Impact of Demographic Features of Young Entrepreneurs on Financial Literacy: Meta-Analysis in Delhi NCR

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Abstract

Financial literacy capability impacts individuals, families, financial institutions and the economy, as a whole. Financial knowledge is required in every aspect of life in this competitive world. The fundamental object for this analysis is to assess the impact of demographic features of budding young entrepreneurs on their financial Literacy, in the national capital reason of India. The methodology used is, the self-administered and closed-ended questions to collect the experiential data from the young entrepreneurs. Before conducting the survey, dense literature was conducted to understand the background of the concept and to find the research gap. The study reports that a young male budding entrepreneur in the age group of the '20s, started a venture or entrepreneurial activity at an early age and graduate in the field of technology, accounts, economics or management is well versed in understanding the financial implications. The socio-economic culture of India supports the results. The outcome of the study will be useful for the banks, financial institutions, venture capitalist, who involved in financing the start-ups and new ventures moreover, it is also essential for government and policymakers who gives subsidies and other support to make India as a self-reliant nation "Aatm - Nirbhar Bharat".

Keywords: financial literacy, gender gap, education, age, young entrepreneurship

JEL Classification: I20, I25

1. Introduction

Financial Literacy, which is acquirable, has not been a focal point of the study up until now; however, there is motivation to expect that it assumes a job for enterprising movement. Other than non-econometric and non-financial reasons, other significant components of why organizations come up short are poor financial administration, absence of capital, or misjudgment of dangers. People who are thinking about going into independent work likely know about the presence of exceptional difficulties and dangers of their own business. On the occasion that individuals are uncertain about their ability to manage those challenges and to manage a business, they might need to fill in as an agent.

The 2006 'Global Entrepreneurship Monitor Report uncovered', nonetheless, that low financial literacy proficiency and lacking administration practices limit 'entrepreneurial' innovative movement (Bosma and Harding, 2006). Furthermore, according to a global survey by Standard & Poor's Financial Services LLC (S&P), under 25% of grown-ups are financially literate in South Asian nations (Sud, 2017). For an average Indian, financially literate is a proficiency that is yet to turn into a need. India is home to 17.5% of the total populace, yet about 76% of its grown-up populace does not see even the fundamental financially concepts (Sud, 2017). This deficiency means that the youths of India have less financial knowledge than that of other foreign countries.

Moreover, the data related to the distribution of financially literate youths inside the geographical area of India is all the way uncertain and unchecked. This specific scenario is indicating a gap which means that there is a need to study the financial literacy level of young aspiring entrepreneurs. Financial Literacy will provide the potential to better manage their entrepreneurial activities in the future course of action. Based on this, the objectives are being framed.

A few researchers uncover that entrepreneurs vary in character qualities or inclinations of utilized individuals. Be that as it may, most attributes as the Big Five-character qualities, explicit character attributes, or risk dispositions, which all are affecting natural potential, are named generally stable after some time and along these lines are out of control for policymakers (Caliendo et al., 2013; Cobb-Clark and Schurer, 2012a; 2012b). Therefore, this study objected to analyze the effect of quantifiable attributes of the young entrepreneurs on the financial literacy constituents.

2. Literature Review

'Entrepreneur', got from the French activity word "entreprende", and the German word "Unternehmen", was initiated by the French Economist, Richard Cantillon in the mid-eighteenth century. These words mean "to endeavour" (Cunningham and Lischeron, 1991; Afonja, 1999; Anderson et al., 2004; Hisrich and Peters, 1995). In Cantillon's view, an entrepreneur' is a person who buys at direct expenses and sells at too independent expenses (Casson, 1993; Barreto, 1989). This conglomerated functional definition states the essential revolvement around the segment of hazard taking and decisions about asset distribution as a resource. The words, for example, "entrepreneur'", "risk persister", "pioneer experimenter", and so on are reciprocally utilized for entrepreneur'.

Say (1803) utilized the term to allude to individuals who adds-up some incentive in an economy by moving resources from zones of low profitability to territories of higher productivity. He contended further that the entrepreneurs' visionary must have specialized knowledge and judgment with the goal that he must be constantly aware of the expenses and costs of his products and have the option to decide how to think about circumstances for the opportunity. Mill (1848), based upon Say's (1803) definition, explained it by fusing a "management" part to it. He portrayed an entrepreneur as a business visionary who expect the danger of a business adventure along with its management.

Marshall (1890) built up the term entrepreneur further by consolidating the "resources" part of Say and the "management" segment from Mills. In the 20th century, the possibility of a business visionary assumed by an entrepreneur as an "innovator" which was built up by the famous market analyst, Schumpeter (1934). He characterized an entrepreneur as a trailblazer who creates untried innovation. This probabilistic approach places accentuation on advancement in the adversity of new consequences, new generation technicalities, new place analysis, or new formation of the organization. He elucidated that wealth is an outcome of a situation where pragmatic results evolves in the generation of advancement in demand.

From that point onward, an expanding number of researchers and diverse disciplines, for example, ethnology (Stewart, 1991), financial econometrics (Kirchoff, 1991; Bagshawe, 1995; Nafziger and Terrell, 1996, Nafziger, 2006; Hisrich and Peters, 1995), managerial artefacts (Drucker, 1994; Stevenson et al., 1989), psychological scientific work (Shaver and Scott, 1991), social science (Reynolds, 1991), and technological innovation (Reynolds et al., 1999) have explored the idea of entrepreneurial work analysis on the proficient work order in quantum productivity. Further, Bagshawe (1995) characterized an entrepreneur as "an individual who can explore conveniently, recognize development opportunities, assemble resources, and actualize activities to expand those opportunities.

It broadly acknowledges that most customers come up short on financial education, i.e., financial literacy, which is essential to settle on a significant financial decision in their eventual benefits (Braunstein and Welch, 2002; Perry, 2008). Specialists additionally, for the most part, concur that financial knowledge gives off an impression of being legitimately related to self-helpful financial behaviour (Hilgert et al., 2003). Noctor et al. (1992) characterized financial literacy as: "the capacity to settle on educated decisions and choices with respect to the utilization and the executives of cash".

As indicated by the US Financial Literacy and Education Commission, Financial Literacy is "the capacity to make educated decisions and to take successful activities in regards to the present and future use and the board of cash" (Basu, 2005). The Organization for Economic Cooperation and Development (OECD, 2005) characterizes monetary literacy as- "the blend of consumers'/investors" comprehension of financial products, ideas, and their capacity and certainty to acknowledge financial risk and openings, to settle on financial risks and opportunities, to realize where to go for assistance and to take other compelling activities to improve their financial prosperity."

These definitions propose that financial literacy proficiency incorporates increments in financial knowledge or skills and changes in financial behaviour (Hilgert et al., 2003; Mandell, 2004). Financial literacy influences people, family units, financial organizations, and the more extensive economy since it is a vital piece of our everyday lives and its absence has been referred to by numerous observers as a noteworthy explanation behind falling sparing rates (Hilgert et al., 2003), mounting buyer obligation (Stango and Zinman, 2007), (Lusardi and Mitchell, 2006; 2007), the reason for divorce, psychological instability, and an assortment of other despondent encounters (Cleek and Pearson, 1985; Kinnunen and Pulkkinen, 1998), the reason for intense pressure, wretchedness, and lower confidence (Wolcott and

Hughes, 1999), and low profitability in the work environment (Fletcher et al., 1997; Joo and Grable, 2000; Welsch, 1992).

Miller et al. (2009) and Glaser and Walther (2013) find out that financial literacy is significant for a few reasons. Financial literacy can help in planning consumers (and organizations) for extreme budgetary occasions, by promoting methodologies that moderate risk, for example, aggregating reserve funds, broadening resources, and obtaining protection. Financial literacy likewise improves conduct, for example, the shirking of over-indebtedness. Financial literacy is responsible for viable cash management. Bruhn and Zia (2011) examined the effect of the 'financial literacy' program on firm results of youthful entrepreneurs who kept their eyes on business visionaries. Andoh and Nunoo (2011) find that the literacy of proprietors of SMEs is a significant factor in clarifying the usage of financial administrations by SMEs.

Squat degrees of financial literacy can avert new-ventures from comprehension and evaluating 'financial items' from financial institutions. The Association of Chartered Certified Accountants (2014) pins out of which the difficulties confronting financial institutions are the most part squat degree of 'financial-awareness' among entrepreneurs. Wise (2013) finds that increments in financial-literacy prompt progressively visits and creation of fiscal statements. An entrepreneur that produces fiscal statements as often as possible has a higher probability of credit reimbursement and a lower probability of deliberately close his/her business. As indicated by Kotzè and Smit (2008), the absence of individual financial literacy impacts contrarily on the financial statements of new pursuits and can prompt potential disappointments of SMEs (Sucuahi. 2013).

Researches exhibit that financially educated individuals will undoubtedly have proper credits, a higher pointlessness of unspent pay, higher paces of return, and are cost-profitable concerning speculation and related reserve funds (Disney and Gathergood, 2013; Jappelli and Padula, 2013; Klapper et al., 2013). Furthermore, financial literacy assets focus on access and instalment of loans creativity. As indicated by Herrington et al. (2009), a decent degree of financial literacy can renovate access to funding proficiency by new pursuits (Wise 2013), lessen the opportunity of a loan-default progression (Kotzèand Smit 2008) and improve sales and corporate business appraisement (Bruhn and Zia 2011).

This shows that financial literacy is not generally acknowledged by most buyers to settle on significant financial choices (Braunstein and Welch, 2002; Perry, 2008). Specialists, likewise, for the most part, concur that financial knowledge of learning seems, by all accounts, to be straightforwardly connected with self-advantageous financial behavioural conduct (Hilgert et al., 2003). These announcements recommend that financial literacy proficiency joins augments in financial knowledge or abilities and changes in the fiscal lead (Hilgert et al., 2003; Mandell, 2004).

Prohibition of females from financial services has been accounted for, by various analyses that have discovered that ladies are more rejected than men both at the firm and individual levels. Studies report that female-dominated firms face more financial constraints more imperatives than male-dominated organizations (for example, Presbitero et al., 2014; Henderson et al., 2015; and Beck et al., 2011).

The gender gap is the worst thing about inclusion in financial incorporation, especially in developing markets and creating economies. Gender divergence is usual in most financial econometrically and socially spheritic. Various related studies propose that all things considered, females gain 10-30 per cent less than men for equivalent work (World Bank, 2012). Internationally, of the 2 billion youths that do not have a financial balance in their bank account, 1.1 billion are females. Late proof recommends that, around the world, 58 per cent of females have a record at a formal financial organization contrasted with 65 per cent of men (Demirguc-Kunt et al. 2015).

In developing nations, the gender gap is comparably unaltered at 9 per cent yet fluctuates crosswise over locales. In South Asia, the financial literacy for gender dissimilarity is exceptionally high at 18 per cent, and in India, it is 20 per cent. Indeed, even in the wake of superintending for a large group of individualistic qualities including pay matrix inculcation, higher education, business status, citizenship and age, gender-gap orientation remains altogether identified with access and utilization of financial-inclusive administrations (Demirguc-Kunt et al. 2013). Neumeyer and Santos (2018) pinout that the influence of demographic characteristics, such as age, is present and is explicit on the performance of the (young) entrepreneurs. So, this study included the age demography into its scope as the ideal age for young entrepreneurs is not yet studied, based on the analysis.

More noteworthy financial literacy levels are found in people with professional levels and more noteworthy access to financial data and its influence on inclusion. This way, Amadeu (2009) pins out that more contact, during undergrad or particular courses, with subjects identified with the fund and financial matters decidedly impacts on the everyday monetary and financial practices. Understudies or the students from the courses of Economics, Administration, and Accounting had a higher monetary learning level. Also, Lusardi and Mitchell (2011) found that people with squat educational qualification levels are more averse to address the inquiries accurately and bound to state they do not have any idea about the appropriate response (Chen and Volpe, 1998). Nevertheless, most of the studies did not put their focus on the level of education one should acquire to get a comparative advantage while investing financial resources into a new venture.

Based on the above review of literature, following hypotheses can be formulated for testing:

i. There is a significant impact of education level on the Financial Attitude, Behavior, and Knowledge.

ii. There is a significant impact of age on the Financial Attitude, Behavior, and Knowledge

iii. There is a significant impact of gender on the Financial Attitude, Behavior, and Knowledge

Further, the impact of age, education, and gender on the financial literacy components can further affect the viability of their new prospective venture.

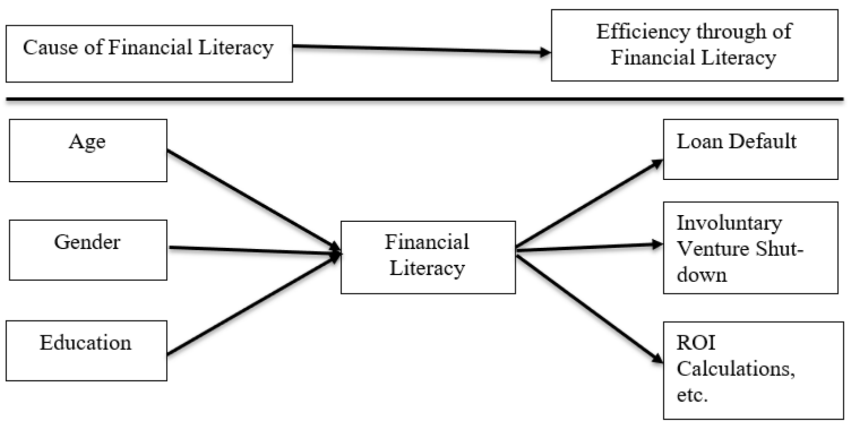

Figure 1. Cause and effect of financial literacy

3. Aims

i. To determine the connection between the education level of the entrepreneurs and their level of financial literacy.

ii. To formulate the connection between the orientation of gender and the level of financial literacy.

iii. To determine the relationship between the age and the financial literacy level.

4. Methods

The research methodology personified with following stages:

4.1 Sample and Procedures

The self-administered and closed-ended questions were added into the questionnaire to collect the experiential data from the young entrepreneurs. The convenience and snowball sampling method has been used for the collection of data. Before the conduct of the survey, the works of literature were studied and analyzed to understand the background. Moreover, in that case, 76 works of literature have been analyzed. The respondents are being selected based on the response they gave to the question: - "Do you have any business idea and are trying to make that into the reality in the coming future?" If they responded "Yes", then only they were asked to fill out the questionnaire, otherwise not. In totality, 412 responses from the young entrepreneurs are collected.

4.2 Data Analysis

For content legitimacy, the measures and constructs were embraced from the current scales. All questions, including the demographic questions and financial literacy items, are solicited with Likert scale, implies scoring 1 for strongly disagree and scoring 5 for strongly agree. They develop things that were set up in English for dissemination in the Delhi and National Capital Region (NCR).

4.3 Measures

The analysis of data has been done through IBM SPSS 22.0. The internal consistency reliability is broken down through Cronbach's Alpha analysis. The alpha value is greater than the 0.6 is said to be sufficient to state that information is reliable. The analysis-of-variance (ANOVA) is led to appraise the level of impact of one variable on the other one. Besides, the type of association, i.e., positive or negative ones, is likewise assessed through the coefficient values under the ANOVA and Multivariate-ANOVA (MANOVA). Further, the chi-square test and cross-tabulation is being done to quantify the results.

Variables	**Test Applied**
Gender and Financial Literacy	
• **Gender and Financial Behavior**	ANOVA
• **Gender and Financial Attitude**	ANOVA
• **Gender and Financial Knowledge**	Cross-Tab
Education level and financial literacy	
• **Education level and Financial Behavior**	Chi-Square
• **Education level and Financial Attitude**	Chi-Square
• **Education level and Financial Knowledge**	Cross-Tab
Age and financial literacy	
• **Age and Financial Behavior**	MANOVA
• **Age and Financial Attitude**	MANOVA
• **Age and Financial Knowledge**	Cross- Tab

Table 1. Internal consistency analysis

Cronbach's Alpha	**N of Items**
0.797	27

Therefore, after calculation, it can be said that the data is reliable and valid for further analysis (in Table 1).

5. Results and Discussion

Table 2. ANOVA (gender and financial literacy)

Financial_Behavior					
	SS	df	Mean Square	F	Sig.
Between Groups (BG)	1.398	1	1.398	3.813	.049
Within Groups (WG)	150.330	410	.367		
Total	151.728	411			
Financial_Attitude					
BG	.846	1	.846	2.582	.109
WG	134.303	410	.328		
Total	135.149	411			

The gender has an impact on the financial behaviour of the person (as per Table 2). Financial behaviour is the behaviour that the person shows while managing personal finances. Through the results, it can be said that the different genders show different behaviour while finance management.

The gender has no impact on the financial attitude of the person (as per Table 2). Financial attitude alludes to the opinion and the judgment of any individual towards the finances. The results show that gender does not act as a basis for differentiation in the financial attitude of them.

Table 3. Cross-tabulation (FK vs. Gender)

		Gender	
		Male	Female
FK1	Correct Option	147	145
FK2	Correct Option	135	104
FK3	Correct Option	126	106
FK4	Correct Option	139	127
FK5	Correct Option	136	112
FK6	Correct Option	136	121
FK7	Correct Option	140	139
FK8	Correct Option	136	140
FK9	Correct Option	148	133

Table 3 depicts that males have a comparatively better knowledge of financial concepts and calculations. However, also, it can be interpreted as both genders have approximately similar levels of financial knowledge. This means that financial terminologies are better known to both genders. Nevertheless, some of the entrepreneurs still do not have basic knowledge of financial terms.

Table 4. Chi-square tests (education level and financial literacy)

Financial Behavior			
	Value	df	Sig. value
Pearson Method	107.715	78	.015
Financial Attitude			
Pearson Method	112.41	78	.007

The education qualification also impacts the financial behaviour of the person (Table 4). Financial behaviour is the behaviour that the person shows while managing personal finances. The education qualification has an impact on the financial attitude of the person (table 4). Financial attitude alludes to the opinion and the judgment of any individual towards the finances.

Table 5. Crosstab (FK vs. Education)

		Pursuing Degree			
		Bachelors	Masters	Doctorate	Post-Doc.
FK1	Correct Option	50	149	86	7
FK2	Correct Option	42	118	75	4
FK3	Correct Option	43	118	69	2
FK4	Correct Option	52	122	87	5
FK5	Correct Option	47	122	77	2
FK6	Correct Option	47	119	87	4
FK7	Correct Option	49	133	91	6
FK8	Correct Option	53	137	82	4
FK9	Correct Option	51	137	89	4

Table 5 depicts that the entrepreneurial candidate who has qualified their Masters have better financial knowledge if compared to other qualifications. The entrepreneurs whom all have completed their post-graduation degree better understand the financial concepts and their applications. Also, most of the respondents responded correctly had studied economic subjects, such as statistics, cost accounting, econometrics, entrepreneurship, and related subjects. This finding confirms the findings of Amadeu (2009) and Lindh and Thorgren (2016) but in the Indian context.

Table 6. Tests of between-subjects effects (age and financial literacy)

D.V.: Financial Behaviour					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	7.036[a]	4	1.759	4.948	.001
Intercept	3132.184	1	3132.184	8810.465	.000
Age in Years	7.036	4	1.759	4.948	.001
Error	144.691	407	.356		
Total	6028.272	412			
Corrected Total	151.728	411			
D.V.: Financial Attitude					
Corrected Model	3.616[a]	4	.904	2.797	.026
Intercept	3098.313	1	3098.313	9587.075	.000
Age in Years	3.616	4	.904	2.797	.026
Error	131.533	407	.323		
Total	6031.852	412			
Corrected Total	135.149	411			

The age also impacts the financial behaviour of the person (Table 6). Financial behaviour is the behaviour that the person shows while managing personal finances. Through the results, it can be said that the age of the entrepreneur does not determine the behaviour towards finance management of the individual.

The age also impacts the financial attitude of the person (Table 6). Financial attitude alludes to the opinion and the judgment of any individual towards the finances. The results show that the educational qualification does not act as a basis for differentiation in the financial attitude of them.

Table 7. Crosstab (FK vs Age)

		Age (in Years):				
		Below 18	18-20	21-24	25-29	Above 30
FK1	Correct Option	50	12	108	64	58
FK2	Correct Option	38	8	97	53	43
FK3	Correct Option	40	10	85	52	45
FK4	Correct Option	48	10	93	61	54
FK5	Correct Option	44	10	89	56	49
FK6	Correct Option	54	6	88	52	57
FK7	Correct Option	52	13	94	58	62
FK8	Correct Option	53	9	92	56	66
FK9	Correct Option	45	9	101	55	71

Table 7 depicts that the age group of 20-24 has higher quality comprehension of the financial conceptual perseverance and calculative programming structure. This age group of entrepreneurs showed a better understanding of the financial concepts.

6. Conclusion

The financial decision-making ability is dependent on the financial literacy level of the candidate. So, the high literacy level will take care of the well-being of businesses and households. Therefore, the objective of this study is set to gauge the literacy level of entrepreneurial candidates. These are the candidates who all have intense aspirations to innovate something new to change the scenario of the society. Related to that, the findings are shown in a detailed manner as follows:

As per the preliminary analysis, gender has its impact on financial behavior only and not on the financial attitude. In the case of financial knowledge, the males have a comparatively better knowledge of financial terms and calculations if compared to the females. The difference between both is very minute and can be said as competitive knowledgeability. Furthermore, it is found that educational qualifications have a direct impression on financial-behavior and attitude. The post-graduates have a better knowledge of the financial terms and concepts.

Finally, age is found to be the determining factor for financial behavior and attitude. And the candidates belonging to the age group of 20-24 have a greater understanding of the financial terms and calculations. Such findings affirm the pressing requirement for contriving viable activities to limit the financial illiteracy issue. The subjects such as economics, accounts, entrepreneurship, etc. have their significant effect on the financial literacy level and further the entrepreneurial skills are positively associated. One of the potential measures to be taken alludes to the consideration of subjects in regards to financial management, market finance, and entrepreneurship in all undergraduate and postgraduate courses, paying little attention to the learning field. Also, the another potential measure concerns the creation and reception of instructive projects, which ought to advance individual financial literacy in all segments of society, yet with activities and explicit substances that are recognized by each group's profile.

The identified gap was that there is a need to study the financial literacy level of the youths of the Delhi & NCR region. This study incorporates the young entrepreneurs, their quantifiable attributes, and financial literacy attributes. This paper is a pioneer by incorporating a few factors in a solitary model, permitting the distinguishing proof of the effect of factors and building up significance orders. From the institute's perspective, the principal concentrate so far has been independently recognizing the pretended by socio-econometric and demographic and psychographic factorial analysis on financial literacy for the proficiency.

The implication of this analysis for the research is dependent upon certain limitations, for example, the selection of factors and the method of their strategy. Different scales may be formulated and tried as financial literacy indicators. As it is dependent on an overview research structure and cross-section data for the information, the strategy sets limits for tending to the autonomous issuance characterization. So, further, in the future, the studies can be conducted with variables such as family background, economic surroundings, and other variables.

Author Contributions

Conceptualization – Dr. Ankur Agrawal, Praveen Kumar Pandey

Data curation - Dr Ankur Agrawal, Dr. Mohammad Rumzi Tausif, Praveen Kumar Pandey, Prashant Kumar Pandey

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Methodology - Praveen Kumar Pandey, Prashant Kumar Pandey, Dr Ankur Agrawal

Project administration - Dr Ankur Agrawal, Prashant Kumar Pandey

Supervision – Dr Ankur Agrawal, Dr. Mohammad Rumzi Tausif

Validation - Dr Ankur Agrawal, Dr. Mohammad Rumzi Tausif, Praveen Kumar Pandey

Writing - Prashant Kumar Pandey, Praveen Kumar Pandey, Dr Ankur Agrawal, Dr. Mohammad Rumzi Tausif

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Appendix

Financial Knowledge Variables	
FK1	Assume you had Rs.2000 in a bank account and the IR was 4% every year. Following 1 year, what amount do you acknowledge you would have in the account that you left the cash in the bank?
FK2	Assume you had Rs.2000 in a saving bank account and the IR is 40% every year and you never draw premium or the money installments. Completing 2 years, what amount would you have on this account record altogether?
FK3	Envision that the IR on your savings bank account was 1% every year and expansion was 2% every year. Completing 1 year, what amount would you have the option to purchase with the money in this account?
FK4	Accept that a colleague of yours' acquires Rs.10,000 today and his cousin acquires Rs.10,000 for three years from now. Who is more richest due to the legacy?
FK5	Assume that in the year 2018, your salary has tripled and the costs of all products have tripled as well. In 2018, what amount will you have the option to purchase with your salary?
FK6	Define net-worth.
FK7	Issuance of shares by a company must be in
FK8	What do you think merits essential consideration when one needs to contrast the bank to pick the one must take credit from?
FK9	Most chronological perception to purchase the insurance is to