

IMPACT OF FINANCIAL LITERACY ON ENTREPRENEURS WITH SPECIAL REFERENCE TO WOMEN OF HIMACHAL PRADESH

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Abstract

Financial literacy plays a very important role as it is connected with the growth of economy. Financial literacy and entrepreneurship are two sides of same coin which is closely related with the economic development of the country. The success of any newly started business has been connected with the ability and skills of entrepreneurs to be financially literate in managing the financial matters. This paper aims to discuss the impact of financial literacy on women entrepreneurs of Himachal Pradesh. The paper is designed is on primary data as well as the secondary data. The primary data is collected through triangulation method both interview as well as questionnaire is used. Secondary data is collected through various literature reviews focus on women entrepreneurs of Himachal Pradesh. Researcher questionnaire are mostly focused on knowledge of inflows and outflows of cash, budget management, risk management, credit management, debt finance, are covered.

Women Entrepreneurs are job creators as generating the employment opportunities for number of individuals and contributed towards the economic development of the country therefore it is necessary that government and financial institutions makes welfare schemes and programs in the favours of entrepreneurs. As the matter of fact, Tax Free financial education should be given to all for ensuring the financial stability of the country.

This paper analysed the awareness of financial literacy skills among women entrepreneurs. This study has covered only three district of Himachal Pradesh.

Keywords: Financial literacy, Entrapreurship, Entrepreneurs, Risk Management, Women

INTRODUCTION

Financial literacy is a blend of skills and knowledge that helps Entrepreneurs to take an appropriate decision regarding financial matters and develop a stronger understanding of basic financials tools and concepts that way; they can easily handle their money in better way. Financial literacy is an ability to know how the money works in the universe. The concept of financial literacy is needed for spreading the knowledge of better money management practices. It is a key to success for entrepreneurs. It helps the entrepreneurs to minimize the chances of mislead. If Entrepreneurs have good knowledge of financial literacy can easily take the advantages or benefits which is framed by the government and RBI. Financial literacy is a factor which reduces the entrepreneurial risk.

[1] The United Nations' Millennium Development Goals seek to address poverty among other things. It is assumed that addressing poverty issues through financial literacy will bring growth to a country's economy. The informal sector is one avenue that has been observed to be contributing highly to the creation of employment opportunities, economic development and empowerment in South Africa, especially for women.

[2] However, the informal sector is heterogeneous which makes it difficult to quantify its profile, and due to the nature of its existence, informal sector entrepreneurs are often characterized by low levels of skills, limited access to organized markets, and low and unstable incomes. This is influenced by their lack of knowledge and skills in business management. It is believed that financial literacy can improve the performance of informal sector entrepreneurs and sustain business information and skills. By means of financial literacy, their basic life skills such as numeracy and literacy, communication skills and information searching skills will be improved which, in turn, will improve their confidence, generate good income and Millennium Development Goals 1-3, namely that of poverty alleviation and equal education opportunities for women, though not all will be reached.

[3] Financial education is the base for all most all financial services, such as banking, insurance and shares and mutual funds. Socio economic empowerment of women is possible only when the women are strong enough to take financial decisions. In India where women constitute 44% of total population it shows nearly equally competent to men so financially educating women is the need of the hour and it will lead to small saving and well running of her family and gain well status in the society. Women's specific financial Growth, development and financial inclusion, financial literacy as a tool for women empowerment, Gender inequality and lack of access to financial services, certain issues and aspects related with financial inclusion and women empowerment.

[4] In this golden age of globalization, digitalization and start-up booms, India is clearly seeing a revolution vis-à-vis women entrepreneurs. The sixth economic census released by Ministry of Statistics and Program Implementation highlights that women constitute around 14% of the total entrepreneurship in India. Today's women entrepreneurs do not come only from the established business families or from the higher-income sections of the population, they come from all walks of life and from all parts of the country. From running sports media firms to construction companies and security and detective agencies—women are dabbling into fields that have traditionally been bastions of male domination.

FINANCIAL LITERACY

Financial literacy is a merger of awareness, knowledge; skill, attitude and behavior important to make sound financial decisions ultimately attain individual financial well-being. Financial literacy is not important only for investors but it is equally importance for entrepreneurs for understanding the saving budget, insurance, identify source of income, analyze risk and return and liquidity, evaluate investment avenues and to analyze the benefits and limitations of debt. Financial literacy is needed for ensuring the financial stability of the country. It is all about the money management decisions which help to reduce the chances of misappropriation of funds. Financial illiteracy puts a burden on the nation in the form of lesser prosperity.

WOMEN ENTREPRENEURS

[5] "Entrepreneurs as individuals who exploit the market opportunity through technical and organizational innovation" employed (Adeyemo, 2009). Educational institutions can develop good entrepreneurship skills (Zhou & Xu, 2012, lackeus, [6] the term "women entrepreneur" deals with that section of the female population who venture out into industrial activities i.e. manufacturing, assembling, job works, repairs/servicing and other businesses. Women

entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. Women are expected to innovate, imitate or adopt an economic activity to be called women entrepreneurs. The Government of India has treated women entrepreneurs of a different criteria-level of women participation in equity and employment position of the enterprise.

IMPORTANCE OF FINANCIAL LITERACY FOR ENTREPRENEURS WOMEN

There are lots of skills which are required to run the business financial literacy is one of important skill which is essential for entrepreneurs. Financial literacy helps to managing the ones personal finance. It is observed by various authors, research scholar that there is low Level of financial literacy among women entrepreneurs than male entrepreneurs. Level of education plays major role in the financial literacy. Financial literacy is a tool which ensures the financial stability of any country. Financial literacy is needed to decide the financial products. The success of financial inclusion initiative is in the hand of entrepreneurs. The success of any entrepreneur is depending upon the financial skills.. Formulating the overall strategy is not only sufficient rather than understanding the fundamentals of the financial tools that empower businesses to perform successfully helps entrepreneurs. Financial literacy plays significant role in improving the business performance. Therefore, the entrepreneurs need to make better their financial literacy skills in sequence to intensify their business performance. [7]The results reveal a potential channel of how financial literacy can promote entrepreneurship.

FACTORS INFLUENCING ENTREPRENEUR'S FINANCIAL LITERACY

Factors that were identifies in the brief as influencing entrepreneurs financial well-being and literacy include:

Issues towards Financial Literacy

How do entrepreneurs gain access financial information?

What are the factors affecting the entrepreneurial success?

What opportunities exist to help entrepreneurs to improve their financial literacy?

1. Access to financial information

Entrepreneurs currently have the wide range of strategies for managing the finance there are lots of Entrepreneurial finance institutions such as venture capital, IVCF, TFCI, NABARD, and SIDO are provides the network access worldwide.

FAME (financial awareness messages) is a booklet which provides basic financials literacy messages for information. Tailored financial literacy content is one developed by RBI which can be used by entrepreneurs in financial literacy programme.

Entrepreneurship development programme (EDP) is programme which helps developing the entrepreneurial abilities and skills. SMEs (small and mid-sized businesses) and NIESBUD (national institute of entrepreneurship and small business development, a premier institution engaged in promotion of entrepreneurship and development of small business in the country. India's flagship financial inclusion programme, pradhan mantra jan dhan yojana (PMJDY) has been able make universal access.

2. Factors affecting the entrepreneurial success

It is fact that Internal as well as external factors are always associated with the entrepreneurial success. Despite of economic, political, social and technological factors there are some other factors which affect the entrepreneurial success. Entrepreneurial skills,

entrepreneurial knowledge, entrepreneurial creativity and entrepreneurial intelligence and financial literacy skills are the positive factors that can make an women entrepreneurs become success entrepreneur instead of, lack of viable concept, lack of market familiarity, lack of technical skills, lack of financial knowledge, dearth of business skills, inadequate - seed capital and insufficient of financial education are the negative factors which affects the entrepreneurial growth or success and which leads to the financial stress. [8] Women entrepreneurs are those who explore new paths of economic involvement and contribution. Women entrepreneurs have been making a significant impact in all segments of the economy in Canada, Great Britain, Germany, Australia and the United States. The areas chosen by women are retail trade, restaurants, and hotels, education, cultural, cleaning, insurance and manufacturing.[9] Research shows that any state which has a developed language and culture can progress faster than any other state which lacks in this front. Cinema can convert the small dialects into one language same as it did for Marathi, Bengali and even for Punjabi. The second issue was to create an industry where we can create more jobs in the state and help in reducing the migration. The jobs can be created by providing opportunities to local artists, crew members and other production staff. Inviting more and more filmmakers to the state will increase the jobs as well as the tourism in the state. Directly or indirectly this will increase the work opportunities and hence will result in less migration.

3. Opportunity to help Women Entrepreneurs improve their financial literacy

This section deals with some of the approaches which are currently used in India and internationally to foster financial literacy, skills, knowledge and confidence about financial matters.

There are various existing financial education programs and approaches in India and internationally that target the women entrepreneurs. Financial literacy even starts from the primary school for making better financial decisions. Women entrepreneurs having good financial knowledge can manage the proper flow of money. Entrepreneurship education programs foster the knowledge and insight in the field of entrepreneurship.

METHODS

- Both primary as well as secondary data are used for the sake of study.
- Researcher has used exploratory research design.
- Questionnaire is a main instrument of a data collection for the women entrepreneurs.
- The detailed questionnaires has both structured as well as open-ended questions
- Structured Questionnaire is prepared for collecting the information from women entrepreneurs of Mandi, Kullu and Bilaspur District of Himachal Pradesh.
- Secondly, an Interview guide was administered to officers working for the IIT Mandi.
- The study was carried out in Mandi, Kullu and Bilaspur Districts of Himachal Pradesh considered as research area of the study.
- Purposive sampling technique is used to select 100 women entrepreneurs.
- MS Excel is used for analyzing the data.

RESULTS AND DISCUSSION

Table-1

Some Important questions asked to know about awareness of financial literacy tools/skills from

the respondents (women entrepreneurs) of Mandi, Kullu and Bilaspur District of Himachal Pradesh.

S.NO	Awareness of financial literacy	Response of women entrepreneur's skills in percentage (%)
1.	Update account information's/statements/transactions	96%
2.	Understanding of basic numeric skills	72%
3.	Investment in risky business ventures	67%
4.	Understanding of financial products and services	89%
5.	Feel comfortable with current debt status	20%
6.	being effective decisions maker	59%
7.	Planning of budget in advance	35%

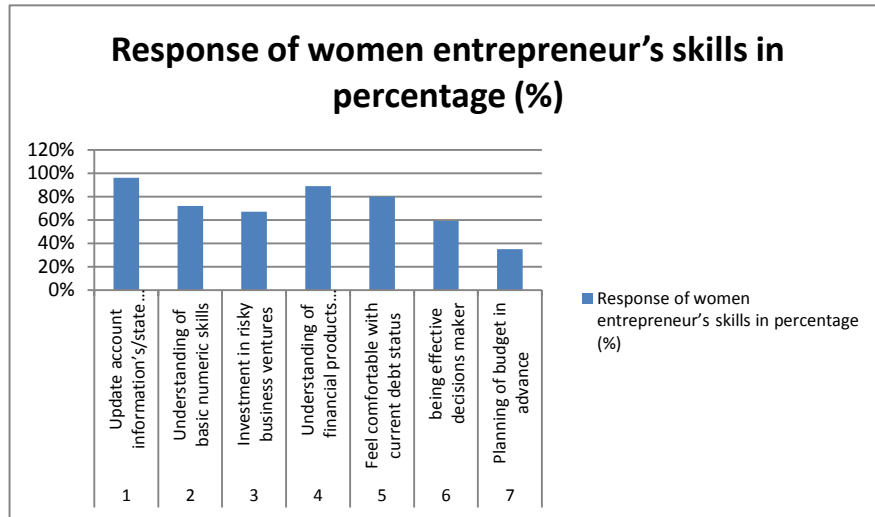


Figure1: Result of awareness of financial literacy

CONCLUSION AND RECOMMENDATION

- Financial literacy had a greater impact on women entrepreneurs. There were some contradictions where women entrepreneurs demonstrated certain financial literacy skills but their actions didn't reflect the same.
- Financial education programs in India need to be encouraging and implementing to achieve the women entrepreneurial efficiencies in the present globe market.
- Financial educations programs for women tend to be more reactive than proactive.
- Entrepreneurship education has greater influence on the financial literacy in the growth of the business therefore it is necessary to develop entrepreneurship education on a broader scale.
- Women Entrepreneurs are job creators as generating the employment opportunities for number of individuals and contributed towards the economic development of the country therefore it is necessary that government and financial institutions makes welfare schemes and programs in the favors of entrepreneurs.
- Tax Free financial education should be given to all for ensuring the financial stability of the country.

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