The International Journal of Business Management and Technology, Volume 7 Issue 4 July-August 2023
ISSN: 2581-3889

Research Article Open Access

Single Mothers: Financial Challenges and Social Capital to Support Sustainable Development in Indonesia

Silvan Effendi[1], Bahtiar Usman[2]
[1]*Management Master Study Program, Faculty of Economics and Business, Triksati University, Jakarta, Indonesia*
[2]*Management Master Study Program, Faculty of Economics and Business, Triksati University, Jakarta, Indonesia*

Abstract: The main aim of this research was to examine how financial inclusion and financial literacy affect social capital and sustainable development among single mothers in West Java, Indonesia. The study used a qualitative approach and employed a survey method, selecting a sample of 148 single mothers who used financial services out of a population of 3,841 business-owning single mothers. The data analysis was conducted using Structural Equation Modeling (SEM). The results revealed that financial literacy and financial inclusion both had a positive and significant impact on sustainable development, and they also positively influenced social capital. Furthermore, social capital was found to significantly contribute to sustainable development among single mothers. Providing single mothers with access to business resources like mentorship programs and market information can greatly improve their business prospects. For future research, it is suggested to conduct a longitudinal study, consider cultural aspects, and ensure a more diverse representation in the sample to further enhance the understanding of the topic.

Keywords: single mothers, financial inclusion, financial literacy, social capital, sustainable development

I. Introduction

The global problem of gender inequality presents a number of difficulties for women. The glass ceiling effect makes it difficult for them to pursue higher education, find better employment possibilities, and take on leadership roles. In addition, women have different economic challenges than men(Ibourk & Elouaourti, 2023). Women all over the world are protesting and promoting gender equality in response to these inequalities. Sustainable Development Goal (SDG)is focused on achieving gender equality and empowering all women.This goal is an integral part of global development strategies that aim to remove obstacles in the form of laws, regulations, and societal norms(Elouardighi & Oubejja, 2023).These factors greatly affect how engaged women are at work and how much they contribute to the economy, and they also have a significant role in defining the composition of the labor market (Uberti & Douarin, 2023).

Dowd (1997) described single motherhood as the process of raising children on one's own for a number of reasons, including the death of a spouse, divorce, adoption, or unwanted pregnancies (Affandy, 2023). Since they make up 85% of single-parent homes, single moms in particular are mostly responsible for raising their children alone. The challenge of being the sole caregiver for their children has a considerable effect on their financial circumstances, social interactions, and emotional well-being (Stack & Meredith, 2018).

Financial struggles are believed to be the primary cause of stress for single mothers, intensifying other psychosocial challenges they encounter. Single mothers bear the responsibility of managing their households, raising their children, and serving as the sole provider of income for their families (Affandy, 2023).Women actively contribute to advancing the nation's economy, as they take on multiple roles beyond being housewives(Narimawati & Praratya, 2022).

Despite historical gender disparities and societal norms, women entrepreneurs have proven their skills, determination, and innovation, leading to successful ventures and contributing significantly to business development and economic growth (Sahabuddin et al., 2023). Strong women entrepreneurs have gained recognition on the global stage(Franzke et al., 2022), and they often manage both small and medium-sized enterprises alongside larger businesses. Women need assistance from their families and environments to succeed as business owners(Guan et al., 2018). Women entrepreneurs may compete with men in the business world if they are innovative and creative(Erogul & Quagrainie, 2018). Initially lending their support to the family firm, many female entrepreneurs are now actively contributing to its growth(Juang, 2021).

In Indonesia, compared to men, much more women rely on informal financial services, both exclusive and non-exclusive (SOFIA, 2018). This disproportionate situation could hinder women's economic participation and negatively impact the well-being and livelihoods of their families and communities.Financial inclusion refers to providing affordable and accessible financial services to all members of society, while sustainable development refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Recent research on these topics indicates that they are often studied as distinct and separate concepts, lacking the exploration of any potential connections or relationships between them(Ozili, 2022). However, the significance of this subject is evident in recent strategic global initiatives. For instance, the World Bank Gender Strategy adopts a comprehensive approach by recognizing financial inclusion and sustainable development as crucial elements in empowering women economically.

Previous studies on financial inclusion have employed diverse approaches and methodologies. Ma'ruf and Aryani (2019) discovered a strong and negative correlation between financial inclusion and poverty reduction in ASEAN countries. Baporikar and Akino (2020) found that financial literacy had a significant impact on the success of female entrepreneurs. (Jedi, 2022)examined the link between women's financial inclusion and sustainable development in MENA nations. (Gautam & Rastogi, 2022)investigated the impact of financial inclusion on sustainable development in India.hese studies contribute to our understanding of the relationship between financial inclusion, poverty reduction, gender equality, and sustainable development in different regions.

Global initiatives, like the World Bank Gender Strategy, recognize the importance of integrating financial inclusion and sustainable development to empower women economically(Elouardighi & Oubejja, 2023).Single parenthood, especially among single mothers, is increasingly prevalent, and it significantly impacts their financial, social, and mental well-being(Affandy, 2023; Stack & Meredith, 2018). Women, including single mothers, actively contribute to the economy, and women entrepreneurs have demonstrated their competitiveness in the business world (Narimawati & Praratya, 2022; Sahabuddin et al., 2023).

Several research studies explore diverse aspects of financial inclusion and its impact on various populations.(Aslan, 2022)examines ways to improve women's and young people's financial inclusion in South Asia, while(Sari & Falianty, 2021) examine income inequality and financial inclusion.(Prasetyo et al., 2022) study the connection between sustainable green entrepreneurship, social financial inclusion, and gender equality.(Moussa, 2020)explores the sustainability of development and women's financial inclusion in MENA countries. (Hidayat & Sari, 2022) conducted a study in Indonesia to explore the relationship between financial inclusion and welfare. Their research also investigated the significance of social capital as a mediating factor between financial literacy and financial inclusion. Additionally, (Goenadi et al., 2022) focused on the differences in financial literacy, while (Blaschke, 2022) examined gender variations in teenagers' financial literacy.

The research gap in the literature on financial inclusion and gender equality in 2023 is that there is limited research on the financial struggles of single mothers in the West Java region of Indonesia. While previous studies have explored diverse aspects of financial inclusion and its impact on various populations, such as youth and women in South Asia. There is a lack of research on the specific financial challenges faced by single mothers in West Java. This research aims to fill this gap by shedding light on the financial struggles of single mothers in the region and promoting sustainable development through financial literacy and financial inclusion.

II. Literature Review

According to (Kandpal, 2020)despite government efforts, there are still rural populations in India unaware of financial institutions.Cabeza-García et al. (2019)demonstrate that women's financial inclusion contributes to inclusive economic development, reducing inequality gaps and benefiting women's progress.Yang et al. (2022) emphasize the positive influence of financial inclusion on significant economic growth, while Matekenya et al. (2021) present evidence of financial inclusion's beneficial impact on human development. Cicchiello et al. (2021) establish a link between financial inclusion and economic progress, but note that income inequality can hinder such developments. Anarfo et al. (2019) find a correlation between financial inclusion and financial sector development. These findings highlight the importance of promoting financial inclusion as a key driver of sustainable development and prosperity in different parts of the world.

Soyemi et al. (2021)show that commercial bank branches have a short-term causal relationship with the human development index.Lenka (2021)emphasizing the importance of expanding access to financial services as a means to promote overall economic development and prosperity.Yang et al. (2022) demonstrate that financial inclusion can reduce financial restraints faced by women, foster entrepreneurship, and give vulnerable women more power, particularly in areas with high gender inequality, less education, and restricted financial autonomy. Financial inclusion plays a role in the development of the financial sector itself, as it increases the number of participants in the financial system and promotes its efficiency and stability.

Financial literacy greatly enhances the effectiveness and quality of financial services(Bongomin et al., 2018). Financial inclusion enables the less fortunate to accumulate savings, obtain credit at affordable rates, hedge against risks, and engage more fully in economic activity. It promotes financial empowerment and gives individuals the opportunity to improve their financial situation, which ultimately aids in their general socioeconomic advancement and the eradication of poverty. Financially literate individuals are better equipped to understand and evaluate various financial options, making informed decisions that maximize value. However, disparities in financial literacy can lead to increased consumer and financial market risks, especially among individuals with low education levels (Klapper & Lusardi, 2019).

Cognitive abilities are essential for effective financial management, and financial literacy can help expand rational investment choices(Tuffour et al., 2022).By addressing the financial literacy gap, women entrepreneurs can improve their financial management, access financial services, and seize opportunities for business growth and success (Rasool & Ullah, 2020). Addressing gender inequality and promoting wise decision-making through financial literacy becomes imperative (Kappal & Rastogi, 2020), making the study of financial literacy, especially concerning women, crucial (Goyal & Kumar, 2021). Financial literacy is essential for women business owners to comprehend numerous financial solutions and successfully obtain them.

The primary cause for concern is the connection between long-term economic growth and financial inclusion. The capacity of a sizable percentage of the people to engage fully in the economy and gain from economic progress is hampered when they lack access to financial services and opportunities (Okoye, 2019). For developing nations, establishing meaningful financial inclusion continues to be difficult, whereas wealthier countries often have better-established access to financial services. In this situation, promoting financial inclusion through targeted policies and programs is essential for promoting economic growth and meeting the Sustainable Development Goals.

Research showcases the numerous benefits of financial inclusion for individuals and businesses. It plays a crucial role in reducing poverty and economic disparities. Financial inclusion plays a vital role in making financial services more accessible and usable for people, especially those who have been traditionally underserved or excluded from the formal financial system, which improves household welfare, encourages women to invest and start businesses, and reduces income disparities between men and women(Dupas et al., 2018). Financial Inclusion impacts individuals' financial management behavior, while improved financial literacy fosters better financial decision-making(Lusardi & Mitchell, 2018).

For women entrepreneurs to have better access to financial services and resources, financial inclusion is crucial. Getting a deposit or transaction account at a bank or other financial institution is a crucial step in achieving formal financial inclusion. This makes it possible for female business owners to handle their accounts effectively, save money, and carry out transactions with ease. They develop a financial track record by having access to formal financial services, which opens doors to loans and other prospects for business expansion (Le et al., 2019). Challenges in accessing debt financing lead to business failures among many female entrepreneurs. Limited opportunities for women to access credit are attributed to reasons such as lack of collateral, reluctance to use household assets as collateral, and negative perceptions towards women entrepreneurs(Fielden et al., 2018). Along with financial, human, and physical capital, entrepreneurs employ social capital in the entrepreneurial environment to enable growth in new investments and other manufacturing operations.

It becomes a potent tool for creating plans and establishing a culture of innovation, encouraging dependence on entrepreneurial values and principles(Fabová & Janáková, 2018).Family structure also plays a significant role in the economy. Women entrepreneurs obtain resources, reputation, and workplace or personal network experience through community and family(Thomson & Mclanahan, 2019). Family is viewed as social capital and a helpful workforce in this environment. Women who rely on family advice when making decisions are more likely to start small companies and keep control over their own destiny(Bennett & Robson, 2020).

Based on the existing literature, we can construct the conceptual framework and formulate research hypotheses for further investigation.

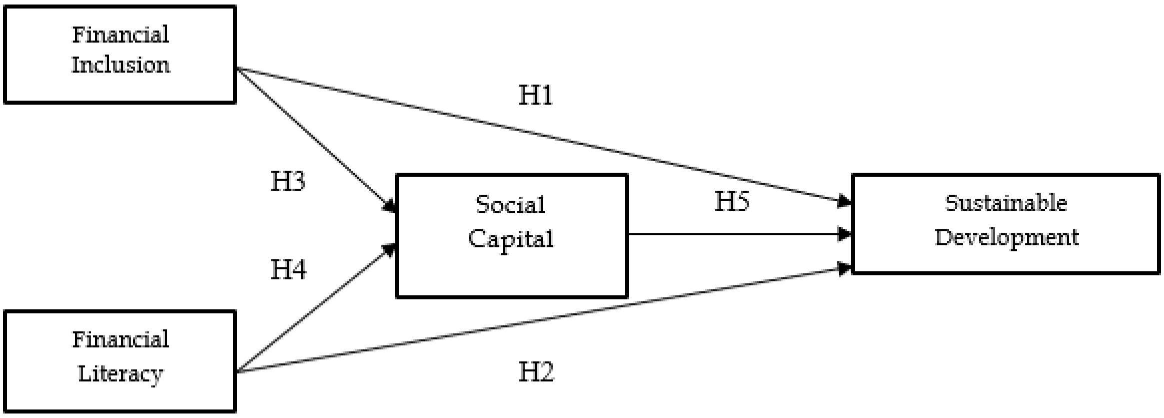

Figure 1 Research Framework

Research Hypothesis
H1 = Financial inclusion has a good and significant impact on sustainable development.
H2 = Financial literacy has a good and significant impact on sustainable development.
H3 = Financial inclusion has a favorable and considerable impact on social capital.
H4 = Financial literacy has a good and large impact on social capital.
H5 = Social capital has a good and significant impact on sustainable development.

III. Research Methodology

3.1 Design, Population, and Sample

The study will employ a quantitative survey method, which involves gathering data on beliefs, characteristics, behaviors, and variable relationships related to sociological and psychological factors. The data will be collected from a specific sample taken from the population of interest. The survey can take various forms, including descriptive, comparative, associative, comparative associative, and it can also explore the structural relationships between variables.

This study use a nonprobability sampling method to select the sample for the study. Specifically, purposive sampling will be employed, where the sample is chosen based on the research objectives. Therefore, the respondents who fill out the questionnaire for this study are single mothers who are customers of financial companies in the West Java region.Based on the Morgan and Krejcie Formula, the sample size for this research is 148 respondents.

3.2 Operational Definition

Table 1
Operational Definition

Construction	Source	Dimensions	Scale
Financial Inclusion (X1)	(Hanivan & Nasrudin, 2019; Sedera et al., 2022)	Access to the infrastructure for financial services	Likert
		Financial services located in a strategic area	
		Services for financial firms at reasonable prices	
Financial Literacy (X2)	(Safryani et al., 2020; Sara et al., 2023)	Basic knowledge of financial management	Likert
		Management of credit and loans	
		Savings education	
		Investment Management	
Social Capital sosial (Z)	(Tsounis et al., 2023)	Ability to build trust	Likert
		Ability to build Social networks	
		Ability to build social values and norms	
Sustainable Development (Y)	(Bao & Dou, 2021; Nhemachena & Murimbika, 2018; Putri & Dhewanto, 2022)	Entrepreneurial motivation	Likert
		Entrepreneurial intention	
		Entrepreneurial behavior	

3.3 Data Collection and Analysis Methods

To collect data, Google forms and links shared on social media are used to distribute surveys, which are then circulated online. The research utilizes the Variance-Based Partial Least Squares (PLS-SEM) model. According to(Hair et al., 2018), PLS-SEM demonstrates a high level of prediction accuracy and well-developed causal explanations. Additionally,(Sarstedt et al., 2020) state that PLS-SEM is capable of obtaining solutions in almost all situations, especially when dealing with small sample sizes.

In the final stage, hypothesis testing is conducted using the Smart PLS program to calculate the P value. This P value will then be compared to the alpha level (α), which is typically set at 5 percent. The following outcomes are observed based on the comparison:

1. If the P-value is less than or equal to the value, the hypothesis is accepted. As a result, the hypothesis is verified because it demonstrates how much of an influence the independent variable has on the dependent variable.
2. If the P-value is higher than the value, the hypothesis is rejected. In this case, the independent variable has no obvious impact on the dependent variable, rejecting the null hypothesis.

IV. Results

4.1 Demographic Data Analysis

4.4.1 Respondents by Age

Table 2 below shows the percentage of responders by gender:

Table 2

Respondents by Age

Age	Frequency	Percentage
20 – 25 years	16	10,8%
26 – 30 years	37	25%
31 – 40 years	36	24,3%
> 41 years	59	59,9%
Total	**148**	100%

The majority of respondents are over 41 years old, accounting for about 59.9% of the total, while the 31-40 age group constitutes approximately 24.3% of the respondents. Both age groups have significant business experience, particularly the over 41 group with 2-5 years of experience. Their mature understanding of the business world influences their questionnaire responses. The 31-40 age group, considered productive in career and economics, may also be affected in how they answer. These age groups are assumed to represent female single parents with entrepreneurial experience, offering valuable insights into their backgrounds and perspectives.

4.4.2 Respondents by Education

Table 3 below shows the percentage of responders by education:

Table 3

Respondents by Education

Education	**Frequency**	**Percentage**
SD	0	0
SMP	1	0,7%
SMA	14	9,5%
SMK	5	3%
D1/D2/D3	21	14,2%
S1/S2/S3	106	72,3%
Total	148	100%

The majority of respondents (72.3%) have a higher education background (S1/S2/S3), indicating they may possess extensive knowledge and understanding relevant to the research topic. Additionally, there are respondents with D1/D2/D3 education (around 14.2%), high school education (around 9.5%), vocational education (around 3%), and even one respondent with a junior high school background. This diversity of educational backgrounds provides valuable perspectives for the research, with higher education respondents likely offering deeper insights and others offering unique viewpoints that may influence the interpretation of data and findings.

4.4.3 Respondents by Length of Business

Table 4 below shows the percentage of responders by length of business:

Table 4

Respondents by Length of Business

Length of Business	Frequency	Percentage
< 1 years	56	37,6%
1 – 3 years	31	31,2%
3 – 6 years	14	9,2%
> 6 years	32	22%
Total	148	100%

The length of business is a significant factor that influences respondents' answers to the questionnaires. The dominant group consists of respondents with less than 1 year of business experience (37.6%), followed by those with 1-3 years (31.2%), 3-6 years (22%), and more than 6 years (22%). Each group's varying experience can impact their understanding and responses to the questionnaire, with those having longer business experience potentially offering deeper insights and knowledge on challenges, opportunities, and business practices. Understanding the profile of respondents based on the length of their business is essential in interpreting the data and findings of the research.

4.2 Fit Models

The Normed Fit Index (NFI) is a statistic used to evaluate the quality of fit between the hypothesized model and the observed data in structural equation modeling (SEM) research. It is discovered by contrasting the hypothesized model's fit to a reference or null model. The NFI calculates the difference between the null model's chi-squared value and that of the hypothesized model. It should be emphasized that the NFI has a propensity for negativity. The Non-Normed Fit Index (NNFI) or Tucker-Lewis Index, which offers a substitute measure without the negative bias but may have values outside the typical 0 to 1 range, may also be used by researchers to address this issue.

Table 5

Normal Fit Index Test Results

	Saturated Model	*Estimated Model*
NFI	0.818	0.818

The tested model exhibits a rather excellent fit with the collected data, as shown by the NFI (Normed Fit Index) value of 0.818. The better the model fits the data, the nearer to 1 the NFI score is. Despite the fact that an NFI score of 0.818 indicates an excellent fit, there may still be opportunity for development and tinkering to get an even better fit with the observed data.While the NFI value of 0.818 indicates a relatively high match rate, it hasn't reached a perfect match level. Despite having a good level of fit, there is still room for further improvement and adjustment to enhance the model's accuracy and alignment with the data.

4.3 R Square

R Square is used to assess the strength of the link between the dependent (endogenous) and independent (exogenous) variables based on substantive theory in the context of (SEM and the inner model. A value closer to 1 denotes a greater correlation between the variables, whilst a value closer to 0 denotes a weaker relationship. R2 has a range of 0 to 1.

Table 6

R Square Latent Variable

	R-square	*R-square adjusted*
Sustainable Development	0.318	0.303
Social Capital	0.425	0.417

Based on the R-square (R2) value of 0.318 for the sustainable development variable, approximately 31.8% of the variability in sustainable development can be attributed to the combined effects of financial inclusion, financial literacy, and social capital. The remaining 68.2% of the variance may be influenced by measurement errors or other factors not considered in the model.

4.4 **Composite Reliability, Cronbach Alpha, Average Variance Extracted**

The outer model of the research is evaluated using construct reliability or composite reliability (CR), which provides an alternative to the Cronbach Alpha test for assessing convergent validity in the reflective model. Composite reliability (CR) ratings are confined between 0 and 1, and values above 0.7 are preferred in confirmatory research. The Average Variance Extracted (AVE) test is used to evaluate convergent validity; results greater than 0.5 indicate strong validity. The cross-loading correlation value should be less than the AVE value in order to maintain discriminant validity. Convergent validity is explained using Cronbach's Alpha, with values above 0.8 being regarded favorable. Together, these metrics guarantee the measurement model's validity and reliability, support the research's findings, and increase its overall robustness.

Table 7
Composite Reliability Test Results, Cronbach Alpha, Average Variance Extracted

	Cronbach's alpha	CR	CR	AVE
Financial Inclusion	0.936	0.948	0.947	0.696
Financial Literacy	0.954	0.964	0.962	0.722
Sustainable Development	0.965	0.968	0.968	0.658
Social Capital	0.930	0.940	0.938	0.631

The reliability of each construct's variables is assessed using composite reliability, and a value greater than 0.7 is considered good. In this study, all constructs have composite reliability values exceeding 0.7, showing good dependability of the model's input variables. Additionally, all structures that underwent the Cronbach's Alpha test produced results larger than 0.8, passing the reliability test requirements. These results ensure the robustness and validity of the measurement model in SEM.

4.5 Variance Inflation Factor (VIF)

VIF (Variance Inflation Factor) is a diagnostic tool used to detect the presence of multicollinearity in a model. Based on the investigation of all constructs, there is no indication of multicollinearity because all construct variables have VIF values less than 10. The presence of multicollinearity with VIF values exceeding 10 indicates that some variables may need to be reconsidered or removed from the model to ensure the model's robustness and validity.

4.6 Path Coefficient

When testing hypotheses in the inner model, the t-statistic must be greater than 1.96 for a 5% significance level, and the p-value must be compared to the selected significance level (often 0.05). When the p-value is less than 0.05 and the t-statistic is more than 1.96, demonstrating statistical significance in the association between the variables, the null hypothesis is rejected in favor of the alternative hypothesis.The bootstrap procedure calculates the correlation coefficient and helps assess the significance of the relationship between the variables through resampling techniques, R^2, and the impact of significant variables in relation to the latent variable values that have formed, explained by path analysis. As for the emphasis on variance based in PLS, it changes the form of analysis from causality testing to predictive components.

Table 8
Hypothesis Test Results

	Original Sample	SampleMean	STDEV	|O/STDEV|	P values	Result
X1 -> Y	0.848	0.907	0.665	5.276	0.014	Accepted
X2 -> Y	0.829	0.882	0.656	7.264	0.000	Accepted
X1 -> Z	0.263	0.259	0.522	6.504	0.004	Accepted
X2 -> Z	0.912	0.912	0.528	6.726	0.002	Accepted
Z -> Y	0.548	0.547	0.074	7.405	0.000	Accepted

The model's consistency in the population can be assessed by examining the strength of relationships between variables or by evaluating the magnitude of the coefficient r-ho (path) through the values of O (original statistic) and t-statistic, which show the importance of the connections between variables. Researchers can assess a model's validity and dependability as well as its capacity to accurately reflect the population under investigation by using various statistical indicators. Strong and significant relationships between variables indicate a more consistent and reliable model, while weak or insignificant relationships may suggest the need for further refinement or validation of the model.

4.7Hypothesis Test Results

4.7.1 The Effect of Financial Inclusion on Sustainable Development

The study's findings demonstrate that financial inclusion (X1) significantly improves sustainable development (Y). The link between X1 and Y is positive, as indicated by the parameter coefficient of 0.848. A one-unit increase in X1 causes an 84.8% rise in Y. With an estimated coefficient of 0.907 and a calculated t-value of 5.276, which is statistically significant (p value = 0.014 <0.05), the bootstrap results provide more evidence for this association. As a result, it is agreed that financial inclusion has a favorable impact on sustainable development, as stated in the research hypothesis (H1).

4.7.2 Effect of Financial Literacyon Sustainable Development

The study's findings demonstrate that financial literacy (X2) significantly improves Sustainable Development (Y). With a parameter coefficient of -0.829, the link between X2 and Y is positive. A one-unit increase in X2 causes an 82.9% rise in Y. With an estimated coefficient of 0.882 and a calculated t-value of 7.264, which is statistically significant (p value = 0.000 <0.05), the bootstrap results provide more evidence for this link. As a result, it is agreed that financial literacy significantly contributes to sustainable development, according to research hypothesis (H2).

4.7.3 Effect of Financial Inclusionon Social Capital

The study's findings demonstrate that social capital (Z) is significantly positively impacted by Financial Inclusion (X1). Indicating a favorable correlation between the two variables, the parameter coefficient for X1 on Z is 0.263. A one unit increase in X1 causes a 26.3% rise in Z. With an estimated coefficient of 0.907 and a calculated t-value of 6.504, which is statistically significant (p value = 0.004 <0.05), the bootstrap results provide more evidence for this association. The research hypothesis (H3) that claims that financial inclusion significantly boosts social capital is therefore accepted.

4.7.4 Effect of Financial Literacy on Social Capital

The study's findings demonstrate that social capital (Z) is significantly positively impacted by Financial Literacy (X2). A favorable correlation between the two variables is indicated by the parameter coefficient of X2 on Z, which is 0.912. A significant 91.2% rise in Z results from an increase of one unit in X2. With an estimated coefficient of 0.912 and a calculated t-value of 6.726, which is statistically significant (p value = 0.002 <0.05), the bootstrap results provide more evidence for this association. As a result, it is accepted that financial literacy significantly increases social capital, according to research hypothesis (H4).

4.7.5 Effect of Social Capital on Sustainable Development

The findings show that sustainable development (Y) is significantly positively impacted by social capital (Z). Z has a positive influence on Y, as shown by the parameter coefficient of 0.548 for the two variables. An increase of one unit in Z results in a large 54.8% rise in Y. The bootstrap results add more support for this link with an estimated coefficient of 0.547 and a calculated t-value of 7.405, which is statistically significant (p value = 0.000 <0.05). The research hypothesis (H5) that social capital significantly enhances sustainable development is therefore accepted.

V. Discussion

Limited access to external finance poses a significant obstacle to the development of new and small businesses, especially due to the lack of collateralized assets and account history (Wellalage & Locke, 2018). These financial barriers create inefficiencies in the operating environment, with high transaction costs, information asymmetry, and uncertainty(Fossen et al., 2019). However, Financial Inclusion has emerged as a solution, providing accessible and affordable financial services to the unbanked population(Barajas et al., 2020). Women entrepreneurs are better able to make wise financial decisions and take charge of their finances when financial literacy is more widely known and practiced(Iram et al., 2023). Financial literacy refers to a person's capacity for sound financial decision-making and their familiarity with financial markets, investment opportunities, and instruments, all of which support business growth and competitive advantage(Baporikar & Akino, 2020).

Due to their lower levels of financial literacy, female entrepreneurs frequently encounter difficulties in developing nations. Due to their limited financial literacy, they are unable to access credit, develop their entrepreneurial ideas and talents, or build their firm or acquire new money (Baporikar & Akino, 2020; Iram et al., 2023). Financial literacy has a beneficial effect on how well women entrepreneurs succeed in company (Tumba et al., 2022)enabling them to learn about different financial solutions, make better financing decisions, and engage in more effective negotiations with lenders and investors. Research has shown that financial literacy can play a crucial role in helping women entrepreneurs avoid business failure due to poor financial decisions(Anuradha, 2021). These findings align with previous studies(Yanti & Adiandari, 2022; Zarefar et al., 2021) that also found a positive and significant relationship between financial literacy and entrepreneurial performance. However, another study (Debby et al., 2022) reported a positive impact of financial literacy on entrepreneurial performance, although it was not statistically significant.

Financial inclusion and entrepreneurship have a beneficial association, especially for women entrepreneursin Mexico (Fareed et al., 2019). It implies that gaining access to financial services may open up professional options for women. Women who labor in the unorganized sector are not included in this favorable affiliation. The gap might be explained by how difficult it is for entrepreneurs to access banking services. In a similar context, (Zogning, 2023)examined the effect of financial product availability on reducing wage disparity between men and women working in Cameroon's informal economy. The empirical data show that men and women in this industry experience significant pay disparities, with 13.9% of the inequality attributed to gender-based differences in access to credit. Men have greater financial involvement and better access to credit compared to women, giving them an advantage in generating higher incomes and sustaining more profitable activities.

According to (Falk & Kilpatrick, 2020)financial literacy is found to have a positive effect on the development of social capital, as it is associated with identity and knowledge resources that contribute to building social networks (Falk & Kilpatrick, 2020). These findings are in line with those of Bongomin et al. (2018), who found that social capital and financial literacy have a positive association. Khaki and Sangmi (2018) further highlighted the fact that having access to financial institutions enables people to take a bigger part in decision-making, build social networks, and improve their negotiating powerin decision-making, build social networks, increase bargaining power, and have good negotiation skills. Conversely, individuals who have strong social capital can also increase their financial access to various sources of funding. These results emphasize the importance of addressing gender disparities in financial inclusion to promote equal economic opportunities and sustainable development.

The research findings provide strong evidence supporting the significant role of social capital in driving sustainable development. Setini et al. (2020) also found that social capital positively influences the success of women entrepreneurs' businesses. Women entrepreneurs benefit from social capital as it allows them to effectively utilize information from various sources, leading to innovation and meeting market demands. Trust, support, and strategic guidance play crucial roles in empowering women entrepreneurs and ensuring the efficiency and success of their businesses. Social capital includes all three of these elements. Building relationships with customers, suppliers, creditors, and intangible resources based on trust, loyalty, and recommendations constitutes external social capital. Internal social capital, on the other hand, includes material assets and social ties to friends, family, and coworkers.

The successful sharing of knowledge and creativity, which fosters synergies in particular businesses, demonstrates the beneficial and considerable impact of social capital on company performance. The processes of externalization and internalization are crucial in transforming different types of knowledge. Social capital facilitates access to knowledge, enhances its value, and enables its effective utilization, which becomes essential for the success and survival of businesses. Access to intellectual resources through social capital emerges as a key factor contributing to improved business performance.

The current findings are in line with past research, such as those conducted by Dastouria et al. (2017) and Garca-villaverde et al. (2018), which also showed the positive and significant impact of social capital on the success of female entrepreneurs. Promoting sustainable growth and enhancing the performance of women-owned firms can be greatly aided by fostering social capital, making it a valuable resource that can be utilized and optimized to support female entrepreneurs.

VI. Conclusion and Recommendation

Access to financial services and financial knowledge are essential for enabling single mothers to be financially independent, improve their quality of life overall, and make educated decisions. Further boosting their well-being and empowerment, financial inclusion and literacy have advantageous effects on social capital by enabling these women to have strong support networks and actively participate in their communities. The study emphasizes the importance of targeted policies and initiatives designed to promote financial inclusion, literacy, and social capital because these factors can contribute to sustainable development and benefit disadvantaged groups like single moms in society.The study recommends implementing targeted financial inclusion programs with accessible and affordable financial services for single mothers in West Java. Simultaneously, providing financial literacy education is essential to equip these women with the knowledge and skills for making informed financial decisions. Building social capital through community support networks and mentorship programs can further empower single mothers. Ensuring access to business resources, such as mentorship programs and market information, can enhance their business prospects.To advance research in this field, a longitudinal study, examination of barriers faced by single mothers, consideration of cultural factors, and a broader sample representation are recommended. Additionally, exploring the impact of other factors like access to childcare support and entrepreneurial training would provide a more comprehensive understanding of the context's dynamics.

References

[1] Affandy, A. H. (2023). Single mothers: financial challenges and experiences in Brunei-Muara district. *Southeast Asia: A Multidisciplinary Journal*, *May*, 1–12. https://doi.org/10.1108/SEAMJ-02-2023-0019

[2] Anuradha, P. (2021). The Impact of Financial Literacy of Owners of Small and Medium Scale Enterprises in Sri Lanka. *Journal of Contemporary Issues in Business and …*, *27*(06), 317–330. https://cibg.org.au/article_12146_dbfcae7b1d9853aad53a418ea36753b7.pdf

[3] Aslan, G. (2022). Enhancing youth and women's financial inclusion in South Asia. *Cogent Economics and Finance*, *10*(1). https://doi.org/10.1080/23322039.2022.2136237

[4] Bao, J., & Dou, J. (2021). The formation of subsequent entrepreneurial intention: Happiness matters. *Sustainability (Switzerland)*, *13*(21). https://doi.org/10.3390/su132112323

[5] Baporikar, N., & Akino, S. (2020). Financial Literacy Imperative for Success of Women Entrepreneurship. *International Journal of Innovation in the Digital Economy*, *11*(3), 1–21. https://doi.org/10.4018/ijide.2020070101

[6] Barajas, A., Beck, T., Belhaj, M., & Naceur, S. B. (2020). *Financial Inclusion*.

[7] Bennett, R., & Robson, P. (2020). Changing Use of External Business Advice and Government Supports by SMEs. *Regional Studies*, *37*(8), 795–811. https://doi.org/10.1080/0034340032000128721

[8] Bongomin, O. C., George, Ntayi, J. M., Munene, J. C., & Nabeta, I. N. (2018). Financial Inclusion in Rural Uganda: Testing Interaction Effect of Financial Literacy and Networks. *Journal of African Business*, *17*(1), 106–128. https://doi.org/10.1080/15228916.2016.1117382

[9] Cabeza-García, L., Del Brio, E. B., & Oscanoa-Victorio, M. L. (2019). Female financial inclusion and its impacts on inclusive economic development. *Women's Studies International Forum*, *77*, 102300. https://doi.org/https://doi.org/10.1016/j.wsif.2019.102300

[10] Dupas, B. P., Karlan, D., Robinson, J., & Ubfal, D. (2018). Banking the Unbanked? Evidence from Three Countries. *American Economic Journal: Applied Economics*, *10*(2), 257–297.

[11] Elouardighi, I., & Oubejja, K. (2023). Can Digital Financial Inclusion Promote Women's Labor Force Participation? Microlevel Evidence from Africa. *International Journal of Financial Studies*, *11*(87), 1–15. https://doi.org/https://doi.org/ 10.3390/ijfs11030087

[12] Erogul, M. S., & Quagrainie, F. A. (2018). Conceptualising entrepreneurial orientation dimensions and female business performance in developing economies. *Journal for International Business and Entrepreneurship Development*, *11*(2), 118–139. https://doi.org/10.1504/JIBED.2018.10012216

[13] Fabová, Ľ., & Janáková, H. (2018). Impact of the Business Environment on Development of Innovation in Slovak Republic. *Procedia Economics and Finance*, *3*(4), 66–72. https://doi.org/10.1016/S2212-5671(15)01602-0

[14] Falk, I., & Kilpatrick, S. (2020). What is social capital? A study of rural communities. *Sociologia Ruralis*, *40*(1), 87–110.

[15] Fareed, F., Gabriel, M., Lenain, P., & Reynaud, J. (2019). Financial Inclusion and Women Entrepreneurship: Empirical Evidence from Mexico. *Organisation for Economic Co-Operation and Development*, *1411*, 42. https://doi.org/10.1787/2fbd0f35-en

[16] Fielden, S. L., Davidson, M. J., Gale, A., & Davey, C. L. (2018). Women, equality and construction and construction. *Journal of Management Development*, *20*(4), 293–305.

[17] Fossen, F. M., Sorgner, A., & Economics, L. (2019). Digitalization of work and entry into entrepreneurship. *Journal of Business Research*, *December 2018*, 1–16. https://doi.org/10.1016/j.jbusres.2019.09.019

[18] Franzke, S., Wu, J., Froese, F. J., & Chan, Z. X. (2022). Female entrepreneurship in Asia: a critical review and future directions. *Asian Business and Management*, *21*(3), 343–372. https://doi.org/10.1057/s41291-022-00186-2

[19] Gautam, R. S., & Rastogi, S. (2022). Study of Financial Literacy and Its Impact on Rural Development in India: Evidence Using Panel Data Analysis. *Iconic Research and Engineering Journals*, *5*(9), 483–492. https://doi.org/https://www.researchgate.net/publication/361815316

[20] Goyal, K., & Kumar, S. (2021). Financial literacy: A systematic review and bibliometric analysis. *International Journal of Consumer Studies*, *45*(1), 80–105. https://doi.org/10.1111/ijcs.12605

[21] Guan, C., Wen, X., Gong, Y., Liang, Y., & Wang, Z. (2018). Family Environment and Depression: A Population-Based Analysis of Gender Differences in Rural China. *Journal of Family Issues*, *35*(4), 481–500. https://doi.org/10.1177/0192513X12474624

[22] Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2018). The Results of PLS-SEM Article information. *European Business Review*, *31*(1), 2–24.

[23] Hanivan, H., & Nasrudin, N. (2019). A financial inclusion index for Indonesia. *Buletin Ekonomi Moneter Dan Perbankan*, *22*(3), 351–366. https://doi.org/10.21098/bemp.v22i3.1056

[24] Ibourk, A., & Elouaourti, Z. (2023). Revitalizing Women' s Labor Force Participation in North Africa: An Exploration of Novel Empowerment Pathways. *International Economic Journal*, *July*, 1–25. https://doi.org/10.1080/10168737.2023.2227161

[25] Iram, T., Bilal, A. R., & Ahmad, Z. (2023). Investigating The Mediating Role of Financial Literacy on The Relationship Between Women Entrepreneurs' Behavioral Biases and Investment Decision Making. *Gadjah Mada*

International Journal of Business, *25*(1), 93–118. https://doi.org/10.22146/gamaijb.65457
[26] Jedi, F. F. (2022). The Relationship between Financial Inclusion and Women's Empowerment: Evidence from Iraq. *Journal of Business and Management Studies*, *4*(3), 104–120. https://doi.org/10.32996/jbms.2022.4.3.10
[27] Juang, A. D. (2021). *Peringatan Hari Ibu 2021, Banyak Pengusaha Perempuan Tangguh di Pentas Global*. Darahjuang.Online.
[28] Kandpal, V. (2020). Reaching sustainable development goals: Bringing financial inclusion to reality in India. *Journal of Public Affairs*, *20*(4).
[29] Klapper, L., & Lusardi, A. (2019). Financial literacy and financial resilience Evidence from around the world. *Financial Management*, *49*(3), 589–614. https://doi.org/10.1111/fima.12283
[30] Le, T., Tu, A., & Taghizadeh-hesary, F. (2019). Financial inclusion and its impact on financial efficiency and sustainability: Empirical evidence from Asia. *Borsa Istanbul Review*, *19*(4), 310–322. https://doi.org/10.1016/j.bir.2019.07.002
[31] Lenka, S. K. (2021). Relationship between financial inclusion and financial development in India: Is there any link? *Journal of Public Affairs*, *1*(1), 1–10. https://doi.org/10.1002/pa.2722
[32] Lusardi, A., & Mitchell, O. S. (2018). The Economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, *52*(1), 5–44.
[33] Moussa, W. (2020). The Female Financial Inclusion and the Sustainable Development in MENA Countries. *Research Square*, *11*(12), 0–20.
[34] Narimawati, U., & Praratya, S. A. (2022). *Women LeadershipinTechnopreneurship* (D. Sunarsi (ed.)). Cipta Media Nusantara.
[35] Nhemachena, C., & Murimbika, M. (2018). Motivations of sustainable entrepreneurship and their impact of enterprise performance in Gauteng Province, South Africa. *Business Strategy and Development*, *1*(2), 115–127. https://doi.org/10.1002/bsd2.16
[36] Okoye, L. U. (2019). Financial Inclusion as a Strategy for Enhanced Economic Growth and Development. *Journal of Internet Banking and Commerce*, *22*(58), 1–15.
[37] Ozili, P. K. (2022). Financial inclusion and sustainable development: an empirical association. *Journal of Money and Business*. https://doi.org/10.1108/jmb-03-2022-0019
[38] Prasetyo, E., Semarang, U. N., Kistanti, N. R., & Semarang, U. N. (2022). *Social Financial Inclusion and Gender Equity Drivers of Sustainable Green Entrepreneurship*. *December*.
[39] Putri, A. P., & Dhewanto, W. (2022). The Effect of Entrepreneurial Factors on the Realization of Sustainable Development Goals (SDG) and Sustainability in Indonesia's SMEs. *Binus Business Review*, *13*(November), 303–313. https://doi.org/10.21512/bbr.v13i3.8524
[40] Rasool, N., & Ullah, S. (2020). Financial literacy and behavioural biases of individual investors: empirical evidence of Pakistan stock exchange. *Journal of Economics, Finance And*, *25*(50), 261–278. https://doi.org/10.1108/JEFAS-03-2019-0031
[41] Safryani, U., Aziz, A., & Triwahyuningtyas, N. (2020). Analisis Literasi Keuangan, Perilaku Keuangan, Dan Pendapatan Terhadap Keputusan Investasi. *Jurnal Ilmiah Akuntansi Kesatuan*, *8*(3), 319–332. https://doi.org/10.37641/jiakes.v8i3.384
[42] Sahabuddin, R., Fitri, N., Maghfirah, A., & Azis, S. (2023). Impact of Job Satisfaction , Work Motivation , and Employee Performance at the National Land Agency in Makassar City. *International Journal of Innovative Science and Research Technology*, *8*(1), 52–57.
[43] Sara, I. M., Udayana Putra, I. B., Kurniawan Saputra, K. A., & Jaya Utama, I. W. K. (2023). Financial literacy, morality, and organizational culture in preventing financial mismanagement: A study on village governments in Indonesia. *Cogent Business & Management*, *10*(1). https://doi.org/10.1080/23311975.2023.2166038
[44] Sari, I. Z., & Falianty, T. A. (2021). Financial Inclusion and Income Inequality: Does Financial Structure Matter? *Jurnal Ekonomi Dan Kebijakan Pembangunan*, *10*(1), 72–100. https://doi.org/10.29244/jekp.10.1.2021.72-100
[45] Sarstedt, M., Ringle, C. M., & Hair, J. F. (2020). Handbook of Market Research. In *Handbook of Market Research* (Issue September). https://doi.org/10.1007/978-3-319-05542-8
[46] Sedera, R. M. H., Risfandy, T., & Futri, I. N. (2022). Financial Inclusion and Bank Profitability: Evidence from Indonesia. *Journal of Accounting and Investment*, *23*(3), 398–412. https://doi.org/10.18196/jai.v23i3.14721
[47] SOFIA. (2018). Survey on Financial Inclusion and Access (SOFIA) Focus Note on Gender. *The Survey on Financial Inclusion and Access (SOFIA)*, 1–28.
[48] Soyemi, K., Afolabi, O. V., & Obigbemi, I. F. (2021). External audit quality and clients' corporate governance mechanisms in Nigeria: Any nexus? *Journal of Research in Emerging Markets*, *3*(2), 44–59. https://doi.org/10.30585/jrems.v3i2.596
[49] Stack, R. J., & Meredith, A. (2018). The Impact of Financial Hardship on Single Parents: An Exploration of the Journey From Social Distress to Seeking Help. *Journal of Family and Economic Issues*, *39*(2), 233–242. https://doi.org/10.1007/s10834-017-9551-6
[50] Thomson, E., & Mclanahan, S. S. (2019). Reflections on "Family Structure and Child Well-Being: Economic Resources vs Parental Socialization." *Social Forces*, *91*(1), 45–53. https://doi.org/10.1093/sf/sos119
[51] Tsounis, A., Xanthopoulou, D., Demerouti, E., Kafetsios, K., & Tsaousis, I. (2023). Workplace Social Capital: Redefining and Measuring the Construct. *Social Indicators Research*, *165*(2), 555–583. https://doi.org/10.1007/s11205-022-03028-y

[52] Tuffour, J. K., Amoako, A. A., & Amartey, E. O. (2022). Assessing the Effect of Financial Literacy Among Managers on the Performance of Small-Scale Enterprises. *Global Business Review*, *23*(5), 1200–1217. https://doi.org/10.1177/0972150919899753

[53] Tumba, N. J., Onodugo, V. A., Akpan, E. E., & Babarinde, G. F. (2022). Financial literacy and business performance among female micro-entrepreneurs. *Investment Management and Financial Innovations*, *19*(1), 156–167. https://doi.org/10.21511/imfi.19(1).2022.12

[54] Uberti, L. J., & Douarin, E. (2023). The Feminisation U, cultural norms, and the plough. *Journal of Population Economics*, *36*, 5–35. https://doi.org/10.1007/s00148-022-00890-5

[55] Wellalage, N. H., & Locke, S. (2018). Informality and credit constraints: evidence from Sub-Saharan African MSEs. *Applied Economics*, *48*(29), 2756–2770. https://doi.org/10.1080/00036846.2015.1128081

[56] Yang, X., Huang, Y., & Gao, M. (2022). Can digital financial inclusion promote female entrepreneurship? Evidence and mechanisms. *The North American Journal of Economics and Finance*, *63*(November), 101800.

[57] Yanti, N. L. K. P., & Adiandari, M. A. (2022). The Effect of Financial Literacy and Entrepreneurship Orientation on The Performance of Small-Medium E nterprise 'Tenun G ringsing' in Tenganan Village, Karangasem Regency. *Majalah Ilmiah Bijak*, *19*(2), 279–291.

[58] Zarefar, A., Oktari, V., & Zarefar, A. (2021). Pengaruh Orientasi Kewirausahaan, Inovasi, Kemampuan Menyusun Laporan Keuangan dan Literasi Keuangan terhadap Kinerja UKM. *Kajian Akuntansi*, *22*(2), 148–161.

[59] Zogning, F. (2023). Financial inclusion, inclusive entrepreneurship, and alternative financing options. *Journal of Small Business & Entrepreneurship*, *35*(1), 8–13. https://doi.org/DOI: 10.1080/08276331.2022.2120345

[60] Zunaidi, A., & Maghfiroh, F. L. (2021). The Role of Women in Improving The Family Economy. *Dinar: Jurnal Ekonomi Dan Keuangan Islam*, *8*(1), 61–79. https://doi.org/10.21107/dinar.v8i1.10581