



A Systematic Literature Review on Financial Help seeking behavior of Small and Medium Entrepreneurs

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ABSTRACT

The financial help-seeking behavior is a process of successive decisions influenced by knowledge, attitudes, demographic, socio-economic profiles, family resources and socio-cultural constructs and a remedy for financial problems, financial stress, anxiety and business failures. The main objective of this study is to critically evaluate the literature on financial help-seeking behavior. The study identified different aspects and different measures of financial help-seeking behavior, level of financial help-seeking behavior of small and medium entrepreneurs, consequences of not obtaining financial help and methods of improving financial help-seeking behavior. The study revealed financial help-seeking behavior can be improved by developing primary and secondary education system, providing personal based financial training programs and providing guidance on the benefits of taking financial advices. Also, the literature suggested, most successful method is to follow professional financial advices rather than obtaining advices from non-professionals. The literature evidenced most of the men do not prefer to seek financial help compared to women and it can be developed through providing and emphasizing the benefits of taking help from professionals. Also, entrepreneurs who have better financial resources, better income, high financial self-efficacy, competency on financial management and more financial sophisticated need to follow financial help from professionals to safeguard their assets and to develop their business.

Key words: Financial help-seeking behavior, Financial stress, Financial resources, Financial sophistication, Small and Medium Entrepreneurs

1 INTRODUCTION

In the current context most of the small and medium entrepreneurs face financial problems, financial stress, anxiety and business failures globally and directly and indirectly affects individual's behavior and disorder physical and mental health (Letkiewicz et al., 2016). The lack of financial help-seeking behavior directly connected to enhance financial problems. Help-seeking behaviour, in general defined as proactive action of an individual to seek and use assistance from a secondary source (Kaskutas, 1997). Help-seeking behaviour has comprehensively examined in medical, social and psychological researches (Joo, 1999). The different psychological models as Self-Regulation Model (Leventhal, 1984),

Health Belief Model (Rosenstock, 1966) and Theory of Planned Behaviour (Ajzen, 1991) used to define the variations in help seeking behaviours of the population. Also the sociological perspective models like: "Pescosolido's Network Episode Model" (Pescosolido, 1999), "Kadushin's theory about why people go to psychiatrists" (Kadushin, 1969) and "Behavioural Model of Health Services Use" (Andersen, 2008) were explained help-seeking behaviour of individuals. Recently, (Suchman, 1966) health care help-seeking decision-making process was used as the basis for a personal finance help-seeking framework.

2 LITERATURE REVIEW

The first researchers to consider help-seeking in a financial context were Grable &

Joo (1999) and they conceptualized help-seeking behaviour as a coping strategy to deal with financial troubles. According to them financial help seeking behaviour consists of five stages, as exhibition of financial behaviours, evaluation of own financial behaviours, identification of the causes of financial behaviours, decision to seek help and choice among help assistance options. The framework has two brooks of studies are most common: the decision to seek help (stage 4) and from whom or what type of help to seek (stage 5). Outcomes at Steps 4 and 5 are acknowledged through feedback and possible adjustments back to Step 1, where the process begins again. The study done by (King, 1997) and (Joo & Grable, 2001) expressed, those who do seek help women, whites, and higher-income individuals were more likely to seek help from a professionals. They reported, in relation to Step 5 of the help-seeking framework process, that those with more income, those who exhibited better financial behaviors, those with a more positive mental outlook, those with higher risk tolerance, and women were more likely to seek help from financial professionals when making retirement investment decisions.

In emerging economies formal SMEs contribute up to 60% of total employment and 40% of GDP (World Bank, 2015). However past studies expressed due to the lack of advice-seeking behaviour SMEs face major difficulties in every economy (Agwu, 2014).

There are two main types of help-seeking have been described in the literature as formal (refer professionals) and informal (refer non-professionals). The majority of the studies expressed financially success individuals have formal help-seeking behavior (Rickwood, 2012). The study done

by (Lee, 1997) concluded that "help-seeking behaviours are associated with specific problems; without problems or difficulties, there is nothing from which to provide relief or remedy, nothing from which one should get out. Second, help-seeking behaviours are fundamentally interpersonal and involve more than one person; in the act of seeking help, one person searches for another to provide assistance and relief" (p. 337).

The past studies used Attitudes Toward Seeking Professional Psychological Help Scale (Fischer, 1970) and different types of questionnaires to measure financial help seeking behaviour in different segments. (Rickwood et al., 2005; Collins, 2010; Lang, 2012; Hens, 2013; Liu, 2014; Litkiewicz, 2016).

2.1 Help Seeking as a Coping Strategy

Coping refers to cognitive and behavioral efforts to master, reduce, or tolerate the internal and external demands that are created by stressful transactions (Folkman & Lazarus, 1980); (Rickwood, 1995). According to (Folkman, 1984), coping has two major functions: (a) regulation of emotions or distress and (b) management of the problem that is causing the distress. Researchers (Elder, 1992; Hogan, 1988; Joo, 1998; Olson, 1994; Varcoe, 1990) have suggested that coping strategies related to financial problems include:

1. Rescaling levels of consumption.
2. Expanding income sources.
3. Improving management skills through budgeting and savings.
4. Borrowing money.
5. Cutting back expenses.
6. Employing psychological means to reduce or avoid stress (e.g., denying a problem or blaming a problem of someone else).

7. Seeking help, either professional or otherwise (e.g., friends, family, and community.)

"Help-seeking ... is a specific type of coping response" (Rickwood, 1995) and as such, help-seeking is simply one of many coping alternatives. While understanding how clients cope with stressful events (e.g., denial, escape, disengagement, behavioral change) is important, in terms of practice management, it is more useful for practitioners and educators to understand and anticipate which type of person is more likely to seek personal finance help as a coping strategy. Knowing the profile of those who are most likely to seek help can be used by financial service providers when marketing their programs, strengthening the focus of an existing program, or when educating traditional non-help-seeking persons about the advantages of working with trained financial service providers.

Because so little empirical work has been conducted to identify the factors that influence a help seeking behavior within the domain of entrepreneur finance, no theoretical help-seeking framework has been developed. However, investigative frameworks and methods have been developed in psychology and sociology. According to (Banerjee, 1998), sociologists have a long history of probing the structural determinants of help-seeking behavior. Within the realm of psychiatry and psychology, health care seeking behavior is a process that builds upon a series of decisions on the part of the patient (Rhi, 1995). According to (Rhi, 1995), help-seeking behavior is "a process of successive decisions". These decisions tend to be influenced by factors such as knowledge, attitudes, demographic and socioeconomic profiles, socio-cultural constructs, family resources (e.g., income, wealth, access to

insurance), and stressors. According to the (Suchman, 1966) theoretical description of the help-seeking behavior process is widely used in the social sciences because it allows for the inclusion of these types of multidimensional constructs when examining the factors that influence help-seeking.

The lack of help seeking behavior for financial issues will caused for mental health problem, personal or emotional problem, psychological or emotional distress, anxiety, depression and finally suicide. It is not easy to compare service needs or gaps for different age groups, identify common predictive factors, or evaluate the impact of different interventions. Also achieving consistency in this field is the many diverse contexts in which help-seeking is of interest.

2.2 Objectives

The main objective of this paper is to critically evaluate the literature on financial help seeking behaviour. Also to identified the different aspects of the financial help seeking behaviour, different measure of the financial help seeking behaviour, the level of financial help seeking behaviour of small and medium entrepreneurs, the issues faced by small and medium entrepreneurs and the methods of improving the financial help seeking behaviour and thus help the policy makers to fill this missing gap to achieve sustainable economic development.

3 METHODOLOGY

The study employed a discussion-based approach where the previous work on financial help seeking behaviour of different segments in the society and small and medium entrepreneurs, their behaviour in terms of financial activities and the business results, were thoroughly analyzed and critically evaluated.

4 FINDINGS & DISCUSSION

According to Grable & Joo (Joo, 1999) conceptualize help-seeking behavior as a coping strategy to deal with financial troubles. Also individuals with more income, better financial behaviors, more positive mental outlook and higher risk tolerance seek help from financial professionals. The past studies expressed there is positive relationship between help seeking behavior and financial self efficacy (Fischer, 1970; Rimm, 1975); financial management competency (Egdell, 2010; Gillespie, 2009); social and demographic factors (Britt, 2011; Tidwell, 2005; Hackethal, 2012; Kelly, 1995); and financial resources (Britt, 2011). Also there is an inverse relationship can be identified between financial help seeking behavior and financial stress (The World Bank, 2013; Joo, 1999; Folkman, 1979; Sonya, 2015). However there are studies explained contradictory findings regarding the relationship between financial literacy and financial help seeking behavior. Some studies pointed the positive relationship between the said variables (Bandura, 1997; Gecas, 1989; Kramer, 2012) and other studies revealed the negative relationship between financial literacy and financial help seeking behavior (Disney, 2014; Hung, 2010). The financial sophistication also have positive (Collins, 2010; Calcagno, 2011; Rooij, 2007) and negative (Bhattacharya, 2012) relationship with financial help seeking behavior. The past literature suggested developing problem solving and financial management skills (to increase one's sense of mastery) will help to mitigate the stress, increase one's self-esteem, strengthen the marital relationship, and buffer children from the negative outcomes of parents experiencing financial stress

(Conger, 1993). People may require assistance in learning how to develop these skills. The financial stress and financial help seeking have negative correlation (Lynn, 1996). Also likelihood of seeking help is higher for those between the ages of 50 and 64, homeowners, those with a university degree and/or children, and those planning to retire in the next five years. The likelihood increases with income and assets. The self-efficacy is an important trait that helps people struggling with financial stress to identify the problem and seek help. The society high in self-efficacy may make greater use of financial planners. The households sharing responsibility for financial decisions have both less stress and lower self-efficacy (Lynn, 1996).

5 CONCLUSION AND RECOMMENDATION

The financial help seeking behavior is the greater solution for financial issues, financial stress, anxiety and business failures. Reasons why people from ethnic communities do not seek help include limited knowledge of available services, lack of awareness regarding the severity of problems, cultural and/or gender factors. According to the help seeking behavior framework expressed by (Suchman, 1966), the help seeking behavior can be improved by developing the primary and secondary education system, providing personal based financial training programs and providing guidance on benefits of taking financial advices. Also the literature suggested successful method is to follow professional financial advices rather than obtaining advices from non professional. The literature evidenced most of the men do not seek financial help compared to women and it can be developed through providing and

emphasizing the benefits of taking help from professionals. The education, income, net worth, and financial assets were positively associated with the comprehensive use of financial planners (Miller, 2001). There is positive relationship between help seeking behavior and financial self efficacy (Rimm, 1975); financial management competency (Egdell, 2010); socio and demographic factors (Britt, 2011) and financial resources (Britt, 2011). Also there is an inverse relationship can be identified between financial help seeking behavior and financial stress (The World Bank, 2013). There are contradictory findings regarding the relationship between financial literacy, financial sophistication and financial help seeking behavior. Also likelihood of seeking help is higher for those between the ages of 50 and 64, homeowners, those with a university degree and/or children, and those planning to retire in the next five years. Also entrepreneurs who have better financial resources, better income, high financial self-efficacy, competency on financial management and more financial sophisticated need to follow financial help from professionals to safeguard their assets and to develop their business.

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