

DIMENSIONS OF DIGITAL FINANCIAL WELL BEING, FINANCIAL SOCIALIZATION AND FINANCIAL SELF-EFFICACY AMONG ENTREPRENEURS: A SYSTEMATIC REVIEW OF MEASUREMENT TOOLS (II)

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ABSTRACT

This study explores the multi-dimensions of digital financial literacy, socialization, and self-efficacy among entrepreneurs. To identify the dimensions of digital financial literacy, financial socialization, and financial self-efficacy that influence financial well-being and financial distress among entrepreneurs, as well as to identify the instruments used in this study. The review synthesizes key dimensions such as digital financial knowledge, behaviour, platform confidence, risk awareness, social influences, and financial self-efficacy. Findings highlight that digital literacy including access, usage, and security awareness significantly affects entrepreneurs' financial management abilities and distress levels. Additionally, social networks and institutions enhance financial capability, while self-efficacy dimensions such as goal setting, persistence, adaptability, and problem-solving strengthen entrepreneurial financial resilience. These dimensions collectively form a robust framework for assessing and enhancing financial well-being among entrepreneurs in the digital age. The study contributes to the development of holistic measurement instruments and practical interventions tailored to entrepreneurial financial ecosystems.

Keywords: *Financial well-being, financial distress, financial self-efficacy, financial socialization, financial resilience*

1.0 INTRODUCTION

Financial well-being (FWB) is a critical determinant of entrepreneurial success, particularly in the context of increasing digitization and economic uncertainty. Despite its importance, the measurement of FWB remains fragmented, with limited integration of digital, social, and psychological factors. This paper aims to identify the dimensions of digital financial literacy, financial socialization, and financial self-efficacy that influence financial well-being and financial distress among entrepreneurs, as well as to identify the instruments used in this study and provide a comprehensive literature-based framework that identifies and categorizes the key dimensions contributing to FWB and financial distress among entrepreneurs. It focuses on three major constructs: digital financial literacy, financial socialization, and financial self-efficacy each comprising multiple dimensions that reflect the reality of financial behaviours and challenges faced by modern entrepreneurs. Furthermore, financial well-being has become a vital component in determining the success and sustainability of entrepreneurs; however, its measurement and conceptualization remain fragmented. Most prior studies have focused narrowly on traditional financial literacy without incorporating emerging dimensions such as digital financial literacy, social influence, and financial self-efficacy, all of which are increasingly critical in today's digital economy. At the same time, financial distress is rising, particularly among women, rural entrepreneurs, and micro-enterprises, due to digital literacy gaps, lack of social financial support, and low confidence in financial decision-making. These challenges highlight the vulnerability of certain entrepreneurial groups who face not only structural financial barriers but also psychological and technological limitations. Despite this, there remains a lack of comprehensive research that integrates these multiple dimensions into a holistic framework to assess and address the realities of financial well-being and distress in the context of digital entrepreneurship.

The research gap in this study emerges because most previous studies remain focused on traditional financial literacy without integrating digital, social, and psychological factors holistically in assessing entrepreneurs' financial well-being. In addition, there is no comprehensive instrument that measures digital financial literacy, financial socialization, and financial self-efficacy simultaneously, limiting a full understanding of financial well-being and financial distress. Empirical studies have also given limited attention to digital, micro, and women entrepreneurs, who are more vulnerable to digital literacy gaps, weak social support, and low financial self-efficacy. Furthermore, the role of financial distress as a critical variable has been understudied despite its evident influence on financial behaviour and resilience. Finally, there remains a lack of comprehensive theoretical frameworks that integrate digital capabilities, social resources, and psychological capacities to explain financial well-being in today's digital entrepreneurial landscape.

2.0 LITERATURE REVIEW

Dimensions of Digital Financial Literacy

The first dimension is knowledge of digital financial services, which refers to the level of awareness and understanding that entrepreneurs have regarding financial applications and

digital platforms. This includes knowledge of how to use mobile banking apps, fintech platforms for transactions or credit, the differences between digital wallets and traditional bank accounts, as well as familiarity with digital tools that can be used to track business finances. This knowledge is important as it forms the foundation for entrepreneurs to make better financial decisions and reduces dependency on conventional methods, which may be less efficient in the digital era (Nor et al., 2024). Moreover, Table 1 has listed the research instrument questions that have been use to the current study

Table 1: Instrument for dimension of financial Digital Literacy by (Nor et al., 2024)

Knowledge of Digital Financial Services (Nor et al., 2024)	I am aware of mobile banking apps and how they work.
	I know how to use fintech platforms for transactions or credit.
	I understand the differences between digital wallets and traditional bank accounts.
	I know which digital tools can help track business finances

The second dimension is digital financial behavior, which involves the active use of digital tools in day-to-day financial management. This includes using mobile apps for business transactions, employing digital tools to create or follow a business budget, comparing digital financial products before using them, and regularly reviewing digital transaction histories. These behaviors reflect a high level of technological literacy and the capacity to leverage digital finance tools to enhance financial transparency and control within a business (Sari et al., 2024). Moreover, Table 2 has listed the research instrument questions that have been use to the current study.

Table 2: Instrument for dimension of financial Digital Literacy by (Sari et al., 2024).

Digital Financial Behavior (Sari et al., 2024)	I regularly use mobile apps to make business-related transactions
	I use digital tools to create or follow a business budget.
	I compare digital financial products before using them.
	I review my digital transaction history regularly.

Confidence in using digital platforms is another crucial dimension influencing the financial distress level among entrepreneurs, particularly in today's fast-evolving digital landscape. This dimension refers to the individual's confidence in accessing and utilizing digital financial applications such as mobile banking and fintech platforms. Entrepreneurs with high confidence in navigating these digital applications are more likely to manage their finances efficiently and take advantage of the technology available to grow their business (Purwoto et al., 2025). Moreover, Table 3 has listed the research instrument questions that have been use to the current study.

Table 3: Instrument for dimension of Financial Digital Literacy by (Purwoto et al., 2025)

Digital Platform Confidence and Usage (Purwoto et al., 2025)	I feel confident navigating mobile banking or fintech apps.
	I have reliable access to internet and mobile devices.
	I feel comfortable seeking help if I face digital financial issues
	I believe digital tools can improve my business financial management.
	I feel confident navigating mobile banking or fintech apps.

Moreover, consistent access to the internet and mobile devices is a fundamental factor in ensuring that financial technology can be used effectively and continuously. Individuals who have reliable access to digital services and feel confident using them tend to experience lower financial distress, as they are able to interact with modern financial systems without significant barriers (Purwoto et al., 2025). In addition, being comfortable seeking help when facing digital financial issues and trusting in the ability of digital tools to enhance financial management are also key indicators of successful adaptation to digital finance among entrepreneurs (Purwoto et al., 2025).

The combination of confidence, access, and willingness to seek help plays an important role in strengthening entrepreneurs' financial resilience and reducing the risk of financial stress. Therefore, measuring this dimension is essential in evaluating how well entrepreneurs can adapt to the rapidly evolving financial technology landscape. Another increasingly relevant dimension in assessing the level of financial distress among today's digital entrepreneurs is digital risk awareness and security management. This dimension refers to an individual's understanding of security threats within digital financial platforms and their ability to manage these risks effectively. In an increasingly complex digital environment prone to cyberattacks, entrepreneurs who are unable to identify fraud attempts such as phishing or who fail to practice basic security measures are at high risk of suffering significant financial losses (Mutya & Ilankadhir, 2024). Moreover, Table 4 has listed the research instrument questions that have been use to the current study

Table 4: Instrument for dimension of financial Digital Literacy (Mutya & Ilankadhir, 2024)

Digital Risk Awareness and Security Management (Mutya & Ilankadhir, 2024)	I know how to identify phishing or fraud attempts in digital platforms.
	I use strong passwords or authentication for financial apps.
	I understand the risks of storing financial data on mobile devices.
	I have reported or dealt with digital financial fraud before.

Basic security measures such as using strong passwords, two-factor authentication, and awareness of the risks associated with storing financial data on mobile devices are essential to protecting business financial information. Individuals who understand and implement this security strategies tend to have better digital financial literacy and are therefore more capable of avoiding digital financial fraud (Mutya & Ilankadhir, 2024). Furthermore, past

experiences with reporting or dealing with financial fraud may influence an individual's preparedness in facing future threats.

Thus, digital risk awareness and security management are not only crucial for preventing financial loss but are also closely related to an entrepreneur's confidence and overall financial well-being. This dimension should therefore be considered a critical component in measuring financial distress among digital entrepreneurs.

The Dimension of Financial Socialization

Social influences, such as family and peer networks, play a significant role in shaping financial behaviour and the level of financial distress among entrepreneurs. The first dimension, family influence, refers to how individuals acquire financial knowledge and habits from an early age through interactions with family members. Early exposure to basic skills such as saving and budgeting, as well as the habit of discussing financial matters at home, lays a strong foundation for financial management in adulthood. Moreover, many entrepreneurs report that family members influence how they manage their business finances and often serve as a point of reference when making financial decisions related to the business (Yao & Meng, 2022). Moreover, Table 5 has listed the research instrument questions that have been use to the current study

Table 5: Instrument for dimension of financial Socialization by (Yao & Meng, 2022).

Family Influence Yao, L., & Meng, D. (2022).	My parents taught me basic financial skills (e.g: saving, budgeting).
	Family members influenced how I manage my business finances.
	I often consult family when making business related financial decisions.
	Growing up, financial discussions were common in my household

Next, peer and social network influence is also identified as a dimension that affects financial literacy and decision-making among entrepreneurs. Interaction with other entrepreneurs through discussions, networking sessions, or mentorship allows individuals to gain practical financial knowledge, guidance, and strategies relevant to real business contexts. Peer groups often become key sources of information when deciding on financial products or seeking funding. Networking activities such as workshops and seminars also enhance entrepreneurs' confidence and ability to make informed financial decisions (Islam et al., 2025). Moreover, Table 6 has listed the research instrument questions that have been use to the current study

Table 6: Instrument for dimension of financial Socialization by (Islam et al., 2025).

Peer and Social Network Influence M. S., Aziz et. (2025)	I learn financial skills through discussions with other entrepreneurs.
	Mentors or business networks have influenced my financial habits
	I rely on peer advice when deciding on financial tools or loans.
	Networking events improve my financial decision-making abilities.

In addition to family and peer influences, institutions and communities also play a crucial role in shaping financial literacy and reducing financial distress among entrepreneurs. The institutional and community influence dimension refers to the support received from formal organizations such as financial institutions, government agencies, and community-based organizations. Training programs, workshops, and guidance provided by these institutions help develop financial skills and enhance entrepreneurs' understanding of more structured and sustainable financial management. Furthermore, local communities often serve as direct channels for delivering financial education and supporting positive financial behaviors through outreach or community-based training programs (Najjinda & Akileng, 2024; Bagire & Turyakira, 2024). Moreover, Table 7 has listed the research instrument questions that have been use to the current study

Table 7: Instrument for dimension of financial Socialization by (Najjinda & Akileng, 2024; Bagire & Turyakira, 2024).

Institutional and Community Influence Najjinda et (2024).	Workshops or training sessions have helped shape my financial skills.
	I have received guidance from financial institutions or government programs
	Community organizations play a role in enhancing my financial literacy.
	Support programs have positively impacted my financial behavior

Additionally, the media and informational sources dimension has become increasingly significant in the digital era. Entrepreneurs now heavily rely on online sources to acquire financial knowledge, such as business articles, social media content, and information from television, radio, or news portals. Social media also shapes individual perceptions of financial products and raises awareness of good financial management practices. The availability of open-access information enables entrepreneurs to make faster and more informed financial decisions, thus reducing financial distress caused by a lack of accurate knowledge (Vadnjal, Vadnjal, & Vadnjal, 2023). Moreover, Table 8 has listed the research instrument questions that have been use to the current study

Table 8: Instrument for dimension of financial Socialization by (Vadnjal, Vadnjal, & Vadnjal, 2023)

Media and Informational Sources Vadnjal, M., Vadnjal, J., & Vadnjal, B. (2023).	I regularly use online resources to improve my financial skills.
	Social media influences my perception of financial products
	I learn about business finance from TV, radio, or online media
	Reading business articles helps me make financial decisions.

The combination of institutional, community, and media influences creates a supportive ecosystem that enhances entrepreneurs' financial competence. These dimensions collectively strengthen financial literacy and, in turn, help reduce financial distress in a more holistic manner. Overall, these social dimensions demonstrate that strong informational and emotional support systems can significantly mitigate financial distress by enabling entrepreneurs to manage their business finances more effectively and resiliently

The Dimensions of financial Self -Efficacy

Another important dimension in understanding the level of financial distress among entrepreneurs is confidence in financial decision-making. This dimension refers to the individual's ability and self-belief in assessing and selecting the best financial options for their business. Entrepreneurs with high confidence are generally able to make financial decisions more effectively, including evaluating potential risks associated with business choices and selecting alternatives that suit their enterprise's needs. Conversely, a lack of confidence in financial decision-making may lead to stress, anxiety, and uncertainty, ultimately increasing the level of financial distress among entrepreneurs. Therefore, confidence in making financial decisions not only reflects an individual's level of financial literacy but also serves as a determining factor for financial well-being and the sustainability of small and medium-sized enterprises (Veselinovic et al., 2022). Moreover, Table 9 has listed the research instrument questions that have been use to the current study

Table 9: Instrument for dimension of financial Self efficacy by (Veselinovic et al., 2022).

Confidence in Financial Decision-Making (Veselinovic et al., 2022).	I feel confident making financial decisions for my business.
	I can evaluate the financial risks of a business decision accurately.
	I am capable of selecting the best financial options for my enterprise.

Financial planning and goal setting is another critical dimension that has a direct impact on the level of financial distress among entrepreneurs. Those who consistently set and

review financial goals, develop financial plans and budgets to support business decisions, and are able to forecast financial outcomes effectively tend to have better financial control. This capability helps reduce financial uncertainty and lowers financial stress in managing a business. Conversely, a lack of proper financial planning is often associated with poor cash flow management and an increased risk of business failure for small and medium-sized enterprises (Yusnita et al., 2023). Moreover, Table 10 has listed the research instrument questions that have been use to the current study

Table 10: Instrument for dimension of financial Self efficacy by(Yusnita et al., 2023).

Goal Setting and Financial Planning (Yusnita et al., 2023).	I regularly set and review financial goals for my business
	I create financial plans and budgets to guide my business decisions
	I can forecast future financial outcomes effectively

Another key dimension influencing financial distress among entrepreneurs is persistence in financial activities. This dimension reflects the determination and resilience of individuals in continuing with financial planning even when facing challenges such as slow business growth or unexpected financial difficulties. Entrepreneurs with high persistence tend not to give up easily and continually strive to improve their financial skills and knowledge. Such consistency helps reduce financial stress as they remain focused on long-term goals despite short-term obstacles (Madawala et al., 2023). Moreover, Table 11 has listed the research instrument questions that have been use to the current study.

Table 11: Instrument for dimension of financial Self efficacy by (Madawala et al., 2023)

Persistence in Financial Activities (Madawala et al., 2023).	I continue with financial planning even when business is slow.
	I do not give up easily when facing financial challenges.
	I am persistent in improving my financial skills and knowledge

In addition, the dimension of adaptability to financial tools and technologies is also critical in determining the effectiveness of entrepreneurs' financial management. The ability to embrace new technologies, such as financial software, digital banking applications, and fintech platforms, enables entrepreneurs to manage cash flows and make financial decisions more efficiently. Individuals who quickly adapt to such technologies not only gain competitive advantages but are also more resilient to changes within the modern financial ecosystem. Conversely, failure to adapt to technological advancements may increase the risk of digital financial exclusion, which ultimately contributes to higher financial distress (Nikmah et al., 2023). Moreover, Table 12 has listed the research instrument questions that have been use to the current study.

Table 12: Instrument for dimension of financial Self efficacy by (Nikmah et al., 2023).

Adaptability to Financial Tools and Technologies (Nikmah et al.,2023).	I am open to using new financial tools and technologies
	I can learn and adapt to financial software or apps quickly.
	I seek out financial innovations that help grow my business

Overall, persistence in financial management and adaptability to new technologies play an essential role in helping entrepreneurs overcome financial challenges. The combination of these two dimensions not only improves financial literacy but also reduces entrepreneurs' vulnerability to financial distress in a constantly changing business environment.

Moreover, the dimension of problem-solving in financial issues also plays a vital role in determining entrepreneurs' resilience when facing financial challenges. Entrepreneurs who are able to manage unexpected financial problems, develop specific strategies to overcome financial setbacks, and remain calm in times of financial difficulty tend to be more resilient and less prone to financial distress. On the other hand, the lack of problem-solving skills may lead to excessive anxiety, poor decision-making, and ultimately an increased vulnerability to financial distress (Galawe & Mazonde, 2024). Moreover, Table 13 has listed the research instrument questions that have been use to the current study

Table 13: Instrument for dimension of financial Self efficacy by (Galawe & Mazonde, 2024).

Problem-Solving in Financial issue Galawe & Mazonde, 2024).	I can manage unexpected financial problems in my business.
	I have strategies for overcoming financial setbacks.
	I remain calm when facing financial difficulties.

Both dimensions highlight the importance of proactive aspects (financial planning) and reactive aspects (financial problem-solving) in reducing entrepreneurs' financial stress. The combination of these capabilities allows entrepreneurs to maintain business financial stability and strengthen resilience against uncertain economic conditions.

3.0 METODOLOGY

This article adopts a narrative literature review methodology to synthesize findings from empirical studies published between 2020 and 2025. A total of 23 dimensions across three major constructs were identified and categorized based on thematic analysis. These dimensions were further supported by validated research instruments from peer-reviewed journals, forming the basis for a proposed framework to assess financial well-being and distress among entrepreneurs. Keywords used in the search include "digital financial literacy", "financial self-efficacy", and "financial socialization".

4.0 FINDING

These dimensions demonstrate how internal confidence and external support systems interplay to influence entrepreneurial resilience and reduce financial distress and provide

better financial decision making on business. Table 14 illustrates that entrepreneurs' financial well-being is not only determined by technical knowledge but is also influenced by social factors and internal psychological aspects. These three constructs need to be analysed comprehensively to develop a framework capable of addressing financial distress issues among entrepreneurs, particularly in the digital era.

Table 14: Summary of the dimension digital financial literacy, financial self-efficacy, and financial socialization.

Digital Financial Literacy	Financial Socialization	Financial Self-Efficacy
Knowledge of digital financial services	Family influence	Confidence in financial decision-making
Digital financial behaviour	Peer and social network influence	Goal setting and financial planning
Platform usage confidence	Institutional and community support	Persistence in financial activities
Risk awareness and security management	Media and informational influence	Adaptability to financial tools
		Problem-solving ability

5.0 CONCLUSION

The integration of digital financial literacy with social and psychological dimensions provides a more holistic understanding of FWB. Entrepreneurs with strong digital skills and access are better positioned to manage financial tasks and avoid distress. Meanwhile, socialization processes, including mentorship and institutional training, further reinforce financial behaviors and coping mechanisms. Self-efficacy traits such as adaptability, persistence, and proactive problem-solving empower entrepreneurs to overcome financial challenges. Together, these elements show that FWB is not only a product of knowledge but also of contextual capability and support. Consequently, the study concludes that financial well-being is multidimensional, shaped by digital, social, and psychological competencies. To effectively reduce financial distress and enhance financial well-being, it is essential to develop integrated assessment tools that holistically measure digital literacy, socialization, and self-efficacy. At the same time, promoting digital financial education particularly for rural and women entrepreneurs through workshops and fintech training can bridge knowledge gaps and strengthen financial resilience. Equally important is the need to strengthen social support systems, including peer networks, institutional mentoring, and wider access to reliable financial information. Furthermore, encouraging the development of self-efficacy through goal-setting, resilience-building programs, and the adoption of adaptive financial technologies can empower entrepreneurs to manage financial challenges more effectively. Collectively, these strategies are crucial in fostering sustainable entrepreneurship and advancing economic inclusion within an increasingly digital business landscape.

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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