

FINANCIAL LITERACY INFLUENCES OF BUSINESS SUCCESS OF WOMEN ENTREPRENEURS

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Abstract

Women's empowerment is one of the major issues facing by India, and it can only be accomplished by educating, releasing, and empowering women in their careers and lives. Financial empowerment is a prerequisite for real equality of rights and opportunity. The patriarchal heritage and other social, economic, and cultural impediments, however, stand in the way of Indian women's financial emancipation. Every woman has to have at least a basic understanding of finances so that she may make her own decisions and contribute to the long-term health and prosperity of her family. To handle their home and personal money, as well as to create and run their own businesses, women need to be financially literate and have the necessary abilities. Women need to be adequately financially literate to manage the larger financial risks they confront since they outlive males on average, spend fewer years in paid employment, and earn less on average. The present study is an effort to know the level of awareness of financial literacy of women entrepreneurs in Tiruchirappalli District.

Introduction:

Entrepreneurs, whether they are men or women, are trusted to make well-informed choices that will provide positive results. Entrepreneurs also need to forecast future demand. An entrepreneur should thus be able to understand the figures, formulas, terminologies, and basic financial factors involved in the process. An entrepreneur who lacks financial understanding won't be able to recognize trends or impending threats.

The National Strategy for Financial Education (NSFE) 2020–25 was recently implemented by the Central Bank of India with the goal of creating a financially knowledgeable society. The plan aims to increase people's participation in the financial business sectors by empowering their dynamic investment fund management and fostering financial awareness in them. The NSFE will go into detail regarding the fundamentals of financial literacy, the foster limit, and a set of supplier-specific standards.

'Financial literacy at an early age is the ideal approach to prepare future entrepreneurs, especially women who simultaneously have to shatter the preconceived views,' said Ghai in reference to the

government's role. Integrating financial literacy into the educational system can be an excellent place to start since the importance of financial literacy is becoming more widely recognized in the modern era.

To live and prosper, a business has to turn a profit. Building value is a business's primary objective. Value is typically expressed in monetary terms, thus business leaders must have a solid understanding of financial management in order to deliver it. Running a successful business also requires taking calculated risks. But, if company makes poor decisions about how to increase income, Thier Company may eventually find itself in precarious circumstances. Entrepreneurs cannot be independent if they are unaware of financial management procedures.

Financial literacy refers to the ability to use knowledge and competencies to effectively manage financial resources for long-term financial security. A businessperson who is financially literate may benefit personally. In order to address this issue, female company owners require financial literacy to manage their cash flow and money properly in order to continue their operations and support their families.

Financial literacy for adults as “a combination of awareness, knowledge, skill, attitude, and behavior necessary to make a sound financial decision and achieve financial wellbeing” stated by OECD (Atkinson & Messy, 2012).

More than ever before, women are demanding financial freedom and literacy. The majority of women enjoy the advantage of having complete mobility, resourcefulness, and a loving family who supports their personal development. Men now take on care giving duties just as much as women do in terms of economic pursuits. The statistics indicates that 62% of Indian women, or over 4.12crore people, either do not have access to financial services or do not possess a bank account.

Review of Literature

According to Huston (2010), there are four criteria to determine financial literacy:

1. Financial knowledge: Understanding personal financial principles, accounting, and purchasing
2. Recognition of money value: The temporal worth of money and power.
3. Investing: Investment is the art of setting aside current resources for future use.
4. Mobilizing capital: Knowing how to transfer resources from the future into the present.
5. Safeguarding Assets: Applying asset security mechanisms to protect resources.

Gupta, K, and Kaur, J, (2014)noted that the total reaction to the financial literacy issues is extremely poor, which shows a deficiency in the following areas: inappropriate saving habits, inefficient cash management, undesirable saving habits, and a lack of reactivity to the various financial products. In this regard, the author emphasizes that the existence of such negativity is a hindrance to the development of the entire economy in terms of achieving a strong and successful position in the market of a competitive nature.

Anshika, A. and Singla, A. (2022), examines the degree of financial literacy among entrepreneurs throughout the world and how it affects financial access and the success of micro, small, and medium-sized firms (MSMEs). The current analysis pinpoints the strategies to raise financial literacy to increase company performance and financial access. A systematic review of the literature has been conducted by locating 358 studies from diverse sources. 237 papers were eliminated based on selection criteria, leaving 67 research that the current investigation has determined to be pertinent.

Ruchi & Roy, Blessy. (2021) help people realize how financial literacy and women can work together to improve their country's economy and, in the process, foster individuality and women's empowerment. This article tries to understand and analyze the gender gap that has been provided by the Global Financial Literacy Excellence Center recent study on the gender gap and the recommendations to avoid the gender gap in the future.

Statement of the problem

Women's empowerment is one of the major issues facing by India, and it can only be accomplished by educating, releasing, and empowering women in their careers and lives. Financial empowerment is a prerequisite for real equality of rights and opportunity. The patriarchal heritage and other social, economic, and cultural impediments, however, stand in the way of Indian women's financial emancipation. Every woman has to have at least a basic understanding of finances so that she may make her own decisions and contribute to the long-term health and prosperity of her family. To handle their home and personal money, as well as to create and run their own businesses, women need to be financially literate and have the necessary abilities. Women need to be adequately financially literate to manage the larger financial risks they confront since they outlive males on average, spend fewer years in paid employment, and earn less on average. The present study is an effort to know the level of awareness of financial literacy of women entrepreneurs in Tiruchirappalli District.

Objectives of the study

The following aims to be framed for the present study

1. To study the awareness of financial literacy of women entrepreneurs in Tiruchirappalli District.
2. To know the factors determines financial literacy of women entrepreneurs.
3. To offer suitable suggestions to improve knowledge and the significance of financial literacy among the women especially entrepreneurs.

Methodology

The present study is descriptive and analytical by nature. It is used field data and secondary data for achieving the results. The sample size is fixed as 110 prospective women entrepreneurs. The convenient sampling technique is used to select one hundred and ten women entrepreneurs who were running small and tiny enterprises like computer centre, tailoring shop, grocery store and shop for remade food items etc. the secondary data were mobilized from the journals, articles, government records, and websites.

Analyses and Discussion

Hypothesis 1

The research framed the hypothesis that there is possibility to relationship between the monthly income of the respondents and their overall perception of awareness of financial literacy of women entrepreneurs.

Ho: significant relationship of monthly income of the respondents and their awareness of financial literacy.

H1: No significant relationship of monthly income of the respondents and their awareness of financial literacy.

| Model Summary | | | | |
|-------------------------------------------|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .010 ^a | .000 | -.002 | 9.27679 |
| a. Predictors: (Constant), monthly income | | | | |

| ANOVA ^a | | | | | | |
|-------------------------------------------------------------------------------|------------|----------------|-----|-------------|------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 4.705 | 1 | 4.705 | .055 | .815 ^b |
| | Residual | 46471.730 | 540 | 86.059 | | |
| | Total | 46476.435 | 541 | | | |
| a. Dependent Variable: awareness of financial literacy of women entrepreneurs | | | | | | |
| b. Predictors: (Constant), monthly income | | | | | | |

| Coefficients ^a | |
|---------------------------|--|
|---------------------------|--|

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------------------------------------------------------------------------------|----------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 40.052 | .887 | | 45.180 | .000 |
| | monthly income | -.066 | .283 | -.010 | -.234 | .815 |
| a. Dependent Variable: awareness of financial literacy of women entrepreneurs | | | | | | |

Linear regression was used to measure the significant level from the hypothetical analysis. It was found that there is no significant relationship between based on the monthly income or earnings from the business. research hypothesis is rejected and null hypothesis is accepted. It is perceived that maximum of the women entrepreneurs does not have efficient management of financial resources.

Hypothesis 2

The second hypothesis was framed that there is greater possibility of having significant difference between the marital status of the women entrepreneurs and their perception about financial literacy.

Ho: significant difference of marital status of the women entrepreneurs and their awareness of financial literacy.

H1: No significant difference of marital status of the women entrepreneurs and their awareness of financial literacy.

| | Marital status | N | Mean | Std. Deviation | Statistical inference |
|----------------------------|----------------|----|------|----------------|---------------------------------------------|
| Financial knowledge | Married | 82 | 2.65 | 1.489 | T = 0.787 .006 > 0.05 Significant |
| | Unmarried | 18 | 2.77 | 1.337 | |
| Recognition of money value | Married | 82 | 2.73 | 1.489 | T = 0.434 .003 > 0.05 Significant |
| | Unmarried | 18 | 2.80 | 1.455 | |
| Investing | Married | 82 | 2.56 | 1.483 | T = 0.323 .664 > 0.05 Not Significant |
| | Unmarried | 18 | 2.52 | 1.129 | |
| Mobilizing finance | Married | 82 | 2.66 | 1.504 | T = 0.800 .881 > 0.05 Not Significant |
| | Unmarried | 18 | 2.68 | 1.339 | |
| Safeguarding Assets | Married | 82 | 2.65 | 1.510 | T = 0.128 .177 > 0.05 Not Significant |
| | Unmarried | 18 | 2.66 | 1.410 | |

| | | | | | |
|----------------------------------------------------------|-----------|----|---------|----------|---------------------------------------------|
| Overall perception about awareness of financial literacy | Married | 82 | 92.9324 | 11.91374 | T = 0.099 .779 > 0.05 Not Significant |
| | Unmarried | 18 | 93.8438 | 8.86152 | |

The hypothesis was tested by T-test. It was found that overall perception of financial literacy was having difference based on the marital status. Most of the married women does not know how to management bank account on their own. They were always depending on their spouses for financial transactions. But unmarried women having independent from their family members.

Suggestions

The researcher suggested to the policy makers that create training to the women entrepreneurs related to manage their financial transactions on their own. To make them participate and used the banking applications like Cheque books, credit and debit card, online banking, mobile banking applications etc.

It was suggested to the government that impart knowledge of financial literacy to school level. It is very essential knowledge of every citizen to have effective utilization of their financial transactions.

Financial literacy is the basic knowledge to mobilize, utilize, protect financial resources. Without adequate awareness of financial literacy people may suffer due to many financial loses. So it is imparted in school or college that would help to create wealth to their lives.

Conclusion

Living in financial affluence is not a must for leading an empowered and independent life. In actuality, empowerment is built on financial knowledge. Regardless of gender, age, or class, every person has to arm oneself with knowledge of the many financial products on the market. One can choose to utilize them or not based on their own choices and preferences. Always keep in mind that every person has a variety of solutions accessible to meet their own financial needs, as emphasized by financial experts.

The capacity to use financial products and services for a better tomorrow is the most important aspect of financial literacy; knowing about them and having a working understanding of them are not enough. Another factor that will aid in acquiring the abilities to acquire greater financial understanding is how women see the money they make. The mindset of the woman will reflect in her actions and the way she manages her finances. If a woman is taught that the money she earns may be utilized in such a manner that their day-to-day expenditures can be incurred but they can also use it for a better future because the future is uncertain, she will be less likely to use her money for home bills or personal needs.

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