPMAS. This census is usually conducted every ten years, and the latest was issued on 2017. According to the Census, there are 3.8 million micro enterprises, But it will be impossible for the researcher either to collect or to

analyze all the potential data available to him, owing to restrictions of time, money and often access. so the researcher choose to use technique of non-probability sampling through convenience sampling approach (Saunders, 2003). Convenience sampling technique is often criticized for being unable to inference so Berk and Freedman (1995) provide insights that since convenience sampling was done without bias and relatively large sample size, it is acceptable for further inference, and here is the equation to calculate sample size :

$$\text{Sample size, } n = N * \frac{\frac{Z^2 * p * (1 - p)}{e^2}}{[N - 1 + \frac{Z^2 * p * (1 - p)}{e^2}]}$$

n = sample size

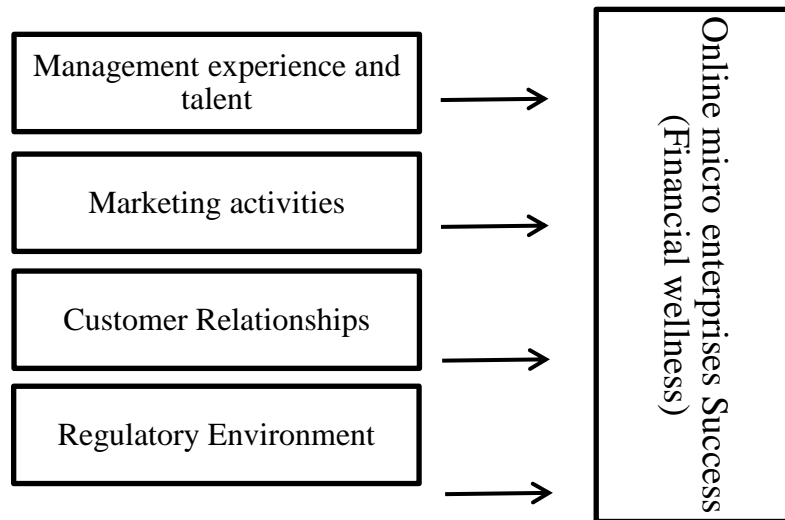
N = Population = 3.8 M

Z = confidence levels and calculated here as 95%, so Z Score here = 1.96

p = Standard of Deviation and calculated here equal to .5

e = Margin of error = confidence interval and calculated here equal to 5%

By applying is the equation, sample size required to validate research results compared to population of micro enterprises in Egypt is 384 and here is the research Model :



4. Results and Discussion

4.1 Descriptive Analysis

Table (1): Table of descriptive statistics of the statements

	Mean	Std. Deviation
Marketing activities		
As an owner/manager of online micro enterprises, I believe that my business has a good product/service.	4.13	0.862

As an owner/manager of online micro enterprises, I believe that marketing activities in my business is managed well.	3.46	1.039
As an owner/manager of online micro enterprises, I consider my business is well known in the market and involved in the community.	3.45	.975
As an owner/manager of online micro enterprises, I'm regularly caring about marketing activities to keep my business name awareness in the market.	3.96	1.109
Customer Relationships		
As an owner/manager of an online micro enterprise, I consider my business keeps in touch with customers.	4.29	.832
As an owner/manager of an online micro enterprise, my business sends special treatment to new members.	4.27	.828
As an owner/manager of an online micro enterprise, my business collects customer opinions about our services/ products.	3.71	1.303
As an owner/manager of an online micro enterprise, my business sends greeting cards or gifts on special days to customers.	3.34	1.439

Regulatory Environment		
As an owner/manager of an online micro enterprise, my opinion Government agencies have a clear and easy regulations and policies (like licensing requirements and tax policies) toward online micro enterprises	2.58	1.333
As an owner/manager of an online micro enterprise, my opinion government agencies support online micro enterprises.	2.21	1.346
As an owner/manager of an online micro enterprise, I believe that the external regulatory environment of the project is clear and easy, making it easier for online micro enterprises to do business.	2.71	1.217
Financial wellness		
When steering your online enterprise, how satisfied are you with your business current financial situation?	2.98	1.217
When steering your online enterprise, how do you feel towards the business current financial productivity?	3.08	1.161

When steering your online enterprise, are you worry about being able to meet normal business monthly expenses?	3.01	1.172
When steering your online enterprise, how confident are you that you could find the money to pay a financial emergency that costs about \$1,000?	1.99	1.206
When steering your online enterprise, my project covers monthly expenses and generates profits?	3.10	1.099
When steering your online enterprise, how stressed are you towards the business financial situation in general?	2.63	1.099
Management experience and talent		
As an owner/manager of an online microenterprise in a specific field, in my opinion, the project manager's knowledge is sufficient reasons for the success of the project.	3.88	1.211
As an owner/manager of an online microenterprise in a specific field, I consider the competence of the project manager to be a direct reason for the success of the project regardless of other factors.	3.51	1.241

Source: Calculations based on sample collected through surveys using SPSS software

From table of descriptive it is observable that the statements average agrees on the majority of the statements regarding this phenomenon. However, observing the opinions of the individuals regarding the financial aspect and dealing with financial emergencies, it can be observed that the average individual tend to disagree or be neutral regarding their ability to deal with financial aspect. The variation in the opinions is considerably low observing the standard deviation is obviously low such that CV is less than 40%.

Regarding customer relationships the average individuals agreed that they consider the importance of keeping in touch with all their consumers. The average ranged from 3.39 to 4.56. The business being the repetitive destination for consumer purchasing was the highest statement regarding the level of agreement. This shows the high level of appreciation. The lowest statement in level of agreement was sending greeting cards or gifts on special days to customers.

They agreed regarding the marketing activities statements. The average ranged from 3.45 till 4.64. The majority agreed that their business is responsive to the customers' needs. The average individual was neutral towards the reputation of their business in society. The overall variation was low relatively as high as 30%.

The data showed high variation in regulatory environments. There was also an average of higher level of disagreement towards the ease of the regulations imposed by taxation agencies and governments. This shows the low support of the government in clarifying the processes since the average did not exceed 2.71. Management and expertise talents range from 3.51 till 4.09. This shows that average individuals agreed on qualities of the management level personage. The low variation in statements show consistency in the opinions.

The financial wellness had an average ranging from 1.99 till 3.22. The statements varied from a high level of disagreement regarding financial emergencies to being neutral regarding financial level of their business. The overall variance was high between the firms. This shows how different firms using online enterprises may reap different results and thus should be subject for further studies to understanding factors affecting them.

Table (2): Frequency of Demographics

Variable	Categories	Freq.	Percent
Gender	Female	366	87.1
	Male	54	12.9
Age	30 – less than 40	198	47.1
	40 – less than 50	78	18.6
	50 and above	18	4.3
	Under 30	126	30
Highest Completed Level of Education	Intermediate education (Secondary-Vocational or equivalent)	45	10.7
	Postgraduate studies (Master`s - Doctorate)	27	6.5
	Uneducated	3	0.7

	University degree (Bachelor's degree or equivalent)	342	81.4
	Basic education (primary - secondary)	3	0.7
Business field	Manufacture and processing (handmade – food - other)	165	39.3
	Service (Provides a service, not a good)	21	5.0
	Trading ready-made products (clothes – food – cosmetics - others)	234	55.7
Market duration of the business	From 1 to 3 years	144	34.3
	Less than 1 year	57	13.6
	More than 3 years	219	52.1

Source: Calculations based on sample collected through surveys using SPSS software

Gender: The majority of the respondents were female, making up 87.1% compared to just 12.9% male. This indicates a heavily skewed female representation in the sample.

Age: Nearly half (47.1%) are aged 30-40. 30% are under 30 years old. So the sample skews younger overall. Only 4.3% are over 50.

Education: Most respondents are highly educated - 81.4% have a university degree. Just 0.7% being uneducated. This suggests

the sample of business owners tends to have higher education levels.

Business Field: Over half (55.7%) operate businesses trading ready-made products. About 39.3% are in manufacturing and processing. Very few (5%) are service-based. This gives insight into the predominant industries represented.

Market Duration: Over half (52.1%) had been in business for over 3 years. Around a third (34.3%) were in business for 1-3 years, while 13.6% were less than a year into their venture. There is a good spread of new and established businesses. However, a greater proportion of newer ventures could provide useful insights.

4.2 Confirmatory Factor Analysis (CFA)

Table (3): Model Measurements of the Phenomenon

Variable	Components	Loadings	Outer VIF	Inner VIF	CA	CR	AVE
Customer Relationships	CR1	0.758	1.564	2.35	0.701	0.813	0.522
	CR2	0.753	1.335				
	CR3	0.773	1.335				
	CR4	0.797	1.445				
Financial wellness	FW1	0.820	2.300	1.18	0.856	0.894	0.586
	FW2	0.810	2.204				
	FW3	0.838	2.907				
	FW4	0.760	1.892				
	FW5	0.719	1.332				
	FW6	0.724	1.700				
Management experience and talent	MET1	0.961	1.073	1.67	0.714	0.730	0.596
	MET2	0.717	1.073				
Marketing activities	MA1	0.815	1.671	1.58	0.707	0.820	0.533
	MA2	0.775	1.316				
	MA3	0.735	1.533				
	MA4	0.788	1.353				
Regulatory Environment	RE1	0.764	1.381	2.01	0.765	0.863	0.678
	RE2	0.903	1.867				
	RE3	0.797	1.692				

Source: Calculations based on sample collected through surveys using SmartPLS

The full collinearity approach is not employed due to the absence of multicollinearity. Common technique bias was not a concern, since the variance inflation factors (VIFs) were found to be less than five (Shrestha, 2020). The validity and reliability of the test were evaluated using Confirmatory Factor Analysis (CFA). The dependability was acceptable, since the Cronbach alpha coefficients were more than 0.7. According to Ribeiro et al. (2021), the concept validity was sufficient because the Average Variance Extracted (AVE) >0.5 and Composite Reliability (CR) >0.7 were higher than the suggested thresholds. These showed that statements are reliable and valid.

Table (4): Spearman Correlation Coefficient for phenomeno

	Financial wellness	Management Expertise	Marketing activities	Customer relationship	Regulatory Environment
Financial wellness	1.000				
Management Expertise	.218**	1.000			
Marketing activities	.258**	.365**	1.000		
Customer relationship	.273**	.426**	0.465**	1.000	
Regulatory Environment	.283**	.418**	0.474**	0.467**	1.000

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Calculations based on sample collected through surveys using SPSS26

As shown in Table 4, there is a positive weak significant relationship between financial wellness and Management Expertise at 99% confidence level. Furthermore, it was found that the relationship between financial wellness and marketing activities are positive weak significant relationship at 99% confidence level. Moreover, a positive weak significant

relationship was found between financial wellness and customer relationship. At the end, a positive weak significant relationship was between financial wellness and Regulatory environment at 99% confidence level.

However, the correlations are not enough to check hypotheses since it does not take into consideration the rest of the variables.

4.3 Structural Equation Modeling (SEM)

Structural Equation Modeling (SEM) was employed to examine the relationships depicted in Figure I. It shows how the factors affect the financial wellness of the manager. It can be observed from the graph that there will be 4 independent variables affecting the financial wellness. The structural equation modelling is the most appropriate model to deal with the dataset due to its loose assumptions

1. The relatively large sample size
2. Absence of missing data (mentioned in data management section 3.8)
3. Absence of multicollinearity (As presented by values of VIF)
4. Using PLS estimate also does not require normality assumption unlike the Covariance Based structural equation modelling (Hair et al., 2018; Kline, 2023).

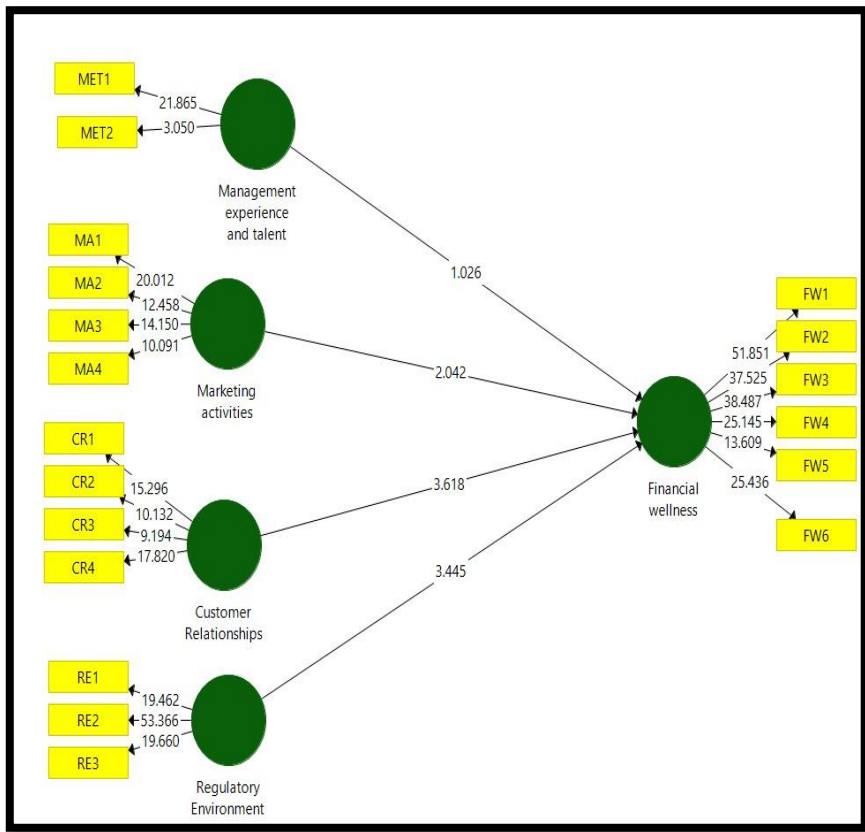


Figure (I): Structural Equation Model for Phenomenon

Table (5): Path Coefficients of the Model

	Original Sample	Standard Deviation
Customer Relationships -> Financial wellness	0.208***	0.043
Management experience and talent -> Financial wellness	0.054	0.064
Marketing activities -> Financial wellness	0.120**	0.051
Regulatory Environment -> Financial wellness	0.208***	0.027

***p-value<0.01, ** p-value<0.05, “.” p-value>0.05

Source: Calculations based on sample collected through surveys using SmartPLS

The results in Table 5 revealed that Customer relationships had a significant positive impact on Financial Trust ($\beta=0.208$) at a 99% confidence level.

While Management experience had an insignificant impact on financial wellness ($\beta=0.059$).

In addition, Marketing activities had a significant positive impact on financial wellness ($\beta=0.120$) at a 95% confidence level. At the end, Regulatory Environment had a positive significant impact on financial wellness ($\beta=0.208$) at a 99% confidence level. This shows that customer relationships and regulatory environment had almost same impact on financial wellness and had the highest impact on it.

Table (6): Model Evaluation Metrics

	SSO	SSE	Q ²	R Square	R Square Adjusted
Financial Wellness	9477.000	7302.630	0.229	0.451	0.448

SRMR=0.086, d_ULS=1.410, d_G=0.453, Chi-Square=1111.336, NFI=0.645

Source: Calculations based on sample collected through surveys using SmartPLS

As outlined in Table 6, the model accounted for 44.8% of the variation in Financial Wellness. Additionally, in accordance with the criteria by Hair et al. (2017), the goodness-of-fit indices (Q² and SRMR) indicated a favorable fit of the model to the data. To sum up, the findings of the study revealed a positive and significant impact of Customer relationship, Marketing activities and Regulatory Environment on Financial Wellness. The proposed model exhibited a robust fit and explained a substantial portion of the variance in Financial Wellness. The SRMR shows a value almost zero; this shows that model is good fit for data. NFI is closer to one showing that model had good performance in fitting data.

5. RESULTS:

The study aimed to investigate the factors contributing to the success of online micro enterprises in Egypt, with a focus on financial wellness as an indicator. The internal factors examined were management expertise, customer relationship, and marketing activities, while the external factor considered was the regulatory environment.

The findings revealed a significant and positive impact of customer relationship and marketing activities on the financial wellness of online micro enterprises in Egypt. This highlights the importance of prioritizing and enhancing these activities to achieve business success. Owners and managers of online micro enterprises can now recognize the critical role that customer relationship management and marketing play in driving their businesses forward. Conversely, management expertise was identified as the least influential factor affecting the financial wellness of online micro enterprises.

Additionally, the study found that the external regulatory environment significantly and positively influences the financial wellness of online micro enterprises in Egypt. This emphasizes the need for authorities and decision-makers to consider these findings and work towards facilitating and updating regulations accordingly.

CONCLUSION:

In conclusion, this study underscores the importance of customer relationship, marketing activities, and the regulatory environment in determining the financial wellness of online micro enterprises in Egypt. The positive impact of customer relationship and marketing activities highlights the need for businesses to prioritize these aspects to achieve success. On the other hand, while management expertise was found to have a lesser impact, it should not be completely overlooked as it still plays a role in overall business performance.

The significant influence of the regulatory environment suggests that policymakers and regulatory bodies should take these findings into consideration. Facilitating and updating regulations

can create a favorable environment for online micro enterprises to thrive and contribute to the economy.

RECOMMENDATIONS:

Based on the findings, several recommendations can be made for academics and practitioners:

Incorporate additional variables: Future research should consider including other variables that may influence the financial wellness of online micro enterprises. Exploring factors such as technology adoption, supply chain management, and workforce skills could provide a more comprehensive understanding of success factors.

Conduct qualitative analysis: While this study focused on quantitative analysis, conducting qualitative research can provide deeper insights into the experiences and perspectives of online micro enterprise owners and managers. Qualitative methods, such as interviews and case studies, can offer rich and nuanced data.

Explore industry-specific analysis: Further research can be conducted to analyze online micro enterprises within specific industries, such as e-commerce or technology services. This industry-specific analysis can uncover tailored strategies and factors that drive success within those sectors.

Present practical implications: Practical implications should be presented to guide companies in focusing on customer relationships and marketing activities. Providing actionable recommendations can help businesses enhance their financial wellness and overall performance.

Encourage further research: Due to the importance of the online micro enterprise sector in Egypt's economy and the scarcity of research in this field, it is recommended to encourage further research. More studies should be conducted to deepen our understanding of the specific challenges and opportunities faced by online micro enterprises in Egypt and identify strategies for their sustained growth and success.

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