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Financial Capital and the Entrepreneurial Success of Businesswomen in Vietnam

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Abstract
Financial capital identified in the study includes personal financial resources, financial resources supported by family, friends, commercial bank loans, or other investment capital sources. Government grants and other types of public support can also act as a source of financing for entrepreneurs. These grants are loans or other financial means. As understood in another way, this source of funding can be considered official capital because it involves financial services provided under the direct control of state agencies (Callier, 1989) [4]. Studies on business start-ups by female entrepreneurs suggest that the trend of female entrepreneurs is to use their own capital and capital from loans from family and friends. Accessing capital from banks is often difficult for female entrepreneurs. This paper aims at providing a comprehensive empirical examination regarding the financial capital and entrepreneurial success of businesswomen in Vietnam. We used primary data from a survey of 500 businesswomen in Vietnam during 2021–2023, and there were 364 valid survey questionnaires included in the analysis, including descriptive statistics and reliability analysis of scales. Our findings suggest that financial capital has a positive influence on the entrepreneurial success of businesswomen in Vietnam. Based on the research findings, our study emphasizes that financial capital and entrepreneurial success among businesswomen in Vietnam need urgent improvement to support the business performance of firms.

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

JEL Codes: M31, M10, M20

1. Introduction

Financial capital includes cash and the assets of the business. Financial capital is mobilized from many sources, including personal savings, banks, government programs, venture capital funds, and other sources.

Several studies have shown that financial capital plays a positive role in small business success (Honig, 1998) [11]. Honig's (1998) [11] study found a positive relationship existed between entrepreneurs' financial capital and the success of microenterprises, measured by average monthly profits. Similarly, Cooper *et al*. (1994) [6] found a positive impact of initial financial capital on growth and entrepreneurial success.

Access to and cost of finance are often considered the most limiting aspects of the business environment for small and medium-sized enterprises (Beck & Demirguc-Kunt 2006) [2], especially those of women entrepreneurs. Previous studies on business start-ups by women entrepreneurs suggest that the most frequent external barriers are lack of access to capital and discrimination when applying for loans (Aldrich, 1989; Satta, 2004) [1, 19]. In developing countries, women entrepreneurs often face severe capital obstacles that reduce their potential as business owners (Ogunrinola, 2011) [16]. This makes it difficult for female entrepreneurs 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.

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

2. Financial capital theory and literature review

An important type of resource necessary for entrepreneurial success is financial capital. According to Bygrave and Timmons

(1992) [3], financial capital includes cash and the assets of an enterprise. Obtaining the financial capital necessary to start a business is generally considered one of the main problems for entrepreneurs. Mobilized financial capital comes from many sources, including personal savings, banks, government programs, venture capital funds, and other sources. Entrepreneurs' financial sources can be identified as formal financial sources, semi-formal financial sources, informal financial sources, and government funding sources.

Formal financial sources are financial sources identified by commercial banks. According to Satta (2004) [19], in developing countries, commercial banks are limited in providing small amounts of finance. Commercial banks issue regulations on loan limits, classification of unsecured loans, and collateral regulations for small loans from small and medium-sized enterprises. This increases the costs for commercial banks for small financing. In addition, asymmetric information in the financial market puts borrowers at an advantage, forcing commercial banks to increase costs to monitor the performance of businesses (López-Gracia & Sogorb-Mira, 2008) [13].

Semi-formal financial sources are financial sources that come from organizations operating outside of banks. These organizations often specifically target the poor and have social rather than profit-oriented goals (Matin *et al*., 2002) [15]. Access to loans is not based on the borrower's assets but on their social capital, personal networks, and personal characteristics.

Informal finance comes from potential financiers closest to the business, such as founders, family, and friends (Levie & Lerner, 2009) [12]. In addition, informal financial sources include informal and private investors who provide capital without direct control from the government. These potential sources of capital are not unique to developing countries but are common to small businesses worldwide.

Government grants and other types of public support can also act as a source of financing for entrepreneurs. These grants are loans or other financial means. As understood in another way, this source of funding can be considered official capital because it involves financial services provided under the direct control of state agencies (Callier, 1989) [4]. At the same time, this form of finance exists in a financial market, where government loans are often offered at low interest rates and on better terms than commercial banks (Winborg & Lanstrom, 2000) [22].

Financial resources have an indirect and direct influence on entrepreneurial success (Cooper *et al*., 1994) [6]. Its direct impact includes the ability to execute on many ambitious strategies and meet funding needs. In terms of indirect effects, the accumulation of financial capital can lead to better training and more extensive planning, which has a positive impact on success. Several studies have identified that a lack of financial capital can be a major barrier to small enterprise success. This explains why small enterprises are often more concerned with access to capital than with any other business issue (Orser, 2000) [17]. These firms are less likely to have the financial resources necessary to introduce profitable new products and services or expand into new markets.

Economic resources are an important factor in the success of entrepreneurs, and the existence of resources and the ability to borrow capital allow entrepreneurs to invest in modernizing and improving business performance. Female entrepreneurs are more cautious than male entrepreneurs in taking risks and distinguishing their behavior regarding financial capital for starting a business, which causes female entrepreneurs to create smaller-scale firms than male entrepreneurs both in terms of annual revenue and number of workers (EC, 2014). Female entrepreneurs often use money from personal savings to establish a business or raise money from their families.

Accessing capital through bank loans is often more difficult for female entrepreneurs than male entrepreneurs for two reasons. First, bank loans often require asset guarantees, and female entrepreneurs are not willing to risk loans that jeopardize family assets in the event of failure (Weiler & Bernasek, 2001) [21]. Second, banks' policies are often cautious towards small enterprises and women entrepreneurs, who lack guarantees and are at high risk (UNECE, 2004).

Financial capital used for starting a business focuses on researching sources of capital coming from individuals, family, and friends. This is financial capital coming from informal sources. This source of capital is considered suitable for female entrepreneurs in developing countries. It is believed that female entrepreneurs in developing countries use this capital as a form of risk mitigation, and access to debt capital is difficult. However, just using this capital source is not enough. In addition to this source of capital, entrepreneurs can also use many other sources, such as commercial banks, government funding, and other investment sources.

Many studies have confirmed the impact and importance of financial capital on the entrepreneurial success of businesswomen (Cooper *et al*., 1994 [6]; Roper & Scott, 2009 [18]; Shane & Cable, 2002; Zhang *et al*., 2011). However, there is not much research specifically on female entrepreneurs. Studies on the financial capital of female entrepreneurs confirm that financial capital is small, mainly coming from personal savings and loans from friends and family. This is also a reason why female entrepreneurs start businesses mainly for small and medium-sized enterprises.

3. The relationship between financial capital and the entrepreneurial success of businesswomen

Studying entrepreneurs' financial capital, many researchers have suggested that entrepreneurs' financial capital is crucial for the survival of new firms (Roper & Scott, 2009) [18]. The financial capital needed by the entrepreneur himself to start a business is the best. This capital is used with low risk. Entrepreneurs' financial capital is mobilized from personal financial resources, financial resources supported by family, friends, commercial bank loans, or other investment capital sources.

When starting a business, the entrepreneur's financial capital will affect their investment decisions (Tyebjee & Bruno, 1984) [20]. With sufficient capital, firms can accumulate other strategic assets (Dierickx & Cool, 1989) [7]. Several studies have shown that financial capital has a positive role in small enterprise success (Honig, 1998) [11]. Research by Honig (1998) [11] found a positive relationship existed between entrepreneurs' financial capital and the success of microenterprises, measured by average monthly profits. Similarly, Cooper *et al*. (1994) [6] found a positive impact of initial financial capital on entrepreneurial success and growth.

The financial capital of female entrepreneurs is different from that of male entrepreneurs. Female entrepreneurs are more cautious than male entrepreneurs about taking risks when using their financial capital to start a business. Besides, loans from banks are difficult for female entrepreneurs to access. Female entrepreneurs often use money from personal savings or mobilization from family and friends to establish a firm.

Financial capital identified in the study includes personal financial resources, financial resources supported by family, friends, commercial bank loans, or other investment capital sources. Through research, the author found that the financial capital identified in the research of Winborg and Landstrom (2000) [22] and Chen *et al*. (2009) [5] is appropriate. Therefore, the author chose the Financial Capital Scale, which includes four observed variables built from research by Winborg & Landstrom (2000) [22] and Chen *et al*. (2009) [5]. The author has edited these scales to fit the research topic.

Table 1: Financial capital scale

Description	Source
I use capital mobilized from individuals, family, and friends (FC1).	Winborg & Landstrom (2000) [22]; Chen *et al*. (2009) [5]
I use bank loans or debt (FC2).	
I use government subsidies (FC3).	
I mobilize capital by calling for capital contributions from investors (FC4).	

4. Methodology

A survey, in-depth interview, and desk research were all combined into one research method. For interviews and an online survey, five Vietnamese businesswomen and five economics and business administration instructors were chosen.

Five variables on a scale Vietnamese businesswomen's success in entrepreneurship is a legacy of earlier research as well as Mai and Pham's (2023) [14] findings.

500 questionnaires were gathered after the survey was distributed to Vietnamese businesswomen. 364 valid replies were found after cleaning and were used in the analysis (see Table 2).

Table 2: Survey questionnaire statistics

Description	Can not be used	Use to be	Total
The number of survey responses collected	61	364	425

5. Research results

Descriptive Statistics

Table 3 indicates that the respondents agree with the independent variable, which is financial capital, where four attributes were quite high. All four attributes were rated at an average of 2.83 or higher.

Table 3: Descriptive analysis of attributes

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
FC1	364	2	4	3.25	.681	-.359	.128	-.843	.255
FC2	364	2	4	3.45	.520	-.027	.128	-1.455	.255
FC3	364	2	5	2.97	.723	.270	.128	-.421	.255
FC4	364	2	5	2.83	.600	.467	.128	1.358	.255

Cronbach's Alpha

Financial capital has been measured by Cronbach's alpha. The results of testing Cronbach's alpha for attributes are presented in Table 4 below. The results also show that attributes of financial capital 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 (Hair *et al*., 2009; Hair *et al*., 2014) [9, 10]. Thus, this is a good, closely correlated scale to measure the financial capital of female entrepreneurs.

Table 4: 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
Financial capital – FC: Cronbach Alpha = 0.878				
FC1	9.25	2.589	.766	.832
FC2	9.05	3.171	.696	.863
FC3	9.53	2.354	.836	.803
FC4	9.66	2.962	.682	.864

6. Discussion and implications

The financial capital researched in this study comes from many different sources: From internal entrepreneurs (from personal savings, from family, and from friends), from government funding, and from loans from banks and other investors. Research results show that financial resources from bank loans are used the most, followed by internal capital sources for female entrepreneurs. Financial capital from government sponsorship and sources from other investors is used by female entrepreneurs to start a business.

Financial capital has a positive and significant relationship with the entrepreneurial success of businesswomen. Thus, the more financial capital available to female entrepreneurs, the greater their ability to successfully achieve entrepreneurial success.

This result is consistent with studies such as Cooper *et al.* (1994) [6], which found a positive impact of initial financial capital on business growth and success. Honig (1998) [11] discovered a positive relationship exists between entrepreneurs' financial capital and the success of microenterprises, and Hao-Chen Huang (2014) [8] affirmed that entrepreneurs' financial capital has a positive impact on successful business start-up time. This study once again confirms the role of financial capital in starting entrepreneurial success for female entrepreneurs in Vietnam.

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