

DIMENSIONS OF FINANCIAL WELL BEING AND FINANCIAL DISTRESS AMONG ENTREPRENEURS: A SYSTEMATIC REVIEW OF MEASUREMENT TOOLS (I)

Suzana Ab Rahman*

Fakulti Perniagaan,Hospitaliti & Teknologi
Universiti Islam Melaka

Nor Saidi Mohamed Nasir

Fakulti Perniagaan,Hospitaliti & Teknologi
Universiti Islam Melaka

**Corresponding Author's Email: suzana.rahman@unimel.edu.my*

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ABSTRACT

Financial well-being and financial distress among post pandemic entrepreneurs are critical issues that influence business resilience and sustainability. Financial well-being is generally determined by the level of financial knowledge, financial management skills, sound financial behaviour, and access to relevant financial services. Entrepreneurs with strong financial foundations are better able to make strategic decisions, control cash flow, and plan for the future of their businesses more effectively. Conversely, financial distress often stems from psychological and emotional stress, digital exclusion, weak financial literacy, and constraints in accessing formal financial services. This paper to identify the key dimensions of financial well-being and financial distress, and to evaluate the measurement instruments used in prior studies to assess both constructs. These factors not only disrupt business operations but also increase the risk of business failure. Furthermore, digital financial literacy has become essential in the post pandemic era, as the use of digital platforms for transactions and financing continues to dominate. Social financial influences from family, peers, and institutions also play a role in shaping entrepreneurs' confidence and financial behaviour. This study adopts a systematic literature review methodology. Peer reviewed articles published between 2019 until 2025 were analysed, focusing on dimensions of financial well-being and distress. Meanwhile,

financial self-efficacy strengthens entrepreneurs' resilience in facing uncertainty. Overall, improving financial knowledge, access, and digital capabilities has been proven to enhance business performance while reducing vulnerability to financial stress.

Keywords: *Financial well-being, Financial distress, Digital financial literacy, Financial access, Entrepreneurial performance*

1.0 INTRODUCTION

Financial well-being has increasingly been recognized as a central indicator of socio-economic stability and business sustainability. For small and medium sized enterprises (SMEs), particularly women and rural entrepreneurs, financial well-being is not solely dependent on income but also on the ability to manage financial knowledge, skills, behaviours, and access to financial products and services. Guo and Huang (2023) highlight the importance of financial knowledge and skills in making prudent savings and investment decisions. Rizvi and Ahmad (2024) emphasize the role of financial behaviour as a key determinant of women entrepreneurs' success. Meanwhile, Kandolo and Ngibe (2024) demonstrate that good financial access enables entrepreneurs to expand their businesses and manage financial emergencies more effectively. Simultaneously, failure to manage these dimensions often leads to financial distress, which involves in emotional stress, digital exclusion, weak financial literacy, and limited access to financial services (Anzak et al., 2023; Purwoto et al., 2025; Sari et al., 2024; Rani & Kumar, 2024). This paper, therefore, aims to integrate both financial well-being and financial distress into a comprehensive conceptual framework.

In addition, Entrepreneurs, particularly women and rural small business owners, continue to face significant challenges in maintaining sustainable financial well-being. A systematic review is needed to identify the key dimensions of financial well-being and financial distress, and to evaluate the measurement instruments used in prior studies to assess both constructs. This study offers significant theoretical and practical contributions by consolidating the multidimensional constructs of financial well-being and financial distress into a more integrated framework while identifying validated measurement instruments that enhance standardisation in future research. Methodologically, it provides a refined synthesis of existing scales, strengthening measurement consistency and empirical rigour. Practically, the findings inform policymakers and financial institutions in developing targeted interventions to improve entrepreneurs' financial capability and reduce distress, particularly among vulnerable groups such as women, rural, and micro-entrepreneurs. At the socioeconomic level, the study supports national efforts to build a more resilient and inclusive entrepreneurial ecosystem by addressing key determinants of financial vulnerability.

Despite the recognition of financial knowledge, skills, behaviour, and access as critical determinants of financial well-being (Guo & Huang, 2023; Rizvi & Ahmad, 2024; Kandolo & Ngibe, 2024), many entrepreneurs still struggle to achieve financial stability. The increasing prevalence of financial distress manifested through psychological stress, digital financial exclusion, weak financial literacy, and limited access to financial services further

undermines entrepreneurial performance and survival (Anzak et al., 2023; Purwoto et al., 2025; Rani & Kumar, 2024). Moreover, although past studies have examined each dimension separately, there is still a lack of an integrated framework that connects financial well-being with financial distress among entrepreneurs. This gap makes it difficult for policymakers and financial institutions to design targeted interventions that both enhance financial well-being and mitigate financial distress simultaneously. Thus, it is essential to investigate the multidimensional nature of financial well-being alongside the counter dimensions of financial distress to develop a holistic understanding of entrepreneurial financial resilience.

2.0 LITERATURE REVIEW

Financial well-being is seen as one of the important parameters in measuring socio economic status as well as the financial conditions of individuals and organizations. According to finding Guo and Huang (2023) the determinant on financial well-being element including financial knowledge, financial skills, and access to financial products in assessing financial well-being among low-income entrepreneurs in the United States. This study became most significant effect in the context of the Covid 19 post pandemic that tested financial well-being among small entrepreneurs. In addition, the findings of this study emphasize that financial well-being is the result of two key aspects: the ability to act through financial knowledge and financial skills, which can access financial products and services in the market. Therefore, based on the findings of this study, it has shown that the dimensions of financial well-being are produced such as Table 1 below.

Table 1 Dimensions of Financial Well Being adopt by Guo and Huang'(2023)

Financial well being	Financial Knowledge
	Financial Skills

In addition, this finding also supported by Surya Goddess et al., (2023) highlight that financial knowledge has a significant positive effect on financial well-being. Where financial knowledge is the basis for making prudent decisions in terms of savings and investment. Through the findings of this study, several research questions have been identified, Table 2 has listed the research instrument questions that have been paid to the current study.

Table 2 : Instrument for Dimension of Financial Well Being by Guo and Huang (2023)

Dimension	Question Items
Financial Knowledge Guo & Huang, (2023)	I understand the terms of the financial products I use.
	I am confident in interpreting financial statements.
	I can calculate loan interest or investment returns.
	I am aware of the financial risks involved in my business decisions.
Financial Skill Guo & Huang, (2023)	I create a monthly budget for my business.
	I stick to my business financial plans.
	I regularly review my financial performance.

Financial behavior refers to how individuals practically manage their financial resources, including practices such as saving, spending, debt management, investing, and financial planning. In the article by Rizvi and Ahmad (2024), financial behavior is assessed through five key dimensions: financial management, debt literacy, savings literacy, insurance literacy, and investment literacy. These dimensions not only reflect one's technical abilities in handling finances, but also form a solid foundation for achieving financial well-being. Furthermore, based on the findings of this study, it has shown that the dimensions of financial well-being are produced such as Table 3 below.

Table 3: Dimensions of Financial Well Being adopt by Rizvi and Ahmad (2024)

Financial well being	Financial Behavior
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Table 4: Instrument for dimension of Financial Well Being adopt by Rizvi and Ahmad (2024)

Dimension	Question Items
Financial Behaviour (Rizvi & Ahmad, 2024)	I track all income and expenses for my business.
	I save a portion of business earnings for emergencies.
	I avoid unnecessary debt in my business.
	I compare multiple options before making financial decisions.

The study's findings indicate that all five financial behavior dimensions have a significant positive relationship with the performance of women entrepreneurs. Entrepreneurial performance, in this context, serves as an indirect indicator of financial well-being, as business success contributes to financial stability and personal security. The statistical model used in the study shows an R^2 value of 0.465, meaning that nearly half of the variance in entrepreneurial performance can be explained by financial behavior Ju Rizvi & Ahmad (2024). This confirms that the more wisely an individual manages their financial actions, the higher their level of financial well-being. In addition, from the findings of this study, several research questions have been identified, Table 4 has listed the research instrument questions that have been use to the current study.

Financial access refers to the ability of individuals or business entities to obtain financial services and facilities such as loans, credit, microfinance, and other formal financial products. In the article by Kandolo & Ngibe, (2024), access to finance is identified as a crucial dimension that shapes and supports financial well-being, especially among small and medium sized enterprises (SMEs) in Indonesia. The best of financial access allows business owners to obtain working capital, expand operations, and manage financial emergencies with greater confidence. Additionally, based on the findings of this study, it has shown that the dimensions of financial well-being are produced such as Table 5 below.

Table 5: Dimensions of Financial Well Being adopt by Kandolo & Ngibe (2024)

Financial well being	Financial Access
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The study Kandolo & Ngibe, (2024) shows that financial access has a direct and significant relationship with financial well-being, which in turn enhances SME performance. Secondly financial access is not merely a support tool for financial operations but is a foundational dimension of sustainable financial well-being. In addition, from the findings of this study, several research questions have been identified, Table 6 has listed the research instrument questions that have been use to the current study.

Table 6: Instrument for dimension of financial well-being by Kandolo & Ngibe (2024)

Financial Access (Kandolo & Ngibe, 2024)	I have easy access to banking services.
	I have access to formal credit or business loans.
	I use mobile or digital banking for business transactions.
	I feel confident dealing with financial institutions

As conclusion, previous studies have shown that an individual's financial well-being is a multidimensional construct influenced by financial knowledge, financial skills, financial behavior, and access to financial services. Financial knowledge and skills serve as the foundation for shaping responsible financial behaviors, while access to quality financial products and services enables individuals to achieve a higher level of financial well-being (Mahendru & Sharma, 2020). Furthermore, recent conceptual work emphasizes that financial well-being is influenced by the interaction of financial knowledge, financial attitudes, financial behavior, social comparison, and self-efficacy, which together contribute to responsible financial management Kaur & Singh (2022). A systematic literature review also reinforces that financial knowledge, financial behavior, and financial access consistently emerge as key determinants of an individual's level of financial well-being (Kreutz, Silva, Vieira, & Dutra (2021).

The Dimensions of Financial Distress

Financial stress is interpreted as a financial pressure that occurs when a person is experiencing certain problems negative events such as changes in current financial position and facing an emergency that requires a sum of money beyond the normal ability of the individual Mahdzan et al., (2019). According to they have four dimensions of financial distress which are psychological and emotional stress. Moreover, for second dimension finding study from digital financial exclusion, financial literacy and management and access to financial services.

Financial distress among entrepreneurs can be identified through four interrelated dimensions: psychological and emotional stress, digital financial exclusion, financial literacy and management, and access to financial services. The first dimension, psychological and emotional stress, refers to the emotional effects arising from ongoing financial pressure. Entrepreneurs experiencing financial problems often report a loss of

motivation, feelings of anxiety or stress when thinking about their business finances, and a sense of hopelessness about improving their financial situation. Moreover, this distress can negatively affect their personal and family relationships (Anzak et al., 2023). In addition, Table 7 has listed the research instrument questions that have been use to the current study.

Table 7: Instrument for dimension of Financial Distress (Anzak et al., 2023)

Psychological and Emotional Stress (Anzak et al., 2023)	Financial problems negatively affect my motivation as an entrepreneur.
	I feel stressed or anxious when thinking about my business finances.
	I often feel hopeless about improving my financial situation.
	Financial worries impact my personal and family relationships.

The second dimension, digital financial exclusion, involves barriers in accessing and utilizing modern financial technologies such as online banking and digital payments. Many entrepreneurs, especially those in rural or low-income areas, face limited access to the internet or smart devices, lack confidence in using digital financial platforms, and are concerned about the security of digital transactions. Furthermore, the lack of training and support in using digital finance tools exacerbates the situation (Purwoto et al., 2025). Moreover, table 8 has listed the research instrument questions that have been use to the current study.

Table 8: Instrument for dimension of Financial Distress (Purwoto et al., 2025)

Digital Financial Exclusion (Purwoto et al., 2025)	I am not confident using mobile or online banking platforms.
	I lack access to internet or smartphones for financial transactions.
	I avoid digital payments due to security concerns
	I do not receive help or training in digital finance.

The third dimension, financial literacy and management, plays a critical role in determining an entrepreneur's level of financial distress. Individuals with limited financial knowledge often struggle to understand financial terminology, fail to keep proper financial records, and feel unprepared to make key financial decisions affecting their businesses. These weaknesses directly impact financial management efficiency and the sustainability of small and medium sized enterprises (Sari et al., 2024). Moreover, table 9 has listed the research instrument questions that have been use to the current study.

Table 9: Instrument for dimension of Financial Distress (Sari et al., 2024).

Financial Literacy and Management (Sari et al., 2024)	I struggle with budgeting for my business
	I find financial terminology confusing
	I do not keep track of my business expenses regularly.
	I feel unprepared to make major financial decisions.

Another important dimension in understanding financial distress among entrepreneurs is access to financial services. This refers to an individual's ability to obtain formal financial services that are relevant and tailored to their needs. In many communities, especially in rural or marginalized settings, access to formal banking institutions is limited. Entrepreneurs in these contexts report difficulties in accessing banking services in their area and therefore rely more on informal credit sources such as friends, family, or unlicensed moneylenders (Rani & Kumar, 2024). Moreover, table has listed the research instrument questions that have been use to the current study.

Table 10: Instrument for dimension of financial Distress (Rani & Kumar, 2024)

Access to Financial Services (Rani & Kumar,2024)	I find it difficult to access formal banking services in my area
	I rely mostly on informal sources (e.g., friends, money lenders) for credit.
	Banking products do not meet the needs of my business
	I am not aware of government financial programs for women

In addition, the financial products offered by banks often fail to meet the specific needs of small businesses or women entrepreneurs, making them less effective in supporting business development. Moreover, a lack of awareness about government financial support programs—particularly those targeting women—further contributes to financial exclusion and increases the level of distress among affected entrepreneurs (Rani & Kumar, 2024). Limitations in access to financial services not only hinder business growth but also reinforce inequality within the economic ecosystem. Therefore, identifying and measuring this dimension is essential for designing more inclusive financial policies that are responsive to the needs of marginalized entrepreneur.

3.0 METODOLOGY

This study adopts a systematic literature review methodology. Peer reviewed articles published between 2019–2025 were analysed, focusing on dimensions of financial well-being and financial distress. Sources were obtained from journals in finance, entrepreneurship, and management. Studies by Guo & Huang (2023), Rizvi & Ahmad (2024), and Kandolo & Ngibe (2024) were used as reference frameworks for identifying key determinants. Instruments highlighted in prior studies were systematically categorized into financial well-being, financial distress, digital financial literacy, social finance, and self-efficacy dimensions.

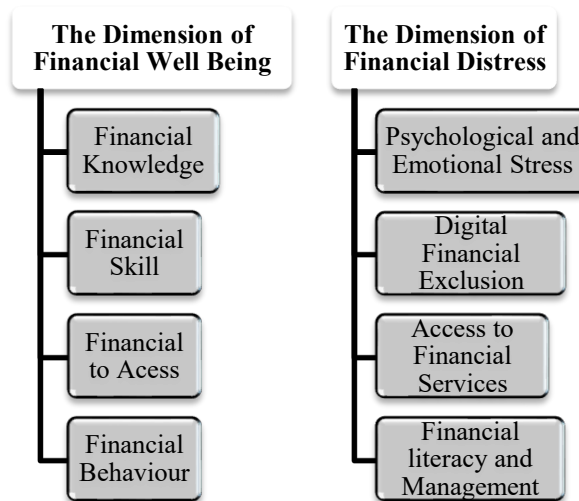


Diagram 1: The Dimension for two factors that influence entrepreneurial financial outcomes

Based on Diagram 1: illustrates two contrasting dimensions that influence entrepreneurial financial outcomes: Financial Well Being and Financial Distress. Financial well-being is supported by four key factors: financial knowledge, skills, access to financial services, and good financial behaviour each contributing to informed decision making, business growth, and long-term stability. In contrast, financial distress arises from psychological and emotional stress, digital financial exclusion, limited access to financial services, and poor financial literacy and management. These negative factors hinder resilience and increase vulnerability, especially among women and underserved entrepreneurs. Overall, the diagram emphasizes that strengthening financial capabilities and reducing exclusion are essential to achieving financial stability and reducing distress.

4.0 RESULTS AND DISCUSSION

The finding for this study, financial well-being and resilience is deeply influenced by multiple interconnected factors. Strong financial knowledge, skills, and access to financial services empower women to make better business decisions and achieve long term stability (Pramedi & Haryono, 2021); (Rai & Ahuja, 2025). However, many face financial distress due to psychological pressures, digital exclusion, and limited financial literacy, which hinder growth and sustainability (Anzak et al., 2023); (Senarathna & Anuradha, 2024). Digital financial literacy including knowledge, confidence, and risk management enables women to better adapt to modern financial systems and strengthen their entrepreneurial resilience (Sajid, 2024); (Khairi et al., 2024). Social networks including family, peers, and institutions play a critical role in shaping financial behavior and offering support during hardship (Zakaria & Marzuki, 2025). Most importantly, financial self-efficacy confidence, adaptability, and problem solving helps women overcome stress and build long term financial strength (Hernández & Pérez Rambaud, 2025); (Asdar et al., 2024).

5.0 CONCLUSION

In conclusion, entrepreneurs' financial well-being is shaped by a combination of financial literacy, behavioral habits, access to services, and digital inclusion, while financial distress often stems from psychological stress, social and digital exclusion, and inadequate financial knowledge. To address these challenges, several approach is recommended: governments should develop inclusive financial policies with a focus on digital finance for SMEs; financial and digital literacy training must be prioritized especially for women and rural entrepreneurs; financial institutions should offer customized products that meet the unique needs of small businesses; and entrepreneurial programs should integrate self-efficacy development to build confidence, adaptability, and problem solving skills essential for navigating financial uncertainty.

AUTHOR CONTRIBUTIONS

SA Rahman: Conceptualization, Methodology, Writing-Original Draft Preparation; Nor Saidi Mohamed Nasir: Validation, Writing-Reviewing and Editing.

CONFLICT OF INTEREST

The manuscript has not been published elsewhere and is not under consideration by other journals. All authors have approved the review, agree with its submission and declare no conflict of interest on the manuscript.

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