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AN INVESTIGATION INTO THE FINANCIAL CHALLENGES AFFECTING THE SUCCESS OF ENTREPRENEURS IN SOUTH AFRICA

The object of this study is the financial difficulties that impacted the success of business owners in Hatfield, Gauteng province, South Africa. Compared to a global failure rate of 50 %, five out of every seven entrepreneurs in Hatfield, South Africa fail during the first year of operation. This study aimed at looking into the relationship between entrepreneur failure and financial literacy. The methodology employed in this study is interpretive philosophy-based qualitative research. An ethnographic research technique was also used to analyze the current economic condition of business owners in Hatfield. The population was sampled using non-probability purposive sampling techniques. Semi-structured interviews were used to gather the study's leading source of data. The primary research results are thematically examined while also considering the secondary sources. Eliminating financial and liquidity constraints was listed as a goal of financial literacy. Findings garnered revealed that financial, liquidity and credit restrictions are the primary causes of business failures in Hatfield. The lack of financial resources for new businesses in Hatfield, as revealed, prompted several liquidity issues in Hatfield, and further lowers the growth rate of Hatfield businesses. It was discovered that Hatfield's entrepreneurs usually experienced premature failure due to inadequate financial education and training. Impliedly, Hatfield business owners possessed poor cash management, defaulting on loan payments due to lack of financial education. Conversely, only few entrepreneurs and business owners in Hatfield, South Africa possess financial literacy competence with the necessary skills needed to better analyze their financial statements appropriately and increase profitability of their business. The practical implication of this finding is that, most entrepreneurs have high possibility to experience premature business liquidity when they have low or no financial literacy.

Keywords: *financial constraints, liquidity constraints, entrepreneurs, financial literacy, entrepreneurship, innovation.*

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1. Introduction

Financial literacy, entrepreneurship and innovation are a sine qua non for every business survival and profit maximization. Author of [1] has espoused that entrepreneurship has, over time, become a strategy for economic growth and a policy priority, as well as a source of employment and a means of reducing poverty. In [2], entrepreneurship is a crucial driver of innovation, the realization of fresh business concepts, and the transformation of economic structures. It also ensures the welfare, productivity, and efficiency of an economy. Authors of [3] claim that the introduction of innovations, the implementation of change, and the promotion and improvement of competition are all ways that entrepreneurial activities in an economy significantly contribute to a resilient economic performance, according to research.

However, in contrast to other emerging countries, South Africa's entrepreneurial activity has dropped with time [4]. Important restricting factors such as a lack of education, poor access to cash, and a lack of knowledge about starting a business are among the leading causes of the decline in entrepreneurship. A lack of adequate funding, issues with a deficient education and training system, and unfavourable government laws are just a few of the key challenges entrepreneurs face [5]. Maintaining economic growth and employment prospects in the country is impossible because entrepreneurial endeavours have generally failed. Authors of [6] report that, compared to a failure rate of 50 % internationally, five out of every seven small businesses in South Africa fail during the first year of operation.

Thus, *the purpose of this study* is to look into the relationship between entrepreneur failure and financial literacy.

2. Materials and Methods

2.1. Literature review. Financial literacy, entrepreneurship, innovations remain the cornerstones of a business's success. Authors of [2] point out that entrepreneurial growth and operations have been acknowledged as a globally viable method for effective economic progression. Authors of [7] indicate that, unfortunately, developing countries and their industrial sectors face numerous obstacles, including insufficient resources and infrastructure, political influences (instability and interferences), and a lack of entrepreneur readiness, which renders the success of their Small and Medium Sized Enterprise (SMEs) sector insignificant and insufficient to foster desired economic and national development. Similarly, authors of [8] claim that the business environments in emerging countries are full of numerous difficulties, which frustrates entrepreneurs and slows industrial progress.

Entrepreneurs, worldwide, particularly in developing nations, continue to encounter several obstacles that hinder their ability to survive and function well as a business. This is despite entrepreneurs' recognized importance and contribution to economic growth. In support of this, earlier studies by authors of [9, 10] revealed many difficulties entrepreneurs globally face. Low productivity, a lack of managerial skills and funding, technology, a high regulatory load, and restricted access to formal business are a few of these. According to authors of [11], the types and stages of an entrepreneur's current location can be used to categorize the difficulties they are now facing. Depending on the scene, those restrictions can be divided into legal, informal, financial, and other categories. According to the framework used to analyze 35 empirical studies on entrepreneurs' development challenges in transition countries, the more fundamental early-stage challenges are related to legal concerns. In contrast, more specialized late-stage challenges relate to human resources and skill development. Researchers also discovered that three formal constraints, that is, taxes, unstable policy, and legal regulations – create a barrier to business development at all phases.

This supports a prior study by author of [12] in developed nations such as Turkey, which discovered that confusion and a complex tax structure are the biggest challenges for business owners. In a similar vein, studies carried out in developing nations on the continent of Africa asserted that the main difficulties faced by business owners included difficulty in obtaining start-up capital, strict credit conditionality, high interest rates on credit, insufficient government support for business owners, additional costs of corruption and bribery, a weak economy, limited access to financial capital, an inability to find trustworthy employees, and too much competition. However, it has been noted that the main obstacle for entrepreneurs is still a lack of funding.

2.1.1. Financial Constraints on Entrepreneurs. The majority of Hatfield entrepreneurs, according to [13], fail to maximize profits because of financial limitations. These limitations include limited access to financial institutions, a lack of market access, and a hostile business environment in Hatfield. Authors of [14] state that financial volatility, a lack of skilled workers, and excessive taxation can also result in constraints that influence cash flow management and the business's financial performance. Financial limitations happen when a business has trouble obtaining outside capital. Financial burdens are challenging to pinpoint in a business's statement of financial position, according to [15]. Hatfield's ambitious entrepreneurs must contend with financial limitations when launching their firms.

According to [16], the expansion of the banking industry shows how simple it is for Hatfield business entrepreneurs to get capital when starting their businesses. The limited external cash availability of Hatfield's businesses causes financial limitations. The availability of financial resources and the expansion and sustainability of businesses in Hatfield are directly impacted by capital accessibility, claim authors of [17]. Financial limitations can hinder an entrepreneur's capacity to grow their business, resulting in a lack of necessary capital. According to [18], Hatfield businesses depend on banking institutions for funding because they lack bond ratings and have limited financial status to attract investors to the stock markets. However, financial institutions only lend money to business owners with significant assets, such as merchandise, real estate, and accounts receivable, listed on their statement of financial condition. Author of [12] asserts that small businesses in Hatfield are more affected by financial limitations than significant businesses. Through the Department of Trade and Industry, the South African government has established several incubation programs as a support system for business founders. Most business owners in Hatfield are unaware of the support system due to inadequate promotion of the programs. Access to incubation programs is challenging for business owners in rural areas.

The majority of Hatfield business owners, according to [19], are unaware of the advantages of incubation programs, which can include tax savings, lower administrative costs, and assistance with starting operational expenses. The organizational structure of the incubation programs does not correspond to the level of business competence of the nation's entrepreneurs. The judicial process for implementing the legal and regulatory framework is frequently drawn out, and it does not protect lenders (Banks) from entrepreneur loan defaults. Entrepreneurs looking for finance face challenges due to this and the requirement for collateral security.

2.1.2. Liquidity and Credit Constraints on Entrepreneurs. A lack of financial resources has adversely influenced Hatfield's entrepreneurial growth rate, claim authors of [20]. Due to lower profitability and a subsequent lack of resources for reinvestment, emerging businesses with limited liquidity were at a competitive disadvantage. They were less competitive, unable to capitalize fully, and produced below-par output and earnings. Businesses that report cash flow problems in the first year will be less likely to survive. Liquidity limitations have been caused, according to [7], by a lack of financial capital or resources provided by financial institutions to business owners [21].

According to [22], most Hatfield business owners find comparing their performance to competing businesses challenging because there is no accounting information system. Hatfield business owners struggle to raise capital on the stock market because they lack the accounting ratio knowledge required to calculate the value of their business's shares. Most business owners don't record cash payments in their financial statements.

Entrepreneurial profitability and cash management are favourably connected, claim authors of [23]. Hatfield business owners' low profitability results from poor cash management, but the real issue is a lack of business acumen. Most Hatfield business owners do not monitor their business's profitability or break-even point. To improve the business's liquidity, the management of debtors and creditors is not frequently evaluated. Entrepreneurs lack the business expertise and informational assets required to develop fruitful projects [24–26]. To stay competitive, knowledge must be shared via social networking [21, 27]. Due to liquidity restrictions, the sustainability and liquidity of the firm are impacted because there are no social networking platforms that help entrepreneurs quickly acquire financing.

Authors of [28] argue that funding availability significantly shapes business growth and sustainability. Credit constraints arise from financial institutions' stringent collateral requirements and knowledge gaps, hindering entrepreneurs from accessing financing. Authors of [24, 29–31] stress that the absence of medium- and long-term credit capital restricts business expansion, attributed to strict loan standards and perceived high-risk status. Authors of [7, 12, 20, 30] highlight how financial institutions' restrictive lending policies hamper R&D and innovation. The lack of developed capital markets is a substantial financial barrier in developing nations. Hatfield business owners face credit limitations, impacting profit growth and risk-taking due to systemic financial flaws [31].

2.2. Methodology. The framework for addressing the research concerns of the financial difficulties preventing Hatfield entrepreneurs' achievement was qualitative methodology. Primary sources were used to build a thorough understanding of how financial issues negatively affect an entrepreneur's success, and exploratory research was done to examine the present financial situations of Hatfield entrepreneurs. Casual studies established a symmetrical relationship in determining the lack of financial literacy on the business's liquidity, and lack of financial literacy results in inadequate financial records of entrepreneurs – establishing a framework for how Hatfield business owners and financial institutions maintain one another used phenomenology. Interviews were conducted on the premises of participants and ethnography using an inductive method to examine the current financial standing of Hatfield entrepreneurs.

The population of this study consists of 20 entrepreneurs who reside in Hatfield and work in various business industries. An incubation program in Hatfield was called, and a list of all entrepreneurs was requested. Twenty business owners from the provided list were chosen at random. Twenty entrepreneurs were selected using a non-probability sampling approach. This sampling technique was self-selection sampling. Eight people from the 20-target population made up the sample. The primary way of gathering data for qualitative methodology, according to [32], is an interview. Authors of [33] divide interview questions into three categories: closed, probing, and open-ended. Interviews were the method employed, and participants were allowed to go into further detail about the problems facing their business through open-ended questions. When creating interview questions, the cultural background of the participants was taken into account because it can affect the responses. To prevent any interruptions or other disturbances, a suitable location was chosen. Participants gave their consent, and verbatim data was recorded. During the interview process, notes were taken to administer the interviews. As a research tool, semi-structured interviews were used, and open-ended questions were used to cover every aspect of the research problem, which was the effect of financial and liquidity constraints on entrepreneurs, the difficulties in obtaining capital that led to these constraints, and the use of financial literacy as a tool to remove the restrictions.

Content analysis was employed for the analysis. Accordingly, content analysis evaluates the message's semantic content [32–34]. Content analysis can be used with either inductive or deductive reasoning. To analyze qualitative data, the deductive technique is divided into two sections: pattern matching and explanation construction, according to [33].

3. Results and Discussion

3.1. Results

3.1.1. The current financial situation of entrepreneurs in Hatfield. The participants' responses are shown in Fig. 1 when asked what the most significant financial challenges affect the business. Six participants stated that financial and liquidity constraints are the key to financial growth and business sustainability, whereas credit constraints have little impact, mainly if liquidity constraints are eliminated. Due to the lack of start-up costs, two participants identified liquidity constraints as the primary barrier. These constraints also lead to financial and credit constraints.

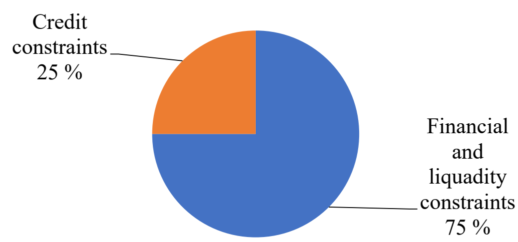

Fig. 1. Financial challenges

3.1.2. Financial constraints. When participants were asked about the financial constraints limiting business growth and sustainability, the results are shown in Fig. 2. Due to a lack of connections to or notoriety in the business sector, according to two participants, this is the case. Due to stringent regulations and bureaucracy from financial institutions, two participants responded this way. Four responses mentioned a lack of external investor funding accessibility. Let's prompt those who cited a lack of external investor funding accessibility to provide further detail. Three participants said most investors want to contribute capital in exchange for 50 % or more of the equity. In contrast, one participant noted that the consensus on equity favours investors over entrepreneurs.

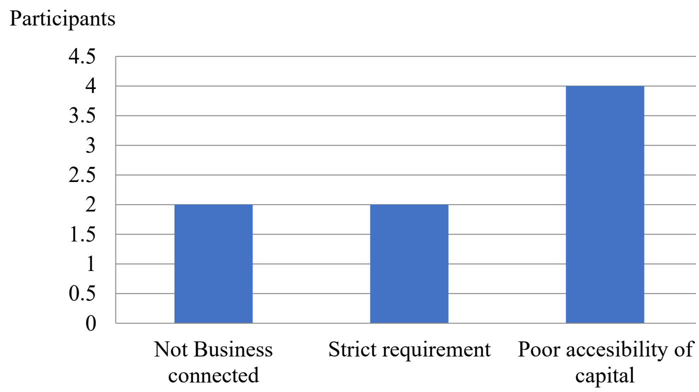

Fig. 2. Financial constraints

3.1.3. Liquidity constraints. Participants were questioned about how liquidity constraints are impacting the business. The absence of financial resources at start-ups causes liquidity concerns, according to three out of the eight respondents. According to five out of eight replies, receiving payment from creditors after 90 days makes it difficult to finance ongoing operating expenditures.

3.1.4. Credit constraints. The participants' access to the credit market's constraints was discussed. According to six of the eight respondents, financial institutions must accept collateral as security for capital and adhere to rigorous credit scoring guidelines because self-employment affects personal credit records. Due to a lack of financial records, two out of eight participants claimed that the conditions for business leases were more stringent than those for five years.

3.1.5. Financial challenges affecting the success of entrepreneurs in Hatfield. Participants' responses to questions about financial constraints during start-up are shown in Fig. 3. According to three responses, financial institutions have stringent standards and demand collateral as a form of security. One participant mentioned knowledge asymmetry as a significant barrier between financial institutions and business owners. Four participants claim business ideas are stolen due to a lack of honesty. Management skills to eliminate liquidity constraints were inquired of the participants. Out of eight participants, one has a business account. Two of the eight participants use personal funds to increase the business's liquidity. To cover operating costs caused by late payments from creditors, five out of eight people use their credit profiles to enter the credit market.

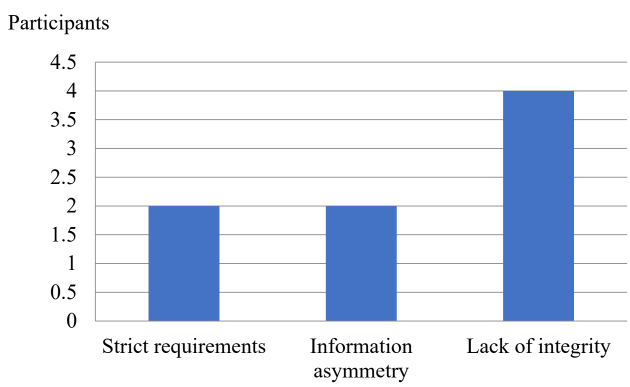

Fig. 3. Financial constraints during start-ups

When participants were questioned about managing financial flow, the results are shown in Fig. 4.

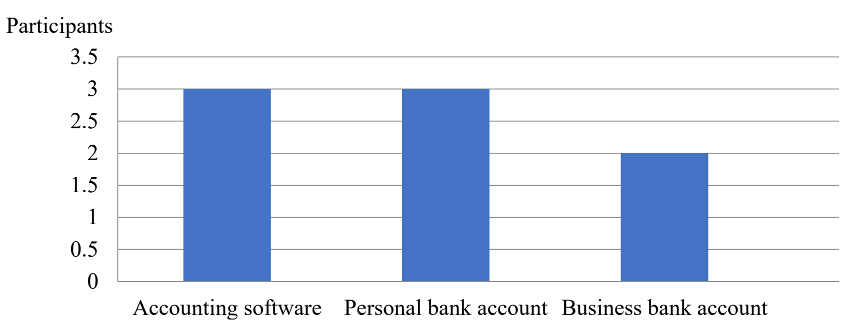

Fig. 4. Cash flow management

Three responses elaborate on how to track cash flow using accounting software. Three participants said they collect cash flow using their personal bank accounts and use business profits for their requirements. Two partners deposit Money into the business account to ensure proper cash management and accurate financial records.

3.1.6. The current level of financial knowledge of entrepreneurs in Hatfield. When participants were asked how familiar they were with analyzing financial accounts, the results are shown in Fig. 5.

Four of the responses demanded only a basic understanding. The four people who didn't react confessed to being ignorant.

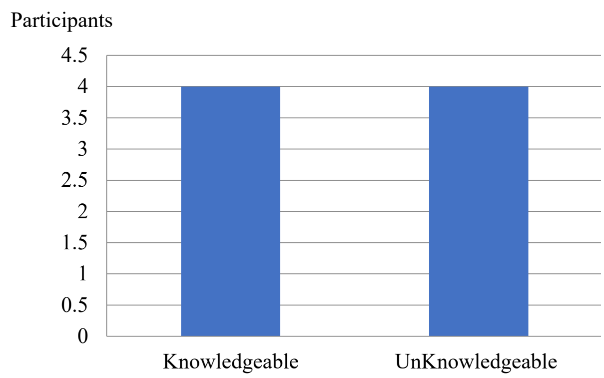

Fig. 5. Financial statements analysis

The four people who said they had only basic knowledge, as shown in Fig. 6, were then asked to clarify.

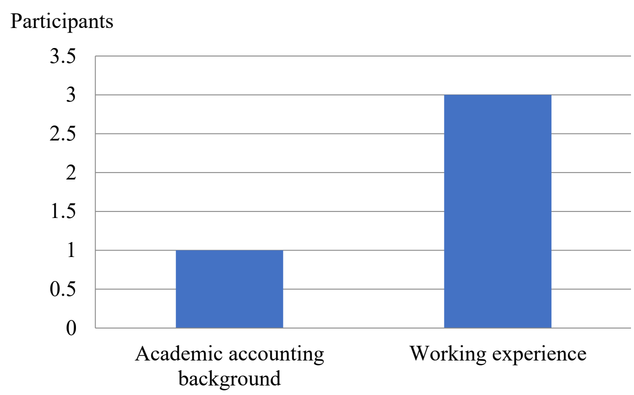

Fig. 6. Financial statements background

One of the replies mentioned having a background in accounting. Three responses show that fundamental knowledge is gained through practical experience.

Fig. 7 shows the responses given by participants when asked about maintenance financial records.

Two responses showed that the respondent did not know bookkeeping. Microsoft Spreadsheet is used for bookkeeping, according to two responses. One member mentioned hiring a bookkeeper as a contractor. Three participants said they save their financial records on the cloud and files.

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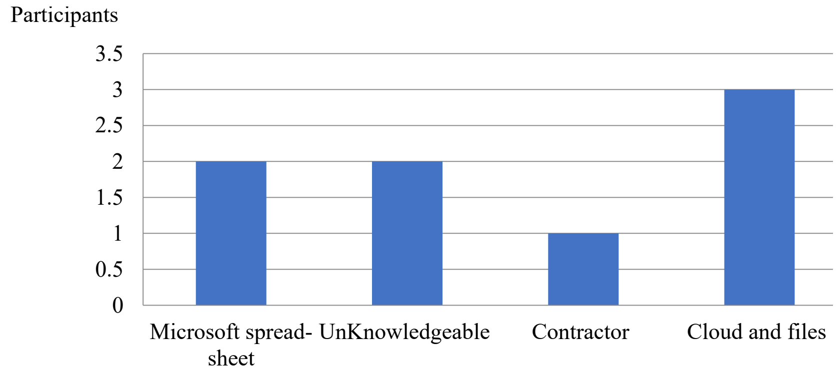

Fig. 7. Record maintenance

3.1.7. Suggestions to overcome financial challenges affecting entrepreneurs in Hatfield. When asked how aware they were of the business's financial structure, the participants' responses are shown in Fig. 8. Five participants were unaware of financial systems, according to three responses that showed they had only basic knowledge.

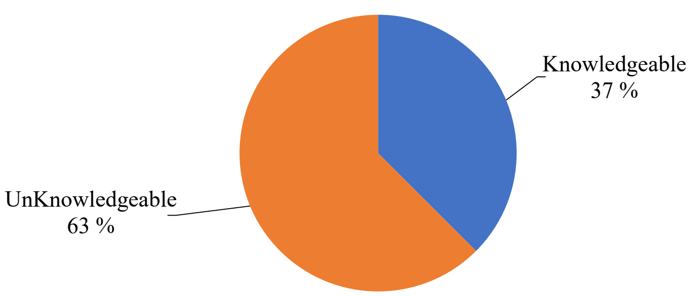

Fig. 8. Financial structure

As shown in Fig. 9, those who provided only basic information elaborated further. One participant mentioned using a tool known as the Work Break-down Structure (WBS). The two people who are left design a general financial structure and search for ways to reduce overhead and operational costs.

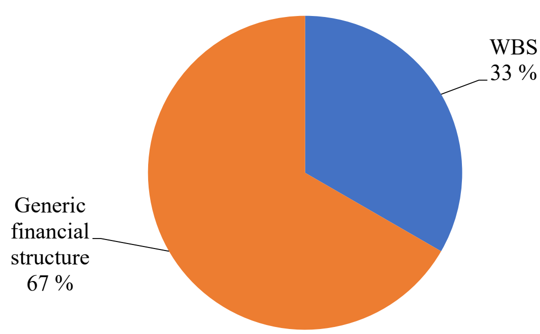

Fig. 9. Knowledge of financial structure knowledge

When participants were asked what level of knowledge they had when formulating financial policies, the results are shown in Fig. 10. Seven individuals said they were not knowledgeable. One participant explained that they hire accountants to help them after having some basic understanding.

When participants were asked how much they knew about financial strategies, the results are shown in Fig. 11. Six people have financial strategies, but two participants were not knowledgeable about financial strategies. Two others elaborated and suggested concentrating on local customers and slowing business expansion. The four participants' strategies were fewer liabilities and using retained earnings to expand the business.

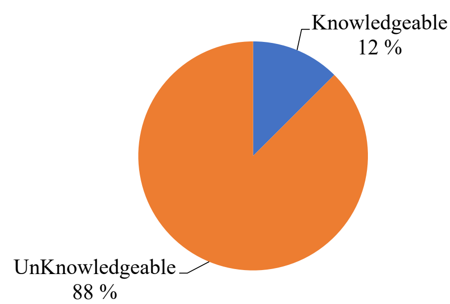

Fig. 10. Financial policies

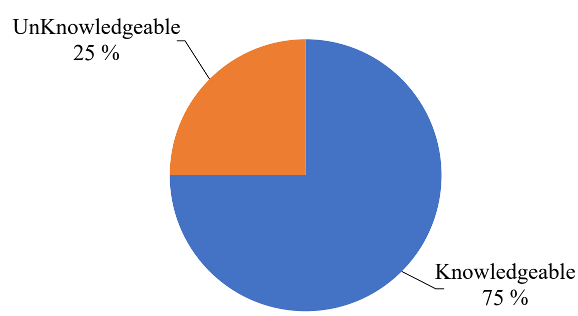

Fig. 11. Financial strategies

3.2. Discussion of Findings through Thematic and Content Analysis

3.2.1. The current financial situation of entrepreneurs in Hatfield. According to the results in Fig. 1, 75 % of participants said the business's present financial situation is due to cash flow and financial constraints. These two constraints are the primary impediments to financial expansion and the long-term viability of businesses. Most business owners experience financial, liquidity, and credit constraints, which prevent them from maximizing profit. Participants who responded that financial and liquidity restrictions are critical roadblocks explained their points and said credit constraints are irrelevant if they are removed. 25 % of participants said that the most significant barrier is liquidity constraints, which arise from a lack of start-up expenditures and produce financial and credit constraints.

3.2.2. Financial constraints. 75 % of participants characterized the business's present financial poor accessibility of capital as the main reason for these constraints. 25 % of the participants said obtaining capital, particularly from investors, was challenging because of a lack of business connections. The remaining 25 % said financial institutions must adhere to stringent rules and regulations. When further questioned about the rigorous restrictions, the participants responded that providing a financial history or collateral is difficult because the business is relatively new. The remaining 50 % of participants claimed that investors' capital is not easily accessible from outside sources. Participants who mentioned a lack of external investor capital accessibility were prompted to provide further detail. 25 % of respondents said that equity agreement is more favourable to investors than entrepreneurs, and seventy-five percent said that most investors want 50 % or more of the stock to offer to fund.

3.2.3. Liquidity constraints. Insufficient funding at start-ups causes liquidity problems, according to 38 % of participants. Participants indicated that they anticipate dealing with liquidity and finance constraints simultaneously. Participants who said that a lack of financial resources causes liquidity issues did so in 67 % of cases. All participants agreed that microfinance is the best way to eliminate liquidity constraints. Participants agreed that microfinance has the benefit of not requiring collateral and simply using individual credit scores to obtain capital. However, as participants explained, servicing microfinance debt is expensive compared to financial institutions such as banks. All participants stated that microfinance worsens the business's long-term financial situation, not its liquidity. The remaining 63 % of responders mentioned that it becomes difficult to finance day-to-day operations expenses whenever a creditor has not paid after 90 days. Participants discussed the issue in more detail and indicated that late payments from creditors cause liquidity problems since paying debtors becomes difficult and impacts how the firm operates. The bank statements' bad reflection of the late payments is problematic, particularly when trying to get money from investors and financial institutions. Most participants stated that because of the poor bank statements, investors and financial institutions believe the business is unsuccessful.

3.2.4. Credit constraints. 75 % of respondents said that financial institutions want collateral as security for capital and have very severe scoring criteria owing to self-employment because of personal credit records. Participants further highlighted that the link between personal credit score and business makes it difficult for businesses to enter the credit market. Due to the usage of individualized scoring, less money is required from participants. Lack of financial documents and poor credit histories lead to credit restrictions, which harm business participants. Due to a lack of financial records, two out of eight participants claimed that the conditions for business leases were more stringent than those for five years. Participants said that because some assets cannot be used as security, the laws governing credit and collateral make it challenging to raise funds.

3.2.5. Financial challenges affecting the success of entrepreneurs in Hatfield. 37 % of respondents report financial institutions imposing stringent standards and collateral demands, making it challenging to secure financing within the initial business year. Information asymmetry (12 %) arises from a lack of financial forecasting knowledge, hindering collaboration. Integrity concerns lead 50 % to withhold business scope information. Liquidity issues stem from late payments, prompting varied debtor payment strategies. Accounting software (38 %) aids cash flow management, while 33 % rely on personal bank accounts. Using one account occasionally leads to liquidity problems, prompting 25 % to deposit into the business account for proper cash management and to showcase liquidity to investors. Personal financial resources, including assets and credit histories, are tapped due to difficulty obtaining external finance.

3.2.6. The current level of financial knowledge of entrepreneurs in Hatfield. Participants were questioned about their expertise in financial statement analysis. Fig. 5 results demonstrate that only basic knowledge was possessed by 50 % of participants. Participants who said they just had a basic understanding were invited to elaborate. 25 % of respondents said their expertise, particularly about comprehensive statements, is insufficient and difficult to analyze. The knowledge was defined as having been obtained through work experience in the remaining 75 %. Because 50 % of participants had a background in or involvement with financial institutions, all participants agreed that only basic knowledge is required for adequate internal financial records. The duplicate financial records supplied externally are insufficient since financial institutions need comprehensive financial statements that include all relevant financial data. A crucial competence necessary to obtain financing from investors and financial institutions is lacking in 50 % of participants. The 50 % and Fig. 1 are related since most business owners in Hatfield struggle to find funding, particularly from banks and investors. The remaining 50 % of respondents indicated that they lacked expertise. Participants added that it is tough to approach investors and financial organizations to acquire capital. Participants who lacked this expertise noted that it is challenging to follow most financial transactions, mainly when several transactions co-occur. Participants acknowledged that balancing the business's assets and liabilities and performing financial forecasts are complex tasks.

The participants' lack of comprehension of financial statement analysis revealed that it is challenging to deploy financial resources appropriately since they are used thumb-sucking, which can occasionally lead to liquidity issues. All participants both those with and without knowledge of financial records were questioned about their upkeep. Fig. 7 results demonstrate that 25 % of participants who had some familiarity with analyzing financial accounts responded that they were proficient with single-entry systems. As one entry at a time, the single-entry system has limited functionality. It is challenging for participants to stipulate when there are more transactions to be recorded. The remaining 75 % of participants said they handle their financial records using Microsoft spreadsheets. However, participants noted that making mistakes on the Microsoft spreadsheet is quite simple. Further discussion among participants revealed that financial records are controlled and stored on the cloud. The management of financial records was asked of participants who lacked an understanding of financial statement analysis. Every single person who responded said that they use Microsoft Word and bank statements to keep track of business transactions.

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3.3. Recommendations. This study's primary goal is to research the financial issues limiting the success of entrepreneurs in Hatfield, Gauteng, and to offer actionable advice based on the key results. Most financial problems facing Hatfield businesses may be solved with financial literacy. The following financial abilities can help to overcome financial obstacles:

3.3.1. Bookkeeping and accounting skills. Bookkeeping helps to increase a business's liquidity and reduce the danger of future cash flow issues. Entrepreneurs in Hatfield also need to develop their accounting skills to help them make future estimates of their sales, operational costs, and the assets they will need to meet demand. Since the emphasis is on employing alternatives to start-up financing and the skill eliminates liquidity limitations, bootstrapping abilities are essential for burgeoning businesspeople in Hatfield. 50 % of the survey participants said they had no knowledge of financial structures. Sixty percent said they do not care who provides capital; they consider how simple it is to obtain finance to eliminate liquidity limitations. Participants noted how tough it is to lack information about constructing financial structures. In terms of creating financial policies, 87 % of participants lack knowledge. Regarding financial expertise, Hatfield's business owners have a significant knowledge gap. Only by becoming financially literate will the gap be closed.

3.3.2. Negotiation skills. The ability will make it easier for entrepreneurs, especially new ones in Hatfield, to negotiate equity percentages in a way that is more advantageous to the business. The ability to negotiate and make concessions with investors for funding will help continuously. Self-efficacy is a negotiation skill measured by how much effort and persistence is put into enhancing the business's liquidity and performance. The ability is learned through various experience activities, social modelling, and verbal persuasion, and it can help entrepreneurs feel more confident during negotiations.

3.3.3. Bootstrapping skills. Empowering new Hatfield business owners with this skill facilitates exploring alternative start-up funding avenues and eliminating liquidity challenges. It equips them to be resourceful in seeking external financing and adept at managing financial resources. This capability strategically minimizes payment delays from creditors and enables effective negotiation with debtors for payment extensions. If adopted globally, these strategies, including in places like Ukraine, could enhance business efficiency.

3.4. Limitations and directions for the development of the study. The limitations of qualitative approaches often become apparent when adopted to address inappropriate research aims. The limitations of the study were as follows:

– Only entrepreneurs in a particular geographic area were the focus of the study.

– Only entrepreneurs who operate under a single business umbrella were included in the study. These business people had not yet been around for a year. Owners made up the study's participants, which raised the possibility of self-bias. However, future studies may be conducted on the financial literacy level of entrepreneurs and their level of business efficiency. Future studies may be conducted using a combination of mixed methods.

4. Conclusions

The findings made in this study shed light on a critical aspect that resonates deeply with the existing body of knowledge. The findings underscore how limitations can exert a direct and significant impact on a business's ability to manage its cash flow and overall financial performance. What emerges from the study is a striking revelation: a staggering seventy-five percent of the participants reported grappling with financial challenges, including issues related to liquidity and the demanding nature of securing capital. These hurdles have cast a shadow over the current financial health of the businesses involved.

It is fascinating to note the alignment between these findings and what the literature has previously unveiled. The literature has consistently emphasized the pivotal role limitations play in influencing a business's financial landscape. In this case, the correlation is strikingly clear. The financial woes currently faced by Hatfield's entrepreneurs can be unequivocally attributed to the very same financial and liquidity constraints that have been extensively discussed in prior research.

In essence, this study bridges the gap between theory and real-world challenges, demonstrating how the theoretical concepts explored in the literature manifest as tangible barriers for businesses in Hatfield. It is a poignant reminder that the struggles faced by entrepreneurs are not merely abstract notions but are deeply rooted in the practical complexities of managing finances and navigating the intricate terrain of liquidity and capital accessibility.

Finally, a key factor casting a shadow on the financial success of entrepreneurs in Hatfield is the uneven distribution of information between the entrepreneurs and the financial sector. It is akin to a gap in knowledge that participants readily acknowledged as a substantial hurdle. This information gap, which widens the divide between financial institutions and businesses, emerges as a prominent barrier to success.

The experiences of Hatfield's entrepreneurs find resonance in both primary and secondary sources, serving as a testament to how this knowledge disparity impacts their journey. This situation is not unique to Hatfield; it reflects a broader trend seen in the literature. Financial institutions and investors often perceive entrepreneurs as ventures fraught with risk. This perception aligns with what emerged from the study.

In fact, the study's findings paint a vivid picture: a significant 37 % of respondents attested to the stringent standards imposed by financial institutions, including the insistence on collateral as a security measure. This finding echoes the literature's portrayal of financial institutions' cautious approach towards entrepreneurs, primarily driven by their classification as high-risk prospects. These congruent findings, whether drawn from the study or the existing literature, collectively underscore the challenges entrepreneurs face when seeking financial support. It highlights the uphill battle they encounter due to the perception of risk associated with their ventures. This alignment between real-world experiences and scholarly discourse emphasizes that entrepreneurs' struggles with financial institutions are not isolated incidents but rather a reflection of the wider landscape they operate within.

As per the insights from existing literature, government-backed incubation programs have emerged as potential lifelines for businesses grappling with financial hurdles. These programs, often offering an array of resources such as online platforms, mentorship initiatives, and shared office spaces, have been instrumental in supporting business owners. They hold the promise of not only helping them navigate their financial challenges but also bolstering their long-term profitability and sustainability. However, the study's results present a different picture. Surprisingly, half of the participants confessed to having little to no familiarity with financial structures. This revelation underscores a fundamental issue – many business owners in Hatfield lack a solid grasp of financial statement analysis. Without a sound understanding of these financial intricacies, effectively deploying financial resources becomes a daunting task. This disconnect between the findings and the potential benefits of government incubation programs is notable. While existing literature suggests that these programs could be a significant aid, the reality on the ground paints a starkly different picture. It appears that a substantial portion of the participants may face literacy or educational challenges, making it difficult for them to fully harness the support offered by these initiatives. In essence, the potential benefits of government incubation programs may not be fully realized by those who need them the most due to this literacy gap.

Conflict of interest

The authors declare that they have no conflict of interest in relation to this study, including financial, personal, authorship, or any other, that could affect the study and its results presented in this article.

Financing

The research was performed without financial support.

Data availability

The manuscript has no associated data.

Use of artificial intelligence

The authors confirm that they did not use artificial intelligence technologies when creating the current work.

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