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PERCEPTIONS OF SMALL ENTREPRENEUR IN HARYANA ABOUT FINANCIAL LITERACY

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I. Abstract: The small entrepreneurs are the back bone of state economy. The small scale entrepreneurs identify as the first generation or the first leg of entrepreneurs who seek to establish their own enterprise or venture and often emerge as the first organized effort to economic production in the economy. Financial literacy across small entrepreneurs is getting tremendous research attention as this is key to their survival and sustenance. The sheer lack of formal or institutional arrangements for formal entrepreneurial education, financial skilling and financial expertise development opportunities either in family or school lead to abnormal and dismal development of skill levels and financial expertise development seems the natural sufferer. The study explored the differences in small entrepreneurs on account of social demographic control aspects and observed statistically prevalent differences.

II. Key Words: Small Entrepreneur, Financial literacy, Financial skills, ANOVA, MANOVA, Socio-demographic controls,

Introduction

The financial management (Goyal, 2012) is key to sustenance, excellence and resilience in personal life as well as organizational life. The financial management skills (OECD, 2018) could involve the aspects of money management, consideration and allocation of money and earning across assets and liabilities and could focus on the effective money allocation across working capital requirements and meeting future expenses. The medium sized to micro entrepreneurs (Zack, 1999) especially have been observed to suffer on account of lack of financial management skillset as the exposure and experience to renowned financial management practices is negligible. The international publications from World Bank and International financial institutions often attribute the MSME enterprise failure and sickness on account of MSME entrepreneur's lack of indulgence and engagement into practices (Yang, 2004), mindsets and skills (Yasuda, 2005) that are essential to meet financial contingencies and account for financial versatility of the operations. Micro-medium –small enterprises (MSME) though constitutes the back bone of the economy (Zammel, 2016) and offer extensive employment to masses as the government sector (Kohli, Timelin, 2020) derived employment opportunities are fading out, yet often suffer from the financial mismanagement crisis and often plunge into financial sickness (Anshika, Singla, 2022).

Need for financial management skills across MSME Entrepreneurs

MSME entrepreneurs (Yamamoto, 2019) identify as the first generation or the first leg of entrepreneurs who seek to establish their own enterprise or venture and often emerge as the first organized effort to economic production in the economy. Along with institutional voids (Bosma, Kelly, 2019), institutional hassles and structural challenges, MSME entrepreneurs seem to be suffering on account of financial education, financial intelligence and dexterity with regard to financial asset liquidation and monetization (Goldstein, 2008) potential realization. The sheer lack of formal or institutional arrangements for formal entrepreneurial education, financial skilling and financial expertise development opportunities either in family or school lead to abnormal and dismal development of skill levels (Mitra, 2021) and financial expertise development seems the natural sufferer. The budding MSME entrepreneurs (Sekar, 2012), despite governmental push to incubation and self-venture development often collapses on account of lack of adequate and effective financial exposure and experience to modern risk mitigation and risk containment practices, working capital thresholds and financial wisdom in particular. A report on industrial sickness categorized the collapse and sickness of MSME enterprises only on account of financial mismanagement. Niti Ayog reports also point towards the financial hazards and financial blunders as leading to problems of illiquidity (Zammel, 2016) and resultant collapse of enterprise. The respective lack of thrust of entrepreneurs on cash flow management and inflow preservations often leads to financial mismanagement and inefficiencies. A section of studies (Anshika, Singla, 2022) emphasizes the revenue generation impetus as critical to the survival game. Entrepreneur's financial education (Mitra, 2021) is a stream of study that nurtures entrepreneurial orientation (Yasuda, 2005) in young students and budding enterprise developers alike. The focus in entrepreneurial financial dexterity development (Yang, 2004) and financial skilling is on development of innovative competencies, autonomy skillsets, proactive decision making impetus, risk taking tendencies enhancement across curriculum up take (Sukumar, 2013). The study however assume the OECD matrix for MSME as base for the competencies that determine and develop the small scale entrepreneur's financial resolve and skills (OECD, 2018).

Objective

The research objective is to examine the perceptions of small scale entrepreneurs in Haryana state perspective with regard to financial literacy.

Hypothesis

	Hypothesis	Support
H1	There are differences in perceptions on account of age	(Sukumar, 2013), (Mitra, 2021), (Anshika,Singla, 2022)
H2	There are differences in perceptions on account of gender	(Zammel, 2016), (Sekar, 2012), (Mitra, 2021)
H3	There are differences in perceptions on basis of education	(Gopalakrishnan, 2005), (Xiaoying, 2014)
H4	There are significant differences on basis of industry type	(Yasuda, 2005), (Sukumar, 2013)
H5	There is significant interaction between education and industry type as influencing perceptions across small scale entrepreneurs	(Vel,Shah, 2018), (Gopalakrishnan, 2005), (Anshika,Singla, 2022)

Methodology

The research relied on a sample size of 205 small entrepreneurs who were successfully operating their industrial unit for the last two years in consecutive sense. The respondents were from across diverse industrial clusters spread across districts of Panchkula, Yamunanagar, Karnal, Kurukshetra and Ambala. The random sampling with purposive intent was leveraged to source the responses and research instrumentation factors were screened from the literature on micro enterprise development and skills level proficiency. The financial and money management skills of the respondents were reviewed for the purpose of research.

Analysis

H1: There are differences in perceptions on account of age

The perception bound differences by age were explored with aid of application of Anova testing. The results vindicated prevalence of the statistically significant differences. The significance values being less than 0.05 signals the prevalence of differences. This signifies that perceptions of small scale entrepreneurs seem to vary considerably with regard to age. This supports the earlier studies (Goyal, 2012), (Sukumar, 2013) on subject matter.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
RECORD_KEEPING	Between Groups	161.927	3	53.976	1.758	.054
	Within Groups	13321.927	434	30.696		
	Total	13483.854	437			
FINANCIAL_DATA_PR EP	Between Groups	73.099	3	24.366	1.205	.008
	Within Groups	8779.194	434	20.229		
	Total	8852.292	437			
REV_GEN	Between Groups	45.153	3	15.051	.603	.014
	Within Groups	10837.587	434	24.971		
	Total	10882.740	437			
ENGAGING_REGULAT ORS	Between Groups	38.956	3	12.985	1.032	.078
	Within Groups	5461.363	434	12.584		
	Total	5500.320	437			
ENG_BANK	Between Groups	30.566	3	10.189	.390	.060
	Within Groups	11328.520	434	26.103		
	Total	11359.087	437			

H2: There are differences in perceptions on account of gender

The perception bound differences by gender were explored with aid of application of Anova testing. The results vindicated prevalence of the statistically significant differences. The significance values being less than 0.05 signals the prevalence of differences.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
RECORD_KEEPING	Between Groups	32.512	1	32.512	1.054	.005
	Within Groups	13451.342	436	30.852		
	Total	13483.854	437			
FINANCIAL_DATA_PREP	Between Groups	1.970	1	1.970	.097	.056
	Within Groups	8850.322	436	20.299		
	Total	8852.292	437			
REV_GEN	Between Groups	91.088	1	91.088	3.680	.056
	Within Groups	10791.652	436	24.751		
	Total	10882.740	437			
ENGAGING_REGULATORS	Between Groups	5.817	1	5.817	.462	.097
	Within Groups	5494.502	436	12.602		
	Total	5500.320	437			
ENG_BANK	Between Groups	8.365	1	8.365	.321	.071
	Within Groups	11350.722	436	26.034		
	Total	11359.087	437			

H3: There are differences in perceptions on basis of education

The perception bound differences by education levels were explored with aid of application of Anova testing. The results vindicated prevalence of the statistically significant differences. The significance values being less than 0.05 signals the prevalence of differences. This signifies that perceptions of small scale entrepreneurs seem to vary considerably with regard to education achievements. This supports the earlier studies (Anshika, Singla, 2022), (Mitra, 2021) on the matter concerned.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
ENGAGING_REGULATORS	Between Groups	17.082	2	8.541	.678	.008
	Within Groups	5483.238	435	12.605		
	Total	5500.320	437			
ENG_BANK	Between Groups	27.608	2	13.804	.530	.089
	Within Groups	11331.479	435	26.049		
	Total	11359.087	437			
SKILLS_EO	Between Groups	63.971	2	31.986	.588	.056
	Within Groups	23679.492	435	54.436		
	Total	23743.463	437			
REV_GEN	Between Groups	15.194	2	7.597	.304	.038
	Within Groups	10867.545	435	24.983		
	Total	10882.740	437			

H4: There are significant differences on basis of industry type

The perception bound differences by industry type were explored with aid of application of Anova testing. The results vindicated prevalence of the statistically significant differences. The significance values being less than 0.05 signals the prevalence of differences. This signifies that perceptions of small scale entrepreneurs seem to vary considerably with regard to industry type. This supports the earlier studies (Vel, Shah, 2018), (Kohli, Timelin, 2020), (Sukumar, 2013), (Sekar, 2012).

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
ENGAGING_REGULATORS	Between Groups	12.235	2	6.117	.485	.016
	Within Groups	5488.085	435	12.616		
	Total	5500.320	437			
ENG_BANK	Between Groups	1.969	2	.985	.038	.063
	Within Groups	11357.117	435	26.108		
	Total	11359.087	437			
SKILLS_EO	Between Groups	57.820	2	28.910	.531	.088
	Within Groups	23685.644	435	54.450		
	Total	23743.463	437			
REV_GEN	Between Groups	70.554	2	35.277	1.419	.043
	Within Groups	10812.185	435	24.856		
	Total	10882.740	437			

H5: There is significant interaction between education and industry type as influencing perceptions across small scale entrepreneurs

The Manova was leveraged to ascertain the prevalence of differences by education levels and industry type and respective Wil's Lambda confirmed the statistically significant interaction among the two control aspects.

Multivariate Tests^a

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.932	1173.134 ^b	5.000	426.000	.000
	Wilks' Lambda	.068	1173.134 ^b	5.000	426.000	.000
	Hotelling's Trace	13.769	1173.134 ^b	5.000	426.000	.000
	Roy's Largest Root	13.769	1173.134 ^b	5.000	426.000	.000
CLUSTER	Pillai's Trace	.027	1.153	10.000	854.000	.320
	Wilks' Lambda	.973	1.152 ^b	10.000	852.000	.320
	Hotelling's Trace	.027	1.151	10.000	850.000	.321
	Roy's Largest Root	.020	1.725 ^c	5.000	427.000	.128
EDUCATION	Pillai's Trace	.013	.574	10.000	854.000	.836
	Wilks' Lambda	.987	.573 ^b	10.000	852.000	.837
	Hotelling's Trace	.013	.572	10.000	850.000	.837
	Roy's Largest Root	.010	.881 ^c	5.000	427.000	.494
CLUSTER * EDUCATION	Pillai's Trace	.047	1.354	15.000	1284.000	.162
	Wilks' Lambda	.954	1.353	15.000	1176.400	.063
	Hotelling's Trace	.048	1.352	15.000	1274.000	.164
	Roy's Largest Root	.030	2.541 ^c	5.000	428.000	.028

a. Design: Intercept + CLUSTER + EDUCATION + CLUSTER * EDUCATION

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Observations

The study observed significant differences in perceptions on account of the age and gender as basis. The observations are in line with existing literature and upheld the earlier studies that the operationalization of 'financial skills derived entrepreneurial orientation' in India would not be an easy task. The review of trends in Indian scenario identifies marked differences and non-convergent approaches in assimilating the entrepreneurial financial education aspects in regular and traditional curriculum, in course directives, in training modules and overall framing of prospective entrepreneur's personality. The entrepreneurial perceptions and aspirations do vary across small to medium sized enterprises, across diverse industries, across the socio-demographic divide as well as with location. The existing research further vindicated the evolution of small enterprises based 'entrepreneurial quotient' on account of transformation of personnel's attributes and perceptions with regard to governmental support and assessments of enterprise's effectiveness for future growth. The research hence concludes that conceptualizations may differ across SMEs and micro firms in Haryana perspective. The study outcomes point to the incidence of need for strengthening the entrepreneurial ecosystem and for small industry owner's globalization of industry vision and action plan could be of vital help in reviving the organizational fortunes and seeking embedment across global economic flows.

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