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Access to Financial and Entrepreneurial Success for Businesswomen in Vietnam

Mai Thi Anh Dao

University of Labor and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Mai Thi Anh Dao**

Abstract

Difficulty accessing finance for entrepreneurs: Businesswomen affirmed the difficulty in accessing capital from banks. Because most businesswomen's firms are small and medium-sized enterprises, they do not have suitable collateral or the consent of their husbands or family members to borrow money from banks. Financial inclusion, including access to various financial products and services such as bank accounts, bank credit, savings products, remittances and payment services, insurance services, home mortgages, and financial advisory services, is gradually being recognized as an important aspect of economic development. According to Claessens (2006)^[7], financial access is defined as the availability of financial services of reasonable quality and cost. Quality and reasonable costs are

determined relative to a number of objective standards; reasonable costs are determined by monetary and non-monetary costs. This study was conducted with the aim of assessing access to financial and entrepreneurial success for businesswomen in Vietnam through survey results. The survey subjects are businesswomen. We use both qualitative and quantitative research methods. Quantitative research methods were carried out with SPSS software, including descriptive statistics and Cronbach's alpha analysis. Research results show that access to financial services is rated quite highly. Based on this result, the study proposes some recommendations for businesswomen and state management agencies.

Keywords: Financial Capital, Entrepreneurial Success, Businesswomen, Business Administration, Economics

JEL Codes: M31, M10, M20

1. Introduction

Access to and cost of finance are often considered the most limiting aspects of the business environment of small and medium-sized enterprises (Beck and Demirguc-Kunt, 2006)^[4], especially those of businesswomen. Previous studies on business start-ups by businesswomen suggest that the most frequent external barriers are lack of access to capital and discrimination when applying for loans (Satta, 2004)^[13]. In developing countries, businesswomen often face severe capital obstacles that reduce their potential as business owners (Ogunrinola, 2011)^[12]. This makes it difficult for businesswomen to access traditional credit institutions, such as banks. They tend to rely on their own savings and then informal sources of finance, such as loans from family and friends.

Lack of access to finance creates a huge obstacle to starting a successful business for businesswomen. Lack of capital, lack of investment in resources, infrastructure, and market access. Therefore, businesswomen need to be proactive in accessing finance from banks to fulfill their business purposes.

Thus, studies on business start-ups by businesswomen suggest that the trend of businesswomen is to use their own capital and capital from loans from family and friends. Accessing capital from banks is often difficult for businesswomen.

2. Access to financial and literature review

Access to finance is a resource factor but is determined by the business start-up environment. Access to finance and financial resource management have been identified in many business surveys as the most important factors in determining the survival and growth of small and medium-sized enterprises. However, many previous studies confirm that accessing finance from commercial banks is a difficult obstacle for female entrepreneurs in both developed and developing countries. Studies of

Vietnamese businesswomen also confirm that they have difficulty accessing loans from banks.

Financial inclusion includes access to various financial products and services, such as bank accounts, bank credit, savings products, remittances and payment services, insurance services, mortgages, and financial consulting services. Through research, the author found that financial access is determined according to the research of Claessens (2006)^[7], Beck *et al.* (2008)^[5], and Ardic *et al.* (2011)^[2]. Therefore, the author chose the Financial Access scale, which includes 10 observed variables built based on research by Claessens (2006)^[7], Beck *et al.* (2008)^[5], and Ardic *et al.* (2011)^[2].

Accessing capital through bank loans is often more difficult for businesswomen than businessmen for two reasons. First, bank loans often require asset guarantees, and businesswomen are not willing to risk loans that jeopardize family assets in the event of failure (Weiler & Bernasek, 2001)^[15]. Second, banks' policies are often cautious towards small businesses and businesswomen, who have no guarantees and are at high risk.

3. The relationship between access to financial resources and the entrepreneurial success of businesswomen

Financial inclusion, including access to various financial products and services such as bank accounts, bank credit, savings products, remittances and payment services, insurance services, home mortgages, and financial advisory services, is gradually being recognized as an important aspect of economic development. According to Claessens (2006)^[7], financial access is defined as the availability of financial services of reasonable quality and cost. Quality and reasonable costs are determined relative to a number of objective standards; reasonable costs are determined by monetary and non-monetary costs.

Many researchers focus on studying the relationship between access to finance and the entrepreneurial success of businessmen in small and medium-sized enterprises. Beck and Demirguc-Kunt (2006)^[4] argue that access to finance allows small and medium-sized enterprises in developing economies to make productive investments to expand their businesses and acquire the latest technologies, ensuring competitiveness and promoting innovation. Kevane and

Wydick (2001)^[11] also suggest that providing credit to microenterprises encourages economic growth in the informal sector through promoting increases in firms' capital, creating employment opportunities, and increasing long-term earnings growth.

However, access to and cost of finance are often ranked as one of the most limiting features of the business start-up environment for small and medium-sized enterprises (Beck *et al.*, 2008)^[5], especially SMEs owned by businesswomen. Some recent studies find evidence that businesswomen face discrimination in obtaining loans (Asiedu *et al.*, 2012)^[3]. This leads to businesswomen being asked to collateralize more than businessmen for loans, being charged higher interest rates, and being denied loans more often.

In previous studies on entrepreneurial opportunities for businesswomen in general, the most frequently discussed external barriers were lack of access to capital and discrimination when borrowing (Satta, 2003)^[14]. This is a huge problem because businesses need capital to establish and expand their businesses. In developing economies, businesswomen often face severe capital constraints that reduce their potential as business owners (Ogunrinola, 2011)^[12].

The challenge of attracting capital is especially difficult for businesswomen in developing countries. This makes it difficult for small and newly established firms to access traditional credit institutions, such as banks. Therefore, businesswomen tend to rely on their own savings and then on informal sources of finance, such as loans from family and friends.

According to Ahmad and Arif (2015)^[1], access to finance allows existing firms to expand by helping them exploit growth and investment opportunities. In particular, access to finance contributes to creating a favorable entrepreneurial environment with effective resource distribution and is especially good for small firms. Increasing access to finance for women business owners is a sound strategy for financial institutions as they seek to increase business with small and medium-sized enterprises. Businesswomen are often limited by their ability to access small loans. However, as businesswomen develop, they will need large financial sums for business operations.

Table 1: Access to financial resources scale

Code	Description	Source
AF1	My resources have improved thanks to the bank's financial services.	Claessens (2006) ^[7] ; Beck <i>et al.</i> (2008) ^[5] ; Ardic <i>et al.</i> (2011) ^[2]
AF2	The financial services provided by the bank have helped my firm improve its access to quality services for business activities.	
AF3	The bank's financial services, which include paying for training courses, have enabled me to advance personally.	
AF4	I think the bank's savings interest rate is appropriate.	
AF5	I think bank savings products are secure.	
AF6	My needs are met by the bank's credit products.	
AF7	I am in support of the terms and circumstances associated with using the bank's loan.	
AF8	I feel secure using the bank's financial services.	
AF9	The bank charges a moderate first account opening cost.	
AF10	When doing business with banks, operating charges are fair.	

4. Methodology

According to the actual investigation conditions of time, human resources, and finance, the author built an initial sample of 500 observations.

The author collected data at firms owned by businesswomen. The questionnaire was used in the form of

a printed hard copy to be distributed directly to businesswomen or online.

After the questionnaires were sent, the hard copies were entered directly into SPSS 21 software along with an online questionnaire. After all questionnaires were completely entered into the SPSS 21 software, the author proceeded to

type them out. Remove invalid survey forms, such as incomplete information, filling in more than 1 response option for observed variables requiring only 1 option, etc. All the forms, after being cleaned, were saved into SPSS 21 software to prepare for analysis.

After distributing the ballots, the author received a total of 450 ballots; however, many ballots were invalid due to missing information or unreliable answers. The author cleaned the data, and the final result left 425 votes, which were included in the descriptive statistical analysis of the sample to check the suitability and representativeness of the sample. The sample was subjected to descriptive statistics based on demographic factors.

5. Research results

Preliminary quantitative research results show that the Financial Access scale has a Cronbach Alpha coefficient of

0.849. However, the variables AF3, AF4, and AF5 all have component variables with total variable correlation coefficients less than 0.3. Therefore, these variables do not ensure the reliability of the scale. In qualitative research, these observed variables all have the same meaning as other observed variables. So the author removed these observed variables from the scale. The remaining component variables all have Cronbach's alpha coefficients greater than 0.6, and the correlation coefficients of component variables and total variables are large at 0.3, so they all ensure reliability and are used in official quantitative research.

Descriptive Statistics

Table 2 indicates that the respondents agree with the independent variable, which is access to financial resources, where seven attributes were quite high. All seven attributes were rated at an average of 2.67 or higher.

Table 2: Descriptive analysis of attributes

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
AF1	364	1	4	2.92	.818	-.734	.128	.344	.255
AF2	364	1	5	2.67	.866	.104	.128	-.249	.255
AF6	364	1	5	2.96	1.000	-.244	.128	-.787	.255
AF7	364	1	5	2.82	.963	.115	.128	.008	.255
AF8	364	1	5	2.83	.919	-.196	.128	-.483	.255
AF9	364	1	5	2.94	.862	-.771	.128	.790	.255
AF10	364	1	5	3.02	.946	-.246	.128	-1.026	.255

Cronbach's Alpha

Access to financial resources has been measured by Cronbach's alpha. The results of testing Cronbach's alpha for attributes are presented in Table 3 below. The results also show that attributes of access to financial resources have Cronbach's alpha coefficients that are greater than 0.6,

and the correlation coefficients of all attributes are greater than 0.3. So, all the attributes of the independent variables are statistically significant (Hoang & Trong, 2008; Hair *et al.*, 2009; Hair *et al.*, 2014) [10, 8, 9]. Thus, this is a good, closely correlated scale to measure the access to financial resources of businesswomen.

Table 3: Results of Cronbach's alpha testing of attributes and item-total statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Access to financial resources (AF): Cronbach Alpha = 0.934				
AF1	17.24	22.768	.749	.928
AF2	17.49	22.372	.752	.928
AF6	17.21	20.274	.889	.914
AF7	17.35	21.290	.795	.924
AF8	17.33	21.384	.830	.920
AF9	17.22	22.387	.754	.927
AF10	17.14	21.766	.750	.928

6. Discussion and implications

Regarding the financial access factor, previous studies only confirmed that businesswomen are hindered by accessing financial capital from commercial banks but did not confirm the direction and importance of the access impact of finance on entrepreneurial success for businesswomen. This study has confirmed that easy access to finance plays an important role in entrepreneurial success for businesswomen.

Difficulty accessing finance for entrepreneurs: Businesswomen affirmed the difficulty in accessing capital from banks. Because most businesswomen's firms are small and medium-sized enterprises, they do not have suitable collateral or the consent of their husbands or family members to borrow money from banks.

Research results show that access to finance is a factor that has a strong influence on the entrepreneurial success of businesswomen in Vietnam. The more favorable access to

finance, the higher the likelihood of entrepreneurial success. This conclusion is consistent with the study by Wulandari *et al.* (2017) [16], which states that access to finance with loans from banks has a positive impact on entrepreneurial success for agricultural enterprises. Bongomin *et al.* (2017) [6] concluded that access to finance has a positive impact on the success of small and medium-sized enterprises in developing countries. Ahmad and Arif (2015) [1] argue that because finance is an important means of pursuing growth opportunities, addressing the specific needs of businesswomen in accessing finance must be part of the development process.

The research results also show that the average value of the financial access factor for businesswomen in Vietnam is below average. Therefore, it can be affirmed that businesswomen in Vietnam have difficulty accessing financial resources from bank loans. This result is also

consistent with previous research conclusions on barriers to accessing bank loans for businesswomen. According to Beck and Demirgu-Kunt (2006) ^[4], for example, there is considerable evidence that small businesses face greater growth constraints and have less access to formal external sources. Previous studies on businesswomen in Vietnam have also confirmed that businesswomen in Vietnam face barriers to accessing financial capital for business activities (Zhu *et al.*, 2015) ^[17].

The study also confirms that access to finance plays a very important role in entrepreneurial success for businesswomen. Studies on Vietnamese businesswomen also highlight the limitations of businesswomen's access to finance from banks. Businesswomen also emphasized that they face major obstacles in getting bank loans. Therefore, the government needs to have preferential policies for commercial banks to encourage customers who are businesswomen. Encourage banks to offer product packages suitable for businesswomen. These activities also bring great benefits to banks operating in the credit sector.

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