Financial Literacy Imperative for Success of Women Entrepreneurship

Neeta Baporikar, Namibia University of Science and Technology, Namibia & University of Pune, India
https://orcid.org/0000-0003-0676-9913

Susan Akino, Independent Researcher, Uganda

ABSTRACT

Women entrepreneurship can be the driving force to steer nations globally towards the achievement of economic and social development goals through job creation and poverty alleviation. However, financial literacy is an essential and intangible resource that is critical for growth, success, and sustained competitive advantage. Yet, lack of financial literacy is one of the key challenges affecting the business growth of women entrepreneurs. Hence, adopting a qualitative approach and data collected through the interview method from twenty-three women entrepreneurs selected through purposive sampling based on the criteria of an established business for five years with at least three employees, the study aimed at investigating the financial literacy imperative for the success of women entrepreneurship. Findings indicate that financial literacy greatly influences the success of women entrepreneurship and hence recommends group-based and focused training for women entrepreneurs through suitable programs to equip and enhance financial literacy among women entrepreneurs.

KEYWORDS

Abilities, Competences, Creators, Entrepreneurs, Finance, Government, Wealth

INTRODUCTION

Entrepreneurship is an incredible potency that should ideally utilize all human capital for the economic growth and sustainable development of the country. This can happen only by integrating a gender perspective (Baporikar, 2016), wherein both men and women as entrepreneurs are equally involved and contribute. This means that women enterprises must also succeed and grow as much as their counterpart enterprises do. Entrepreneurship refers to an innovative process of vision, change and creation, which requires the application of energy and passion in the quest to implement new ideas (Kuratko, 2014). The process hinges on the individual’s experience and personal traits, the desire to achieve one’s own goals, the ability to identify opportunities and putting together the resources necessary for achieving such goals and opportunities (Scarborough & Cornwall, 2016). Women entrepreneurship has become central to the economic development of nations because of its contribution towards poverty alleviation, gender equality and the creation of productive work (Vita, Mari, & Poggesi, 2014). According to Brush, Carter, Gatewood, Greene and Hart (2006), the biggest percentage of businesses that are growing in the world are mostly owned by women. Keley, Singer, and Herrington (2015), however note that women entrepreneurs are almost only half of the population of male entrepreneurs. Gender gaps through income inequalities in households and limited active involvement of women in profitable labour still exist in Africa (Tettey, Ackah, & Asuman, 2018), DOI: 10.4018/IJIDE.2020070101

Copyright © 2020, IGI Global. Copying or distributing in print or electronic forms without written permission of IGI Global is prohibited.
hence in order to achieve a holistic growth and a strong private sector, it is vital to address the source and nature of the gender gaps.

Africa is still struggling to develop entrepreneurial competencies and articulating real strategies to transform resources into profits. The development of entrepreneurial skills is vital in order to transform resources to achieve growth (Edoho, 2015). This can be enhanced through a holistic approach including providing information that may lead to positive results. Information is perceived as important for every business model, therefore properly using this information to pursue entrepreneurial targets will ensure the achievement and successful growth in enterprises (Baporikar, 2018). Baughn, Chua, and Neupert (2006) note that women have the potential and talent that can be used to drive growth in different areas and contexts but these still remain unexploited. Consequently, women-owned businesses still struggle to grow and they are not as profitable as those owned by men (Brush et al., 2006). In developing economies, this problem is even more aggravated by lack of financial management skills in the enterprises. Therefore, if productive entrepreneurship is to emerge, governments, the society and business associations need to involve more women in entrepreneurship by playing an enabling role so that new business ventures have a higher chance of growing (Brixiova, 2010).

Financial literacy among African women entrepreneurs has been regarded as one of the key challenges to getting funds from financial institutions. The deficiency of financial skills has a negative impact on business growth (Honohan & Beck, 2007). Financial literacy is pivotal for positive financial behaviour, overall financial welfare and sailing through tough financial times (Kumar & Singh, 2015). Financial literacy positively influences economic growth because it helps individuals to save, have knowledge of what financial products are there and to have the courage to demand for products that surely satisfy their needs (Atkinson & Messy, 2011). According to Kalekye and Memba (2013), financial literacy plays an important role in the success of women owned enterprises. It also provides a platform for establishing new businesses (Kumar & Singh, 2015). Financial literacy among women entrepreneurs therefore needs to be explored in order to enhance the growth of businesses. Garg and Agarwal (2017), note that governments now have reckoned that women entrepreneurs can driver economic growth and bring not only wealth to the country but also propel economic and social development. Hence, adopting qualitative approach, the data was collected through the interview method from twenty-three women entrepreneurs selected through purposive sampling based on the criteria of established business for five years with at least three employees, the study aimed at investigating the financial literacy imperative for success of women entrepreneurship with focus on Namibia.

LITERATURE REVIEW

Financial literacy is an intangible resource that firms need in order to have a sustained competitive advantage. According to the resource-based theory (Barney, 1991), a competitive advantage is derived from a firm’s effective use of tangible and intangible resources. A firm’s valuable, rare and inimitable resources and capabilities such as explicit and tacit knowledge create a greater competitive advantage. These resources include financial, physical, human, commercial, technological, and organisational assets that are used by firms to develop, manufacture, and deliver products and services to its customers (Barney, 1991). Intangible resources include things like trade secrets and corporate reputation, special information, leadership capabilities, education and experience (explicit and tacit knowledge), that if managed effectively, mitigates information asymmetry, monitors costs and could reduce the need for collateral (Wise, 2013). Financial literacy increases the flow of capital for viable enterprises, improves efficiency, the competitiveness of firms and ultimately the economy (Hussain, Salia, & Karim, 2018).

Qubbajja (2019) observes that the requirements for collateral, inadequate business support services, lack of information services and high interest on loans are some of the issues affecting access to finance. This implies that there is a knowledge gap as entrepreneurs may not be meeting
Open and Distance Education in India: In Which Direction Is the Wind Blowing in the 21st Century?
www.igi-global.com/article/open-and-distance-education-in-india/198391?camid=4v1a

A Keyphrase-Based Approach to Text Summarization for English and Bengali Documents
www.igi-global.com/article/a-keyphrase-based-approach-to-text-summarization-for-english-and-bengali-documents/110355?camid=4v1a