



# Financial Literacy and the Impact of Movement Control Order (MCO) Among the Muslim Mompreneurs A Qualitative Study

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**Abstract:** This empirical paper investigates how the mompreneurs manage their businesses during the Covid-19 lockdown and how the pandemic affects their family. The role of a mother in a family encompasses the livelihood of the family members, which extends to the family's financial standing. A mother's role in a family ranges from a homemaker and, to a certain extent, a financial provider. In Malaysia, it was reported in 2018 that 60.2% of entrepreneurs are housewives. However, it is believed that many women are working at and from home with high cost of living, especially in urban areas. They become home-based entrepreneurs, especially during this unprecedented pandemic, i.e. Covid-19, and restricted by the Movement Control Order (MCO). This study adopted an exploratory qualitative study whereby six (6) mompreneurs who are operating their businesses from home were interviewed to understand how the pandemic and the lockdown have affected their lives. This paper further examines their coping mechanism to the pandemic and financial income during this crisis. Mompreneurs' financial literacy is also observed in this paper to explore their financial understanding. This research is an exploratory study, and it only provides general ideas on how a home-based businesswoman survive and cope during the lockdown. The findings from this paper are suitable to be used as a benchmark for an extensive quantitative study in the future to further understand the behaviour of the mompreneurs, especially in Malaysia.

**Keywords:** MCO, Covid-19, mompreneur, home-based business, financial literacy

**JEL Classification:** G53, G51, I31

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## Introduction

*“A woman is like a teabag: you never know how strong she is until she gets in hot water”*

**Eleanor Roosevelt**

The above quotation pointed out that a woman will grow better in the event of a crisis. Though the statement is accurate, lack of financial literacy will hinder a woman from making a wise financial decision. Financial literacy can be defined as 'one's understanding of financial information (Ali et al., 2013), which comprises three main components: financial knowledge, financial behaviour, and financial attitude (OECD, 2020).

Financial literacy then is critical, especially during a financial crisis. This is proven during the recent pandemic known as COVID-19, which has caused a financial crisis all over the globe. Many countries have taken their own security measures to combat this pandemic. It was proven that the only way to fight this is through social distancing, quarantine and or isolation<sup>1</sup> (Centres for Disease Control and Prevention, 2019). Thus, most countries have declared “a lockdown” that prohibits the citizens from leaving their houses to reduce human contact and prevent the virus from spreading. International borders were closed immediately until further notice. There are different measures adopted by the countries. The Malaysian government-enforced and is still enforcing the Movement Control Order (MCO) (Perintah Kawalan Pergerakan (PKP)). The first phase of the MCO was announced on 16<sup>th</sup> March 2020, which came into force on 18<sup>th</sup> March 2020. The one-day gap took the Malaysians by surprise, and no one was ready. It was chaos when people went for panic buying as the MCO prolonged (Yau et al., 2020). It was reported that out of 11,571 respondents, 23% engaged in the panic buying activity when the MCO was announced<sup>2</sup>. Malaysians were ordered to stay at home, and only the family leader was allowed to go out if there is a necessity. As the Order took everyone by surprise, the most affected group is likely those who managed a home-based business (Che Omar et al., 2020).

Due to the said Order, it has affected many businesses, even those who operated from home. Working from home is the new norm that needs to be redefined by

1 <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/social-distancing.html>

2 <https://www.statista.com/statistics/1120421/malaysia-share-of-panic-buyers-after-coronavirus-outbreak/>

working mothers. In fact, it was reported that women are predominantly affected during the MCO due to the additional obligations at home. Women need to work from home and at the same time manage their house chores. The mompreneurs who usually work from home while taking care of the household are among the affected ones as their children will be at home rather than at school. This study aims to study the impact of MCO on mompreneurs and their preparation for facing this kind of situation.

This paper further argues that financial literacy plays an essential role in ensuring the financial stability of mompreneurs during the economic crisis (Lusardi, 2019). Without proper financial education, it is unlikely for the mompreneurs to sustain their home-based business. In addition, it was also argued that COVID-19 further increases the responsibility of women in taking care of the family and the socio-economic status of the family (Power, 2020; Ud Din et al., 2020) emerging research suggests that the crisis and its subsequent shutdown response have resulted in a dramatic increase in this burden. It is likely that the negative impacts for women and families will last for years without proactive interventions. What we commonly refer to as “the economy” would not function without the (often unrecognized). Mompreneurs were not only burdened by their home-based businesses during the COVID-19 pandemic, but they also have to face additional responsibilities during the lockdown, such as taking care of the children, which entails extra cooking and extra cleaning activity. Therefore, the objective of this paper is to analyse how the Muslim mompreneurs deals with their businesses during the Covid-19 lockdown.

## Literature Review

### Mompreneur

Mompreneur is a term given to the entrepreneurial mothers that are doing business and at the same time taking care of the households. Collins English Dictionary defines it as “a woman who combines running a business enterprise with looking after her children”. A more technical definition was highlighted by Korsgaard (2007) that defines mompreneur as a female business owner actively balancing the role of a mom and of an entrepreneur.” It is a home-based business that provide an avenue for the mothers to take care of the household and at the same time contribute to the financial standing of the family.

Due to increased family obligations, mompreneurs have to balance the requirements of running a business with the demands of raising their children. It is in line

with the research conducted by Khazanah Research Institute, which reported that in 2018, 60% or 2.6 million Malaysian women choose to stay out of the workforce due to housework<sup>3</sup>. Apparently, many Muslim mothers in Malaysia opt to stay at home with their family and at the same time generate income for the family. Surprisingly, those who opt to leave their 9-5 jobs are those in professional service to avoid or minimise the conflict between family and career's responsibilities (Hudson Breen & Leung, 2020; Korsgaard, 2007). However, the realisation to provide the best for the family members is embedded in their nature as a mother; though it might be hard on them but most of the time, they are doing it willingly. This claim is supported by Cho, Li, and Chaudhuri (2020), who pointed out that motherhood and social norms play an important factor in determining women entrepreneurship. Which means, most mompreneurs choose to leave their job due to motherhood and social norms. Newhouse (2018) found that mompreneurs may thrive for success if they received support from family members and undergo personal growth through education on business matters. Support from the government was further highlighted by Ghouse, McElwee, and Durrah (2019) in ensuring the success of mompreneur business.

From *Shari'ah* point of view, nurturing the family is the noble job of a mother. Additionally, a married woman is not obliged to work as the responsibility is due on the husband as mentioned in Surah An-Nisa' (4:34), which means *Men are the protectors and maintainers of women, because Allah has given the one more (strength) than the other, and because they support them from their means. Therefore, the righteous women are devoutly obedient and guard in (the husband's) absence what Allah would have them guard...*" (Pickthall, 1953).

In addition, being a mompreneur will enable the mother to breastfeed the children as encouraged by Islam. Surah Al-Baqarah (2:233) provides that *"The mothers shall give suck to their offspring for two whole years if the father desires to complete the term..."* (Pickthall, 1953). Islam, Shahabuddin, Adam, Rahman, and Sul-tana (2018) further argued that breastfeeding is the child's privilege in Islam, and as such, they concluded that a working mother who chose to stay at home and taking care of their children is successful in achieving a balance between her role as a suckling mother and as a working woman.

3 <https://femalemag.com.my/issues/unsurprisingly-whats-keeping-malaysian-women-working-housework-international-womens-day-2018/>

However, as highlighted above, since most mothers leave their jobs and start up their own business; they need to have a basic knowledge of finance to assist them with their business.

## Financial Literacy Among Mompreneurs

Financial literacy is one of the significant variables that ensure the performance and the success of a business. It is crucial as it will assist the entrepreneur in making a wise decision regarding their business. Despite that, many mothers who decided to start up their business faced many obstacles, especially in managing their financial standing regarding the business. Financial illiteracy among the women entrepreneur seems to be the biggest hindrance in developing a fine family economy. It is high time for society to empower those women entrepreneurs by providing such an avenue to refer to when facing issues due to lack of knowledge on financial literacy. Research conducted by Gayathri (2019) indicates that financial literacy among women entrepreneur was moderate, and as such, it is insufficient to assist them in making financial management and decision. In addition, Fazli Sabri and Tze Juen (2014) further concludes that financial literacy is one of the key factors to assist female entrepreneurs in making sound financial decisions, especially for their business and retirement plans. It was also highlighted that sufficient financial literacy is required to maximise the potential of a family (Rai et al., 2019) authors have presented an association of financial knowledge, financial behaviour and financial attitude towards the financial literacy level among working women in Delhi, India. The sample size of 394 working women from various public and private organizations of Delhi has been incorporated for the research. A structured questionnaire designed on a 5-point Likert scale has been used based on purposive sampling, and the goodness of fit is determined by analysis of moments structures (AMOS. In addition to that, Owolabi (2019) opined that financial awareness and financial knowledge among women would increase their financial self-reliance that will provide a better future. Rai et al. (2019) authors have presented an association of financial knowledge, financial behaviour and financial attitude towards the financial literacy level among working women in Delhi, India. The sample size of 394 working women from various public and private organizations of Delhi has been incorporated for the research. A structured questionnaire designed on a 5-point Likert scale has been used based on purposive sampling, and the goodness of fit is determined by analysis of moments structures (AMOS further discovered that women entrepreneurs with a better financial education possess a higher self-confidence and are more successful in their business.

## Research Methodology

This paper focuses on experienced six (6) mompreneurs who started their business after having children. Open-ended interview questions were developed to acquire an understanding of their experiences in facing the COVID-19 pandemic and how they survived during the MCO. Due to the lockdown, the interviews were conducted online. The data was gathered and analysed thoroughly. Prior to that, the interviews were transcribed in verbatim and analysed to look for emerging themes. Table 3.1 describes the demographic profile of the six informants. Further, in facilitating the paper with the themes, a matrix table with rows and columns were used. The responses from the Informants were indicated with a tick under each column in the matrix table (Dey, 1993) as provided in Table 4.1.

**Table 3.1**  
*Demographic profile*

Mompreneur(s)	Age	Education background	Type of business
Mom 1	33	Bachelor’s Degree & Master’s Degree Environmental Science UKM	Food and homes-based products
Mom 2	33	Bachelor in Accountancy	-Women clothing - dropship food
Mom 3	32	Bachelor Degree.	-Desserts such as cakes, puff, tarts -dropship food and supplements
Mom 4	35	Bachelor Degree.	-baby products -books and educational toys for kids - healthy food (keropok lekor with no msg)
Mom 5	34	Degree in Chemical Engineering	Tupperware brands
Mom 6	33	Bachelor degree in law	Food

## Findings and Discussion

### Effects of MCO Towards the Mompreneurs

The informants unanimously agreed that they were unprepared to face the financial crisis and let alone the pandemic. Since the MCO, they relied heavily on their

spouse to provide for expenses and maintain their business. They were financially affected and struggling during the Order as they were not allowed to go out to manage their home-based business, like going to the post office for postage purposes and to the market to acquire business supplies. Those involved with food and beverages are not that affected compared to those who sell non-food products.

Some of them even started a new business during that time. For example, Mom 2 initially sold Muslimah apparels. However, during the MCO, she realised that people would only spend their money on basic necessities such as food. With that in mind, she joined a dropship and became an agent to a food company that does not require her to move around. The Order will go straight away to the food company, and the company will arrange for delivery.

A similar pattern can be seen with Mom 3 and Mom 4 as they were also in the non-food business. Decisions regarding their finances must be made promptly to ensure that their financial flow was smooth during the economic crisis. Such adaptability during the period proves that there is a basic financial education amongst the informants.

Nonetheless, Mom 1 opined otherwise as she is selling food paste.

*“As I’m selling a food product when MCO is announced, people will always be at home, which means they have time to cook and they do not need food paste”.*

Mom 6 also experienced the same predicament where she claimed that her food business was affected during the MCO since most people were at home and chose to cook independently rather than buying from outside.

*“During such times, everyone needs to be careful on their budget and expenditures. Thus, they opt not to buy food from outside or online because it can be expensive. Because of that, I need to reduce the price to get more sale.”*

Based on the interview with the six informants, it is interesting to note that, during such an economic crisis, people tend to spend on food which is the basic necessity. Therefore, became a dropship under the food businesses seems to be the wise financial decision made by the mompreneurs.

## Financial Literacy Among the Mompreneurs

Among the six mompreneurs, four admitted that they have little knowledge of finance and how to account management. It is interesting to note that majority of the mompreneurs used their personal savings account rather than a business account in dealing with their business, which shows their level of financial illiteracy.

They should be able to differentiate between their personal account and the business account to ensure that the business account and the cash flow can be managed properly.

The businesses among the informants were operated in small scale as they did not get any financial funding from financial providers such as commercial banks, SME's Bank or Amanah Ikhtiar Malaysia. The majority agreed that they obtained their funding from spouses and family members for their business start-up. Some of them started their business via dropship, which does not require funding. Based on this, it can be concluded that the Informants lack in basic business management as they were unable to manage the financial aspect of their business. It is also safe to say that their small business is to cater to their want to financially provide for the family and take care of the family. If they were to be given proper financial education and solid financial support, they might be able to contribute better to the family income. Regardless, lack of fund and knowledge prevents these mothers from working hard to sustain their new careers while enjoying their valuable time with their children.

**Table 4.1**

*Financial literacy among the mompreneurs*

Question(s)	Mom 1	Mom 2	Mom 3	Mom 4	Mom 5	Mom 6
Does MCO affect your business?	Very much	Yes.	Yes	yes	Yes	Yes
How do you overcome such a crisis?	-reduce the price -venture into something else	-change to new business	-change to new business	-nothing	-selling other things	-reduce the price -appoint dropship
Is your business account separated from your personal account?	Yes	No	No	No	No	Yes
Do you know how to manage a business account?	Not really	Slightly	No	No	Not really	No
Are you prepared for any economic crisis?	Yes	No	No	No	No	Yes
Do you subscribe to any insurance or takaful policy to secure the business?	No	No	No	No	No	No idea

Based on Table 4.1, it is proven that the MCO has affected the livelihood of the mompreneurs as they are unprepared to face the economic crisis. It can be seen from their response that there is an apparent lack of knowledge and awareness of financial education among the Informants. Their educational background may play a role that contributes to such results though they are highly educated except for Mom 2. This is in line with the findings by Owolabi (2019), Katia, Richomme-Huet Virginie (2005) and Lusardi, (2019) that highlighted the importance of financial education among the mompreneurs.

Apart from that, the majority agreed that they are not well versed in managing their business. This was further proven by them not having a separate account for their business; instead, they are using the personal saving account when dealing with the customers. This could be detrimental as it may lead to losses in their business.

## Conclusion

In conclusion, it is submitted that financial literacy and the ability to make sound and prompt financial decisions will ensure the survival of women entrepreneurs during the financial crisis. Based on interviews conducted, lack of knowledge and awareness in financial education are the emergent themes for this study, which is in line with previous studies. In addition, the ability to make a prompt financial decision also set a theme, as discussed above. Lack of awareness and financial literacy will make the mompreneurs feel vulnerable to face the economic downturn. Thus, support from spouses, children, family members, society, and government play an important role in ensuring the mompreneurs remain in the industry. This study, however, is not exhaustive as it is an exploratory study and was conducted during the MCO. A face to face interview with the informants is believed to generate a better understanding of the matter. For future research, a quantitative study should be done among the mompreneurs in Malaysia to evaluate their financial literacy.

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