

# **THE ELEMENTS THAT DEFINE FINANCIAL LITERACY AND HOW THEY AFFECT INDIAN WOMEN ENTREPRENEURS' FINANCIAL CONDUCT**

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## **ABSTRACT:**

Women are becoming more and more successful and becoming a significant economic force thanks to the current business climate and technology improvements. Today's women have a significant influence on how society develops. Women are guaranteed more control over resources via the empowerment process. It is crucial to both their growth and the advancement of the country as a whole. The greatest method to empower women and help them become self-sufficient and economically independent is via entrepreneurship. Women may be able to impact more people in the social, political, economical, and personal spheres through expanding their enterprises. The current study aims to investigate the relationship between women's empowerment and entrepreneurship in the Agra District. In addition to the elements that support them in the Agra area, the researcher notes the difficulties and impediments faced by female business owners in running their companies. More details on the government's initiatives to support female entrepreneurs were supplied by the researcher. The Agra District's rural and urban female entrepreneurs were interviewed 190 times, and the findings show a good correlation between entrepreneurship and women's empowerment. The majority of female entrepreneurs, whether they operate in rural or metropolitan areas, deal with pressure from their jobs and financial issues. A safer, better level of living and a sense of personal fulfilment have been shown to be important motivators for female entrepreneurs to launch their businesses. Female entrepreneurs may get financial, marketing, and training support from government programmes and legislation.

## 1 INTRODUCTION

Equal participation in social, economic, political, and cultural decision-making is shown by women entrepreneurs. Women entrepreneurs alter societal perceptions by fostering the development of both genders and, to a greater extent, by eliminating discrimination against women. Therefore, it is crucial to assist female entrepreneurs and eliminate any barriers to their growth in order to completely realise the objectives of sustainable development and allow women to participate fully in the business sector. These days, women are ready to work in a variety of industries and professions, such as engineering, business, and industry. Furthermore, Indian women living in rural areas are increasingly taking part in small-scale business initiatives. They are taking control of their life and using their free time and skills to start and expand businesses in order to adjust to the shifting conditions. Their business ventures not only provide cash benefits but also enhance their decision-making skills, which in turn leads to their overall empowerment. They benefit from it as well since they may continue to take care of their own houses and household responsibilities while providing financial support for the family. The government has taken steps to assist female

entrepreneurs in an attempt to recognise the contributions that women have made to the process of growth. In order to tackle the challenges posed by international markets, female entrepreneurs need to acquire supplementary entrepreneurial skills. Accelerating the empowerment of female entrepreneurs is crucial since women's engagement is critical to a nation's overall development in entrepreneurship.

Empowerment is the capacity to exercise one's choices, act freely, and fulfil one's potential as a contributing member of society on an equal footing. According to International Encyclopaedia (1999), "it means having the capacity and means to direct one's life towards desired social, economical, and political goals." According to the Government of India Report, "empowerment means moving from a position of enforced powerlessness to one of power."

Consequently, women's empowerment is the process through which they obtain more control over their physical and intellectual resources, confront patriarchal ideals, and abolish gender-based discrimination against them in institutions of society. Giving someone authority is the act of empowerment. It also makes decision-making power and

money management within the family, community, and nation clear.

Therefore, empowering women means providing them with the means and capacity to direct their life towards the objectives they choose. Through this process, women will be able to take on leadership and decision-making responsibilities, question patriarchal notions, and have greater control over resources (knowledge, training, and talents). Empowered women believe they are more suited to actively contribute to progress. When women take action to alter the existing power structures and realise the systemic causes that oppress them, they gain more power. Empowerment may be seen as the antithesis of disempowerment. It makes reference to the processes through which individuals who have been denied the ability to make judgements eventually acquire that capability. People who make intelligent judgements in life are not empowered in the traditional meaning of the word, even if they may be very powerful, since they were never disempowered in the first place. The most significant aspect of empowerment is that it uses the word "power." Empowerment and power are thus related. So what is power? Power is the degree of control that different social

groups have over their various resources, such as their human, material, and intellectual resources. The capacity to manage one or more resources is the basis of power on both an individual and social level. The resources may be categorised into four primary groups: financial resources, which include money and the means to get it; physical resources, which include land, water, and forests; and intellectual resources, which include concepts, knowledge, and information.

Power is used in social, economic, and political relationships between individuals. Since it is dynamic and unequally distributed, some individuals and institutions can control their power more than others, while others are weaker or unable to manage their power at all. The capacity to make decisions, the ability to influence others to make decisions, and the ability to influence others' decisions without directly interfering—which is seen as the ultimate power—are the three basic ways that this control bestows onto decision-making authority. Social structures including the family, the media, the law, education, and religion, as well as age, gender, caste, class, ethnicity, and colour, sustain and display different degrees of power within the

society. The existing power structure is first created by differential control over resources; to maintain and solidify its position, it may first turn to violence or the threat of coercion. Beyond that, however, it relies on an even more obvious and potent weapon to support and sustain itself.

## 2 LITREATURE SURVEY

Recent studies on female entrepreneurs have shown a similar pattern across various geographic areas. The reasons behind starting a business, the difficulties they encounter, the opportunities that present themselves, and the elements that lead to their success are among the key research topics on women entrepreneurs (Beriso, 2021; Ghose, Durrah, & McElwee, 2021; Noor, Isa, & Muhammad, 2021; Polas, Raju, Muhibbullah, & Tabash, 2021; Rudhumbu, du Plessis, & Maphosa, 2020). Research on women entrepreneurs in India has focused on the difficulties they face (Rashmi, 2016), what inspires women to start their own businesses, the number of women entrepreneurs, work-life balance concerns, and how simple it is for them to obtain business resources (Meenu Maheshwari & Priya Sodani, 2015;

Shastri, Shastri, & Pareek, 2019; ul Haq, Victor, & Akram, 2021).

In addition to non-governmental organisations and associations like Federation of Indian Women Entrepreneurs (FIWE), which are working to support the growth of women entrepreneurs, the Indian government has launched a number of schemes under various ministries to assist female entrepreneurs (Agarwal & Lenka, 2018). (Rashmi, 2016). Women may be empowered and enabled by allowing them to pursue business endeavours (Meenu Maheshwari & Priya Sodani, 2015). This is a rapidly expanding group in the Indian subcontinent (Ingalagi, Nawaz, Rahiman, Hariharasudan, & Hundekar, 2021).

Due to the fact that female entrepreneurs have a distinct perspective on the world and approach problems in different ways (Giuseppina Maria Cardella et al., 2020), it is important that the literature currently examines a variety of business phenomena through the prism of gender. Decision-making including women is significant at all levels (Government of India, 2016). The study on this cohort is now entering a more advanced debate due to the shift in how the world views women entrepreneurs. Researchers are

currently expanding the body of knowledge on female entrepreneurs in fields such as investment pitches (Balachandra, Fischer, & Brush, 2021), crowdfunding (Wesemann & Wincent, 2021), and investor attitudes towards female-founded businesses (Johansson, Malmström, Lahti, & Wincent, 2021). According to study by Haram & Shams (2021), women entrepreneurs are raising the quality of life for their families. Therefore, it is necessary to look at how they are handling the money they are acquiring.

People with a strong propensity for taking risks and aggression are often described as entrepreneurs. Boyd (2016) asserts that individuals employed in diverse industries often fail to recognise and comprehend gender-based discrimination, which is a crucial aspect to investigate and guarantee sustainable growth. It would be beneficial to do a more thorough investigation of the psychological characteristics of female entrepreneurs in emerging nations. According to Cardella et al. (2020), women entrepreneurs should be seen as a distinct group who just operate in a different way and so make a substantial economic contribution.

Money is very important in today's society, not just in terms of earnings but also in terms of how it is used and invested. It is important for addressing people's needs, both now and in the future. Investment is described as forgoing current spending in order to save money for future needs and generate returns. Investments are made in order to achieve financial happiness by achieving both short- and long-term financial objectives.

The financial industry offers a plethora of investing possibilities these days, which may be daunting for the average investor. There's a lot of material out there that takes a long time to absorb and might be perplexing. The investor has to be able to absorb the vast quantity of accessible information and be knowledgeable about the many investment possibilities in order to make an informed selection. Individuals were thought to make logical judgements, according to classical finance ideas. However, further studies revealed that different behavioural biases have an impact on individual investors when they make their own investing choices. Research on the impact of these behavioural biases on individual investing decision-making and financial happiness has since been conducted. The fundamentals of behavioural finance

began to be explored in the early 1980s. This was made feasible by the convergence of experts in finance from several disciplines, as well as experts in psychology and economics. They made a collaborative effort to look into potential variables and factors that could have a significant impact on how one makes decisions about their personal finances, particularly when there is insufficient data to support the conventional elements of finance (DeBondt, Forbes, Hamalainen, & Muradoglu, 2010).

**3 METHODOLOGY**

To identify the research gaps in the body of current literature, an initial exploratory study was carried out. Critical reviews were performed on articles from peer-reviewed, Scopus-indexed publications. The researcher's comprehension of the theoretical framework and body of work in the field of personal investments was aided by this procedure. The study's goals were developed and the discovered research gap was noted. After a review of the literature, factors influencing the behavior of individual investors were determined, and an information sheet was created. After determining the sampling frame, three urban Indian cities with an environment that supports

the emergence of entrepreneurs were selected for the study. The initial group of respondents was chosen using the judgment sampling approach, and then the snowball sampling technique was applied. Thematic coding was used to examine and identify themes from the material gathered from in-depth interviews. These themes were supported by the body of existing literature as well as comments from academics and practitioners in the field. A conceptual model was developed with the assistance of the qualitative phase's results, and a questionnaire was created for the quantitative phase. In order to verify the model's prediction relevance, validity, and dependability, the gathered data was examined. In addition, the group of female entrepreneurs was divided into groups according to investment criteria found in qualitative study.

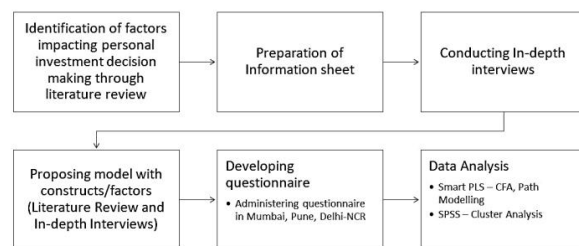


Figure 3.1: Research Process Flow

**4 SAMPLE COLLECTION & ANALYSIS**

In India, entrepreneurship is not a recent topic. The nation has seen a great deal of

entrepreneurial success. For over ten years, women entrepreneurs have been discussed throughout the nation, and the Indian government has launched many programs to encourage women from metropolitan areas to start their own businesses. In India, the proportion of female entrepreneurs is rising quickly. Women entrepreneurs who make their own investing choices are the study's target market. They have to have savings for themselves as well as extra funds that they might invest in financial products (Sahi & Arora, 2012). Additionally, since these three Indian cities have environments that foster entrepreneurship, the respondents were chosen from Pune, Mumbai, and Delhi-National Capital Region (NCR) (Life Sciences & IT Knowledge Banking Group Yes Bank, 2016). The selection of the sample was made using judgment and non-probability purposive snowball sampling since an official list of female entrepreneurs with the potential to invest is not publicly accessible (Sahi & Arora, 2012). It is crucial that the subjects in a nonprobabilistic purposive sample be uniformly selected using the same set of criteria.

The study aims to comprehend the personal investment behavior of female entrepreneurs in urban India.

Additionally, it seeks to determine the factors that impact the financial satisfaction and personal investment decisions of these entrepreneurs, and it proposes a conceptual model. Qualitative research is the research approach used to achieve the first two goals. knowledge reality as socially constructed is made easier by qualitative research, and comprehensive knowledge of the problem is facilitated by the in-depth answers. Obtaining the respondents' viewpoints on the subject under discussion is beneficial (Mack, 2005). The technique of data collecting used for the qualitative phase is in-depth interviews.

The literature research, as expounded in Chapter 2, served as a basis for creating a topic information sheet that guided the in-depth interviews. One may find the subject information page in Appendix 1. The investigator carried out comprehensive interviews with female entrepreneurs residing in three cities within the metropolitan regions of India. According to Malhotra and Birks (2006), conducting interviews allows for experimentation and fosters the researcher's evolution with every interview. The idea of exploratory interviews was to get insight into the psychological context in which female

entrepreneurs make personal investment choices. The study was carried out with the aim of investigating the ways in which various variables interact to influence individuals' selection of investment instruments and their investing behavior. In addition, the researcher's comprehension and development of the structured questionnaire for urban women entrepreneurs have been aided by the examination of several industry reports.

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One of a business's most crucial components is its finances. Getting credit is one of the biggest issues that women entrepreneurs encounter, especially when they first start a firm. The main financial challenges faced by female entrepreneurs were limited working capital, sales on credit, loan acceptance issues, drawn-out, complicated loan sanctioning procedures, banks' reluctance to give credit to women, and ignorance of government borrowing options.

Table 4.1: challenges faced by female entrepreneurs

Financial Constraint	Rural		Urban		Total	
	frequency	Percentage	frequency	Percentage	frequency	Percentage
Never	15	21.74	9	7.44	24	12.63
Rarely	17	24.64	16	13.22	33	17.37
Sometimes	5	7.25	39	32.23	44	23.16
Often	16	23.18	37	30.58	53	27.89
Always	16	23.19	20	16.53	36	18.95
Total	69	100.00	121	100.00	190	100.00

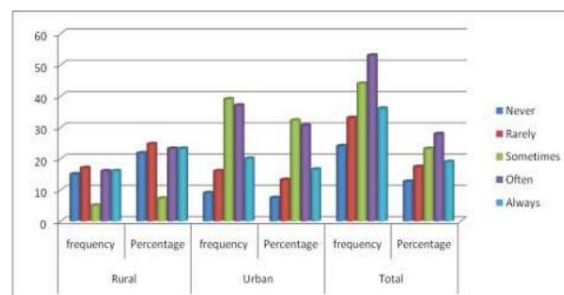


Figure 4.1 : confronted by women entrepreneurs

According to this data, 23.19% of female entrepreneurs in rural areas said they always deal with financial constraints, while 23.18% claimed they



do so often. Nonetheless, 24.64% of female entrepreneurs said that they encounter this limitation seldom, while 21.74% of them claim to never encounter it. In metropolitan areas, however, 16.53% of women entrepreneurs always have financial constraints, while 30.58% of them often deal with this issue. Nonetheless, 32.23% of female entrepreneurs sometimes have financial constraints, followed by 13.22% seldom and 7.44% never. The chart above makes it clear that women from both urban and rural areas suffered from a shortage of funds. 23.18% often and 23.19% always deal with this issue in rural areas, compared to 30.58 frequently and 16.53% constantly in metropolitan areas. Some of the female entrepreneurs who responded to the survey said that banks had treated them badly when lending money. Because they think women can always stop their businesses and return to being housewives, they discourage them from taking on debt. Because of this, female entrepreneurs are forced to rely on their own funds as well as loans from friends and family.

## 5 CONCLISON

Investor bias is a second order notion that consists of five behavioural biases. If women entrepreneurs are given more

time to educate themselves on and have a better understanding of investing instruments, it will affect their level of financial satisfaction. Consequently, it is proposed that investment time act as a mediating factor between investor bias and financial satisfaction. The model evaluates the impact of parents, professional assistance, spouse effect, and financial literacy on financial happiness. Considered demographic factors that function as control variables include age, income, and education. The study has to be applied to an empirical test that takes into consideration urban India and uses a more comprehensive sample size of women entrepreneurs in additional cities. A thorough survey was made and distributed to a larger population to evaluate the prediction robustness and utility of the model. Additionally, it may be fascinating to categorise female entrepreneur investors into groups based on the factors this chapter finds as influencing each one of their unique investment decisions. This cluster of female entrepreneurs and investors is shown.

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