Accountability and Financial Management Practices of Micro Entrepreneurs

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**Abstract**

In general, it is believed that there is a strong relationship between entrepreneurship and poverty alleviation. However, access to financial capital is the biggest challenge for starting the business by majority micro entrepreneurs especially the poor. Therefore, microfinance programme was introduced in 1970s with the aspiration to improve the socio economic conditions of the poor by providing them the accessibility to the financial services. However, as majority of the micro entrepreneurs are classified as poor and have low education level in general, it is questionable whether they manage their finance properly. This study aims to look at the financial management practices of two groups of micro entrepreneurs; *sahabats* of AIM and *asnafs* entrepreneurs from PPUAZ. Adopting both quantitative and qualitative methods, this study found that although *asnafs* are given “free money” from the PPUAZ, they generally have better financial management practices as compared to the *sahabats*. This study also found that that majority of the micro entrepreneurs score low on the financial management variables. This suggests that the micro entrepreneurs in general are not practicing a good record keeping. As financial management is vital for all types of entrepreneurship including micro, it is a concern as 21% of the micro entrepreneurs in this study are not recording anything from their business activities.

**Keywords**: financial management, microfinance, AIM, PPUAZ, micro entrepreneurs

**Introduction**

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**Methodology**

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**Results and Discussion**

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Table 1: Respondent’s Profile

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| --- | --- | --- | --- | --- |
| No. | Age | Marital Status | No. of Children | Years of Working Experience |
| 1 | 29 | Married | - not stated | -not stated |
| 2 | 34 | Single | - none | 4 |
| 3 | 35 | Married | 3 | 11 |
| 4 | 35 | Married | 5 | 8 |
| 5 | 37 | Married | 4 | 16 |

In his work, Karakas (2010) introduced three perspectives on how spirituality benefits the organization as an individual and as a unit by itself (Figure 1). He listed that spirituality has its impact on the following by the fact that it enhances employee well-being and quality of life, provides employees a sense of purpose and meaning at work and provides employees a sense of interconnectedness and community.

Increased Productivity And Performance

Employee Well-Being

Sense of Meaning & Purpose

SPIRITUALITY

Sense of Community & Interconnectedness

Figure 1: Three perspectives of spirituality and performance (Source: Karakas, 2010)

**Conclusion**

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**Acknowledgements (Optional)**

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