

# **ROLE OF MICROFINANCE INSTITUTIONS ON WOMEN ENTREPRENEURSHIP**

A dissertation submitted in partial fulfilment of the requirements for the degree of  
Masters of Business Studies (MBS)

**by**

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**CERTIFICATION OF AUTHORSHIP**

I hereby corroborate that I have researched and submitted the final of my dissertation entitled "**Role of Microfinance Institutions on Women Entrepreneurship**". The work of this dissertation has not been submitted previously for conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all informations sources and literature use are cited in the reference section of this dissertation.

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### REPORT OF RESEARCH COMMITTEE

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**Lila Ayer**

Student

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**ABBREVIATIONS**

ANOVA	=	Analysis of Variance
AF	=	Access to Finance
BS	=	Business Support
MFI	=	Microfinance Institution
SAD	=	Skills and Development
SPSS	=	Statistical Package for Social Science
SS	=	Saving Service
WE	=	Women Entrepreneurship

## ABSTRACT

This research explored the role of microfinance institutions (MFIs) in promoting women entrepreneurship development in Nepal, focusing on factors such as access to finance, skill development, business support, and saving services. The study employed a quantitative approach with a sample of 404 women entrepreneurs from Kathmandu, Lalitpur, and Bhaktapur districts. Data analysis included descriptive statistics, correlation analysis, and multiple regression to explore relationships and predictors of women entrepreneurship development. The findings reveal that variables such as access to finance, skill development, business support, and saving services exhibit significant internal consistency (Cronbach Alpha ranging from 0.652 to 0.764), indicating reliable measurement constructs. Descriptive statistics highlight moderate to high mean perceptions across these variables, suggesting consistent views among respondents regarding their importance in entrepreneurial success. Correlation analysis demonstrates strong positive relationships ( $p < 0.01$ ) among access to finance, skill development, business support, saving services, and women entrepreneurship development. Regression analysis further reveals that the combined predictors explain 54.3% of the variance in women entrepreneurship development, with saving services and business support emerging as significant predictors. The study shows the important role of microfinance interventions, particularly in enhancing business advisory services and facilitating effective saving mechanisms, in empowering women entrepreneurs. These findings offer valuable understandings for policymakers and practitioners aiming to design targeted strategies to foster gender-inclusive economic growth and entrepreneurship empowerment in Nepal and similar contexts.

*Keywords: Empowerment, Financial Inclusion, Gender Equality, Microfinance Institutions (MFIs)*

## **Chapter I**

### **Introduction**

#### **1.1 Background of the study**

Entrepreneurship refers to the act of setting up a new business or reviving an existing business so as to take advantage from new opportunity (Bhardwaj, 2009). Entrepreneurship is the process of exploring the opportunities in the market place and arranging resources required to exploit these opportunities for long term gain. Whereas microfinance institution are playing major role in the financial inclusion and contribution economic growth. In current scenario entrepreneurship is a creative and innovative skill. It requires planning and organizing opportunities, assuming risk and adapting to an ever changing political, social and economic environment (Andriamahery & Qamruzzaman, 2022). It has been accepted that entrepreneurship is an economic venture which helps to uplift the economic condition of people within a short period of time, especially from the point of view of employment generation.

Woman entrepreneur is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life (Rao, 2012). In Nepal women entrepreneurship is a new concept and has recently gained recognition. In developing country like Nepal micro and small-scale enterprises can contribute significantly in the economic development. Most of the women are engaged in micro cottage and small-scale enterprises. As per Population Census 2021, total population of Nepal was 29,192,480 out of which 48.96% (14,291,311) were male and 51.04 % (14,901,169) were female (CBS, 2021).

So women constitute more than half of the total population out of which 89% live in rural area and 17.1% in urban areas (CBS, 2021). Most of the women are engaged in household and farming activities and only 10% women of economically activate population are in SME. These enterprises are the backbone and foundation of economic development where resources are limited. In Nepal, very few women have control over resources and even lesser have opportunity to engage into income generating activities. Almost in all household, men make decision in the family and men always hold a higher status in the family. Property, expenditure and education are men's business and it is thought that they are not matters of concern for women. In this context, women have to engage themselves

in entrepreneurial activities and prove their worth to their husbands, fathers, brothers and sons. So, to explore women entrepreneurship development and microfinance role the study has significant concept in contextual way.

Women are one of the major parts of every society. Women in Nepal have been in a vulnerable position for long periods of time. Major problems of gender equality in Nepal pointed out by the fifteenth plan (2076/77-2080/81) includes prevalence of behavioral discrimination against women, the persistence of societal structure, beliefs, values and traditional practices that promote illiteracy, harmful practices, gender based discrimination and violence against women. Despite the efforts by the government, gender disparities in Nepal haven't been fully eliminated. Even in Nepal total population is 29,192,480 out of which No of Male is: 14,291,311 and no of female is: 14,901,169. That is, number of women populations is higher than number of men. Except the population all the parameters like literacy, income level, skills, job holders, ownership of business etc of women are weak. For example, current literacy rate of women is 57.7% which is lower than that of men by 20%. The proportion of women with access to property right is only 26%. The rate of labor participation of women is 26.3%, that of men is 53.8%. In addition to societal aspects, women are disproportionately more involved in unpaid housework's than men. Women's participation in politics has improved over the years. Female representation in the national and regional parliaments has dramatically improved for the last decade, mainly as the result of the introduction of gender quota system stipulated in the constitution and civil service act.

Despite the share of women in the members of parliaments was only 5.9% in 2005, the constitution now reserves at least 33% of parliament seats for women at the national level. In addition at least 40% of all leading political roles at local level are filled by women and at least one of the positions of a mayor and deputy mayor in a municipality must be taken by a woman. Civil service Act also stipulated that 33% of civil service posts are reserved for women. Reflecting the economical, educational, health and political situation of women in Nepal, Gender Gap Report 2020 ranked Nepal 101st in the world and 2nd in South Asia. The global gender gap index is a summary of the analysis of several aspects of gender gaps. Nepal was ranked high on "political Empowerment" while placed at lower position on "Educational Attainment", "Economic Independence" and "Health & Survival. (Central Bureau of Statistics 2021)

Women entrepreneurs have been identified as the new development engines and rising stars of emerging countries' economies, bringing prosperity and welfare. They have been cited by a number of stakeholders as a key "untapped source" of economic growth and development. The expansion in the number of female entrepreneurs in developing countries has sparked academic and development community interest. Donors, international public institutions, national and local governments, non-governmental organizations (NGOs), private businesses, charities, academic institutions, and industry associations have all implemented initiatives or policies to stimulate and expand the sector. Women's entrepreneurship is a developing global issue that has attracted a lot of study attention in recent decades (Khan et al., 2021). Female entrepreneurs are women who organize and run a business or other type of enterprise. Women entrepreneurs develop business ideas, start firms, manage and integrate production processes, run businesses, take risks, and deal with economic instability. Women's entrepreneurship has risen in popularity around the world, and it is now commonly recognized that entrepreneurship is critical for economic growth and job creation. Despite these figures, women in almost every country have lower rates of entrepreneurship than males (Cabrera & Mauricio, 2017). Due to the fact that the role of microfinance institutions is becoming increasingly significant for the entire economic development of the nation and the fact that women may require total help for their businesses, it is certainly a tough route to walk when it comes to establishing oneself in the business world. Nevertheless, microfinance institutions might play a part in the development of women entrepreneurs in specific ways.

## **1.2 Problem statement**

The Nepalese government is ready to encourage women entrepreneurs since the number of them grows year after year. Preferential allocation of sheds in industrial estates for women, cheaper loan and interest rates, and a subsidy for women who create small businesses' industrial units, capital subsidies in underdeveloped areas, marketing assistance, and a faster regulatory process for women (Mehta et al., 2022). Parvin et al. (2012) explored the role of the government and financial intermediaries in promoting women's entrepreneurship in Bangladesh. While the survey recognized tremendous advances made by female entrepreneurs, it also noted persisting problems such as restricted access to funding and regulatory barriers. Akehurst et al. (2012) investigated female entrepreneurs and their businesses in the Valencia Region of Spain, concentrating on motivation, impediments, and performance. Their results highlighted the significant impact of internal and external

variables on women entrepreneurs' success, underlining the need of personalized support structures to meet their individual requirements. Similarly, Mwobobia (2012) recognized issues encountered by small-scale female entrepreneurs in Kenya and proposed ways to overcome them, including government and private sector initiatives to improve financial assistance and capacity-building efforts.

Muteru (2013) explored the function of microfinance institutions (MFIs) in fostering the development of women-owned businesses, emphasizing their importance in company expansion and economic empowerment. Kabukuru and Afande (2016) investigated the challenges that women entrepreneurs encounter when seeking financing in Nairobi, Kenya's beauty business, highlighting the significance of alternative collateral strategies and legislative measures to improve access to finance. Neneh (2017) investigated the mediating effect of family support mechanisms on the success of women-owned businesses, emphasizing the importance of emotional, instrumental, and financial family support in encouraging entrepreneurial performance. Rosenbaum (2017) examined the impact of networks in the global market entrance of women-owned small businesses, highlighting the relevance of information and communication technology (ICT) in supporting international business strategy. Agrawal (2018) investigated the problems encountered by female entrepreneurs in several areas of Uttar Pradesh, India, focusing on their impact on entrepreneurial performance and employment generation. The research highlighted the ubiquitous impact of socio-cultural, economic, psychological, and managerial challenges in hindering the growth of women-led companies, despite their important contributions to local employment and rural artisanal development. While the results provide insight on the diverse nature of women entrepreneurs' obstacles, further study is needed to investigate the intricate interconnections of these issues and their consequences for women's entrepreneurial success.

While the research stressed the relevance of mentoring, apprenticeship, and coaching in boosting the success of female entrepreneurs, there is needed to examine role of microfinance on women's entrepreneurial results. The following research questions were used to analyze the role of microfinance institution in the women entrepreneurship development.

## **Research Questions**

The study is based on the following research issues:

- i. What is the role of microfinance institution in women entrepreneurship development?
- ii. Is there any relationship of access to finance, skill and development, business support, saving service microfinance with women entrepreneurship development?
- iii. Do access to finance, skill and development, business support, saving service impact women entrepreneurship development?

### **1.3 Objectives of the study**

The major objective of this dissertation is to examine the relationship between roles of microfinance institution on the women entrepreneurship development, following are the specific objectives of the study:

- i. To identify the role of microfinance institution in women entrepreneurship development.
- ii. To examine the relationship of access to finance, skill and development, business support, saving service influence between role of microfinance with women entrepreneurship development.
- iii. To analyze the influence of access to finance, skill and development, business support, saving service on women entrepreneurship development.

### **1.4 Hypothesis**

The study based on the following alternative hypothesis statements:

H1: There is a significant positive relationship between access to finance with women entrepreneurship development.

H2: There is a significant positive relationship between skill and development with women entrepreneurship development.

H3: There is a significant positive relationship between business support with women entrepreneurship development.

H4: There is a significant positive relationship between saving service with women entrepreneurship development.

### **1.5 Rational of the study**

Women's entrepreneurship growth is important for a country's development since women entrepreneurs have a substantial impact on almost every aspect of a country's economy. Women are valuable human resources, and our country should strive to employ them as economic growth and development mediators, as women account for more than half of the population (51.04 %). It indicates that half of our country's brainpower belongs to women, but due to socio-cultural structures and other factors, women's brainpower has been underutilized, and women remain the most underutilized resources. As a result, the country has been unable to develop the desired number of female entrepreneurs. We understand that the rate of development is determined by policy that is action-oriented and effective. To improve entrepreneurship and productivity, significant incentives and motivational variables are required. Equal opportunity for all economic activities, regardless of gender, is critical to accelerating economic growth and achieving sustained growth for long-term development. An encouraging fact has recently been discovered. Women entrepreneurs are gradually increasing in number, and various policy tools have been proven to be beneficial in this regard.

CBS stated that 29.8 percent of the enterprises in the country are owned by women. As many as 247,880 enterprises are owned by women and 30 percent of the total enterprises are run by women according to the National Economic Census 2018. Despite socio-cultural obstacles, this analysis demonstrates that women's desire to do anything to make a living appears to be growing in Nepal. As a result, it can be regarded as a promising sign of recent development. However, their rate of entry into entrepreneurship remains low, and those who are already in the game face a variety of obstacles, including legal ones.

In such a situation, it is critical to remove the barriers that women encounter in establishing their own businesses. To address the different barriers that women entrepreneurs confront, policies must be rebuilt and retouched. To identify such hurdles and remove them, a thorough investigation is required. This will provide a favorable environment for economic growth. Thus, this study is one of the constructive steps to identify the actual challenges and prospects for women entrepreneurship development in local as well as national level.

### **1.6 Limitations of the study**

The limitations of the study are as follows:

- i) The study is concentrated on role of microfinance institutions on women entrepreneurship development.
- ii) Kathmandu valley is taken for the study
- iii) The study is based on the primary data.

## **Chapter II**

### **Literature Review**

This chapter reviewed previous literatures and different knowledge, this chapter includes conceptual foundation of the variable and theories from the previously used articles. Also, this chapter reviewed international national journal article for the specific identification of the variable. Also, research gap is included in the end of this chapter.

#### **2.1 Conceptual Review**

Entrepreneurship is an economic agent that leads towards economic development (Busari et al. 2017). So, increased female entrepreneurship signals progress for women's rights and an improvement in their economic and social well-being. Women's empowerment is associated with women's entrepreneurship. Female entrepreneurs, like their male counterparts, are catalysts for job creation, innovation, and a more than tangible contribution to the country's GNP (Dwibedi, 2016). The growing involvement of women in economic development, as well as their increased participation in social activities, necessitates research into many aspects of women's entrepreneurial activity in the context of development. If women have equal opportunity and access to resources, they can play critical roles in the economic growth process. Despite an increase in the number of female entrepreneurs, the proportion of female entrepreneurs remains low when compared to their participation rate (Arenius 2003). Women can play a big part in the greater entrepreneurship phenomena and economic development, according to new research Women entrepreneurs utilize less start-up capital, have a lower proportion of stocks, and rely on bank loans than men. Furthermore, women-owned businesses are smaller and expand more slowly than men-owned businesses, implying gender inequalities in the emphasis placed on business expansion (Arenius, 2003). Gender equality is predicted to boost female entrepreneurship support by (Rho & Ha 2006).

Female entrepreneurs need self-confidence and motivation, for economic and technical growth, government policies and financial institutions, academic background, and family support, according to the findings (Rajkumar & Prasanna Kumar 2014). Women are acknowledged as successful entrepreneurs in the modern day because of their strong drive, qualities, and talents for powerful economic development (Khan et al., 2021). The findings show that the characteristics of the entrepreneur, external business environments, and supportive elements are all favorably associated to women-owned business success,

whereas the internal business environment has minimal impact(Shakeel, Yaokuang, and Gohar 2020). Internal elements such as the Limited funding, Market Access, Family Support, Fear of Failure, Limited Knowledge variables have crucial and substantial impact on the performance of women-owned businesses (Khan et al., 2021).

Women play crucial role inside household as well as in agriculture and related activities. The tasks women perform are not recognized as work. In most of the Asian countries women are nearly respected in their role of mothers and housekeepers. The dual burden is very heavy on women. In the economic setting, women occupy lower status than men because traditionally women have been associated with reproductive rather than productive tasks. Therefore, whatever the job women may perform, it is regarded as belonging to lower prestige and is paid lower rate while a man paid a higher rate for the same kind of work.

During the mid-18th century, it was popular for women to own certain businesses like brothels, alehouses, taverns, and retail shops, among others. Most of these businesses were not perceived with good reputations, because it was considered shameful for women to be in these positions. Society at the time frowned upon women involved in such businesses. During the 18th and 19th centuries, more women came out from under the oppression of society's limits and began to emerge into the public eye. Women like Rebecca Lukens flourished. In 1825, Lukens took her family business of ironworks and turned it into a profit-generating steel business. In the 1900s, due to a more progressive way of thinking and the rise of feminism, female entrepreneurs began to be a widely accepted term and although these women entrepreneurs serviced mostly women consumers, they were making great strides. Women gained the right to vote in 1920 and two years later, Clara and Lillian Westropp started the institution of Women's Savings & Loan as a way of teaching women how to be smart with their money. (Bostwick, 2014.) The 1980s and '90s were a time of reaping the benefits from the hard work of women who worked tirelessly for their rightful place in the workforce as employees and entrepreneurs. Martha Stewart and Vera Bradley were among the 25 percent women who owned businesses.

The public was also becoming more receptive and encouraging to these women entrepreneurs, acknowledging the valuable contribution they were making to the economy. The National Association of Women Business Owners helped to push Congress to pass The Women's Business Ownership Act in 1988, which would end discrimination in lending and also get rid of laws that required married women to acquire their husband's signature

for all loans. In addition, the Act also gave women-owned businesses a chance to compete for government contracts. As the '90s came in, the availability of computers and the increasing popularity of the internet gave a much needed boost to women in business. This technology allowed them to be more prevalent in the business world and showcase their skills to their competitors. Even then, with the added popularity of women in business, the availability of technology, the support from different organizations, female entrepreneurs today are still fighting.

### **2.1.1 Access to Finance**

Within the context of women entrepreneurs, the term "access to finance" refers to the availability of financial resources, such as loans, credit facilities, and investment capital, as well as the simplicity with which they can be obtained. Considerations such as the availability of microfinance institutions, traditional banking services, venture capital, and other forms of financial assistance that are specifically designed to meet the requirements of women are included in this category (Abebe & Kegne, 2023).

Women entrepreneurs have a huge obstacle in the form of restricted capital, which hinders their capacity to establish, maintain, and expand their firms. This is a key barrier in the landscape of entrepreneurship. This variable comprises a range of problems, including difficulty acquiring loans or credit from financial institutions, inadequate personal savings or investment capital, and limited access to alternative funding sources such as venture capital or angel investors. When it comes to financing their businesses, women entrepreneurs frequently encounter discriminatory lending practices, higher interest rates, and stringent collateral requirements, which further exacerbates their financial limits. Furthermore, socio-cultural issues may be a contributing factor to limited access to financial resources. Women face additional hurdles as a result of gender biases and societal conventions on the subject of financial resources. Women company owners may have a difficult time investing in critical business operations such as product development, marketing, and expansion as a consequence of this, which hinders their capacity to compete and thrive in the market.

### **2.1.2 Skills and Development**

Beyond financial resources, the acquisition of relevant skills is essential for women entrepreneurs to navigate the complexities of business ownership successfully. In the context of women entrepreneurs, the term "skill and development" refers to the process of

acquiring, enhancing, and making use of the knowledge, expertise, and competencies that are important for effective business success. To enhance entrepreneurial abilities, leadership traits, and business acumen, it encompasses formal education, vocational training, mentoring programs, workshops, and activities focused at creating capacity (Abebe & Kegne, 2023).

Microfinance Institutions (MFIs) recognize this need and often complement their financial services with capacity-building programs tailored to women's specific contexts. These programs encompass training in business management, marketing, financial literacy, and other pertinent areas. Empirical evidence suggests that such skill development initiatives not only enhance women's entrepreneurial competencies but also foster innovation, resilience, and adaptability, thereby fostering sustainable business growth.

### **2.1.3 Business Support**

It is the provision of a variety of forms of aid, direction, and resources with the intention of easing the process of establishing, growing, and maintaining businesses that are owned and operated by women. This aid may take the form of mentorship, coaching, technical assistance, access to networks and markets, infrastructure development, and regulatory compliance services that are specifically targeted to meet the requirements of female entrepreneurs (Abebe & Kegne, 2023).

In addition to finance and skills, women entrepreneurs benefit from tailored business support services provided by MFIs. These services may include mentorship, networking opportunities, market linkages, and technical assistance, which are crucial for overcoming operational challenges and seizing growth opportunities. MFIs act as catalysts for women's entrepreneurship by facilitating knowledge exchange, fostering peer learning, and promoting collaboration among women-owned enterprises. Studies underscore the positive correlation between access to comprehensive business support and the performance, profitability, and sustainability of women-led ventures.

### **2.1.4 Saving Service**

Savings services is the availability and utilization of various financial products and procedures that make it possible for female entrepreneurs to build up their savings, manage their cash flow, and ensure their financial stability. Access to savings accounts, micro savings programs, insurance products, and other financial instruments that are aimed to

encourage the mobilization of savings, the accumulation of assets, and the reduction of risk among female entrepreneurs are included in this (Abebe & Kegne, 2023).

While access to credit is vital for entrepreneurship, saving services offered by MFIs play a complementary role in women's economic empowerment. Savings enable women to accumulate capital, build assets, and mitigate financial risks, thereby enhancing their resilience to economic shocks and uncertainties. By promoting a culture of saving and financial planning, MFIs empower women to invest in their businesses, households, and children's education, thereby breaking the cycle of poverty and fostering intergenerational prosperity.

### **2.1.5 Women Entrepreneurship**

It refers to the development, empowerment, and success of female entrepreneurs in the areas of enterprise establishment, management, and expansion. Several facets are included in it, such as the greater participation of women in entrepreneurial activities, the improvement in their company success, the stability of their financial situation, and the overall progress of socioeconomic conditions (Abebe & Kegne, 2023).

Women Entrepreneurship Development (WED), covers the entire process of women's participation in entrepreneurial activities, from the formation and management of women-owned businesses to their performance, growth trajectory, innovation, and socioeconomic impact. WED includes metrics such as the number and viability of women-owned enterprises, financial performance, innovative outputs, and contributions to poverty reduction and social empowerment. Furthermore, WED recognizes women entrepreneurs' personal and professional growth, including the acquisition of entrepreneurial abilities, leadership skills, and socioeconomic position. Overall, WED is the overall outcome variable that captures the whole impact of women's entrepreneurship on economic growth, gender equality, and personal well-being.

## **2.2 Theoretical Review**

This section reviewed previous theories related to the study:

### **2.2.1 Social Role Theory**

This idea holds those cultural expectations and standard about gender roles impact people's behavior and chances in society. In the case of female entrepreneurs, social role theory implies that traditional gender norms may hinder women's access to resources such as capital, market possibilities, and family support. Women may encounter barriers to

obtaining funds and markets owing to gender stereotypes that place males as breadwinners and decision-makers. Furthermore, women's poor awareness of entrepreneurship may be due to cultural expectations that they prioritize home obligations over entrepreneurial pursuits.

Franke et al. (1997) conducted meta-analysis looked at gender variations in judgments of ethical decision-making, using data from more than 20,000 people across 66 samples. It discovered that women tend to regard particular hypothetical corporate operations as more immoral than males. This discovery is consistent with social role theory, which holds that as people gain job experience, gender inequalities in ethical attitudes disappear. Furthermore, social role theory suggests that gender inequalities are more noticeable in nonmonetary concerns than in monetary ones. T.M. Jones' issue-contingent model of moral intensity helps explain why gender inequalities vary across different forms of conduct. Surprisingly, the study found that these differences are not influenced by the gender of the actor or the target of the behavior, nor do they depend on whether the behavior involves personal relationships or action versus inaction.

### **2.2.2 Resource Based Theory**

This theory examines the role of resources in affecting company performance and competitive advantage. In the context of female entrepreneurs, resource-based theory implies that low money, market access, family support, and education all hinder women's capacity to establish and expand successful firms. Women entrepreneurs may encounter challenges to obtaining financial resources, networks, and knowledge compared to their male counterparts, limiting their capacity to compete effectively in the marketplace. Understanding how these resource limits impact the problems that women entrepreneurs face might give insights into how to overcome them and promote women's entrepreneurship in the region.

### **2.3 Empirical Review**

Yusuff et al. (2016) conducted a study on microfinance and women entrepreneurs' business performance: the mediating role of social capital. The objective of the study was to explore the relationship between microfinance, women entrepreneurs' business performance, and the mediating role of social capital. The study used structural equation modeling to analyze data. The study found that microfinance significantly influenced the business performance of women entrepreneurs, with social capital playing a crucial mediating role in this

relationship. The study concluded that both microfinance and social capital are important in fostering the success of women-led businesses.

Neneh (2017) examined family support and the performance of women-owned enterprises: the mediating effect of family-to-work enrichment. The objective of the study was to explore the mediating influence of family-to-work enrichment (FWE) in the setting of women-owned firms. The study used ANOVA to analyze the data. The study found favorable relationships between emotional, instrumental, and financial family support and company performance. The study concluded with a demand for personalized support systems that recognize the particular obstacles encountered by women in business and advocate for policies and environments conducive to their growth and prosperity.

Omotayo et al. (2017) conducted a study on the role of microfinance on the performance of women entrepreneurs. The objectives of the study were to analyze the financial products offered by MFIs to women entrepreneurs, to assess the accessibility of these products, to identify challenges faced by MFIs in financing women entrepreneurs, and to propose strategies for improving access to microfinance services. The study used correlation coefficient and multiple regression to analyze the data. The study found that several financial products were available, but women entrepreneurs had limited access due to stringent conditions. Challenges such as loan repayment delays, lack of business plans, and diversion of funds were prevalent. The study concluded that enhancing women's entrepreneurship financing necessitates reducing interest rates, relaxing loan conditions, expanding MFI outreach, educating more women about MFIs, prioritizing rural women, aiding in business plan preparation, and extending payback periods.

James and Jane (2018) explored a study on the role of microfinance institutions in the promotion of women entrepreneurship. The objective of the study was to evaluate the impact of microfinance services on the economic empowerment of women. The study used quantitative tools such as correlation coefficient and multiple regression to analyze the data. The study found that a majority of clients had accessed loans and benefited from training in areas such as bookkeeping and credit management. The study concluded that Pride Microfinance played a pivotal role in empowering women economically by facilitating money transfers, payments, savings, and business capital acquisition, crucial for entrepreneurship development.

Drori et al. (2018) conducted a study on language and market inclusivity for women entrepreneurship: the case of microfinance. The objective of the study was to address a gap in existing knowledge by including language as a cultural institution in the examination of gender-based socioeconomic inequality. The study used multilevel or hierarchical regression to analyze the data. The study found that there is a strong influence of NGO status on the percentage of female borrowers, adding to the discussion of improving women's economic involvement. The study concluded that the use of language as a cultural institution expands our understanding of gender dynamics in the microfinance business, providing useful insights for policymakers and practitioners working to create gender-inclusive financial systems.

Ajuna et al. (2018) investigated a study on the impact of training on the performance of women entrepreneurs. The objective of the study was to explore the influence of training on the performance of women entrepreneurs. The study used a linear regression model for data analysis. The study found that mentorship had a substantial impact on the success of women entrepreneurs, allowing mentees to make educated decisions, realize their potential, and establish future objectives. The study concluded that boosting technical and vocational training institutes, improving entrepreneurial education, and expanding access to financial services for women-owned SMEs can promote economic empowerment.

Welsh et al. (2019) conducted a study on family enrichment and women's entrepreneurial success. The objective of the study was to explore the relationship between work-family enrichment and interference in the entrepreneurial performance of women-owned enterprises. The study used multiple regression to analyze the data. The study found the strongest linkages by studying familial instrumental and emotional support, as well as gender-related personal concerns. The study concluded that while family financial assistance is beneficial to business success, the existence of gender-related personal difficulties might counteract this benefit. In contrast, family moral support has a buffering effect, reducing the unfavorable impact of personal crises on entrepreneurial outcomes.

Yacus et al. (2019) conducted a study on the influence of funding approaches, growth expectations, and industry gender distribution on high-growth women entrepreneurs. The objective of the study was to explore the dynamics of entrepreneurship among female business owners. The study used correlation coefficient and multiple regression to analyze the data. The study found that high-growth female entrepreneurs prefer to fund their

companies using personal and corporate equity and women-led enterprises in traditionally feminine sectors were more likely to achieve significant growth compared to those in non-feminine sectors. The study concluded that these findings offer unique insights into the complex dynamics of women's entrepreneurship, shedding light on the interplay of financial strategies, growth objectives, and industrial contexts.

Poggesi et al. (2019) examined women entrepreneurs and work-family conflict: An analysis of the antecedents. The objective of the study was to address the lack of research on work-family conflict (WFC) among female entrepreneurs. The study used correlation coefficient and multiple regression to analyze the data. The study found significant associations between both within-domain and cross-domain stresses and WFC, emphasizing the complex interplay between work and home domains in determining women entrepreneurs' experiences. The study concluded that a better understanding of WFC among women entrepreneurs is crucial, highlighting the need to consider both work and family pressures when resolving disputes and promoting well-being in this demographic.

Prakash and Agrawal (2019) conducted a study on removing the barriers to women's financial inclusion in entrepreneurship. The objective of the study was to address the limited access to funds, which hinders women entrepreneurs' operations and competitiveness. The study used a theoretical and analytical approach. The study found a significant gap between loans provided to women-owned SMEs and their actual financial requirements, leading to limitations in capital formation and challenges in meeting day-to-day operational needs. The study concluded crowdfunding as a feasible alternative to traditional financial inclusion methods, emphasizing its potential to bridge the financial divide and facilitate long-term development for female entrepreneurs.

Lamichhane (2020) explored a study on the pivotal role of microfinance in empowering women. The objective of the study was to explore the effectiveness of microfinance programs as tools for poverty alleviation, particularly for women in rural and marginalized communities. The study used regression analysis and analysis of variance (ANOVA). The study found a positive correlation between microfinance and women's empowerment, illustrating its effectiveness in facilitating economic empowerment, decision-making autonomy, and participation in income-generating activities. The study concluded that there is a positive correlation between microfinance and women's empowerment, positioning microfinance as a catalyst for social change and gender equality.

Rudhumbu et al. (2020) conducted a study on challenges and opportunities for women entrepreneurs: revisiting the role of entrepreneurship education. The objective of the study was to explore the obstacles and possibilities confronting female entrepreneurs in Botswana, as well as the impact of entrepreneurship education in improving their business knowledge and abilities. The study used multiple regression to analyze the data. The study found that despite these limitations, Botswana has a supportive legislative framework for entrepreneurship, and there is potential for targeted education initiatives to encourage female entrepreneurs. The study concluded by acknowledging its limitations and recommending that future research include rural entrepreneurs and use a mixed-methods approach.

Gavigan et al. (2020) investigated the impact of entrepreneurship training on self-employment among rural women. The objective of the study was to explore the effect of entrepreneurship training on self-employment among rural women. The study used multiple regression to analyze the data. The study found that an increase in both the business knowledge index and the business competence index correlates favorably with the likelihood of becoming self-employed, with a one-unit increase resulting in a 6% and 2.7% increase, respectively. The study concluded the importance of entrepreneurship training in enhancing self-employment opportunities for rural women in Uganda.

Shkodra (2021) conducted a study on the role of microfinance institutions for developing women entrepreneurship in Kosovo. The objective of the study was to explore the impact of microfinance institutions (MFIs) on the development of women-owned businesses. The study used the Pearson Correlation test. to analyze the data. The study found a positive correlation between MFI loans and women's business performance. The study concluded that MFIs play a crucial role in empowering women entrepreneurs, particularly in regions where traditional banking criteria pose barriers to financial inclusion.

Hameed et al. (2021) analyzed women entrepreneurs and microfinance institutions: a way to create new ventures. The objective of the study was to explore the crucial relationship between microfinance institutions and women entrepreneurs in fostering new venture creation. The study utilized case series method and mean, median, standard deviation. The study found a significant positive impact of microfinance factors on new venture creation among women. The study concluded that insights from this research can inform the

strategies of microfinance institutes, state banks, and governments in amplifying women's empowerment through new venture creation initiatives.

Akinbami (2021) conducted a study on the impacts of socio-cultural practices on family support systems for rural women entrepreneurship development. The objective of the study was to analyze the support networks accessible to rural female entrepreneurs. The study used thematic analysis tools for the analysis of data. The study found that there were support networks in both locations, albeit with differing degrees of accessibility, and highlighted the considerable impact of socio-cultural norms on women's entrepreneurial activities, indicating women's unwillingness to urge their children to inherit their enterprises due to cultural restraints. The study concluded by arguing that husbands, in particular, must overcome cultural hurdles that prevent firms from becoming family enterprises, while also advocating for long-term entrepreneurial growth, rural family economic empowerment, and poverty reduction.

Atarah et al. (2021) conducted a study on bricolage in the funding sources of female entrepreneurs in resource-constrained environments. The objective of the study was to explore the financial sources of female entrepreneurs in emerging economies to understand how these sources are combined to support firms. The study used correlation coefficient and multiple regression to analyze the data. The study found that women entrepreneurs relied mostly on social capital to obtain investment. Gifts/grants from friends, family, and well-wishers, personal savings, and interest-free loans developed as popular sources, with commercial loans obtained only once firms had reached a certain level of growth. The study concluded that results are applicable for social capital and entrepreneurial bricolage theories to entrepreneurial financing in developing economies, challenging the widely held belief that microfinance plays a salvific role among the poor and vulnerable, and providing valuable insights for policymakers and practitioners working to support female entrepreneurship in resource-constrained settings.

Andriamahery and Qamruzzaman (2022) explored the influence of access to financing, technical skills, and financial literacy on women's empowerment. The objective of the study was to examine the relationship between these factors and women's empowerment. The study used structural equation modeling and multivariate regression analysis (ANOVA) to analyze the data. The findings indicated a positive and statistically significant relationship between women's entrepreneurial sustainability and empowerment, with mediating

influences detected. The study concluded that effective policies promoting funding accessibility, technical knowledge development, and financial literacy are essential for enhancing women's entrepreneurial sustainability and, consequently, fostering women's empowerment on a broader scale.

Thapa and Chowdhary (2022) conducted a study to explore the impact of microfinance programs on women entrepreneurs' economic and social empowerment. The objective of the study was to assess the effects of microfinance on various aspects of women entrepreneurs' performance. The study used mean, standard deviation and Paired Sample t-test for metric data, and the Wilcoxon test and McNemar test for non-metric data were used to analyze the data. The study found significant positive effects of microfinance on women entrepreneurs, including increases in business turnover, investment, savings, expenditures, and asset ownership, microfinance participation enhanced women's decision-making autonomy, family and social relationships, mobility, and children's education and health. The study concludes by advocating for the expansion of microfinance programs to further empower women and promote economic inclusivity.

Mehta et al. (2022) examined effects of finance and knowledge on entrepreneurship development in Bangladesh. The objective of the study was to explore the influence of financial availability and knowledge on women's business growth. The study used a Pearson correlation test to analyze the data collected from SMEs. The study found that financial accessibility corresponds favorably with women's entrepreneurial development, as validated by structural equation modeling. The study concluded that there is a need for more assistance in knowledge creation and external finance to promote long-term development among female entrepreneurs in Bangladesh.

Sapkota and Bista (2022) conducted a study on the influence of microfinance on women's empowerment. The objective of the study was to examine the impact of microfinance on financial independence, decision-making, and self-confidence among women, with entrepreneurial skills, access to resources, leadership skills, and self-efficacy as independent variables. The study employed regression analysis to analyze the data. The study found that entrepreneurial skills, access to resources, leadership skills, and self-efficacy positively impacted financial independence, decision-making, and self-confidence among women. The study concluded by highlighting the importance of microfinance programs in promoting women's empowerment through the development of entrepreneurial

skills, access to resources, leadership abilities, and self-efficacy, suggesting targeted interventions to further empower women in Kathmandu Valley.

Nepal (2023) explored impact of microfinance on women's entrepreneurship and societal transformation. The objective of the study was to investigate the effects of microfinance on decision-making, effectiveness, lifestyle changes, and the reduction of domestic violence and gender inequality among women entrepreneurs. The study used the Pearson Correlation Test to analyze the data. The study found that there is a significant positive effect of microfinance, empowering women in decision-making, enhancing effectiveness, uplifting living standards, promoting investments, and reducing domestic violence. The study concluded that microfinance plays a vital role in challenging patriarchal norms, fostering entrepreneurship, and contributing to economic growth and social change.

Abraham and Meketaw (2023) conducted a study on the role of microfinance institutions on women's entrepreneurship development. The objective of the study was to explore the impact of microfinance services on the entrepreneurial development of women. The study used descriptive and explanatory designs alongside correlation coefficients to analyze the data. The study found that the financial and non-financial services provided by the microfinance institution lacked significant empowerment for disadvantaged and impoverished women in improving their livelihoods and business development. The study concluded that stemming from these findings may include enhancements in the design and delivery of microfinance services tailored to address the specific needs and challenges faced by women entrepreneurs in Assosa town, potentially leading to more impactful empowerment initiatives.

Abebe and Kegne (2023) conducted a study on the role of microfinance institutions on women's entrepreneurship development. The objective of the study was to explore the impact of microfinance services on women's entrepreneurship development in Assosa town. The study used Pearson correlation analysis and descriptive analysis to analyze the data. The study found that despite the provision of financial and non-financial services by the microfinance institution, there was a significant inability to empower disadvantaged and poor women, thus hindering the improvement of their livelihoods and business development. The study concluded that future research could include exploring additional support mechanisms to better address the needs of marginalized women entrepreneurs within the microfinance framework.

Table 2.1

*Summary of Literature*

S.N.	Author	Variables	Major Findings
1	Yusuff et al. (2016)	Microfinance, social capital, business performance	Microfinance significantly influenced the business performance of women entrepreneurs in Malaysia, with social capital mediating this relationship. Emphasizes the importance of both microfinance and social capital in fostering the success of women-led businesses.
2	Neneh (2017)	Family-to-work enrichment, family support, company performance	Favorable relationships found between emotional, instrumental, and financial family support and company performance. Affective and instrumental family-to-work enrichment were identified as moderators or mediators. Calls for personalized support systems recognizing obstacles faced by women in business.
3	Omotayo et al. (2017)	Microfinance institutions, financial products, challenges	Limited access to financial products due to stringent conditions. Challenges include loan repayment delays, lack of business plans, and fund diversion. Recommendations include reducing interest rates, educating more women about MFIs, and extending payback periods to enhance women entrepreneurship financing.
4	James & Jane (2018)	Microfinance services, economic empowerment	Majority of clients benefited from loans and training. Identified challenges include lower education levels and inadequate borrower training leading to loan repayment defaults. Suggestions include streamlining operations, enhancing service delivery, and ensuring accessibility of microfinance services for women.
5	Drori et al. (2018)	Inclusive markets, gender dynamics, microfinance	NGO status strongly influences the percentage of female borrowers. Language as a cultural institution impacts microfinance outreach to women. Provides insights for policymakers and practitioners to create gender-inclusive financial systems.
6	Ajuna et al. (2018)	Training, women entrepreneurs' performance	Mentorship, apprenticeship, and coaching significantly impact women entrepreneurs' performance. Recommends boosting technical training institutes and expanding access to financial services for women-owned SMEs to promote economic empowerment.
7	Welsh et al. (2019)	Work-family enrichment,	Family financial assistance benefits business success, while gender-related personal difficulties may

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		interference, entrepreneurial performance	counteract this. Family moral support buffers the negative impact of personal crises. Highlights complexities of work-family interactions in entrepreneurship and suggests areas for further research.
8	Yacus et al. (2019)	Financing choices, growth aspirations, industry gender distribution	High-growth female entrepreneurs prefer personal and corporate equity financing. Women-led enterprises in traditionally feminine sectors show considerable growth. Provides insights into the dynamics of women's entrepreneurship and suggests further investigation into underlying mechanisms and policy implications.
9	Poggesi et al. (2019)	Work-family conflict, causes, female entrepreneurs	Significant associations found between work and family stresses and WFC. Highlights the need to consider both work and family pressures when promoting well-being among women entrepreneurs.
10	Rudhumbu et al. (2020)	Obstacles, entrepreneurship education, female entrepreneurs	Identified barriers include restricted access to capital, insufficient training, and market rivalry. Acknowledges supportive legislative framework and recommends more entrepreneurial training and improved financial accessibility.
11	Gavigan et al. (2020)	Entrepreneurship training, self-employment, rural women	Increased business knowledge and competence correlate with higher likelihood of self-employment. Emphasizes importance of entrepreneurship training for rural women and implications for policy development.
12	Shkodra (2021)	Microfinance institutions, women-owned businesses	Positive correlation found between MFI loans and women's business performance. Highlights the role of MFIs in empowering women entrepreneurs in regions with traditional banking barriers.
13	Hameed et al. (2021)	Microfinance institutions, new venture creation, women entrepreneurs	Microfinance factors significantly impact new venture creation among women. Suggests strategies for MFIs, state banks, and governments to amplify women's empowerment through new ventures.
14	Akinbami (2021)	Support networks, cultural norms, rural female entrepreneurs	Identified existing support networks and cultural norms impacting women's entrepreneurship. Emphasizes the role of husbands in overcoming cultural barriers and promoting long-term entrepreneurial growth.
15	Atarah et al. (2021)	Financial sources, entrepreneurial financing, emerging economies	Women entrepreneurs mainly rely on social capital for investment. Commercial loans obtained after reaching a certain level of growth. Challenges the belief in

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			microfinance as the primary solution for entrepreneurial financing in resource-constrained settings.
16	Andriamahery and Qamruzzaman (2022)	Access to financing, technical skills, financial literacy	Positive relationship found between women's entrepreneurial sustainability and empowerment, mediated by access to financing, technical skills, and financial literacy. Emphasizes the necessity of effective policies promoting funding accessibility and knowledge development.
17	Mehta et al. (2022)	Financial availability, knowledge, business growth	Financial accessibility and knowledge level positively correlate with women's entrepreneurial development. Transformational leadership mediates this relationship. Recommends more assistance in knowledge creation and external finance to promote long-term development among female entrepreneurs.
18	Abraham & Meketaw (2023)	Microfinance services, entrepreneurial development	Microfinance services positively influence women's entrepreneurship development. Suggests enhancing the design and delivery of microfinance services to address specific needs of women entrepreneurs.
19	Abebe & Kegne (2023)	Microfinance services, women's entrepreneurship	Despite provided services, microfinance institution fails to empower disadvantaged women. Calls for additional support mechanisms tailored to marginalized women entrepreneurs.

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## 2.4 Research Gap

Despite extensive research on the role of microfinance institutions (MFIs) in promoting women's entrepreneurship development in a variety of contexts, there is still a significant research gap regarding the nuanced relationship between access to finance, skill development, business support, and savings services and women's entrepreneurship development. While existing studies have examined the impact of microfinance on women entrepreneurs' business performance (Yusuff et al., 2016; Omotayo et al., 2017; James & Jane, 2018), the mediating role of social capital (Yusuff et al., 2016), and the influence of family support mechanisms (Neneh, 2017), there is limited empirical evidence that directly explores the combined effect of access to finance, skill development, business support, and saving services on women's entrepreneurship development.

One prominent area that requires further investigation is the comprehensive understanding of how access to finance, skill development, business support, and saving services collectively influence the sustainability and empowerment of women entrepreneurs. While some studies have addressed the challenges faced by women in accessing microfinance

services (Omotayo et al., 2017; Drori et al., 2018), there is a dearth of research that systematically examines the relationship between these services and women's entrepreneurial outcomes. Specifically, there is a need to explore how these factors interact and synergize to enhance women's entrepreneurship development, including aspects such as business growth, profitability, and long-term sustainability.

Furthermore, existing literature primarily focuses on specific geographical contexts such as Malaysia (Yusuff et al., 2016), South Africa (Neneh, 2017), Nigeria (Omotayo et al., 2017), and Uganda (Gavigan et al., 2020), leaving gaps in our understanding of how these dynamics operate in other regions, including emerging economies like Nepal and Kosovo. Therefore, there is a need for further empirical research that adopts a comprehensive approach to investigate the multifaceted impact of microfinance services on women's entrepreneurship development across diverse cultural and socio-economic settings.

Additionally, while some studies have explored the role of microfinance in promoting women's economic empowerment (Hameed et al., 2021; Nepal, 2023), there is a lack of research that specifically focuses on the empowerment outcomes resulting from access to finance, skill development, business support, and saving services for women entrepreneurs. Understanding how these factors contribute to women's empowerment, including aspects such as financial independence, decision-making autonomy, and self-confidence, is crucial for designing effective interventions and policies aimed at fostering gender-inclusive entrepreneurial ecosystems.

In summary, there is a need for further empirical research that comprehensively examines the multifaceted impact of microfinance services on women's entrepreneurship development, explores the interactions between access to finance, skill development, business support, and saving services, and investigates the empowerment outcomes resulting from these interventions across diverse cultural and socio-economic contexts. Such research efforts will provide valuable insights for policymakers, practitioners, and researchers aiming to design gender-inclusive strategies for fostering entrepreneurial ecosystems and promoting women's economic empowerment on a global scale.

## **Chapter III**

### **Research Methodology**

This chapter describes the research strategy, population, and sample processes used, offering information about the nature and sources of data collecting. The framework and description of variables, including independent variables such as access to finance, skill development, business support, and saving services, as well as the dependent variable of women's entrepreneurial development, are clarified to provide a solid analytical foundation. Furthermore, the chapter looks into the analytical tools used to properly evaluate the acquired data, assuring robustness and dependability in drawing findings and making recommendations for developing sustainable business activities among women in the region.

#### **3.1 Research design**

The study used descriptive and causal comparison research approaches within a quantitative framework. These approaches were selected to give a thorough examination of the elements impacting the growth of women's entrepreneurship. Descriptive methods were used to provide a complete picture of the entrepreneurial scene at the time of the study, including major trends, demographics, and characteristics of female entrepreneurs. Concurrently, causal comparison approaches were used to look at the relationships between numerous causes and results in women's entrepreneurship. This dual approach sought to unearth crucial insights into the drivers and impediments influencing the growth and success of women-led enterprises, resulting in a comprehensive and nuanced picture of the dynamics underlying women's entrepreneurship development.

#### **3.2 Population and sampling procedure**

The population considered for this study comprised women entrepreneurs involved in the entrepreneurship business from Kathmandu, Lalitpur, and Bhaktapur districts of Nepal. A total of 404 women entrepreneurs were selected as a sample from various sectors including NGOs/INGOs projects, micro-financial institutions customers, startups, and private enterprises. A non-probability, purposive sampling method was employed for participant selection. This approach was deliberately chosen to target individuals with specific characteristics relevant to the study, such as their roles and positions within commercial banks. The sample consisted of 404 respondents. Purposive sampling was considered appropriate for this study due to its alignment with the specific requirements of the research

objectives. This sample size was deemed sufficient for conducting meaningful statistical analyses while ensuring practicality in data collection and analysis processes.

### **3.3 Nature and sources of data collection**

The study employed a structured questionnaire for collecting primary data, which was adapted from a modified version developed by Abebe and Kegne (2023). This questionnaire underwent meticulous customization to effectively address several crucial variables pivotal to the study's focus. These variables encompassed aspects such as access to financial resources, skill development opportunities, availability of business support services, the role of savings services, and their impact on women's entrepreneurship development.

The adaptation of the questionnaire included a rigorous validation process to ensure methodological consistency. This validation aimed to bolster the reliability and relevance of the primary data gathered. By integrating validated measures and aligning them with the specific research objectives, the study sought to capture comprehensive insights into the factors influencing women entrepreneurs in Kathmandu, Lalitpur, and Bhaktapur districts of Nepal. This meticulous approach not only facilitated a thorough examination of the targeted variables but also supported robust statistical analyses essential for drawing meaningful conclusions from the research findings.

### **3.4 Research framework and definition of variables**

The research framework for this study is based on investigating the link between many independent variables and the dependent variable, women's entrepreneurship development. Access to credit, skill development, business support, and savings services are some of the independent variables being investigated. These variables are critical drivers that may have an impact on the growth and performance of women-owned enterprises in Nepal's Kathmandu, Lalitpur, and Bhaktapur districts.

Access to finance refers to the availability and accessibility of the financial resources required for business operations and advancement. Skill development refers to efforts aimed at improving entrepreneurial capabilities and competence among female entrepreneurs. Business assistance refers to the provision of advisory services, mentoring, and networking opportunities that are essential for business growth. Saving services include systems that help women entrepreneurs save money and invest in ways that are specific to their requirements. The study's goal is to investigate how these separate variables work

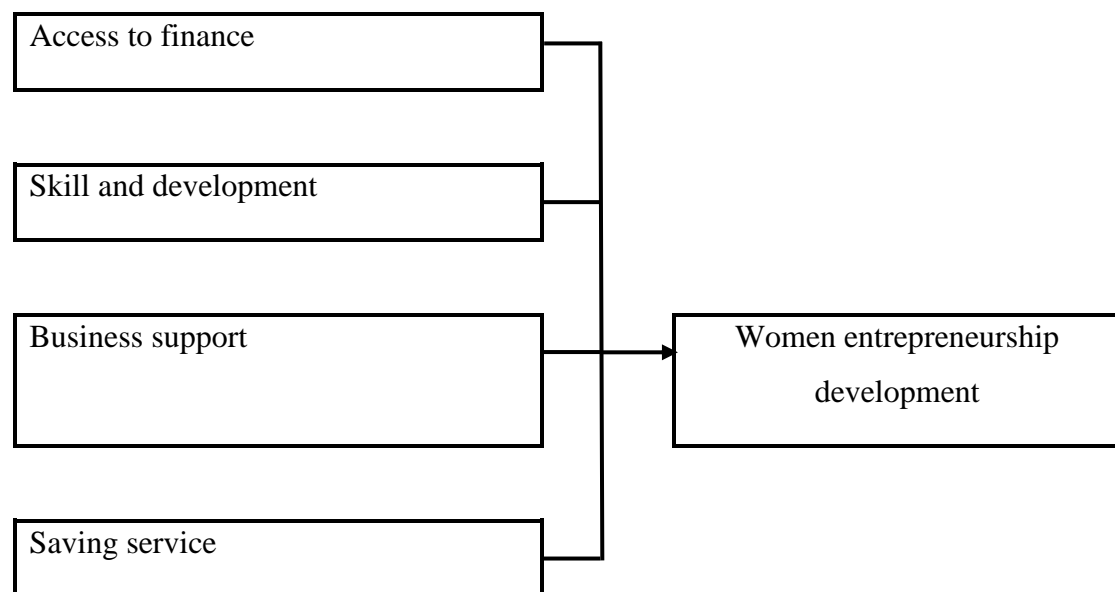
together to promote women's entrepreneurship development, setting the groundwork for understanding and promoting long-term entrepreneurial initiatives among Nepalese women.

**Figure 3.1**

*Research Framework*

**Independent Variables**

**Dependent Variable**



Source: Abebe and Kegne (2023)

**Definition of variables**

- 1) **Access to finance:** Within the context of women entrepreneurs, the term "access to finance" refers to the availability of financial resources, such as loans, credit facilities, and investment capital, as well as the simplicity with which they can be obtained. Considerations such as the availability of microfinance institutions, traditional banking services, venture capital, and other forms of financial assistance that are specifically designed to meet the requirements of women are included in this category (Abebe & Kegne, 2023).
- 2) **Skill and development:** In the context of women entrepreneurs, the term "skill and development" refers to the process of acquiring, enhancing, and making use of the knowledge, expertise, and competencies that are important for effective business success. For the purpose of enhancing entrepreneurial abilities, leadership traits, and business acumen, it encompasses formal education, vocational training,

mentoring programmes, workshops, and activities focused at creating capacity(Abebe & Kegne, 2023)..

- 3) **Business support:** It is the provision of a variety of forms of aid, direction, and resources with the intention of easing the process of establishing, growing, and maintaining businesses that are owned and operated by women. This aid may take the form of mentorship, coaching, technical assistance, access to networks and markets, infrastructure development, and regulatory compliance services that are specifically targeted to meet the requirements of female entrepreneurs (Abebe & Kegne, 2023).
- 4) **Saving service:** Savings services is the availability and utilization of various financial products and procedures that make it possible for female entrepreneurs to build up their savings, manage their cash flow, and ensure their financial stability. Access to savings accounts, micro savings programs, insurance products, and other financial instruments that are aimed to encourage the mobilization of savings, the accumulation of assets, and the reduction of risk among female entrepreneurs are included in this (Abebe & Kegne, 2023).
- 5) **Women entrepreneurship development:** It refers to the development, empowerment, and success of female entrepreneurs in the areas of enterprise establishment, management, and expansion. There are several facets that are included in it, such as the greater participation of women in entrepreneurial activities, the improvement in their company success, the stability of their financial situation, and the overall progress of socioeconomic conditions (Abebe & Kegne, 2023).

### 3.5 Methods of analysis

The combination of descriptive analysis, correlation analysis, and regression analysis contributes to a nuanced understanding of the factors influencing women entrepreneurship development, the study proposed following methods in this thesis work.

1. **Descriptive analysis:** Descriptive analysis was employed to present a comprehensive overview of the collected data. This method involved summarizing and interpreting key characteristics of the variables, including measures of central tendency (such as mean and median), dispersion (such as range and standard deviation), and distribution. Descriptive statistics provided a clear and concise snapshot of the dataset, aiding in the initial exploration and understanding of key

variables such as access to finance, skill development, business support, saving services, and women entrepreneurship development. This approach facilitated a thorough examination of the data, helping to identify trends, patterns, and relationships among the variables studied.

2. **Correlation's analysis:** Correlation analysis was utilized to examine the strength and direction of relationships between pairs of variables. Specifically, this method assessed correlations between women entrepreneurship development and each independent variable (access to finance, skill development, business support, saving services). Pearson's correlation coefficient was employed to quantify these relationships, providing insights into the degree of association and helping to identify potential patterns and dependencies. This approach facilitated a deeper understanding of how each factor potentially influenced women entrepreneurship development in Kathmandu, Lalitpur, and Bhaktapur districts of Nepal, contributing to the overall analytical framework of the study.
3. **Regression Analysis:** Regression analysis will be used to study the causal links between the dependent variable (women's entrepreneurship development) and the other variables. Multiple regression analysis will be especially valuable in determining how these independent variables together predict variances in women's entrepreneurship development.

### **Regression Model**

The proposed study is based on the following regression model:

$$WED (Y) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \dots \dots \dots (i)$$

WED= Women Entrepreneurship Development

$X_1$  = Access to Finance,

$X_2$  = Skill and Development,

$X_3$  = Business Support,

$X_4$  = Saving Service

e= error term.

### **3.6 Cronbach Alpha**

Cronbach's Alpha is a measure of internal consistency reliability, commonly used to assess the reliability of scales or constructs within a study. This section presents the results of Cronbach's Alpha analysis, focusing on its application to the variables included in the

study. Cronbach's Alpha was calculated to evaluate the internal consistency of the scales measuring variables such as access to finance, skill development, business support, saving services, and women entrepreneurship development.

Table 3.1

*Cronbach Alpha*

<b>Variables</b>	<b>Statements</b>	<b>Cronbach Alpha</b>
Access to Finance	5	0.721
Skill and Development	4	0.652
Business Support	4	0.675
Saving Service	5	0.721
Women Entrepreneurship Development	6	0.764
<b>Total</b>	<b>24</b>	<b>0.909</b>

Table 3.1 presents the Cronbach Alpha values assessing the internal consistency reliability of scales measuring key variables in the study on women entrepreneurship development and microfinance interventions. Among these variables, Access to Finance and Saving Service both show a Cronbach Alpha of 0.721, indicating moderate to good reliability in assessing financial accessibility and the effectiveness of saving schemes. This suggests that the items comprising these scales are internally consistent and provide a reliable measure of how well women entrepreneurs can access financial resources and manage savings through microfinance institutions.

Skill and Development and Business Support exhibit slightly lower Cronbach Alpha values of 0.652 and 0.675, respectively. These values suggest moderate internal consistency in evaluating skill enhancement programs and business support services for women entrepreneurs. While these scales show acceptable reliability, there may be some variability among the items measuring skill development effectiveness and the impact of advisory services and mentorship on entrepreneurial outcomes. The scale measuring Women Entrepreneurship Development demonstrates a higher Cronbach Alpha of 0.764, indicating good internal consistency across its items. This scale reliably assesses various aspects of entrepreneurship among women, including business growth, profitability, and sustainability. The higher Cronbach Alpha suggests that the items collectively provide a robust measure of women's entrepreneurial success within the study context. Total

Cronbach Alpha of 0.909 across all variables underscores the high internal consistency reliability (Taber, 2018) of the entire set of measurement scales used in the study.

## **Chapter IV**

### **Result and Discussion**

This chapter offers the findings from a study on the effect of microfinance institutions in women's business development in Nepal's Kathmandu, Lalitpur, and Bhaktapur districts. The research begins with a demographic profile of the study participants, which includes an investigation of their age groupings, academic levels, and income. The demographic study gives a comprehensive knowledge of the sample population, shedding light on the different origins of women entrepreneurs that use microfinance. The descriptive analysis follows, providing a full summary of the important variables influencing access to financing, skill development, business support, and savings services. This section emphasises the central tendencies and dispersion of these variables, laying the groundwork for future inferential analysis. The correlation data are presented to investigate the relationships between the independent variables and women's entrepreneurial development. This study aids in determining the strength and direction of connections between variables, yielding preliminary insights into probable causal linkages. The regression analysis assumption tests are then performed to check that the data fits the criteria for valid regression analysis. These tests examine for linearity, normalcy, multicollinearity, and homoscedasticity. The regression coefficients are then analyzed to evaluate the impact of each independent variable on women's entrepreneurial development. This study evaluates the effect of financial access, skill development, business support, and savings services on women's entrepreneurial outcomes.

#### **4.1 Results**

This section presents the findings of the study on the role of microfinance institutions in women entrepreneurship development within the Kathmandu, Lalitpur, and Bhaktapur districts of Nepal. The analysis begins with a detailed examination of the demographic characteristics of the study participants, offering insights into their age groups, academic levels, and income levels. The descriptive analysis follows, providing a comprehensive overview of the central tendencies and dispersion of key variables such as access to finance, skill development, business support, and saving services. The correlation results are then presented to explore the relationships between the independent variables and women entrepreneurship development. The regression analysis assumption tests are conducted to ensure that the data meets the necessary conditions for valid regression analysis.

#### 4.1.1 Demographics of the study

The demographic profile of the study participants provides a foundational context for understanding the role of microfinance institutions in women entrepreneurship development. This section presents a detailed analysis of the age groups, academic levels, and income levels of the women entrepreneurs involved in the study.

The study includes a diverse range of age groups among the women entrepreneurs. The age distribution helps to identify the predominant age groups engaged in entrepreneurial activities and their potential experience levels. This information is crucial for tailoring microfinance services to meet the needs of different age cohorts effectively.

Table 4.1

*Age*

<b>Age groups</b>	<b>Frequency</b>	<b>Percent</b>
18-28 years	151	37.4
29 to 39 years	70	17.3
40 to 50 years	115	28.5
Above 50 years	68	16.8
<b>Total</b>	<b>404</b>	<b>100.0</b>

Table 4.1 provides a demographic overview of the age distribution among the participants involved in the study on women entrepreneurship development and microfinance interventions. The data categorizes participants into different age groups and presents their frequencies and percentages within the total sample of 404 women entrepreneurs. The largest age group among the participants is 18-28 years, comprising 151 individuals, which accounts for 37.4% of the total sample. This demographic highlights a significant representation of younger women engaging in entrepreneurial activities, potentially indicating a trend towards early career entrepreneurship or startup ventures among this demographic.

Following the 18-28 age group, participants aged 40-50 years represent the next largest segment, with 115 individuals, constituting 28.5% of the sample. This suggests a substantial presence of middle-aged women entrepreneurs, possibly indicating established businesses or career transitions towards entrepreneurship later in life. Participants aged 29-39 years account for 70 individuals, making up 17.3% of the total sample. This group reflects a moderate representation within the study, indicating a diverse range of women

entrepreneurs in their late twenties to late thirties engaged in various business ventures. The age group above 50 years comprises 68 individuals, representing 16.8% of the total sample. This demographic indicates a notable presence of older women entrepreneurs, potentially involved in business ventures or entrepreneurial activities later in their careers.

Academic levels of the participants are examined to understand the educational background of the women entrepreneurs. The analysis of academic qualifications provides insights into how education influences entrepreneurial activities and the utilization of microfinance services. It also highlights the role of educational attainment in entrepreneurship development and its correlation with business success.

Table 4.2

*Academic qualification*

<b>Academic Levels</b>	<b>Frequency</b>	<b>Percent</b>
SLC/SEE	49	12.1
Up to intermediate	111	27.5
Bachelors level	149	36.9
Masters and above	95	23.5
<b>Total</b>	<b>404</b>	<b>100.0</b>

Table 4.2 presents an overview of the academic qualifications among the participants involved in the study on women entrepreneurship development and microfinance interventions. The table categorizes participants into different academic levels and provides their frequencies and percentages within the total sample of 404 women entrepreneurs. Among the participants, those with Bachelor's level qualifications form the largest group, with 149 individuals, accounting for 36.9% of the total sample. This demographic indicates a significant representation of women entrepreneurs who have completed undergraduate education, suggesting a strong educational foundation among this group for pursuing entrepreneurial endeavors.

Following Bachelor's level, participants with Masters and above qualifications comprise 95 individuals, representing 23.5% of the sample. This group reflects a substantial presence of women entrepreneurs with advanced academic backgrounds, potentially indicating higher levels of expertise and professional qualifications contributing to their entrepreneurial pursuits. Participants with Up to Intermediate qualifications total 111 individuals, making

up 27.5% of the total sample. This demographic represents women entrepreneurs with education levels ranging from secondary education to pre-university levels, highlighting a diverse range of educational backgrounds among participants engaged in entrepreneurial activities. The smallest group in terms of academic qualifications is participants with SLC/SEE qualifications, totaling 49 individuals, constituting 12.1% of the sample. This demographic includes women entrepreneurs with basic educational qualifications, indicating their involvement in entrepreneurial activities despite lower formal education levels.

The income levels of the women entrepreneurs are analyzed to assess their economic status and financial capabilities. Understanding income distribution among the participants helps in evaluating the impact of microfinance on improving their economic conditions. It also sheds light on the financial challenges faced by women entrepreneurs and the extent to which microfinance institutions can mitigate these challenges.

Table 4.3

*Monthly Income (In Rs)*

<b>Income Level</b>	<b>Frequency</b>	<b>Percent</b>
Below 10, 000	43	10.6
10,000-30, 000	170	42.1
30,000- 50, 000	108	26.7
50,000- 70, 000	57	14.1
Above 70,0000	26	6.4
<b>Total</b>	<b>404</b>	<b>100.0</b>

Table 4.3 provides an overview of the monthly income distribution among participants in the study on women entrepreneurship development and microfinance interventions. The table categorizes participants into different income brackets and presents their frequencies and percentages within the total sample of 404 women entrepreneurs. The largest income bracket among the participants is the 10,000-30,000 Rs range, comprising 170 individuals, which accounts for 42.1% of the total sample. This demographic indicates a significant representation of women entrepreneurs earning moderate incomes, suggesting a substantial middle-income segment engaged in entrepreneurial activities.

Following the 10,000-30,000 Rs range, participants earning 30,000-50,000 Rs monthly total 108 individuals, making up 26.7% of the sample. This group reflects a notable

presence of women entrepreneurs with higher income levels, potentially indicating established businesses or successful ventures generating substantial monthly revenues.

Participants earning Below 10,000 Rs monthly income total 43 individuals, constituting 10.6% of the total sample. This demographic includes women entrepreneurs with lower income levels, highlighting their participation in entrepreneurial activities despite financial constraints. In the 50,000-70,000 Rs income bracket, there are 57 participants, representing 14.1% of the sample. This group indicates a moderate presence of women entrepreneurs earning higher incomes, likely involved in more lucrative business ventures or professional activities. The smallest income bracket is Above 70,000 Rs monthly income, comprising 26 individuals, accounting for 6.4% of the sample. This demographic includes women entrepreneurs with relatively high monthly earnings, indicating successful business ventures or professions generating substantial incomes.

#### 4.1.2 Descriptive Analysis

The descriptive analysis provides an overview of the key variables related to the role of microfinance institutions in women entrepreneurship development. This section summarizes the central tendencies, dispersion, and general patterns observed in the data for the independent variables: access to finance, skill development, business support, and saving services, as well as the dependent variable: women entrepreneurship development.

Table 4.4

#### *Descriptive Statistics*

<b>Variables</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>AF</b>	404	1.00	5.00	3.5332	.85852
<b>SAD</b>	404	1.00	5.00	3.6535	.84369
<b>BS</b>	404	1.000	5.000	3.68317	.839762
<b>SS</b>	404	1.00	5.00	3.7421	.78630
<b>WE</b>	404	1.00	5.00	3.7901	.75031

Table 4.4 provides detailed descriptive statistics for the variables assessed in the study on women entrepreneurship development and microfinance interventions. This table summarizes key statistical measures including the number of observations (N), minimum and maximum values, mean, and standard deviation for each variable. Access to Finance (AF) scores range from 1.00 to 5.00 among the 404 participants, with a mean score of

3.5332 and a standard deviation of 0.85852. This indicates a moderate level of perceived access to financial resources, with some variation in how participants assess their financial accessibility through microfinance institutions.

Skill and Development (SAD) scores also range from 1.00 to 5.00, with a mean score of 3.6535 and a standard deviation of 0.84369. This suggests a moderate level of perceived skill enhancement among women entrepreneurs, highlighting the effectiveness of training and educational programs provided by microfinance institutions. Business Support (BS) scores range similarly from 1.00 to 5.00, with a mean score of 3.68317 and a standard deviation of 0.839762. This indicates a moderate level of satisfaction with business advisory services and mentorship support, crucial for navigating entrepreneurial challenges and enhancing business acumen. Saving Service (SS) scores range from 1.00 to 5.00, with a mean score of 3.7421 and a standard deviation of 0.78630. This suggests a moderate level of perceived effectiveness in saving schemes and financial management practices offered by microfinance institutions, essential for financial stability and business growth. Women Entrepreneurship Development (WE) scores exhibit a mean score of 3.7901 and a standard deviation of 0.75031, with scores ranging from 1.00 to 5.00. This indicates a moderate to high level of perceived overall entrepreneurship development among women participants, reflecting their business growth, profitability, and sustainability outcomes.

#### **4.1.3 Measurement of Relationship**

This section presents the correlation results, which examine the relationships between the independent variables (access to finance, skill development, business support, and saving services) and the dependent variable (women entrepreneurship development). Correlation analysis is crucial for understanding the strength and direction of these relationships, providing preliminary insights into how each factor may influence entrepreneurial outcomes.

Table 4.5 presents a correlation matrix detailing the relationships between key variables in the study on women entrepreneurship development and microfinance interventions. Each correlation coefficient ( $r$ ) indicates the strength and direction of association between pairs of variables, providing insights into how different aspects of microfinance support relate to women's entrepreneurial outcomes.

AF shows significant positive correlations with all other variables, SAD, BS, SS, and WE. Specifically, AF correlates positively with SAD ( $r = 0.541^{**}$ ), BS ( $r = 0.580^{**}$ ), SS ( $r =$

0.585\*\*), and WE ( $r = 0.523^{**}$ ). These findings suggest that higher perceived access to financial resources through microfinance institutions is associated with greater perceived levels of skill development, business support, effective saving services, and overall entrepreneurship development among women entrepreneurs.

Table 4.5

*Correlations*

	<b>AF</b>	<b>SAD</b>	<b>BS</b>	<b>SS</b>	<b>WE</b>
<b>AF</b>	1				
<b>SAD</b>	.541 <sup>**</sup>	1			
<b>BS</b>	.580 <sup>**</sup>	.643 <sup>**</sup>	1		
<b>SS</b>	.585 <sup>**</sup>	.567 <sup>**</sup>	.692 <sup>**</sup>	1	.692 <sup>**</sup>
<b>WE</b>	.523 <sup>**</sup>	.520 <sup>**</sup>	.649 <sup>**</sup>	.692 <sup>**</sup>	1

<sup>\*\*</sup>. Correlation is significant at the 0.01 level (2-tailed).

SAD demonstrates significant positive correlations with BS ( $r = 0.643^{**}$ ), SS ( $r = 0.567^{**}$ ), and WE ( $r = 0.520^{**}$ ). This indicates that women who perceive higher levels of skill enhancement through microfinance programs also tend to report higher levels of satisfaction with business support services, effective management of savings, and overall entrepreneurship development.

BS exhibits significant positive correlations with SS ( $r = 0.692^{**}$ ) and WE ( $r = 0.649^{**}$ ). These correlations suggest that effective business advisory services and mentorship support provided by microfinance institutions are associated with better outcomes in terms of savings management and overall entrepreneurship development among women participants.

SS shows a significant positive correlation with WE ( $r = 0.692^{**}$ ), highlighting the crucial role of well-functioning saving services in fostering women's entrepreneurship development. This suggests that when women entrepreneurs perceive savings services as effective and supportive, they are more likely to experience enhanced entrepreneurial success and sustainability.

WE as the dependent variable, displays strong positive correlations with all independent variables in the study. This includes AF, SAD, BS, and SS, with correlation coefficients ranging from  $r = 0.520^{**}$  to  $r = 0.692^{**}$ . These correlations underscore that higher

perceived levels of access to finance, skill development, business support, and effective saving services collectively contribute to greater overall entrepreneurship development among women.

#### 4.1.4 Regression Analysis Assumption Test

Before proceeding with the regression analysis, it is essential to ensure that the data meets the necessary assumptions for valid and reliable results. This section discusses the tests conducted for normality and linearity, which are critical prerequisites for performing regression analysis.

##### *Normality*

The assumption of normality requires that the residuals (errors) of the regression model are normally distributed. This is important for accurate hypothesis testing and confidence interval estimation. To test for normality, the following methods were employed:

Figure 4.1

##### *Normality*

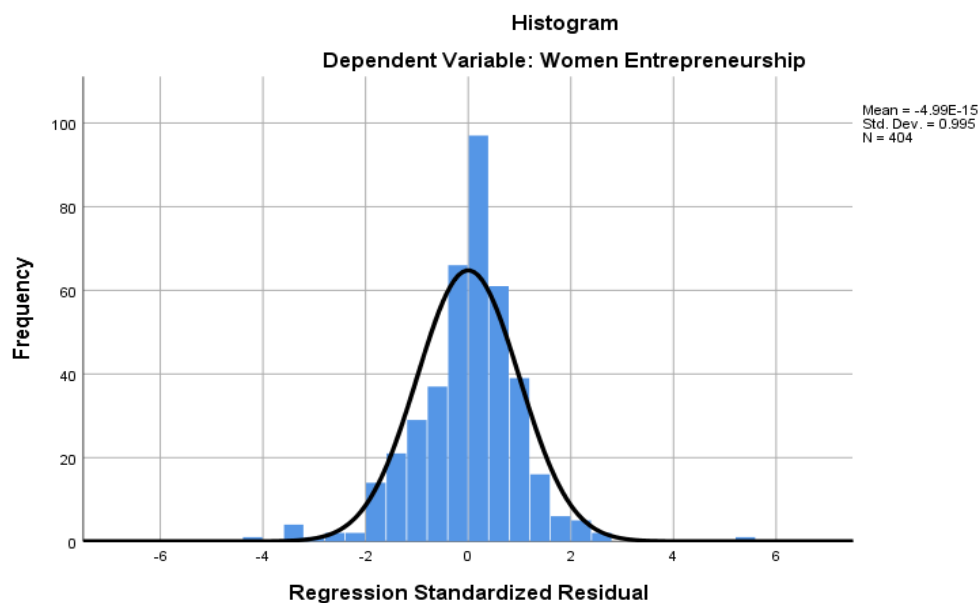


Figure 4.4 shows that the study model predictors are normally distributed and no any biases in the dataset.

##### **Linearity**

The assumption of linearity requires that the relationship between the independent variables and the dependent variable is linear. This ensures that the predicted values of the dependent variable change in a constant manner with changes in the independent variables.

Figure 4.2

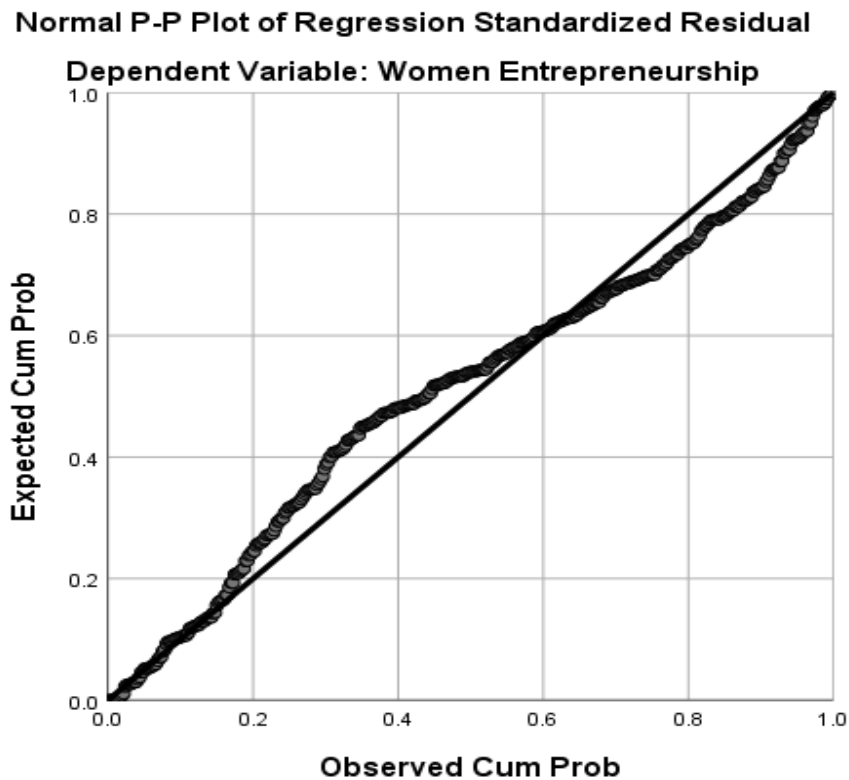
*Linearity*

Figure 4.2 shows the data points are clustered closely around the mean, indicating a linear position. This suggests that the data points are not highly dispersed or divergent from the average value.

*Scatter Plots*

Scatter plots of each independent variable against the dependent variable were examined. A linear relationship is indicated by a straight-line pattern in the scatter plot.

Figure 4.3

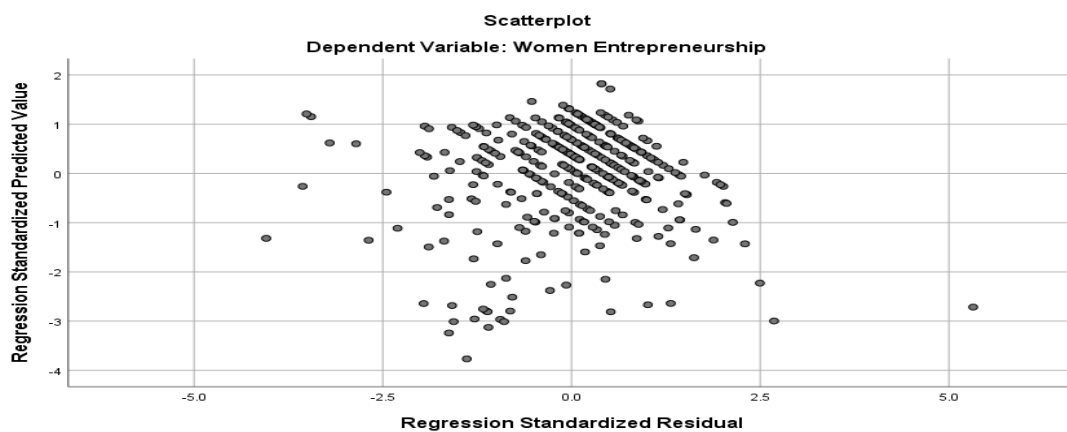
*Scatter Plots*

Figure 4.3 shows that the data exhibit homoscedasticity, meaning the variance of the residuals remains relatively constant across different levels of the fitted values. The absence of any discernible pattern or systematic increase in the spread of residuals suggests that heteroscedasticity, where the variance of residuals varies with the level of the fitted values, is not present. This finding supports the reliability of the regression model's assumptions regarding the consistency of error variance, reinforcing the validity of statistical inferences drawn from the model's predictions.

#### 4.1.5 Regression Coefficients

Regression coefficients provide crucial insights into the strength and direction of the relationships between the independent variables (access to finance, skill development, business support, and saving services) and the dependent variable (women entrepreneurship development). This section presents the results of the regression analysis, focusing on the estimated coefficients and their interpretations.

Table 4.6

##### *Model Summary*

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>	<b>Durbin-Watson</b>
1	.737 <sup>a</sup>	.543	.539	.50960	1.902

a. Predictors: (Constant), Saving Service, Skills and Development, Access to Finance, Business Support

b. Dependent Variable: Women Entrepreneurship

Table 4.6 presents the model summary derived from a regression analysis aimed at exploring the factors influencing women entrepreneurship development through microfinance interventions. The table provides essential statistical metrics to assess the effectiveness and predictive power of the regression model, which includes Saving Service, Skills and Development, Access to Finance, and Business Support as predictors alongside a constant term. The coefficient of multiple correlation (R) is a primary indicator of the overall strength and direction of the relationship between the predictors and the dependent variable, Women Entrepreneurship. In this model,  $R = 0.737$ , indicating a strong positive correlation. This suggests that the combined influence of Saving Service, Skills and Development, Access to Finance, and Business Support significantly affects women's entrepreneurship development as perceived by the study participants.

The coefficient of determination ( $R^2$ ) measures the proportion of variance in the dependent variable (Women Entrepreneurship) that can be explained by the independent variables included in the model. Here,  $R^2 = 0.543$ , indicating that approximately 54.3% of the variance in Women Entrepreneurship can be attributed to the predictors in the model. This signifies a substantial explanatory power, highlighting the relevance of the selected predictors in understanding and predicting outcomes related to women's entrepreneurial activities.

Adjusted R Square, which considers the number of predictors and adjusts  $R^2$  accordingly, is reported as 0.539. This adjustment helps provide a more accurate estimate of the variance explained by the model, considering the degrees of freedom involved. The relatively high Adjusted R Square further supports the model's robustness in capturing the variability in Women Entrepreneurship based on the chosen predictors. The Standard Error of the Estimate (0.50960) indicates the average deviation of the observed values from the predicted values by the regression model. A lower value suggests that the model has good predictive accuracy, implying that the predicted values of Women Entrepreneurship are close to the actual observed values on average.

Durbin-Watson statistic, reported as 1.902, assesses the presence of autocorrelation in the residuals (errors) of the regression model. While a value around 2 suggests no significant autocorrelation, a value of 1.902 indicates some positive autocorrelation might be present. Addressing autocorrelation ensures the reliability of the model's assumptions and enhances the validity of its findings.

Table 4.7

*ANOVA*

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	123.259	4	30.815	118.657	.000 <sup>b</sup>
	Residual	103.619	399	.260		
	Total	226.878	403			

a. Dependent Variable: Women Entrepreneurship

b. Predictors: (Constant), Saving Service , Skills and Development , Access to Finance , Business Support

Table 4.7 ANOVA presents the statistical results from the regression analysis aimed at understanding the influence of microfinance interventions on women entrepreneurship development. The table provides critical insights into how well the regression model, which includes predictors such as Saving Service, Skills and Development, Access to Finance, and Business Support, explains the variability in the dependent variable, Women Entrepreneurship.

The analysis begins with the Regression section, which highlights the Sum of Squares for Regression as 123.259, indicating the total amount of variation in Women Entrepreneurship that can be attributed to the predictors included in the model. With 4 degrees of freedom for the predictors, this value reflects the extent to which factors like access to finance, skill development, business support, and saving services collectively influence entrepreneurial outcomes among women. In contrast, the Residual section shows a Sum of Squares of 103.619, representing the variability in Women Entrepreneurship that remains unexplained by the regression model. This residual variation, with 399 degrees of freedom, accounts for factors beyond those captured by the predictors, suggesting areas where additional variables or factors may contribute to women's entrepreneurship development.

The Total Sum of Squares, combining both the explained (Regression) and unexplained (Residual) components, amounts to 226.878 across 403 observations. This comprehensive view underscores the overall variability in Women Entrepreneurship examined in the study. Mean Square values provide further context by dividing the Sum of Squares by their respective degrees of freedom. For Regression, Mean Square is calculated as 30.815, indicating the average variance explained by the predictors. Meanwhile, the Residual Mean Square of 0.260 represents the average unexplained variance remaining in Women Entrepreneurship.

The F statistic, computed by dividing the Mean Square of Regression by the Mean Square of Residual, is 118.657. This high F ratio signifies a significant relationship between the predictors (Saving Service, Skills and Development, Access to Finance, Business Support) and Women Entrepreneurship development. With a corresponding p-value of .000 (denoted as .000b), the regression model is deemed highly statistically significant, reaffirming that

the selected predictors collectively contribute meaningfully to explaining variations in women's entrepreneurial outcomes.

Table 4.8

*Coefficients*

Model		Unstandardized		Standardized	t	Sig.	Collinearity	
		Coefficients		Coefficients			Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.934	.137		6.830	.000		
	Access to Finance	.078	.039	.089	1.980	.048	.570	1.754
	Skills and Development	.055	.041	.062	1.343	.042	.532	1.881
	Business Support	.238	.047	.267	5.065	.000	.413	2.423
	Saving Service	.401	.048	.421	8.429	.000	.460	2.175

a. Dependent Variable: Women Entrepreneurship

Table 4.8 shows the relationships between various predictors—Access to Finance, Skills and Development, Business Support, and Saving Service—and the dependent variable, Women Entrepreneurship. The intercept coefficient (.934) represents the estimated baseline value of Women Entrepreneurship development when all predictors are zero. With a t-value of 6.830 and a significant p-value of .000, the intercept is statistically significant, indicating a meaningful starting point for understanding the impact of microfinance initiatives on entrepreneurship among women.

Access to Finance, reflected by a coefficient of .078, suggests that a unit increase in access to financial resources is associated with a .078 increase in Women Entrepreneurship development. The standardized coefficient (Beta = .089) indicates the relative importance of Access to Finance compared to other predictors. While marginally significant ( $t = 1.980$ ,  $p = .048$ ), this finding suggests that improving financial access can positively influence entrepreneurial outcomes for women, though additional factors may also play significant roles.

Skills and Development, with a coefficient of 0.42, shows a positive association with Women Entrepreneurship development. However, with a t-value of 1.343 and a p-value of .180, Skills and Development reach statistical significance in this model, suggesting that within the context studied, other factors may have a more substantial influence on entrepreneurial success.

Business Support emerges as a significant predictor, with a coefficient of .238 indicating that enhanced business advisory services positively impact Women Entrepreneurship development. The high t-value of 5.065 and a significant p-value of .000 underscore the robust relationship between Business Support and entrepreneurial outcomes, highlighting the importance of tailored support mechanisms in fostering women's entrepreneurship.

Saving Service shows the strongest association among the predictors, with a coefficient of .401 suggesting that effective saving mechanisms contribute significantly to Women Entrepreneurship development. The high t-value of 8.429 and a significant p-value of .000 emphasize the critical role of savings programs in empowering women entrepreneurs, enabling them to manage finances and sustain business growth. Collinearity statistics such as Tolerance and VIF (Variance Inflation Factor) indicate low levels of multicollinearity among the predictors, ensuring the reliability of the regression results. Access to Finance, Skills and Development, Business Support, and Saving Service demonstrate acceptable tolerance values and VIFs below 3, confirming that the predictors operate independently in explaining Women Entrepreneurship development. These findings suggest that targeted efforts to enhance business advisory services and savings mechanisms can play a pivotal role in empowering women entrepreneurs, while improvements in access to finance and skill development may require further nuanced approaches to maximize their impact.

#### **4.1.6 Hypothesis Testing**

The hypothesis results are as follows:

H1: There is a significant positive relationship between access to finance with women entrepreneurship development. (*Accepted*)

H2: There is a significant positive relationship between skill and development with women entrepreneurship development. (*Rejected*)

H3: There is a significant positive relationship between business support with women entrepreneurship development. (*Accepted*)

H4: There is a significant positive relationship between saving service with women entrepreneurship development. (*Accepted*)

#### 4.1.7 Major Findings

The study has following major findings:

- Variables such as Access to Finance, Skill and Development, Saving Service have Cronbach Alpha values above 0.65, indicating good internal consistency reliability.
- Women Entrepreneurship Development has a Cronbach Alpha of 0.764, suggesting high reliability as a composite measure.
- Descriptive statistics show moderate to high means for variables including Access to Finance (Mean = 3.5332), Skills and Development (Mean = 3.6535), Business Support (Mean = 3.68317), Saving Service (Mean = 3.7421), and Women Entrepreneurship Development (Mean = 3.7901).
- Standard deviations indicate relatively low variability around the means for these variables, implying consistent perceptions among respondents.
- Similar patterns in means and standard deviations for Access to Finance, Skills and Development, Business Support, Saving Service, and Women Entrepreneurship Development, indicating stable perceptions across the sample.
- Significant positive correlations ( $p < 0.01$ ) observed between Access to Finance, Skills and Development, Business Support, Saving Service, and Women Entrepreneurship Development, highlighting their interrelated nature.
- The regression model explains 54.3% of the variance in Women Entrepreneurship Development, suggesting that the combined predictors (Saving Service, Skills and Development, Access to Finance, Business Support) account for a substantial portion of the outcome variability.
- The regression model is highly significant ( $p < 0.001$ ), indicating that the predictors collectively contribute significantly to explaining Women Entrepreneurship Development.
- Business Support and Saving Service emerge as particularly strong predictors based on their high F-value and low p-value.
- Access to Finance, while marginally significant, shows a positive influence on Women Entrepreneurship Development.
- Skills and Development also have statistical significance in this model.

- Business Support and Saving Service demonstrate robust positive relationships with Women Entrepreneurship Development, with Saving Service showing the strongest impact.

## **4.2 Discussion**

The role of microfinance institutions (MFIs) and entrepreneurship education in empowering women entrepreneurs has been extensively explored in recent studies. Rudhumbu et al. (2020) and Gavigan et al. (2020) emphasized the transformative potential of entrepreneurship education, highlighting its role in equipping women with essential business knowledge and skills. They suggest that targeted educational initiatives not only enhance entrepreneurial capabilities but also mitigate obstacles faced by women in starting and growing businesses. This view is supported by evidence showing that entrepreneurship education contributes to improved business outcomes and economic independence among female entrepreneurs.

In contrast, studies such as those by Abraham and Meketaw (2023) and Abebe and Kegne (2023) raised concerns about the effectiveness of current microfinance models in fully empowering marginalized women. They argue that while MFIs provide crucial financial resources, these institutions often fail to address the specific needs and challenges faced by disadvantaged women entrepreneurs. This includes inadequate access to comprehensive support beyond financial assistance, such as business mentorship and tailored advisory services, which are essential for sustainable business growth. Shkodra (2021) and Nepal (2023) highlighted the positive correlation between MFI loans and women's business performance, underscoring the pivotal role of financial inclusion in enhancing women's decision-making autonomy and economic well-being. These findings align with Sapkota and Bista's (2022) study, which identified significant improvements in financial independence and self-confidence among women entrepreneurs due to MFI support. However, the variability in outcomes across studies suggests that the impact of microfinance may depend heavily on contextual factors such as local economic conditions and the availability of supportive infrastructure.

Akinbami (2021) and Atarah et al. (2021) explored the socio-cultural dynamics influencing women's entrepreneurial activities. They emphasize the adaptive strategies employed by women, such as bricolage, to navigate socio-cultural barriers and limited access to formal financial resources. These studies highlight the resilience and creativity of women in

leveraging social capital and informal networks to support their businesses, despite challenges posed by traditional gender norms and resource constraints. The contrasting perspectives underscore the complexity of women's entrepreneurship development, requiring holistic approaches that integrate financial inclusion, education, and socio-cultural empowerment. Effective policy interventions should aim to enhance the effectiveness of microfinance services by addressing gaps in support and expanding access to entrepreneurship education tailored to local contexts. By fostering an enabling environment that combines financial resources with educational opportunities and supportive networks, stakeholders can better empower women entrepreneurs, promote inclusive economic growth, and advance gender equality agendas globally.

## **Chapter V**

### **Summary and Conclusion**

This chapter summarizes the main findings from studying how MFIs affect the economic freedom and business growth of women entrepreneurs. The study used a structured approach to look at both actual data and literature review to try to figure out the many ways that MFIs help women get access to money, learn business skills, and gain socio-economic power. The summary talks about the main findings in a number of different areas, and the conclusion thinks about what these findings mean for policy, practice, and the direction of future study. The chapter also talks about what the study's results mean in real life and how these ideas can help create plans to encourage women to start their own businesses, make the economy more open to everyone, and promote long-term growth in a variety of socioeconomic settings.

#### **5.1 Summary**

Women entrepreneurship is increasingly recognized as a vital driver of economic growth and social development worldwide. In Nepal, like many developing countries, women face numerous challenges in accessing financial resources, acquiring necessary skills, and receiving adequate support to succeed in entrepreneurial endeavors. Microfinance institutions (MFIs) have emerged as key facilitators in addressing these challenges by offering tailored financial services, including loans and savings accounts, designed to meet the unique needs of women entrepreneurs. This study seeks to explore the multifaceted role of MFIs in fostering women entrepreneurship development in Nepal, aiming to provide insights into how these institutions can effectively support and empower women in overcoming barriers to entrepreneurial success.

The research is guided by several objectives. To identify the role of microfinance institution in women entrepreneurship development. To examine the relationship of access to finance, skill and development, business support, saving service influence between role of microfinance with women entrepreneurship development. To analyze the influence of access to finance, skill and development, business support, saving service on women entrepreneurship development. Nepal presents a fascinating case study for examining the impact of MFIs on women entrepreneurship due to its unique socio-economic context. Women in Nepal often encounter socio-cultural barriers that restrict their access to economic opportunities, including entrepreneurship. MFIs play a crucial role in mitigating

these barriers by providing financial services that cater specifically to women's needs, thereby empowering them to start and sustain businesses. Understanding the effectiveness of these interventions is pivotal for developing targeted policies and programs that can promote gender equality, economic growth, and poverty alleviation in Nepal and similar contexts globally.

This study employs a quantitative approach to investigate the complex relationships and dynamics involved in women entrepreneurship development through microfinance. A sample of 404 women entrepreneurs from Kathmandu, Lalitpur, and Bhaktapur districts was surveyed, utilizing structured questionnaires to gather data on demographics, perceptions, and experiences. Descriptive statistics were utilized to profile participant characteristics and perceptions of microfinance services. Correlation analysis was conducted to examine the relationships between access to finance, skill development, business support, saving services, and women entrepreneurship outcomes. Multiple regression analysis was employed to identify significant predictors of women entrepreneurship development. Cronbach's Alpha was utilized to ensure the reliability and internal consistency of measurement constructs.

The findings of this study highlight significant positive correlations ( $p < 0.01$ ) among access to finance, skill development, business support, saving services, and women entrepreneurship development in Nepal. The regression model indicates that these factors collectively explain 54.3% of the variance in women entrepreneurship outcomes, underscoring their importance in shaping entrepreneurial success. Business support and saving services emerged as particularly influential predictors, emphasizing their critical roles in enhancing women's entrepreneurial capabilities and opportunities. These findings provide empirical evidence supporting the efficacy of microfinance interventions in empowering women entrepreneurs, thereby contributing valuable insights for policymakers, practitioners, and stakeholders seeking to foster inclusive economic growth and gender equity through targeted interventions in Nepal's entrepreneurial landscape.

## **5.2 Conclusion**

In conclusion, this study affirms the transformative role of MFIs in empowering women entrepreneurs by facilitating access to financial resources, enhancing skills, providing essential business support, and promoting effective savings practices. This study underscores the pivotal role of microfinance institutions (MFIs) in driving women

entrepreneurship development in Nepal. MFIs serve as crucial enablers by providing tailored financial products and services that meet the specific needs of women entrepreneurs, who often face significant barriers to accessing traditional banking services. By offering microloans, savings accounts, and other financial instruments, MFIs empower women to start and scale their businesses, thereby contributing to economic growth and poverty reduction. The findings highlight that MFIs not only provide financial resources but also foster an enabling environment through capacity-building initiatives and business support services, which are essential for women to succeed in entrepreneurial ventures. As such, MFIs play a transformative role in promoting gender equality and inclusive economic development by unlocking the entrepreneurial potential of women in Nepal.

The study reveals compelling relationships between various factors—access to finance, skill development, business support, and saving services—and their impact on women entrepreneurship development facilitated through microfinance. Access to finance emerges as a critical factor, enabling women to secure capital necessary for business initiation and expansion. Skill development programs provided by MFIs enhance entrepreneurial competencies, empowering women with the knowledge and expertise needed to manage and grow their enterprises effectively. Additionally, proactive business support services offered by MFIs, such as mentoring, training, and networking opportunities, play a crucial role in overcoming operational challenges and fostering sustainable business practices among women entrepreneurs. Moreover, effective saving services encourage financial discipline and resilience, enabling women to accumulate capital for future investments and business growth. Together, these interconnected factors underscore the comprehensive support ecosystem that MFIs create, significantly contributing to the holistic development of women entrepreneurs in Nepal.

Analysis of the data underscores the profound influence of access to finance, skill development, business support, and saving services on women entrepreneurship development in Nepal. The study finds that these factors collectively explain a substantial portion of the variance in entrepreneurial outcomes among women. Access to finance through MFIs not only provides essential capital but also empowers women to make strategic business decisions and invest in growth opportunities. Skill development initiatives enhance women's entrepreneurial capabilities, equipping them with the necessary skills in management, marketing, and financial literacy. Business support services offered by MFIs contribute significantly to overcoming barriers and enhancing

operational efficiency, thereby promoting sustainable business growth among women entrepreneurs. Furthermore, effective saving services foster financial stability and resilience, enabling women to weather economic uncertainties and pursue long-term business aspirations. The findings underscore the critical role of integrated microfinance interventions in empowering women entrepreneurs, driving economic empowerment, and advancing gender equality in Nepal's entrepreneurial landscape.

### **5.3 Implications**

The study has following implications for managers, policymakers, and future researchers:

#### ***For Managers***

Managers within microfinance institutions (MFIs) can leverage the findings of this study to enhance their support mechanisms for women entrepreneurs. By prioritizing tailored financial products that meet the diverse needs of women, such as flexible microloans and savings accounts, MFIs can increase accessibility and affordability of financial services. Implementing targeted skill development programs that focus on entrepreneurial training, leadership development, and financial literacy will empower women to effectively manage their businesses and navigate competitive markets. Moreover, providing comprehensive business support services, including mentorship, networking opportunities, and access to markets, will foster a supportive ecosystem conducive to sustainable business growth among women entrepreneurs. Managers should also prioritize continuous evaluation and improvement of these interventions to ensure they remain responsive to the evolving needs of women entrepreneurs in Nepal.

#### ***For Policymakers***

Policymakers can use the study's insights to formulate evidence-based policies that promote gender-inclusive economic development through microfinance interventions. It is crucial to enact policies that enhance regulatory frameworks to facilitate the expansion of MFIs and their outreach to underserved women entrepreneurs in rural and marginalized communities. Policymakers should advocate for financial literacy programs targeted at women, aimed at increasing awareness of financial services and their benefits. Additionally, policies should incentivize collaboration between MFIs, government agencies, and private sector stakeholders to strengthen support mechanisms for women entrepreneurs, including access to markets and technology adoption. By integrating gender-sensitive policies into national development agendas, policymakers can foster an enabling

environment that empowers women to contribute actively to economic growth and poverty reduction.

***For Future Researchers***

Future researchers can build upon this study by exploring additional dimensions of women entrepreneurship development within the context of microfinance. Further research could investigate the long-term impacts of microfinance interventions on women's economic empowerment, including income generation, wealth accumulation, and socio-economic mobility. Comparative studies across different regions and countries could provide insights into effective strategies and best practices for scaling microfinance programs tailored to women's needs.

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**Appendix**  
Questionnaire

Dear Participant's,

I'm Lila Ayer, and I am currently conducting research for my academic degree Masters in Business Studies that requires the participation of individuals like you. The purpose of this study is to gain valuable insights on Role of Microfinance Institution's on Women Entrepreneurship. Your input and perspective are essential in helping us better understand output of the study. Please help me to provide your responses to the statement, it will take you 10-15 minutes only.

If you have any questions or concerns about the study or the questionnaire, please do not hesitate to contact me. Thank you very much for considering taking part in this research study. I genuinely appreciate your time and effort.

Lila Ayer

Student

Shankerd Dev Campus

## Section A: Demographics

- 1) Age
  - 18-28 years
  - 29 to 39 years
  - 40 to 50 years
  - Above 50 years
- 2) Academic qualification
  - SLC/SEE
  - Up to intermediate
  - Bachelors level
  - Masters and above
- 3) Monthly Income (In Rs)
  - Below 10, 000
  - 10,000-30, 000
  - 30,000- 50, 000
  - 50,0000- 70, 000
  - Above 70,0000

## Section B

*Please read the following instruction carefully and tick (✓) on the appropriate option.*

**Instruction: 1. Strongly Disagree (SD) 2. Disagree (D) 3. Neutral (N) 4. Agree (A) 5. Strongly Agree (SA)**

S.N	Statements	SD	D	N	A	SA
		1	2	3	4	5
<b>A.</b>	<b>Access to Finance</b>					
1	I can get loans easily from microfinance.			1		
2	I can pay interest to MFI's in time.	2				
3	MFI's provides loan facilities for the borrowers.					3
5	The procedure for obtaining loans is easy.					
6	The interest rate on loans is fair					

<b>B.</b>	<b>Skills and Development</b>					
1	The skill development programs enhance my personality.					
2	The skill development programs build my confidence level.					
3	Skill development programs helps to carry my activities.					
4	My business can get advantages from MFI's life skill development initiatives					
<b>C.</b>	<b>Business Support</b>					
1	The business support training assisted me in maintaining accurate business records.					
2	The business support training on marketing is adequate and beneficial.					
3	The business support training enhanced my knowledge of financial management.					
4	The business support training has improved my saving habits.					
<b>D.</b>	<b>Saving Service</b>					
1	The procedure for withdrawing savings is straightforward.					
2	Mandatory saving has enhanced my saving habits.					
3	The interest rate on savings is fair.					

4	Saving grants access to additional services like loans from the MFIs.					
5	The procedures for saving are simple and easy.					

### **Women Entrepreneurship**

<b>S. N</b>	<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>S A</b>
1	Consumption within my household tends to rise as I involved in the entrepreneurial activities.					
2	Assets within my household tend to grow due to support of MFI's					
3	Income within my household tends to increase due to entrepreneurial activities.					
4	The range of products/services my enterprise offers tends to expand.					
5	The customer base for my venture tends to grow.					
6	The workforce in my business is on the rise due to business support.					

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**paper text:**

i ABSTRACT This research explored the role of microfinance institutions (MFIs) in promoting women entrepreneurship development in Nepal, focusing on factors such as access to finance, skill development, business support, and saving services. The study employed a quantitative approach with a sample of 404 women entrepreneurs from Kathmandu, Lalitpur, and Bhaktapur districts. Data analysis included descriptive statistics, correlation analysis, and multiple regression to explore relationships and predictors of women entrepreneurship development. The findings reveal that variables such as access to finance, skill development, business support, and saving services exhibit significant internal consistency (Cronbach Alpha ranging from 0.652 to 0.764), indicating reliable measurement constructs. Descriptive statistics highlight moderate to high mean perceptions across these variables, suggesting