

---

# International Journal of Management, Finance and Accounting

---

## The Necessity of Financial Literacy for Women Business Triumph: A Qualitative Study

Nur Iylia Syafiqah Binti Abdul Malik <sup>\*1</sup>  
Mohd Rizal Bin Abdul Razak <sup>1</sup>  
Al-Mansor Bin Abu Said <sup>1</sup>

\*Corresponding author: [iylia.malik@mmu.edu.my](mailto:iylia.malik@mmu.edu.my)  
<sup>1</sup>Faculty of Business, Multimedia University, Melaka

### Abstract

Women entrepreneurs continue to be the torchbearers of society and nations in their pursuit of economic growth and social development through employment creation, innovation and poverty reduction. Nonetheless, financial literacy is an intangible resource that is required for growth, success, and long-term competitive advantage. However, a notable hindrance to the progress of women entrepreneurs is the absence of adequate financial literacy. The objective of this research was to ascertain the importance of financial literacy concerning the achievement of women entrepreneurs. In order to achieve the research objectives, a qualitative investigation was conducted, wherein interview data was gathered according to the OECD core competencies framework on financial literacy for entrepreneurs from a sample of twenty-three women entrepreneurs. The participants were selected based on the criteria of having a business that has been operational for at least five years. The results indicate that financial literacy considering the three dimensions assessed: financial knowledge, skills and attitude significantly influences the efficacy of women entrepreneurship. Consequently, it is recommended that women entrepreneurs engage in group-based and targeted training programmes to acquire the necessary skills to enhance their financial literacy.

**Keywords:** Financial Literacy; Women Entrepreneurs; Financial Training

Submitted on 26 June 2023, Accepted on 23 Aug 2023, Published on 31 Aug 2023

## 1. Introduction

The cultivation of entrepreneurial spirit has attracted a lot of attention from academics and researchers (Kotkar & Chavhan, 2021). Therefore, in Malaysia, entrepreneurialism could contribute to the growth and productivity of the country's socioeconomic system (Al-Shami et al., 2020). Women entrepreneurs can raise their socioeconomic status through participation in activities related to entrepreneurship. Significant opportunities and support (Thomas & Hedrick-Wong, 2019) have been provided to women to encourage their engagement in activities related to entrepreneurship. Recently, in the Malaysia Budget 2022, the government allotted RM230 million in financing funds to support women business owners who have been impacted by the COVID-19 pandemic and to strengthen the capacity of their businesses. Despite the existence of several strategic programmes and efforts aimed at fostering their development, women entrepreneurs remain underrepresented in Malaysia.

To start, run, and ultimately ensure the sustainability and growth of a business, a potential entrepreneur or owner or manager of a micro, small, or medium-sized enterprise should possess a combination of awareness, knowledge, skills, attitudes, and behaviour (OECD, 2020). To effectively engage in economic activity, women entrepreneurs must be financially literate (Theses et al., 2021). It is because women entrepreneurs continue to face one of the biggest barriers to growing their businesses and managing day-to-day business transactions which is a lack of financial literacy.

The importance of financial literacy is particularly significant for women entrepreneurs since it directly affects their capacity to efficiently oversee (Hasan et al., 2022), maintain (Burchi et al., 2021), and grow their firms (Fauzi et al., 2020). The failure to effectively tackle the problem of insufficient financial literacy among women entrepreneurs can result in various negative outcomes (Fauzi et al., 2020), highlighting the significance of addressing this issue. These consequences include impeded business growth (Egbo et al., 2020), increased risk of business failure (Rachapaettayakom et al., 2020), restricted access to financing (Andriamahery & Qamruzzaman, 2022), missed opportunities (GEM, 2021), and perpetuation of gender inequality (Filimonau et al., 2022). The importance of tackling the issue of insufficient financial literacy among women entrepreneurs cannot be stressed. The failure to engage in such actions not only impedes the achievement of individual business prosperity, but also weakens the overall

progress of economic development and perpetuates the persistence of gender disparity. The implementation of effective strategies and programs designed to improve financial literacy among women entrepreneurs is of utmost importance in order to cultivate a more inclusive, empowered, and economically dynamic entrepreneurial environment.

Thus, the purpose of this research is to better understand the role of financial literacy in women's economic involvement and entrepreneurship across the area, as well as to make recommendations on best practices that can help women entrepreneurs reach their full potential. The primary focus of this study pertains to the examination of the influence of financial literacy, which encompasses financial knowledge, skills, and attitude, on the effectiveness and success of women entrepreneurs. Additionally, the study aims to identify and offer specific training programs that can boost the financial literacy of women entrepreneurs. Therefore, a qualitative methodology was used to collect data, and interviews were conducted with twenty-three women entrepreneurs based on the requirement that their businesses had been operating for at least five years, with a particular emphasis on Malacca women entrepreneurs. Women entrepreneurs were interviewed using the OECD's core competencies framework for financial literacy, which has been specifically designed for entrepreneurs. The framework encompasses four distinct areas of competencies that are deemed essential for entrepreneurs. These areas include the choices and use of financial services, financial and business management planning, risk and insurance, and the financial landscape. Competencies are categorised into knowledge, skills, and attitudes within each respective area.

## **2. Literature Review**

The idea of financial literacy has evolved in a way that cannot be traced back to a specific person or group of people. Rather, this change was a gradual process that occurred throughout history. Despite this, one may locate the beginnings of financial education and literacy in a wide variety of places and through a wide variety of activities. Noctor, M., Stoney, S., & Stradling (1995) were among the pioneering scholars who were responsible for providing the concept of financial literacy with its first definition. Financial literacy is the ability to use sound judgment while making decisions about how to use and manage financial resources. The idea's contextual definition implies a more constrained reach because it emphasizes the management of financial resources as its

primary focus. The Organization for Economic Co-operation and Development (OECD) launched a global effort in 2003 to raise standards for financial literacy and education. As a method of accomplishing this objective, the major objective of this project was to develop a standardized set of principles to guide financial literacy education. It is possible to define financial literacy as the combination of "awareness," "information," "skills," "attitudes," and "behaviours" (Atkinson, 2011) that are required for individuals to be able to make prudent decisions regarding their finances and finally achieve "personal financial well-being." After that, this word began to receive a significant amount of attention on a worldwide basis.

The OECD/INFE definition of financial literacy acknowledges that an individual's dispositions play a significant role in determining whether or not they will act in a financially responsible manner, even if they possess the necessary knowledge and skills. The concept of financial attitude refers to the cognitive and affective evaluation of an individual's financial situation. It encompasses their mental state and opinion regarding their financial circumstances. The indicators pertaining to this variable encompass personal finance, money philosophy, money security, and personal financial valuation (Ferdy Firmansyah & Zulian Maulana, 2021). The financial attitude of an individual is a composite construct that encompasses cognitive understanding, emotional disposition, and behavioural inclination towards favourable learning outcomes. Consequently, a correlation exists between an individual's financial attitudes and the degree of financial difficulties experienced. Therefore, it can be posited that an individual's financial attitude may impact their approach to managing their financial behaviour.

A management theory called Resource-Based Theory (RBT) emphasises the strategic value of a company's internal resources and capabilities in gaining long-term competitive advantage. On the other side, financial literacy refers to the knowledge and understanding of financial concepts and practises. According to the RBT, in order for businesses to obtain a competitive advantage, they need to possess resources that are valued, uncommon, and difficult to copy (Kapoor & Aggarwal, 2020). One of these tactical resources is financial literacy. Entrepreneurs and managers can efficiently allocate and manage financial resources, choose wisely among investment options, and see possibilities for financial growth when they have a solid understanding of financial

concepts and procedures. Allocating resources and decision-making processes require strong financial literacy. Financially literate entrepreneurs can analyse financial reports, gauge financial risks, and assess the viability and sustainability of various resource-use plans. This allows entrepreneurs to effectively manage resources, prioritise investments, and maximise resource utilisation to gain a sustainable competitive edge. In a nutshell, the Resource-Based Theory is compatible with financial literacy because it strengthens resource acquisition, allocation, and development processes, which contributes to long-term success and sustainability.

According to Anshika et al. (2021), knowledge of core financial ideas and the ability to do simple mathematical operations are two components that make up financial literacy. When viewed from an academic point of view, these managerial abilities are sometimes referred to using the phrase "financial literacy." In addition, Bucher-Koenen et al. (2021) confirmed that men and women have significantly different levels of financial literacy. The findings of the study showed that a lower level of financial knowledge is one factor that contributes to the gender gap in terms of financial literacy. In light of this, increasing the financial knowledge of women is a vital step towards promoting financial literacy.

Resource-based theory first emerged in the 1980s and persisted in popularity until the late 1990s. Knowledge-based theory (KBT), which is merely an extension of resource-based theory, first appeared around 1996 and persisted in popularity. Today, both theories are still gaining ground as important explanations for sustainable competitive advantage (Access & Services, 2020). Knowledge-based theory places a strong emphasis on using and exploiting knowledge to gain a competitive advantage. Entrepreneurs can improve their financial performance and competitive positioning by managing their financial resources wisely and taking advantage of financial expertise. Entrepreneurs can make strategic financial decisions, allocate resources efficiently, and spot development possibilities by utilising their financial expertise, all of which contribute to their overall success. Entrepreneurs need to be current on changing financial practices, laws, and market trends to practise financial literacy. Entrepreneurs can adapt to shifting financial environments, make wise judgements in ambiguous situations, and keep their competitive edge by continually learning and developing their financial literacy.

Drawing connections between Knowledge-Based Theory and a study of the importance of financial literacy to the success of entrepreneurs sheds light on the role that the acquisition, integration, sharing, exploitation, and renewal of financial knowledge play in propelling entrepreneurial success. This highlights the value of financial literacy as an important strategic knowledge resource that business owners can harness to improve the quality of their financial decision-making, resource allocation, and overall business success.

Both the Knowledge-Based Theory and the Resource-Based Theory that are relevant to this study can recognise the significance of financial literacy as a strategic knowledge resource that entrepreneurs may utilise to optimise resource allocation, make informed financial decisions, and attain a competitive advantage. Both the integration of financial information with other types of knowledge assets and the collaboration to share knowledge play essential roles in the success of entrepreneurial endeavours and the utilisation of available resources.

According to Huston (2010), one's ability to comprehend finances and have confidence in using that information to make financial decisions is a measure of their financial knowledge. Notably, women entrepreneurs are more likely to experience business failure due to a lack of financial knowledge resources and efficient knowledge acquisition tools. Small business owners must have financial knowledge pertaining to record-keeping and accounting in order to achieve business success (Rachapaettayakom et al., 2020). Therefore, instruments and technology for acquiring such knowledge can aid in women entrepreneur's survival.

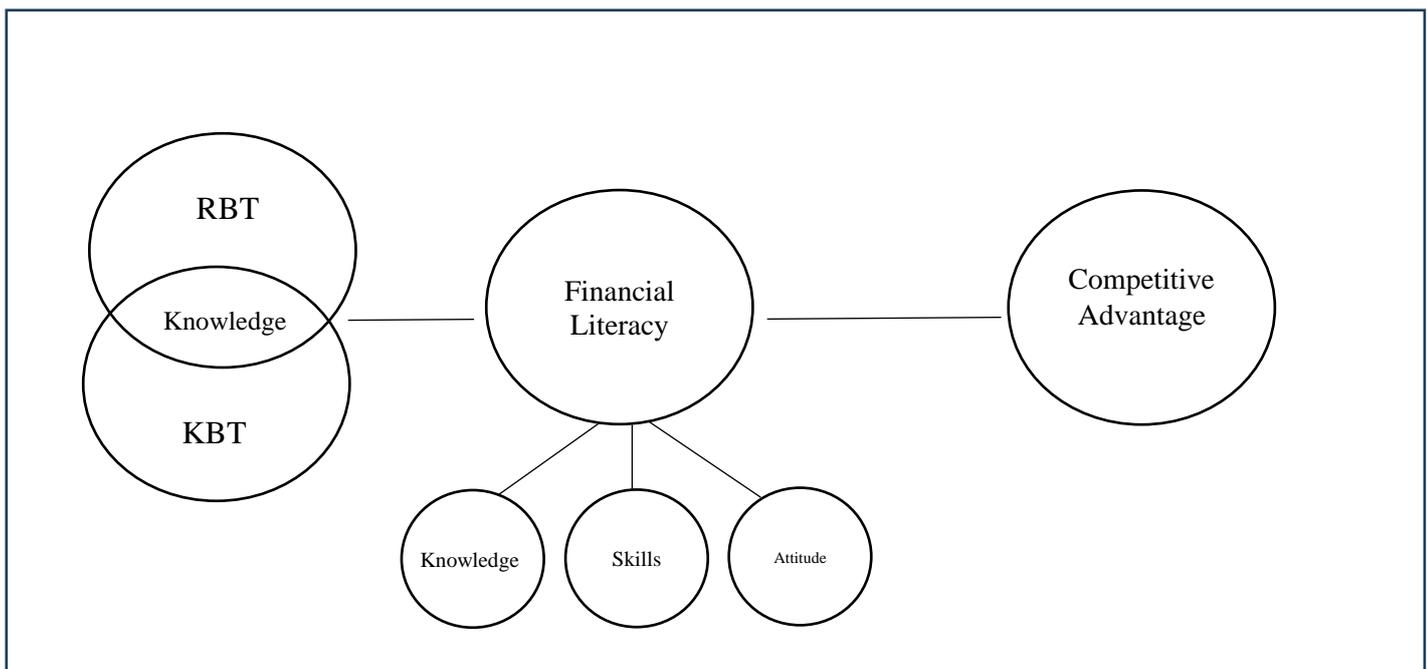
According to recent research conducted by Lladós-Masllorens & Ruiz-Dotras (2022), possessing fundamental knowledge of finance and numerical proficiency is of utmost significance. The present research furnishes proof that possessing advanced financial skills enhances understanding of business opportunities among women entrepreneurs who aspire to attain elevated earnings or increased levels of independence.

### ***Conceptual Framework***

Figure 1 illustrates how the conceptual framework explains the relations between financial knowledge, skills, and awareness to generate financial literacy as a competitive advantage. This, in turn, leads to the growth of women entrepreneurs' businesses as a

sustainable competitive advantage when combined with the availability of resources and financial knowledge. Acquiring an understanding of financial matters will have a beneficial effect on women entrepreneurs. Intangible resources such as financial skills and a financial attitude are required of women entrepreneurs for them to achieve a higher level of financial literacy. It is due to high levels of financial literacy that certain women entrepreneurs are more successful than others, even when operating in an atmosphere that is otherwise identical to that of their competitors' businesses. Women entrepreneurs who enhance their financial literacy and become more self-assured about their financial situation can improve their planning, take sensible risks, and sensibly invest in their companies, all of which contribute to the expansion of their companies, which in turn results in more earnings and a higher return on investment.

**Figure 1: Conceptual Framework**



### ***Significance of Financial Literacy to Women's Entrepreneurship Success***

The success of women entrepreneurs is strongly correlated with their financial literacy (Amanda B. Elam, 2021; Baporikar & Akino, 2020). As per Anshika et al. (2021) discovery, the financial literacy of entrepreneurs has a major impact on the success of the SMEs sector. Similarly, study by Fatah Yasin et al. (2020), having a solid

understanding of finance is necessary for women entrepreneurs in order to effectively manage their business financial resources, as well as to assist them in overcoming obstacles associated with money and enhancing their business overall performance.

Women entrepreneurs who lack financial literacy may find it difficult to comprehend and evaluate the financial products offered by financial institutions. Financial literacy has an impact on one's capacity to manage salaries, expenses, and savings, as well as fundamental choices like borrowing, depositing, investing, and choosing a pension plan (Anuradha, 2021). It is a commonly held belief that higher levels of financial literacy lead to more responsible actions regarding one's finances, which in turn leads to more prudent choices regarding one's finances. Women entrepreneurs who are financially literate are better able to understand economic data and make informed decisions regarding financial planning, saving, managing their debt, and diversifying their investments. Because of this, it is becoming an increasingly critical skill for individuals and businesses to be able to manage the increasingly complicated array of financial goods and services that are available on the market. In a nutshell, women encounter several challenges when trying to start, maintain, or expand an entrepreneurial business (Younas & Rafay, 2021).

Contradictory results found by Senevirathne et al. (2016) revealed that the sustainability of micro-enterprises has not been influenced by all the factors of financial literacy of women entrepreneurs (money management, credit management, debt management, risk management, and investment and retirement planning). Investing and planning for retirement are the only two aspects of stationery financial literacy that have a significant relationship to the longevity of a firm.

### **3. Methodology**

The interpretive methodology is inextricably linked to the fundamental characteristics of qualitative research. The objective of qualitative research is to comprehend and make sense of the individual experiences, meanings, and social phenomena that occur within a given setting. The breadth and complexity of human experiences, beliefs, attitudes, and behaviours are the topics that are investigated across this field.

The researcher conducted interviews with a sample of twenty-three women entrepreneurs who are members of the Association of Women Entrepreneurs in Malacca.

The Association comprises 86 active women entrepreneurs who represent a diverse nature of business. The majority of these businesses are classified as small to medium-sized enterprises. Among the 86 currently active members, a total of 23 women entrepreneurs were chosen. During the interviews, it was seen that all the women entrepreneurs were participating in a program called "Minggu Perusahaan Medium Kecil dan Sederhana (PMKS) Peringkat Negeri Melaka," which is organized by the government of Melaka state. The interviews encompassed a diverse array of topics, such as the choice and utilization of financial services, financial and business management and planning, risk and insurance, and the broader financial landscape. These topics were explored using an OECD/INFE survey instrument specifically created to assess the extent of financial literacy among small and medium-sized enterprises (SMEs). The format of the interviews and the questions posed to the entrepreneurs adhered to a standardized structure, specifically the OECD/INFE survey instrument. The researcher engaged in discussions with the entrepreneurs until the point of saturation was reached. The inquiries pertained to fundamental payment and deposit services, business finance, financial and business management and planning, record-keeping and accounting, short-term financial management, business risk, and external pressures and problems faced by these entrepreneurs.

To commence the study, the researcher examines the feedback provided by women entrepreneurs in relation to the questions outlined in the OECD/INFE survey instrument. Using the technique of interviews enables this study to acquire comprehensive and intricate perspectives directly from women entrepreneurs. Through open-ended questions, this study can explore participants' experiences, perspectives, and challenges related to financial literacy in depth.

#### **4. ANALYSIS**

##### ***Demographic Analysis***

Most participants (52.17%) were between the ages of 36 and 40, while 26.09% were 40 years of age or older, according to Table 1. Currently, 60.87% of women entrepreneurs operate in the catering and services industry, followed by 13.04% in the bakery, 8.7% in kindergarten, and 4.35% in the bridal, cleaning, personal training, and stationery shops. 69.57% of women entrepreneurs hold a degree. With regards to monthly net income, it

has been observed that 41.94% of women entrepreneurs can generate a monthly income below RM2000. Additionally, 24.73% of women entrepreneurs can generate a monthly income ranging from RM3001 to RM4000, while 33.34% of women entrepreneurs are capable of generating a monthly income ranging from RM4001 to RM5000. Women entrepreneurs were surveyed regarding their involvement in financial literacy training. A significant proportion of 30.43% of respondents provided an affirmative response.

**Table 1: Demographic Analysis**

Respondents	23	
Gender	Female	100%
Age	20-25 years old	4.35%
	26-30 years old	-
	31-35 years old	17.39%
	36-40 years old	52.17%
	40 years old and above	26.09%
Nature of Business	Bakery	13.04%
	Bridal	4.35%
	Catering Service	60.87%
	Cleaning Services	4.35%
	Kindergarten	8.70%
	Personal Trainer	4.35%
	Stationary Shop	4.35%
Educational Background	SPM	17.39%
	Diploma	4.35%
	Degree	69.57%
	Masters	8.70%
Monthly Business Net Income	Below RM 2,000	41.94%
	RM 2,001 – RM 3,000	24.73%
	RM 3,001 – RM 4,000	33.34%
Have you ever participated in a financial literacy training?	Yes	30.43%
	No	69.57%

***Choice and use of financial services (Financial Knowledge)***

Most women entrepreneurs have disclosed that they conducted their business operations without maintaining adequate records. Merely two women entrepreneurs have established distinct accounts for transactions, payments, deposits, and savings pertaining

to their business. Nevertheless, these two women entrepreneurs (Respondents No. 14 and 19) are uncertain about the accuracy of their transactional records.

The fifth respondent quoted:

*“Occasionally, I experience lapses in memory regarding whether or not I have remitted payment to my supplier. I believe that I had previously documented this information, however, upon attempting to retrieve it, I discovered that it had been lost”.*

An interview session was continued to inquire about their business initiation process, as the researcher observed that all of them were relatively new to the business world, with less than five years of experience. The researcher inquired about the initial capital required to initiate a business venture and how the funds were procured. According to the findings, all women entrepreneurs initiate their business ventures by utilising their personal savings. None of the individuals sought to obtain a business loan from any financial institution.

A total of eight women entrepreneurs provided identical feedback. (Respondents No. 7, 10, 11, 14, 17, 21, 22, and 23)

*“I initiated a small enterprise. What are the reasons for borrowing? Regrettably, I am unable to fulfil the repayment obligation. It is advisable to utilise personal funds. In the event of a loss, there is no consequence”.*

### ***Financial and business management and planning (Financial Skills)***

The subsequent segment pertains to financial and business management and planning, as per the OECD core competencies framework on financial literacy for entrepreneurs. All women entrepreneurs possess a strong aspiration to expand their business. The fundamental steps for establishing a business, including registering the company with the Companies Commission of Malaysia and opening a formal business bank account, have been completed. Less than 25% of the women entrepreneurs disclosed possession of an investment account.

The majority of women entrepreneurs acknowledge that their management of debt has become disorganised in the aftermath of the COVID-19 pandemic. The individuals in question exhibit uncertainty regarding the prioritisation of their

outstanding debts and display a degree of perplexity when queried about the concept of interest. In addition, the individuals in question possess outstanding financial obligations, including rental fees for their commercial space, regular payments for assets they have acquired, and challenges in effectively managing their credit.

The majority of women entrepreneurs inquired:

*“Prioritising debt repayment is an important financial decision. Which debt to settle first depends on various factors such as interest rates, outstanding balances, and payment terms”.*

Three women entrepreneurs (Respondents No. 3, 6 and 8) demonstrated consistent efforts in saving funds for their business venture, while four others (Respondents No. 2, 14, 19 and 15) reported sporadic saving habits. The remaining women entrepreneurs expressed their intention to save funds for the business. The reason for their inability to save is attributed to the challenging nature of the current economy. The notion that saving is not a priority for businesses that can meet their financial obligations to employees and suppliers due to their successful operations is prevalent.

Only two women entrepreneurs (Respondents No. 6 and 8) are maintaining consistent and up-to-date financial records, because they have enlisted the services of an accountant. Some women entrepreneurs may struggle with record keeping due to their inability to identify key elements such as assets, liabilities, revenues, expenses, fixed costs, and variable costs. Nevertheless, they enlisted the services of an external accounting firm to carry out this task on their behalf.

One of the women entrepreneurs (Respondent No. 1) expressed dissatisfaction: *“How I aspire to comprehend the appropriate skills for conducting record keeping proficiently. Perhaps hiring an accountant could potentially result in greater cost savings”.*

Regarding budgeting, a majority of women entrepreneurs, specifically two-thirds, lack awareness of the potential risks that may arise from inadequate budgeting practices. Each of the parties has affirmed their commitment to budgeting in the event of undertaking new initiatives such as advertising campaigns, product launches, equipment procurement, and employee recruitment, as well as in any other instances where it may be deemed necessary. Nevertheless, it is noteworthy that all of the budgets analysed in

the study were conventional, lacking in financial considerations such as inflation, interest rates, and depreciation. This leads the researcher to conclude that they represent a fundamental approach to budgeting.

Two women entrepreneurs (Respondents No. 4 and 9) reported:

*“Although I possess the ability to engage in budgeting, adhering to the budget can prove to be a challenging task, particularly when confronted with significant issues within my business”.*

According to a group of five women entrepreneurs: (Respondents No. 1, 9, 16, 18 and 20)

*“They possess a budgetary plan, however, they consistently exceed their allocated budget”.*

Women entrepreneurs were requested to provide an overview of the financial management of their enterprise regarding the handling of cash and expenses. Several issues have been identified, including challenges in managing payments and receipts, irregularities in maintaining expense records, difficulties in managing cash inflows and outflows, and a lack of familiarity with digital tools that could aid in record keeping.

### ***Risk and insurance (Financial Skills)***

Entrepreneurs are confronted with a range of potential risks, including but not limited to insolvency, financial risk, competitive risks, environmental risks, reputational risks, political and economic uncertainties. It is reasonable for entrepreneurs to anticipate committing errors, some of which may result in significant financial losses. Merely a small fraction of women entrepreneurs possess knowledge regarding the significance of business risk and insurance in managing unforeseen circumstances.

Several women entrepreneurs questioned:

(Respondents No. 2, 5, 8, 13, 17 and 19)

*“Given the constraints of my daily business transactions, what is the optimal method for allocating funds towards insurance?”*

***Financial Landscape (Financial Attitude)***

To ensure sustainability, women entrepreneurs must possess an excellent financial attitude. It is imperative to allocate surplus funds towards savings or investments to ensure their availability for future use in sustaining business operations. When seeking financial resources to facilitate business growth, entrepreneurs have the option of selecting either internal or external sources of funding for their company (Kurnianingrum et al., 2022). Intra-organizationally, the enterprise can acquire financial resources through its profits. Women entrepreneurs may leverage their accounts receivable and accounts payable to obtain supplementary internal financing. Simultaneously, the organisation has the potential to acquire financial resources from external sources such as debt or supplementary equity from stakeholders. The observation made by the researcher indicates that women entrepreneurs exhibit a lack of proactivity in capitalising on shifts in the economic and financial landscape to foster business growth.

The sixteenth respondent quoted:

*“I rarely monitor news regarding events that could potentially affect the business”.*

One-third of women entrepreneurs expressed a similar viewpoint:

(Respondents No. 3, 7, 11, 13, 16, 17 and 22)

*“They narrowly avoided falling victim to a scam phone call. Individuals who engage in scams discuss interest rates without a comprehensive understanding of the subject matter”.*

It is commonly acknowledged among women entrepreneurs that seeking assistance from a qualified professional is essential for the success of their business. The researcher elicited further information during the interview by inquiring about the specific financial skills required for training, and subsequently obtained feedback from the participants:

***Debt Management***

*“Debt management training is crucial as it can provide me with the necessary skills and knowledge to effectively manage debt, mitigate financial risks, and ensure sustained financial stability over the long term”.* (Respondent No. 8)

**Budgeting**

*“I would need to learn how to make a budget so I can keep track of my income and expenses, spend money wisely, and make good financial choices. I hope that budgeting will help me avoid overspending, keep track of cash flow, and keep my businesses' finances stable”.* (Respondent No. 23)

*“Perhaps a well-structured budget will enable me to properly manage resources, repay obligations on time, and produce returns on investments”.* (Respondent No. 4)

**Saving**

*“I'd like to learn how to set up a safety net to deal with unforeseen costs, bad economic times, or urgent personal matters”.* (Respondents No. 10, 16 and 18)

*“To escape financial stress, I would need to learn how to save”.* (Respondent No. 1)

*Training on how to save can help me get into the habit of saving regularly”.* (Respondent No. 20)

**Investment**

*“Having good investment skills lets me make more money from different sources and give myself and my family more financial protection”.* (Respondent No. 19)

**Retirement Planning**

*“I need training on retirement planning because I'm worried about the future”.* (Respondent No. 15)

*“I would need training in retirement planning because I understand that our income might fluctuate and it's incredibly dangerous”.* (Respondent No. 7)

*“By planning for a longer retirement, women entrepreneurs can avoid financial hardships later in life”.* (Respondent No. 12)

*“Retirement planning training can help me develop confidence in my financial decisions, enabling me to transition from my entrepreneurial endeavours to a secure and fulfilling retirement phase”.* (Respondent No. 17)

Women entrepreneurs typically have some idea of what is involved in financial literacy, and they are aware of the significance of possessing such knowledge. On the other hand, a significant number of them have never had any kind of official training in financial literacy. Since the women entrepreneurs lacked faith in their abilities, none of them had been able to acquire a loan from a financial institution in order to grow their operations.

### ***Financial Literacy and Women Entrepreneur's Relationship***

The Agensi Kaunseling dan Pengurusan Kredit (AKPK) of Bank Negara has conducted a survey that has revealed a strong relationship between financial knowledge and financial literacy (Malaysia & (PIDM), 2020). Malaysia is currently confronted with a concerning situation whereby women entrepreneurs are experiencing suboptimal performance, weak debt management (Prakash et al., 2022), unproductive spending, poor financial planning, and irregular budgeting. In this regard, enhancing financial literacy has emerged as a crucial solution in the quest for improved growth (Paraboni & da Costa, 2021). Ultimately, enhancing women entrepreneurs' financial literacy has the potential to improve business prospects in the long run.

According to a study conducted by Prakash et al. (2022), there exists a positive correlation between financial literacy and improved investment returns, increased investment in intricate asset classes, and enhanced financial planning. Furthermore, there exists a positive correlation between financial literacy and an individual's ability to effectively manage unforeseen financial obligations and other economic disruptions.

The present study's outcomes are consistent with Anshika & Singla (2022) research, which affirms that financial literacy provides entrepreneurs with a more profound understanding of business goals and tactics. Additionally, it functions to educate small business entrepreneurs with the accessibility of diverse financing alternatives and supportive services. Another study by Khan et al. (2021) posited that the internal behavioural forces of women entrepreneurs can augment their competitive advantage, thereby facilitating their success in the field of entrepreneurship.

### ***Strategies to Enhance Financial Literacy of Women Entrepreneurs***

The Malaysia National Strategy for Financial Literacy spanning from 2019 to 2023 was formulated and subsequently disseminated. One of the strategic priorities is the

development of inclusive and targeted financial education programmes for Malaysians. The demographic in question pertains to individuals who are categorised as youth, women, and self-employed.

The majority of surveys and studies indicate that financial training has a noteworthy and favourable impact on an individual's financial literacy (Dalla Pellegrina et al., 2021; Koomson et al., 2021; ZHANG & Xiong, 2020). To tackle the financial constraints faced by women entrepreneurs in micro, small, and medium-sized enterprises (MSMEs), the initial measure is to cultivate financial literacy. Enhanced financial literacy is advantageous for entrepreneurs as it facilitates a deeper understanding of the diverse range of financial instruments at their disposal, enabling them to make informed decisions regarding their finances.

According to the findings of a report on the state of financial literacy in Malaysia, one method that is included in the plan to enhance financial literacy is to build solutions that are targeted towards certain audiences and may be customised to meet their needs (Malaysia & (PIDM), 2020). According to the proposal put forth by Sholevar & Harris (2020), an efficacious training regimen can be defined as one that is pragmatic, gender-specific, and incentivizing, all of which are present during the opportune moment for instruction. A programme of this nature has the potential to fulfil financial requirements.

## 5. Conclusion and recommendation

The researcher discerned specific themes pertaining to financial knowledge and abilities among women entrepreneurs based on the input received during the interview. In order to align these themes with potential tactics and recommendations, the researcher has included tables that succinctly outline the principal findings. The following tables present the outcomes of the interview:

**Table 2: Financial Knowledge and Record-Keeping**

Themes	Key Findings
Record Keeping	The majority of women entrepreneurs lack adequate record-keeping practices.
	Only two respondents maintain distinct accounts for business transactions and savings.
	Many struggle with identifying key financial elements like assets, liabilities, revenues, etc.
	External accounting firms are used by some to handle record keeping.
	Dissatisfaction with understanding record-keeping skills and considering hiring accountants.

**Table 3: Financial Skills and Management**

Themes	Key Findings
Debt Management	Challenges in managing debt after COVID-19 pandemic.
	Uncertainty in prioritizing debt repayment.
Budgeting	Majority lack awareness of potential risks from inadequate budgeting.
	Difficulties adhering to budgets in the face of significant business issues.
	Some consistently exceed their allocated budgets.
Saving	Inconsistent saving habits for some entrepreneurs.
Investment	Limited knowledge of investment among most entrepreneurs.
Retirement Planning	Recognizing the importance of retirement planning, but lack training.

**Table 4: Risk and Insurance Awareness**

Themes	Key Findings
Risk and Insurance	Small fraction of women entrepreneurs understand business risk and insurance.
	Queries regarding optimal methods of allocating funds towards insurance.

**Table 5: Financial Attitude and Proactivity**

Themes	Key Findings
Financial Landscape	Lack of proactivity in capitalizing on economic and financial shifts for business growth.
Financial Attitude	Lack of monitoring news for potential business impacts.
	Recognizing the need for assistance from qualified professionals.

One potential strategy to enhance financial literacy among women entrepreneurs is to design and execute customised financial literacy programmes that cater to their unique needs and circumstances. The programmes ought to prioritise the improvement of individuals' comprehension of financial concepts, including but not limited to budgeting, cash flow management, investment strategies, and risk assessment. The software applications ought to be readily available, captivating, and tailored to tackle the distinctive obstacles encountered by women business owners.

**Table 6: Training Needs**

Training Needs	Key Findings
Debt Management	Training on effective debt management for sustained financial stability.
Budgeting	Training on making and adhering to budgets to manage cash flow and finances effectively.
Saving	Training on setting up a safety net and cultivating regular saving habits.
Investment	Training on acquiring investment skills for increased financial protection and growth.
Retirement Planning	Training on retirement planning to secure a stable financial future.

Promote strategic alliances and cooperative ventures: Foster synergistic relationships among governmental entities, financial establishments, non-governmental organisations, and commercial groups to offer all-encompassing assistance to women entrepreneurs. Collaborative initiatives may encompass diverse activities such as training sessions, guidance schemes, social gatherings, and funding opportunities. Through collaborative efforts, the stakeholders can utilise their specialised knowledge and available resources to provide precise and efficient financial literacy programmes.

The objective is to enhance the utilisation of digital financial tools and resources among women entrepreneurs by promoting their awareness and adoption. The utilisation of technology-based solutions, such as mobile banking applications, accounting software, and online resources, can provide women entrepreneurs with the ability to proficiently manage their finances, monitor their business performance, and make well-informed financial decisions. Offering instruction and assistance in utilising these technological resources can serve to narrow the gap in access to digital resources and enhance the financial acumen of women business owners.

The implementation of these recommendations is anticipated to enhance the financial knowledge, skills, and attitudes of women entrepreneurs in Malaysia. This, in turn, is expected to result in improved financial decision-making, heightened business sustainability, and increased economic empowerment.

## **6. Limitation**

Assessing the enduring effects of financial literacy initiatives can pose a formidable task. Monitoring the advancement and achievements of women entrepreneurs over a prolonged duration can be laborious and demanding in terms of resources and time. The absence of extended data makes it challenging to determine the enduring advantages and evaluate the effectiveness of the endeavours.

Women entrepreneurs exhibit a heterogeneous profile with distinct degrees of financial literacy, competencies, and expertise. Standardised approaches may not adequately address the unique requirements and situations of individuals. Tailored interventions and individualised assistance may be imperative in addressing unique variances and optimizing the efficacy of financial literacy initiatives.

The researcher holds a firm conviction that additional investigation is imperative. Prospective scholars may undertake rigorous research to assess the efficacy of financial literacy initiatives aimed at women entrepreneurs in Malaysia. Evaluate the effects of said interventions on financial knowledge, competencies, conduct, and commercial results. Longitudinal investigations can offer significant perspectives on the enduring impacts and viability of financial literacy interventions.

Furthermore, conduct an inquiry into the impact of cultural and contextual variables on the efficacy of financial literacy initiatives. Examine the influence of cultural norms, gender roles, and societal expectations on the financial decision-making of women and their involvement in financial education programmes. The findings of this study can provide valuable insights for the development of culturally appropriate interventions that effectively engage women entrepreneurs in Malaysia.

Finally, it is imperative to assess the viability of technology-driven interventions, such as mobile apps, web-based portals, and gamification techniques, in fostering financial literacy among women entrepreneurs. Examine the potential efficacy of incorporating said tools into pre-existing programmes with the aim of augmenting engagement, accessibility, and knowledge retention. It is imperative for research to prioritise the resolution of the digital divide in order to guarantee fair and impartial access to technological resources.

## **7. Conclusion**

In a nutshell, the development of an entrepreneurial mindset has received considerable scholarly and scientific interest, underscoring its significance in augmenting the advancement and efficiency of Malaysia's socioeconomic framework (Ministry of Entrepreneur Development and Cooperatives, 2020). The participation of women entrepreneurs in entrepreneurial activities has the potential to elevate their socioeconomic status. Despite the provision of efforts and support to promote women's participation in entrepreneurship, they continue to be underrepresented in Malaysia.

According to the resource-based theory (RBT), to attain a competitive advantage, businesses require resources that possess three key characteristics: value, rarity, and inimitability. These resources must be highly regarded, scarce, and not readily duplicated by rival firms. The study has identified that financial literacy is by these criteria. While

it is possible to replicate or get other materials, the acquisition of a comprehensive comprehension of financial ideas and procedures is not readily duplicable. Financial literacy is an invaluable and relatively scarce asset that confers a competitive advantage.

The present study examines financial literacy as a strategic asset that enables entrepreneurs to effectively allocate and oversee financial resources, make well-informed investment choices, and identify potential avenues for financial expansion. This statement is consistent with the focus of Resource-Based Theory (RBT) on utilizing internal talents and resources to gain a competitive edge. Entrepreneurs who possess a strong understanding of financial matters can proficiently oversee their financial assets, resulting in improved allocation and utilization practices. This aligns with the ideas of Resource-Based Theory (RBT).

The relationship between the financial literacy of women entrepreneurs and their level of success is significant (CHIPFUNDE et al., 2021). The ability to comprehend financial products, manage finances effectively, and make informed decisions regarding financial planning, saving, debt management, and investment is facilitated by this. Nevertheless, divergent research outcomes indicate that certain facets of financial literacy may not have a significant effect on the long-term viability of microenterprises.

The research revealed that a significant number of women entrepreneurs exhibit insufficient proficiency and expertise in financial matters. Individuals face challenges in maintaining accurate financial records, effectively managing debt, and strategizing for long-term financial goals. Furthermore, the restricted availability of financial services coupled with the repercussions of the COVID-19 pandemic have presented obstacles to their financial administration (OECD, 2020).

The conceptual framework elucidates the interconnection among financial knowledge, skills, awareness, and financial literacy as a means of attaining a competitive edge. Women entrepreneurs who possess advanced financial literacy skills are better equipped to improve their business planning, undertake measured risks, and make well-informed investments, resulting in business expansion and augmented profits.

In general, enhancing the financial literacy of women entrepreneurs is imperative for their economic empowerment and achievement in the business realm. The provision of support, training, and resources aimed at enhancing financial knowledge and skills has the potential to narrow the gender gap and foster inclusive entrepreneurship in Malaysia.

## References

- Access, F., & Services, C. (2020). *Financial Literacy Enhancement Study Development of a useable definition and strategy framework to improve financial literacy for MSMEs in agriculture value chains. February*, 1–17.
- Amanda B. Elam. (2021). *Women ' s Entrepreneurship Report*.
- Andriamahery, A., & Qamruzzaman, M. (2022). Do Access to Finance, Technical Know-How, and Financial Literacy Offer Women Empowerment Through Women's Entrepreneurial Development? *Frontiers in Psychology*, 12(January), 1–16. <https://doi.org/10.3389/fpsyg.2021.776844>
- Anshika, & Singla, A. (2022). Financial literacy of entrepreneurs: a systematic review. *Managerial Finance*. <https://doi.org/10.1108/MF-06-2021-0260>
- Anshika, Singla, A., & Mallik, G. (2021). Determinants of financial literacy: Empirical evidence from micro and small enterprises in India. *Asia Pacific Management Review*, 26(4), 248–255. <https://doi.org/10.1016/j.apmr.2021.03.001>
- Anuradha, P. (2021). The Financial Literacy of Women Owners of Small and Medium Scale Enterprises in Sri Lanka. *Journal of Contemporary Issues in Business and ...*, 27(06), 317–330. <https://doi.org/10.47750/cibg.2021.27.06.028>
- Atkinson, A. (2011). *Finance : Assessing financial literacy in 12 countries : an OECD / INFE Assessing financial literacy in 12 countries : an OECD / INFE international pilot exercise \**. 657–665. <https://doi.org/10.1017/S1474747211000539>
- Baporikar, N., & Akino, S. (2020). Financial Literacy Imperative for Success of Women Entrepreneurship. *International Journal of Innovation in the Digital Economy*, 11(3), 1–21. <https://doi.org/10.4018/ijide.2020070101>
- Bucher-Koenen, T., Alessie, R. J. M., Lusardi, A., & van Rooij, M. (2021). Fearless Woman: Financial Literacy and Stock Market Participation. *SSRN Electronic Journal*, March. <https://doi.org/10.2139/ssrn.3838470>
- Burchi, A., Włodarczyk, B., Szturo, M., & Martelli, D. (2021). The effects of financial literacy on sustainable entrepreneurship. *Sustainability (Switzerland)*, 13(9), 1–21. <https://doi.org/10.3390/su13095070>
- CHIPFUNDE, D., YAHAYA, S. N., & OTHMAN, N. A. (2021). The determinants

influencing the performance of women entrepreneurs in malaysia: A conceptual framework. *Estudios de Economia Aplicada*, 39(4).

<https://doi.org/10.25115/eea.v39i4.4577>

Dalla Pellegrina, L., Di Maio, G., Landoni, P., & Rusinà, E. (2021). Money management and entrepreneurial training in microfinance: impact on beneficiaries and institutions. In *Economia Politica* (Vol. 38, Issue 3). Springer International Publishing. <https://doi.org/10.1007/s40888-021-00217-9>

Egbo, O. P., Ezeaku, H., Igwemeka, E., & Okeke, O. M. (2020). Financial literacy and access: revisiting the bridges and barriers to women entrepreneurship in Nigeria. *Revista Amazonia Investiga*, 9(29), 436–444.

<https://doi.org/10.34069/ai/2020.29.05.48>

Fatah Yasin, R. F., Mahmud, M. W., & Diniyya, A. A. (2020). Significance of Financial Literacy among Women Entrepreneur on Halal Business. *Journal of Halal Industry & Services*, 3, 1–9. <https://doi.org/10.36877/jhis.a0000076>

Fauzi, F., Antoni, D., & Suwarni, E. (2020). Women entrepreneurship in the developing country: The effects of financial and digital literacy on SMEs' growth. *Journal of Governance and Regulation*, 9(4), 106–115.

<https://doi.org/10.22495/JGRV9I4ART9>

Ferdy Firmansyah, M., & Zulian Maulana, H. (2021). Empirical Study of E-Learning on Financial Literacy and Lifestyle: A Millennial Urban Generations Cased Study. *International Journal of Engineering, Science and Information Technology*, 1(3), 75–81. <https://doi.org/10.52088/ijesty.v1i3.99>

Filimonau, V., Matyakubov, U., Matniyozov, M., Shaken, A., & Mika, M. (2022). Women entrepreneurs in tourism in a time of a life event crisis. *Journal of Sustainable Tourism*, 0(0), 1–23. <https://doi.org/10.1080/09669582.2022.2091142>

GEM. (2021). 2020/2021 Global Report. In *Global Entrepreneurship Monitor*. <https://www.gemconsortium.org/report/gem-20202021-global-report>

Hasan, R., Ashfaq, M., Parveen, T., & Gunardi, A. (2022). Financial inclusion – does digital financial literacy matter for women entrepreneurs? *International Journal of Social Economics*. <https://doi.org/10.1108/IJSE-04-2022-0277>

Huston, S. J. (2010). Measuring Financial Literacy. *Journal of Consumer Affairs*, 44(2), 296–316. <https://doi.org/10.1111/j.1745-6606.2010.01170.x>

- Kapoor, M., & Aggarwal, V. (2020). Tracing the economics behind dynamic capabilities theory. *International Journal of Innovation Science*, 12(2), 187–201. <https://doi.org/10.1108/IJIS-05-2019-0050>
- Khan, R. U., Salamzadeh, Y., Shah, S. Z. A., & Hussain, M. (2021). Factors affecting women entrepreneurs' success: a study of small- and medium-sized enterprises in emerging market of Pakistan. *Journal of Innovation and Entrepreneurship*, 10(1). <https://doi.org/10.1186/s13731-021-00145-9>
- Koomson, I., Villano, R. A., & Hadley, D. (2021). Accelerating the impact of financial literacy training programmes on household consumption by empowering women. *Applied Economics*, 53(29), 3359–3376. <https://doi.org/10.1080/00036846.2021.1878093>
- Kurnianingrum, D., Waspada, I., & Sari, M. (2022). The Role of Financial Attitude in Entrepreneurship Student Investing Behavior. *Proceedings of the 6th Global Conference on Business, Management, and Entrepreneurship (GCBME 2021)*, 657(Gcbme 2021), 61–66. <https://doi.org/10.2991/aebmr.k.220701.015>
- Lladós-Masllórens, J., & Ruiz-Dotras, E. (2022). Are women's entrepreneurial intentions and motivations influenced by financial skills? *International Journal of Gender and Entrepreneurship*, 14(1), 69–94. <https://doi.org/10.1108/IJGE-01-2021-0017>
- Malaysia, P. I. D., & (PIDM). (2020). *Financial literacy IN MALAYSIA. December*. Ministry of Entrepreneur Development and Cooperatives. (2020). Malaysia National Entrepreneurship Policy 2030. *Book*, 76. <https://www.conamype.gob.sv/>
- Noctor, M., Stoney, S., & Stradling, R. (1995). Financial literacy: a discussion of concepts and competences of financial literacy and opportunities for its introduction into young people's learning. *National Foundation for Educational Research.*, Natl. Found. Educ. Res.
- OECD. (2020). OECD/INFE 2020 International Survey of Adult Financial Literacy. *OECD/INFE 2020 International Survey of Adult Financial Literacy*, 78. [www.oecd.org/financial/education/launchoftheoecdinfeglobalfinancialliteracysurveyreport.htm](http://www.oecd.org/financial/education/launchoftheoecdinfeglobalfinancialliteracysurveyreport.htm)
- Paraboni, A. L., & da Costa, N. (2021). Improving the level of financial literacy and the influence of the cognitive ability in this process. *Journal of Behavioral and*

- Experimental Economics*, 90(January 2020).  
<https://doi.org/10.1016/j.socec.2020.101656>
- Prakash, N., Alagarsamy, S., & Hawaldar, A. (2022). Demographic characteristics influencing financial wellbeing: a multigroup analysis. *Managerial Finance*.  
<https://doi.org/10.1108/MF-09-2021-0466>
- Rachapaettayakom, P., Wiriyaipinit, M., Cooharajanone, N., Tanthanongsakkun, S., & Charoenruk, N. (2020). The need for financial knowledge acquisition tools and technology by small business entrepreneurs. *Journal of Innovation and Entrepreneurship*, 9(1). <https://doi.org/10.1186/s13731-020-00136-2>
- Senevirathne, W. A. R., Gamini, L. P. S., & Jayendrika, W. A. D. K. (2016). Sustaining Micro Enterprises of Women Entrepreneurs Through Financial. *Open University Research Sessions, November*.
- Sholevar, M., & Harris, L. (2020). Women are invisible?! A literature survey on gender gap and financial training. *Citizenship, Social and Economics Education*, 19(2), 87–99. <https://doi.org/10.1177/2047173420922501>
- Theses, E., Kipchirchir, N., & Citation, R. (2021). *Sub-national Public Private Partnerships in Kenya : an appraisal of the legal and institutional framework against the constitutional principles on devolution and public procurement*.
- Thomas, H., & Hedrick-Wong, Y. (2019). The Role of Women Entrepreneurs in Inclusive Growth. *Inclusive Growth*, 89–99. <https://doi.org/10.1108/978-1-78973-779-020191009>
- Younas, K., & Rafay, A. (2021). Women entrepreneurship and financial literacy: The case of female borrowers in Pakistan. *Iranian Economic Review*, 25(3), 525–534. <https://doi.org/10.22059/ier.2021.84147>
- ZHang, H., & Xiong, X. (2020). Is financial education an effective means to improve financial literacy? Evidence from rural China. *Agricultural Finance Review*, 80(3), 305–320. <https://doi.org/10.1108/AFR-03-2019-0027>