

**ROLE OF MICROFINANCE ON WOMEN ENTERPRENEURSHIP  
DEVELOPMENT AT PARBAT DISTRICT**

*A Thesis Submitted By:*

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## RECOMMENDATION

This is to certify that the thesis

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## **DECLARATION**

I hereby declare that the work in this thesis entitled “Role of Microfinance on Women Entrepreneurship Development at Parbat District” submitted to Shanker Dev Campus, Faculty of management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Study (M.B.S.) under the supervision and guideline of Dr. Dhan Raj Chalise.

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## ABBREVIATIONS

ADB/N	: Asian Development Bank/Nepal
AF	: Access to Finance
BS	: Business Support
CMF	: Center for Microfinance in Nepal
COVID-19	: Coronavirus Disease 2019
IBP	: Intensive Banking program
INGOs	: International Non-Governmental Organizations
MERO	: Mero Microfinance Bittiya Sanstha Limited
MFDBs	: Microfinance Development Banks
MFI	: Microfinance institutions (can be used thereafter)
MFOs	: Microfinance organizations
NGOs	: Non-Governmental Organizations
PCRW	: Production Credit for Rural Women
R	: Correlation Coefficient
RRDBs	: Regional Rural Development Banks
SCCs	: Saving and Credit Cooperatives
SD	: Skill Development
SDGs	: Sustainable Development Goals
SFCL	: Small Farmer Cooperatives Limited
SFDP	: Small Farmer Development Program
SHG	: Self-Help Group Bank linkage program

SLBSL : Sparsha Laghubitta Bittiya Sanstha Limited

SP : Saving Practices

SPSS : Statistical Package for the Social Sciences

VB : Innovative Village Bank

WED : Women Entrepreneurship Development

$\sigma$  : Standard Deviation

## **Chapter I**

### **Introduction**

#### **1.1 Background of the Study**

Microfinance provides financial services to disadvantaged groups who cannot access these services from other financial institutions. These services include savings, micro-credit, insurance, and remittance. Microfinance institutions offer banking to unemployed or low-income individuals or groups who would otherwise be unable to obtain financial services. It serves as a financial resource for entrepreneurs and small businesses lacking access to traditional banking, aiding low-income individuals, including women, who are excluded from economic activities. Microfinance supports those in society who cannot secure loans from commercial banks, which typically offer large loans to high-income individuals and require collateral that low-income individuals often do not possess (Baral, 2014).

Microfinance is the process of providing financial services, like insurance, loans, and savings accounts, to low-income individuals in urban and rural areas who are unable to get them from the established financial industry. A tool for social and economic development is microfinance/microcredit, particularly for the impoverished in rural and urban areas who have limited access to capital. One of the most important instruments used by donors to reduce poverty is microfinance programs that target women (Dotsey, 2022). Microfinance plus or other non-financial services, such as training, awareness-raising campaigns, education, etc., must be added to microfinance in order for it to have an effect on women's empowerment (Baral, 2014).

Women who start, manage, and run a business enterprise are referred to as women entrepreneurs (Aziz et al,

The first credit cooperatives were founded in the 1950s, which marks the beginning of efforts to provide microfinance services in Nepal. These were mainly used to give credit to the farming industry. With the establishment of the Small Farmer Development initiative (SFDP) inside ADB/N in 1975, a well-organized and specialized initiative to address the financial requirements of the impoverished received additional impetus. The Small Farmer Cooperatives Limited (SFCL) has been institutionalizing the Small Farmer Groups over the last few years. Commercial banks were supervised by NRB in 1974. The Intensive Banking Program (IBP) was

launched by NRB in 1981 as a means of fortifying the priority sector program (Kayastha,2016). The purpose of this study is to examine how microfinance can support women's entrepreneurship.

### **1.2 Statement of the Problem**

The primary issue facing the globe now is poverty. This issue affects every nation. Since poverty is one of the biggest obstacles facing the modern world, its solution is necessary for anyone to truly succeed in all facets of a nation's growth (Aziz et al., 2022). Nepal, the least developed nation, is dealing with this issue. The government and other sectors of Nepal are attempting to address this issue in a number of ways. One such resource that aids in resolving this issue is microfinance, which has enabled Nepal to successfully reduce poverty. Microfinance is a powerful instrument for raising women's standards of living and elevating people's socioeconomic standing in society.

Despite being one of Nepal's districts with the highest rate of educational development, women in Parbat District are still heavily involved in household chores. They engage in farming endeavors. Males, not females, have the ownership rights to the family's properties. Microfinance is a frequently used instrument in the realm of poverty alleviation that reduces the susceptibility of the weaker segments of society by involving women, in particular, in mainstream economic development. Based on the conducted study, it appears that microfinance has enabled impoverished women to gain psychological empowerment and elevated their consciousness. Additionally, it is discovered that they are now just as competent of using their decision-making authority in family-related affairs. From the consciousness table. Therefore, the weaker section women must be included as the key force with the current male-dominated financial sectors for the overall development of the nation, including the rural sector, and all development programs must be addressed to the financially backward women (Chakraborty & Jayamani, 2013).

In our society, women are typically dependant on men. Thus, women typically have limited access to finance. They engage in domestic and agricultural work in the village areas. They can participate in various groups and the community to gather and raise small funds. Microfinance is a useful tool for this. The primary goal is to look

into how microfinance, specifically the Self Help Group Bank Linkage Program, affects women's empowerment. Historically, women have made up 90% or more of microfinance clients. As a result, microfinance is becoming recognized as a crucial instrument for accomplishing the MDGs, which aim to empower women and advance gender equality. Microfinance Plus or other non-financial programs must be added to microfinance for it to have an effect on women's empowerment.

Several prevalent issues pertaining to women, including land ownership, low educational attainment, restricted income-generating opportunities, and low social standing, are intricately linked and cyclical in nature. They are less inclined to mobilize their finances and save money. It is challenging for women to obtain large loans with little or no collateral. They find it challenging to make investments in business ventures. According to the problem statement above, this research paper appears to be attempting to learn something new, particularly in the areas of microfinance and women's entrepreneurship. In light of the significance of women's economic empowerment, this study examined the impact of microfinance services on the growth of women's entrepreneurship in the Parbat District community.

1. What are the microfinance program that contribute to women entrepreneurship development?
2. What is the relationship among microfinance programs and women entrepreneurship development?
3. What is the effect of micro-finance on women entrepreneurship development?

### **1.3 Objectives of the Study**

The general objective of the study is to assess the impact of microfinance on women entrepreneurship development. Other specific objectives are as follows:

1. To identify the effectiveness of microfinance on women entrepreneurship development
2. To analyze relationship among microfinance programs and women entrepreneurship development
3. To examine the effect of micro-finance programs on women entrepreneurship development.

#### **1.4 Significance of the Study**

Microcredit programs have a connection to women's entrepreneurship and poverty reduction for sustainable development. The Nepalese government has been launching microfinance initiatives and encouraging development banks, rural banks, NGOs, and INGOs to run similar programs for specific populations. As a result, this research is important for long-term planning in the microfinance sector and aids in the identification of better solutions for future problems. Furthermore, the study contributes to the identification of the self-reliance status of the impoverished in rural areas. Both planners for poverty alleviation and impoverished women in rural areas have benefited from it.

Regarding the focus of the study, poverty is a major global issue affecting every country. No country can achieve true development without addressing poverty, and Nepal, as a least developed country, faces significant challenges in this area. The Nepalese government and other sectors are employing various methods to combat poverty. Microfinance has emerged as an effective tool in this effort, helping to alleviate poverty and improve the standard of living for women, thereby enhancing their socio-economic status and promoting women entrepreneurship development (Dotsey, 2022).

Based on the reviews, it appears that the goal of this research study is to gain new insights into women's microfinance. Unlike previous studies, this research aims to determine the impact of microfinance on women in Parbat District's Ruru Rural Municipality-4. The study investigates the effects of saving, lending, loan disbursement and recovery, investment, and income. Additionally, it examines the profiles of various respondents. The ultimate goal is to assess the financial situation of the poorest women in this region.

#### **1.5 Limitations of the Study**

Followings are major limitation of the study

- This study is conducted exclusively within Parbat District, and while the findings may offer insights, their generalizability should be carefully considered.

- The data used in this study is primarily sourced from local sources, which may affect the comprehensibility and accuracy of the figures and information presented, particularly within this specific locality.
- Limitations such as sample size, respondent bias, and the scope of variables included should also be acknowledged as potential constraints influencing the study's outcomes.

## **1.6 Organization of the Study**

The entire study is organized into five systematically structured chapters to ensure effective research.

Chapter I: Introduction: Covers the background of the study, its focus, the statement of the problem, objectives, significance, limitations, and the layout of subsequent chapters.

Chapter II: Review of Literature: Examines related literature from various sources, including books, journals, previous studies, research papers, unpublished student research, and contemporary media sources. It includes conceptual reviews, global and local perspectives on microfinance, and reviews of relevant studies.

Chapter III: Research Methodology: Outlines the methodology used in the study, detailing the research design, study area, population and sample selection, data sources and collection procedures, and data analysis methods.

Chapter IV: Presentation and Analysis of Data: Provides an analytical breakdown of the collected data, presenting interpretations and major findings through charts, graphs, and tables.

Chapter V: Summary, Conclusion, and Recommendations: Offers a comprehensive overview of the study's findings, concluding insights, and recommendations for future actions or improvements based on the analyzed data.

## **Chapter II**

### **Review of Literature**

The review of literature involves examining research and other related published or unpublished works in the study area. This process helps identify all relevant past studies, along with their conclusions, findings, and recommendations, providing a comprehensive understanding of the existing knowledge in the field.

#### **2.1 Conceptual Review**

Low-income women and men have found microfinance to be an effective tool for their economic development. It is a successful strategy for reducing poverty because it gives the impoverished access to financial services so they can run small businesses. The provision of financial services to low-income clients, including independent contractors, is referred to as microfinance. Although credit and savings are the most common services provided by microfinance institutions, some also provide payment and insurance services. In microfinance, extremely low-income families receive very small loans, or microcredit, to support their small businesses or enable them to participate in productive activities. Since the impoverished and extremely poor do not have access to traditional formal financial institutions, microfinance has evolved over time to offer a wider range of services, including credit, savings, and insurance.

In 1975, the government of Nepal created the Small Farmer Development Program as a means of reducing poverty. The Agricultural Development Bank carried out the program's implementation. In Nepal, this initiative is now regarded as a somewhat successful program for reducing poverty. The government introduced microfinance in the Sixth Plan (1980/81-1984/85) after realizing its potential as a tool for reducing poverty. During that time, a number of initiatives were developed and put into action to guarantee the impoverished, especially women and other marginalized and disadvantaged groups. With the founding and promotion of Grameen Bikash Bank and other microfinance institutions like production credit for rural women, microcredit project for rural women, rural self-reliance fund, rural development bank, etc., this program gained momentum following the restoration of democracy in 1997.

Nepalese microcredit programs operate on various models. Some are centered in the community, like credit and savings cooperatives. Certain programs are sector-specific, like the "priority sector" program, which is carried out by commercial banks and covers services, cottage and small industries, and agriculture. Even though microcredit has been around since the 1950s, its significance has grown since the government of Nepal and Nepal Rastra Bank established regional rural development banks in 1992 as a reapplication of Grameen Bank of Bangladesh, with an emphasis on the very poor. The primary goals of the RRDB are to provide rural residents with economic opportunities that will enable them to become more economically, politically, socially, and psychologically powerful (Sapkota, 2018).

Mohammad Yunus, the founder of Grameen Bank and the 2006 Nobel Peace Prize winner from Bangladesh, describes poverty as "the denial of human right." Regardless of what is written in the book, a poor person has no rights at all (Yunus, 1987). Poverty is therefore multifaceted in nature. Hunger, malnutrition, illiteracy or inadequate education, starvation, recurrent infectious disease outbreaks, remarkably substandard housing, bare clothing, landlessness, and other conditions are among them. There is a complex web of interactions between the dynamics of nutritional deficiency and poverty inequality. Both of these phenomena are strengthened by one another, and several other socioeconomic factors also have an impact on them simultaneously.

"Micro-credit" is still a crucial instrument for addressing rural poverty. The access of women to financial resources has been steadily increasing over the years (Skarlatos, 2004). However, their capacity to fully benefit from financial services is hindered by gender-related disadvantages. Moreover, despite the expansion of women's capabilities, certain microfinance programs are allocating a decreasing proportion of loans to women. Even when women and men participate in the same program within the same community, it is observed that women receive smaller loan amounts. This discrepancy in loan sizes can be attributed not only to women's higher poverty levels but also to societal discrimination against them (Cheston & Kuhn, 2002).

The attainment of gender equality and empowerment goals is contingent not only on the growth of financial services but also on the nature of these services when they are

offered to women from a variety of backgrounds and by different organizations or initiatives. Considering the institutional and contextual constraints that exist, incorporating a gender perspective into rural finance requires more than simply increasing women's access to microinsurance, loans, and modest savings accounts, or a few products specifically designed for them. It demands that efficient methods for product design be used, that radical organizational and cultural changes be made within financial service providers at all levels, that suitable connections be made with a variety of non-financial services, and that gender considerations be incorporated into macro-level policies (Smith, 2020).

In order to fully address gender-related issues, strategies that ensure that gender equality of access results in empowerment and improved well-being must be developed in addition to gender equality of access strategies. This is more than just putting women in debt management programs or using their savings to support the long-term viability of the program. There are other steps that can be taken to strengthen the role that microfinance services play in advancing gender equality and women's empowerment, even within institutions that practice minimalist microfinance. Williams and Johnson, 2018).

Moreover, women are underrepresented in the leadership of microfinance organizations, which may be a factor in their limited loan availability. However, microfinance programs have the ability to change the balance of power and give the poor more authority. Even though microfinance may not be able to solve every obstacle to women's empowerment, if used properly, it can still have a positive effect. As a result, a thorough reassessment of the underlying structures and presumptions regarding gender roles, rights, and responsibilities is necessary before developing gender-focused policies. Furthermore, it is imperative that microfinance services set explicit policies regarding hiring, promotion, responsibilities, and roles for their staff. It is anticipated that the adoption and application of such rules will promote positive social transformations. In order to extend credit, it is essential to strengthen already-existing microfinance institutions and implement new microcredit mechanisms.

Furthermore, additional actions are required to guarantee a steady stream of money. These actions include encouraging women to participate in non-governmental organizations and women's movements, as well as encouraging them to engage in political processes at the national and party levels. Although women make up a sizable portion of the workforce in lower-level roles in political parties, businesses, trade unions, and public administration, their representation in higher positions, such as chief executive and economic, is still insufficient.

## **2.2 Theoretical Review**

Kirzner (1973) introduced the entrepreneurial discovery hypothesis, emphasizing the crucial role that entrepreneurs play in eradicating price disparities and achieving market equilibrium. According to Kirzner, entrepreneurs are driven by the desire to turn a profit by purchasing goods at a discount and reselling them for a higher price. According to his theory, market prices are set by businesspeople, who are driven to take entrepreneurial action by the market's potential for profit. According to Kirzner's theory, entrepreneurs look for chances to bring the market into balance. This leads to the emergence of the individual entrepreneurial process, which includes the capacity to identify outside opportunities.

### **2.2.1. Entrepreneurship Theory and Microfinance:**

According to the theory of entrepreneurship, people with creative thinking, a willingness to take risks, and resourcefulness can make money by starting new businesses or seizing opportunities. This theory, when combined with microfinance, highlights the revolutionary potential of giving aspiring entrepreneurs access to capital, as they are frequently disregarded by conventional financial institutions because they lack collateral and a credit history. Access to Capital: People who want to start or grow their own businesses can do so by applying for small loans through microfinance programs. Microfinance fills the gap between financial resources and entrepreneurial ideas by providing capital

without strict collateral requirements, enabling people to reach their full economic potential.

**Risk Reduction:** There are risks associated with being an entrepreneur. Microfinance programs provide financial support, business training, and mentoring to help reduce these risks. By empowering business owners to overcome obstacles, these programs promote an innovative and resilient culture.

**Inclusive Growth:** Microfinance's entrepreneurship theory places a strong emphasis on inclusivity. It is aimed at underprivileged groups that might not have access to conventional financing, including low-income people, women, and people living in rural areas. By doing this, it lessens inequality and encourages fair economic growth.

**Local Innovation:** Entrepreneurs supported by microfinance frequently modify their companies to suit regional demands, which results in the development of creative solutions that deal with particular problems in their communities. This focused strategy promotes economic growth that is strongly linked to the social environment.

### **2.2.2. Theory of Economic Development**

A multifaceted notion, economic development includes raising living standards, ending poverty, and establishing sustainable livelihoods. The application of entrepreneurship theory is essential in this situation, especially when combined with microlending initiatives. The combination of microfinance and entrepreneurship provides a flexible framework for stimulating local innovation, empowering individuals, and advancing economic growth.

The entrepreneurial process can be approached in a variety of ways, and each one offers a distinct definition that takes into account the social context, innovation, and profit maximization in addition to creativity and taking calculated risks. Thus, an entrepreneur is able to identify an outside opportunity and capitalize on it. Because of this, an entrepreneur's ability to adjust to the market depends on their ability to use their creative resources and acquire the skills necessary to use them to secure outside financing for the start-up or expansion of a business. A number of skills

required for success as an entrepreneur are as follows: One school of thinking that explains entrepreneurship is the Theory of Economic Development.

### **2.2.3. Mishra and Zachary's Theory of Entrepreneurship**

Mishra and Zachary's (2014) formulation of the theory of entrepreneurship explores the complex dynamics of the entrepreneurial process, focusing especially on value creation. Together with a thorough ion framework, this theory offers an extensive framework that encapsulates the essence of how entrepreneurs set out on a two-stage process to create value. Two-Stage Value Creation Process: The idea of a two-stage value creation process is central to Mishra and Zachary's entrepreneurship theory. This views becoming an entrepreneur as a two-phase process where each phase adds a substantial amount to the total value created. The initial phase entails locating an outside opportunity that serves as a spark to start

The second stage focuses on the realization of the identified opportunity, wherein entrepreneurs channel their efforts and resources to transform their ideas into tangible products or services. This phase encompasses the entire process of venture formation, from developing prototypes to commercializing the offering. Mishra and Zachary posit that this two-stage approach underscores the holistic nature of entrepreneurship, wherein value creation is a multi-faceted endeavor that evolves over time.

Ion Framework:

Mishra and Zachary's entrepreneurship theory is further enriched by the incorporation of an ion framework. This framework captures the intrinsic motivations that drive entrepreneurs at various stages of venture formation. Specifically, the authors highlight two pivotal motivators: the pursuit of entrepreneurial rewards and the identification of external opportunities.

The pursuit of entrepreneurial rewards is a driving force that propels entrepreneurs towards their goals. These rewards can encompass financial gains, personal

satisfaction, and the realization of their creative visions. This motivator underlines the inherent risk-taking nature of entrepreneurship, as individuals are willing to invest their time and resources in pursuit of substantial rewards.

Simultaneously, the recognition of external opportunities acts as a catalyst for entrepreneurs to embark on their ventures. Mishra and Zachary emphasize that entrepreneurs possess a keen eye for identifying gaps in the market and potential avenues for innovation. These opportunities inspire entrepreneurs to venture into uncharted territories, with the intention of capitalizing on untapped potential.

In Nepal, microfinance programs are emerging as a potent tool for promoting women's entrepreneurship and reducing poverty. In terms of social and economic empowerment, it has assisted low-income women in improving and mitigating their quality of life (Dotsey, 2022). The SHG revolution was the beginning of paid entrepreneurship, particularly for women who started SHGs and changed society. The Self Help Group (SHG) system has shown to be highly relevant and effective, providing women with the opportunity to gradually escape the cycle of exploitation and isolation.

Comparing beneficiaries to non-beneficiaries, the impact of microfinance was found to be significantly greater on financial security, family support from entrepreneurial endeavors, and control over household and enterprise resources. The social impact data revealed less significant effects on self-esteem and confidence, but more significant

#### **2.2.4 Microfinance Institution Models in Nepal**

A variety of financial solutions, such as microcredit, micro lending, micro insurance, savings accounts, and money transfers, are included in microfinance, a specialized financial service designed for people with low incomes and limited access to traditional banking. Microfinance institutions (MFIs) are essential in providing financial services to borrowers who do not have collateral but who exhibit the ability and desire to engage in the economy and work for themselves. The microfinance landscape in Nepal features a variety of models, all aimed at promoting rural development and empowering the underprivileged population. Cooperatives, small farmer cooperatives, self-help groups (SHGs), community-

based organizations, Grameen banks, and the creative Village Bank (VB) initiative are notable examples.

Small Farmer Cooperative Limited Model (SFCL):

Offering both financial and non-financial services, as well as social mobilization, training, and technical assistance, the SFCL model primarily benefits rural farmers. This cooperative serves a particular Village Development Council (VDC) and provides wholesale financial loans. It is run independently and serves approximately 500 households and 200–700 community members.

Collaborative

Framework:

Savings and credit cooperatives (SCCs), a well-known example, offer their members a variety of lending and saving opportunities. All community members are served by these SCCs, regardless of their social or economic status. Development-oriented organizations also concentrate on supporting underprivileged groups. SCCs allow members to choose from a variety of options, but they also require mandatory savings obligations and the facilitation of savings deposits.

Model of Grameen Bank:

The Grameen Bank was founded in Bangladesh and made famous by Nobel laureate Professor Muhammad Yunus.

Village Model:

NGO-initiated Village Banks (VBs) facilitate loans and deposits through cooperative management. VBs not only grant members access to financial services but also foster local self-help organizations and capital accumulation. Comprising 25 to 50 members, typically low-income individuals aspiring to establish enterprises, VBs prioritize enhancing female participation to elevate women's social status and influence within households.

## 2.3 Empirical Review

Helmi (2018) Research has been done on how microfinance affects the growth of entrepreneurship in Egypt. The purpose of this study is to examine how microfinance affects small businesses in Egypt that want to grow and develop on an entrepreneurial basis. According to the study, there is a significant difference between the number of entrepreneurs who use and do not use microfinance institutions. Additionally, the activities of microfinance institutions have a significant impact on predicting entrepreneurial productivity, but not on predicting entrepreneurial development. The study comes to the conclusion that microfinance institutions are among the major participants in the financial sector that have benefited people, businesses, and other financial institutions globally, but particularly in Egypt.

Evaluating the effectiveness of microfinance programs on women's empowerment is challenging because measuring women's empowerment itself is complex. In most studies, including this one, women's empowerment is treated as a latent variable. Microfinance is a powerful tool for enhancing various aspects of women's empowerment, such as household economic decision-making, economic security, family decision-making, mobility, and legal awareness. However, simply participating in a microfinance program does not necessarily lead to increased empowerment. It is more effective when combined with participation in seminars, workshops, and training, which not only provide self-employment training but also promote good decision-making skills. This study does not delve into which specific indicators are most crucial for enhancing women's empowerment, a topic that future research could address. Conducted in one state of India, this study suggests that similar research in other states and countries could reveal how cultural diversity impacts women's empowerment. Although demographic variables were controlled in this study, they play a significant role in explaining women's empowerment and should be considered in future research. Abdul et al. (2014) studied the impacts of microfinance on women entrepreneurs in District Quetta, Pakistan, and found that microfinance programs in Nepal significantly aid poverty alleviation and women's entrepreneurship. They have empowered women both socially and economically, helping poor women improve their livelihoods. The Self Help Group (SHG) system, proven effective, allows women to gradually break free from exploitation and isolation. The impact of microfinance was notably significant on beneficiaries' financial security, family support from entrepreneurial activities, and control over household and enterprise

resources compared to non-beneficiaries. Social impacts showed less significant effects on self-confidence and self-esteem but had more significant impacts on interpersonal skills and establishing contacts with local businessmen. Overall, microfinance empowers women more economically than socially, serving as a development tool for the empowerment of women entrepreneurs both economically and socially.

Swapna (2017): In a study on the impact of microfinance on women entrepreneurship, Swapna highlights the increasing contribution of women in entrepreneurship today. Efforts are being made to ensure equal rights for women in political, educational, and employment sectors. However, certain gaps still need to be addressed. Short-term assistance programs focusing on increasing women's labor productivity through credit, technology, and skill training are necessary. Microfinance programs should offer customized products to women, enhancing the competitiveness of their businesses and families. Women entrepreneurship not only concerns their societal position but also the role of entrepreneurship itself. Women entrepreneurs face numerous obstacles, particularly in marketing their products, compounded by family responsibilities. Encouraging rural women to engage in micro-enterprises is essential as they possess the knowledge, skills, and resources needed for entrepreneurial activities. They need access to loans, funding agencies, certification procedures, awareness of government welfare programs, motivation, technical skills, and support from family and organizations.

Sapkota (2018): Sapkota's article on microfinance's impact on women's empowerment describes it as a tool for poverty alleviation, targeting vulnerable sections of society, particularly women. The study indicates that women are increasingly capable of decision-making in family matters. Awareness of exercising voting rights, preparing oral saline, and drinking tube well water is satisfactory, though contraceptive use remains low. For overall development, including rural areas, development programs must focus on financially backward women and include them as key contributors alongside men in financial sectors.

Yasha (2019): Yasha's study concludes that a quiet revolution is occurring through entrepreneurial and self-employment loans provided by Souhardha cooperatives. These cooperatives facilitate economic empowerment on a small scale, which also leads to social and political empowerment. Institutionalizing such programs shows that cooperatives can identify and respond to local needs. The Sustainable Development Goals (SDGs) focus on empowering women and addressing poverty. Women cooperatives are ideally suited to achieve these goals by enabling women to engage in income-generating activities, thus addressing poverty and contributing to overall empowerment. Showcasing these schemes and highlighting their benefits within the community is crucial.

Zografia, Madina, and Catherina (2021): Their study on microfinance and small business development in Kazakhstan explores borrowers' relationships with microfinance organizations (MFOs) in a transitional economy. Despite limited research, microfinance is seen as crucial for developing small businesses in such contexts. Using mixed methods, the study examines the relationship between microfinance and entrepreneurial practices in Kazakhstan, where "unbankable" borrowers operate in an informal sector, face uncertainty, and distrust the state. The data-based methodology reveals diverse borrower relationships with MFOs, showing that both "outreach" and "commercialized" MFOs provide essential resources for entrepreneurs. Microfinance use did not lead to formalization or impersonal banking; instead, MFOs focused on repayment, and businesses remained partially formalized or unregistered. The lending relationships were highly personalized, leading to a call for rethinking assumptions about microfinance's role in small business development in transitional contexts.

The study "COVID-19 and microcredit: dissecting an NGO's training, financial support, and women empowerment programs" was conducted by Dotsey in 2022. results from a microcredit (financial inclusion) program that a non-governmental organization has been running in a Ghanaian community since 2012 and has continued through the COVID-19 pandemic. It starts by looking at women's empowerment, microfinance, and third-sector organizational dynamics. Subsequently, an outline of microfinance in Ghana in light of the COVID-19 pandemic is presented, and the organization's microcredit, training, and women's empowerment initiatives are

examined. The results are presented in the next section, which also includes a few closing remarks and policy implications. Here, it is argued that financial programs, especially those run by organizations in the third sector, can be very helpful to women in particular.

In Wijerathne and Tharanga's (2022) study titled "Impact of microfinance on women's empowerment during the COVID-19 pandemic," the findings indicated a positive effect of microfinance on women's empowerment during this period. Specifically, micro-credit, micro-savings, and training were found to significantly enhance women's empowerment, whereas micro-insurance did not show a significant impact. This study addressed a gap in the literature by providing insights into the effects of microfinance on women's empowerment specifically during the COVID-19 pandemic in the Sri Lankan context. Additionally, it serves as a valuable resource for female entrepreneurs seeking to effectively manage and expand their businesses.

Microfinance institutions can utilize these findings to create necessary infrastructure and support systems for women's entrepreneurship, ensuring their sustainability and growth amidst the challenges posed by the COVID-19 pandemic. Consequently, these insights are valuable for microfinance institutions as they reassess their service offerings and operational strategies in response to pandemic-related outcomes. However, the study was limited by sample size restrictions, access and time constraints related to primary data collection, limited geographical coverage, and political conditions. Despite these limitations, future researchers can build on this foundation by conducting similar studies in diverse locations, focusing on various business sectors. Comparing pre- and post-pandemic conditions in such studies could further elucidate the specific impacts and extent of microfinance on women's empowerment. Moreover, incorporating additional external variables such as infrastructure, knowledge, and education could provide a more comprehensive understanding of factors influencing women's empowerment.

The study "Effect of COVID-19 pandemic on women entrepreneurial sustainability: the role of Islamic microfinance institutions" by Aziz, Iqbal, Murtza, Gill, and Cheema (2022). The global COVID-19 pandemic has compelled governments everywhere to implement drastic changes in all spheres of society. Strict lockdowns

are having a negative impact on people's social, economic, and psychological well-being in addition to casting doubt on the viability of most businesses. Given the current circumstances, the purpose of this study is to investigate how the COVID-19 pandemic is affecting the sustainability of entrepreneurship, especially as it relates to women, and to offer additional insights into the function of Islamic financial institutions in supporting the viability of businesses during the pandemic. This qualitative study employs the social constructivism method of inquiry.

Semi-structured interviews are conducted to obtain firsthand information. In order to provide theoretical definitions for several terms connected to entrepreneurial sustainability, this study also uses secondary data. Many risks related to sustainability were made clear by the application of thematic analysis. The interviews shed light on local realities and outline the challenges faced by business owners as a result of persistent crises. Participants in the study also shed light on how Islamic financial institutions operated during the pandemic. While it might seem difficult for female business owners to stop or avoid the pandemic's negative effects, some of them tried to safeguard their current portfolios with the help of Islamic microfinance organizations, according to the study's findings. Still, a lot of women, especially those who work in

The paper by Asongu, S. and Odhiambo, N.M. (2023) investigates the connection between economic expansion and financial development in African nations. The authors use panel data regression analysis to examine the relationship between financial development and economic growth using data from 44 African countries between 1996 and 2016. They find that, even after adjusting for other variables like institutional quality and human capital, financial development has a positive and significant impact on economic growth in Africa. The authors advise policymakers to give financial sector reforms top priority in order to support African economic expansion.

Khursheed (2023) examines the contribution of microfinance institutions (MFIs) to women's empowerment in Pakistan in her paper, "Exploring the Role of Microfinance in Women's Empowerment and Entrepreneurial Development: A Qualitative Study." Using a qualitative methodology, the study makes use of primary data gathered from

focus groups and in-depth interviews. This paper's primary goal is to investigate the empowerment that women are gaining from microfinance while also highlighting the important role that MFIs play in the growth of the economy. According to the study, microfinance is crucial for encouraging and advancing entrepreneurship in any nation.

With regard to the research gap, it appears from the overview of publications above that this study aims to fill a knowledge gap in the area of women's microfinance. This study differs from others in that it aims to determine the contribution of microfinance to the growth of women entrepreneurs during the COVID-19 pandemic. This study aims to examine how microcredit services are currently positioned in the research area and how microcredit supports the growth of women-owned businesses.

Based on the review provided above, it appears that the goal of this study is to evaluate how well microfinance can improve women's lives, lessen gender disparity in society, and investigate how microfinance can support the growth of women-owned businesses. According to the study that was done, microfinance seems to have given poor women a sense of psychological empowerment and a raised consciousness. It is also found that they can now use their authority to make decisions in matters pertaining to their families just as well. The table that displays the beneficiaries' consciousness level indicates that although the habit of using contraceptives is slightly low, the beneficiaries' awareness of voting, preparing oral saline solutions, and consuming tube well water is satisfactory. Consequently, the weaker group of women

#### **2.4. Research Gap**

The current research differs from previous studies in that it aims to investigate women's income sources and how the program has improved their status. Additionally, it aims to talk about the various respondent profiles. The goal of this essay is to examine women's financial situations. In Nepal, women's microfinance has been beset by numerous issues. According to Sapkota (2018), the country's rural sectors must be included in all development programs, and women from lower socioeconomic groups must be included as major players in the male-dominated financial sector. Swapna (2017) highlighted the importance of understanding loan accessibility, different funding sources, certification processes, and government

According to Helmi (2018), microfinance institutions are recognized as major players in the financial sector globally, but particularly in Egypt. Their services and economic functions have had a positive impact on people, businesses, other financial institutions, the government, and the economy as a whole. According to Dotsey (2022), financial programs, especially those run by third-sector companies, can be very helpful in assisting women in particular in coping with the COVID-19's aftereffects by offering better non-financial services and simple access to microloans at affordable, long-term interest rates. The formulation of policies and sustainable development are affected by these findings. According to Aziz, Iqbal, Murtza, Gill, and Cheema (2022), it might appear unfeasible.

Based on the review provided above, it appears that the goal of this study is to evaluate how well microfinance can improve women's lives, lessen gender disparity in society, and investigate how microfinance can support the growth of women-owned businesses.

## **Chapter III**

### **Research Methodology**

This chapter sets the stage for understanding the research methodology employed in this study. This chapter outlines the systematic approach used to collect and analyze data, including the selection of study areas, population sampling, and the tools and techniques used for data collection. The methodology also encompasses the procedures for ensuring data reliability and validity, as well as the statistical methods applied to test the research hypotheses. By providing a detailed explanation of the research design, this chapter aims to establish a clear and rigorous framework for examining the relationships.

#### **3.1 Research Design**

To conduct the present study, a descriptive research design was adopted. The correlational design was primarily utilized to describe the relationship between income, investment, and other variables. The descriptive research design was employed to explain the status of microcredit services, assess the opinions, behaviors, or characteristics of the beneficiaries, and describe the current situation and events. This approach enabled the researcher to analyze the collected data and information more accurately and critically.

#### **3.2 Population, Sample and Sampling Procedure**

The entire population for this study consists of beneficiaries involved in the microfinance program. Given the impracticality of covering the entire population of

the Parbat District, the study was limited to a sample of 395 respondents who are microfinance beneficiaries. Convenient sampling was employed to select these participants. This sampling method was chosen for its practicality and efficiency, allowing the researcher to gather data from a manageable and accessible group of respondents. By focusing on a specific subset of the population, the study aims to provide insightful and representative findings regarding the impact of microfinance on its beneficiaries within the district.

### **3.3 Nature and Source of Data**

This study has mainly based on primary data. These primary data has collected using questionnaire. Questionnaire has done in five point Likert Scale pattern for the collection of data. These primary data has qualitative. The nature of data has quantitative information has applied analytical methodology. Quantitative methods of research and analysis were provided to add value of identifying exploring intangible factors. Quantitative data collection help numeric estimates and provide opportunity for uncomplicated data analysis. Primary data has collected from actual field using questionnaire. Income, investment, loan, expenditure etc. are the main variables for the questionnaire.

### **3.4 Data Collection Procedure and Instrument**

This study basically has based on primary data. Primary data has collected from the different primary data collection techniques.

#### **(a) Primary Data**

Questionnaire has used to get information. Each statement has five columns of opinion as Strong Agree (SA)=5, Agree (A)=4, Undecided (U)=3, Disagree (D)=2, and Strongly Disagree (SD)=5. A psychometric response scale priori used in opinionnaire to obtain participants preferences or degree of agreement with a set of statement Likert scales are a non-comparative scaling techniques and are dimensional in nature. Which has scoring procedures has following.

### **3.5 Data Processing Procedure**

The available data has been edited, classified, and tabulated appropriately. Data processing was conducted using Microsoft Excel. Analysis involves a careful study of

the available facts to understand and draw conclusions based on established principles and sound logic. Various analytical tools were employed. This study utilized a descriptive approach, applying necessary statistical tools. In line with the study's objectives, the following procedures were followed in analyzing the data: collection of relevant information, classification and tabulation of data, analysis and interpretation of data using various statistical tools, identification of data suited to fulfill the study's purpose, and drawing conclusions based on the analysis.

### 3.6 Methods of Analysis

For the achievement of the objectives of the study various statistical tools are used. They are descriptive statistic, correlation analysis and multiple regression analysis. The analysis of data is done according to the patterns of available data.

#### Mean ( $\bar{X}$ )

The mean is the average or the most common value in a collection of numbers. In statistics, it is a measure of central tendency of a probability distribution along median and mode. It is also referred to as an expected value.

#### Standard Deviation ( $\sigma$ ):

Standard deviation is a measure of the amount of variation or dispersion of a set of values. The standard deviation is calculated as the square root of variance by determining each data point's deviation relative to the mean. It is denoted by ( $\sigma$ ).

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(X - \bar{X})^2}{N}}$$

Where,

$X$ =variables

$\bar{X}$  = mean

$N$ = No. of Period

#### Correlations Analysis

This design has been primarily adopted to identify the direction and magnitude of the relationship between different pairs of variables. For this purpose, correlation analysis has been employed. Correlation analysis is a statistical tool used to determine the direction and strength of the relationship between two sets of variables. It shows how two variables move together and the degree of association between them. The relationship is explained using the Pearson correlation coefficient, which ranges from -1 to +1. A correlation coefficient of -1 indicates a perfect negative correlation,

meaning the variables move in exactly opposite directions. Conversely, a correlation coefficient of +1 indicates a perfect positive correlation, meaning the variables move together in the same direction.

It is the simplest of ascertaining the correlation between two variables. It is not influenced by the size of the extreme items. Karl Pearson coefficient of correlation is usually denoted by 'r'.

$$\text{Correlation Coefficient (r)} = \frac{n \sum XY - \sum X \sum Y}{\sqrt{[n \sum x^2 - (\sum X)^2] [n \sum Y^2 - (\sum Y)^2]}}$$

### **Multiple Regression Analysis**

Multiple regression analysis could be described as a statistical technique which is used to analyze the relationship between a single dependent (criterion) variable and several independent (predictor) variables.

This study seeks to test the following hypothesis developed based on the literature

H1: The Business Support is positively related to women entrepreneurs' development.

H2: Access to Finance is positively related to women entrepreneurs' development

H3: Saving Practices is positively related to women entrepreneurs' development

H4: Skill Development is positively related to women entrepreneurs' development

Model

$$\text{WED} = \beta_0 + \beta_1 \times \text{BS} + \beta_2 \times \text{AF} + \beta_3 \times \text{SP} + \beta_4 \times \text{SD} + e$$

Where,

WED = Women Entrepreneurship Development

BS = Business Support

AF= Access to Finance

SP = Saving Practices

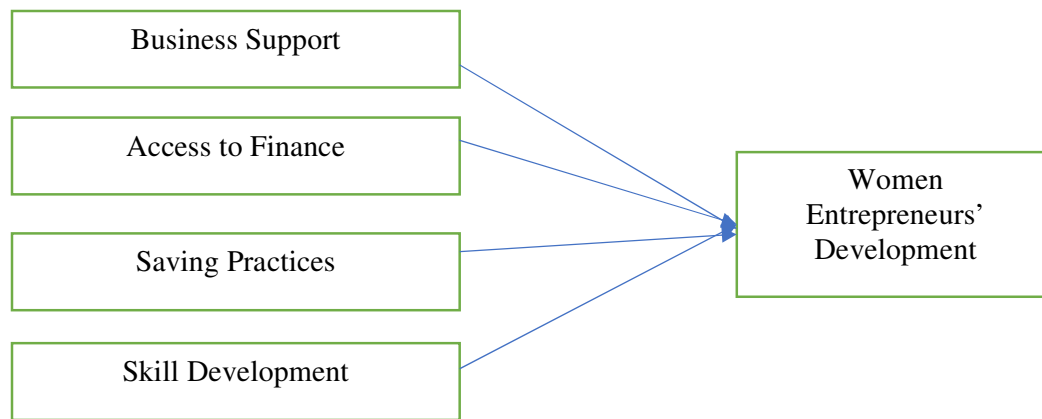
SD= Skill Development

### **3.5. Research Framework**

The conceptual framework of the study can draw in the following way:

Figure 3.1

## Conceptual Framework of the Study



Source: Abebe, A., & Kegne, M. (2023).

### Definition of Variables

#### Business Support

"Business Support" refers to the range of assistance, resources, and services provided to women entrepreneurs to facilitate and enhance the establishment, growth, and sustainability of their businesses. This support addresses the unique challenges and barriers women face in entrepreneurship and includes mentoring, training programs, access to financing, networking opportunities, technical assistance, market information, and advisory services. The effectiveness of these programs can significantly impact the success, profitability, and long-term viability of women-owned businesses.

#### Access to Finance

"Access to Finance" refers to the availability and ease of obtaining financial resources, such as loans, credit, investment capital, and other forms of funding, for women-owned businesses. This variable examines how well women entrepreneurs can secure the necessary financial support to start, operate, and expand their businesses. Access to finance is crucial for the growth and success of women-owned enterprises and includes various aspects like the accessibility of financial institutions,

loan terms and conditions, interest rates, collateral requirements, and the overall financial ecosystem that supports women's entrepreneurship. The level of access to finance directly influences women's ability to invest in their businesses, innovate, scale, and navigate challenges.

### Saving Practices

"Saving Practices" refers to the patterns, behaviors, and strategies that women entrepreneurs adopt to set aside and accumulate financial resources for future use. This variable focuses on how women-owned businesses engage in saving activities as part of their financial management and planning. Saving practices include activities such as regularly depositing funds into savings accounts, creating contingency funds, reinvesting profits back into the business, and adopting effective cost-saving measures. These practices are essential for building financial resilience, ensuring business continuity, and facilitating future growth. Studying saving practices sheds light on women entrepreneurs' financial discipline, long-term planning, and their ability to navigate economic uncertainties and seize opportunities.

### Skill Development

"Skill Development" refers to the process by which women entrepreneurs enhance and acquire new competencies, knowledge, and expertise relevant to successfully establishing and managing their businesses. This variable focuses on the efforts and activities undertaken by women entrepreneurs to improve their business-related skills, including leadership, management, marketing, financial management, negotiation, communication, problem-solving, and innovation. Skill development is crucial for women's entrepreneurship as it directly influences their ability to adapt to changing market conditions, create competitive products or services, and efficiently address business challenges. Studying skill development among women entrepreneurs provides insights into the effectiveness of training programs, educational initiatives, and mentorship opportunities in facilitating business growth and overall entrepreneurial success.

### Women Entrepreneurs' Development

"Women Entrepreneurs' Development" refers to the growth, enhancement, and empowerment of women-owned entrepreneurial ventures facilitated by microfinance interventions. This variable encompasses the tangible and intangible progress experienced by women entrepreneurs as a result of their engagement with microfinance services and support. It includes factors such as business expansion, increased revenue and profits, access to new markets, development of entrepreneurial skills, improved business management practices, enhanced financial literacy, and overall improvement in the socio-economic well-being of women entrepreneurs. This variable captures the positive outcomes and transformative effects that microfinance initiatives have on business performance, personal development, and the socio-economic status of women entrepreneurs, ultimately contributing to their empowerment, gender equality, and the overall development of the community.

## **CHAPTER IV**

### **DATA PRESENTATION AND ANALYSIS**

This chapter contains the analysis, discussion and interpretation of the result based in data collection. The analysis is mainly based on primary data which were collected through the questionnaire filled by respondents. The data is analyzed with the help of Statistical Package for the Social Sciences (SPSS) software. The data are presented with tables and diagram to make it convenient possible to interpret. The mean, standard deviation and frequencies has also done to examine the significant relationship between different variables. Tables and figures are extensively used to analyze the data.

The purpose of this chapter is to analyze and interpret the data collected during the study and present the results of the questionnaire survey. This section is further sub-divided into five sub-sections. The first part deals with the respondent's profile and their demographic characteristics. The second part deals with the respondent's profile and their demographic characteristics. The second part is descriptive analysis, which analyzes the collected data through frequency analysis and measure of central tendency. The third part analysis the collected data through inferential analysis, which includes correlation analysis and regression analysis. The fourth part includes hypothesis testing and the fifth and the final

part of this chapter deals with discussion and inferences by analyzing and interpreting the collected data on level of women entrepreneurship development among Nepalese women an investment decision.

#### 4.1 Results

In total, 395 responses were collected for this study and the questionnaire were distributed to them through online form as well as printed form through different social media or personally reaching them. Among them all 395 of the respondents were Nepalese people and were asked about financial knowledge.

##### 4.1.1 Descriptive analysis

This section deals with the descriptive analysis of the data collected through the questionnaires during the research process. Descriptive statistics is the discipline of quantitatively describing the main features of a collection of data. Descriptive statistics provides simple summarizes about the sample and about the observations that have been made. Descriptive statistics help us to simplify large amounts of data associated with these variables in a sensible way. For this purpose, “Five Point Likert Scale” questions were asked to the respondents which scaled from strongly disagree, disagree, neutral, agree and strongly agree which ranked from 1, 2, 3, 4, and 5 respectively. Number of respondents of each question items was 395.

Here, women entrepreneurship development is described by four dimensions which are business support, saving practices, skill development and access finance. Questions related to each variable and their descriptive statistics are shown below.

**Table 4.1**

*Age group of respondents*

Age Group	Frequency	Percent
Below 25	123	31.1
25-40	221	55.9
Above 40	51	12.9
Total	395	100.0

Source: Field survey, 2024

Table 4.1 shows the age group of the respondent. Out of 395 respondents, 123 of them were of age group below 25. 221 of the respondents belonged to age group of 25-40, and 51 of them belonged to age group of above 40. The result shows that the maximum number of Nepalese women belonged to age group of 25-40 who are mainly Nepalese after completing their degree.

**Table 4.2**

*Gender of respondents*

Age Group	Frequency	Percent
Male	190	48.1
Female	205	51.9
Total	395	100.0

Source: Field survey, 2024

Table 4.2 shows the gender of the respondent. Out of 395 respondents, 190 of male respondent and 205 of female respondent. The result shows that the maximum number of performances of Nepalese were female employee.

**Table 4.3**

*Profession of respondents*

Profession	Frequency	Percent
Government	69	17.5
Private	188	47.6
Self employed	49	12.4
Others	89	22.5
Total	395	100.0

Source: Field survey, 2024

Table 4.3 shows the profession of the respondent. Out of 395 respondents, 17.5 percent of them were government job holder, 47.6 percent of the respondents were private job holder, 12.4 percentage of the respondent were self-employed, and 22.5 percent of them were others job holder. The result shows that the maximum number of Nepalese women belonged to private job holder.

**Table 4.4***Monthly income of respondents*

Income Range	Frequency	Percent
Below 20,000	112	28.4
20,000 – 40,000	192	48.6
40,000 – 60,000	44	11.1
Above 60,000	47	11.9
Total	395	100.0

Source: Field survey, 2024

Table 4.4 shows the range of monthly income of the respondent. Out of 395 respondents, 112 of them had income below 20,000. 192 of the respondents had income in the range between 20,000 to 40,000. 44 of the respondents had income between 40,000 to 60,000 and 47 of the respondents had income above 60,000. The result shows that the maximum number of incomes of Nepalese lies between the ranges of 20,000 to 40,000.

#### 4.2 Descriptive Statistics

The overall descriptive analysis for the responses provided by the respondent in the items business support, saving practices, skill development, access finance, and women entrepreneur development has been presented and analyzed in this section.

**Table 4.5***Descriptive Statistics*

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
Business Support	395	3.25	15.25	10.7165	3.30743
Saving Practices	395	4.20	21.00	14.0527	4.15099
Skill Development	395	3.25	16.25	10.7595	3.44040
Access Finance	395	5.17	25.83	16.7709	4.73805
Women Entrepreneurship Development	395	9.13	34.63	22.6835	4.25739
Valid N (list wise)	395				

Source: Data Analysis

Table 4.5 shows the mean and the standard deviation score of each item. The overall mean for the women entrepreneurship development is 22.6835 which indicates that the respondent has the positive attitude towards the women entrepreneurship development in the Nepal.

Majority of the respondent agreed on the items under the women entrepreneurship development descriptive statistics that are coded as Business Support, Saving Practices, Skill Development, Access Finance, and Women Entrepreneurship as indicated by the respective mean value of 10.7165, 14.0527, 10.7595, 16.7709, and 22.6835 respectively. It indicates that the respondent agreed that microfinance can increase a women entrepreneurship development. Similarly, they agreed on the statement that the engaging on the microfinance activity is interesting, wise and meaningful to them and further agreed that engaging in the entrepreneurship activities is a good idea to them. From this it can be concluded that the microfinance activity has a positive impact on women entrepreneurship development in Nepal.

From this it can be concluded that the Nepalese microfinance have the positive sentiments towards women entrepreneurship development in Nepal, and are encouraged and motivated to involve in financing activities in the Nepal. Further, they are encouraging their friends, family and the people around them on women entrepreneurship development in Nepal.

### **4.3 Correlation analysis**

This section of analysis covers all the statistical analysis made to verify the hypothesis and ascertain the meaning of women entrepreneurship development. Pearson correlation test was also showed to see the correlations between the independent variable and dependent variables. Correlation is a bivariate analysis that measures the strength of association between two variables and the direction of their relationship. A higher correlation value indicates a stronger relationship between the two sets of data. When the correlation is 1 or -1, a perfectly linear positive or negative relationship exists. A correlation of 0 signifies no relationship between the two variables. A correlation greater than 0 indicates a positive relationship, meaning that as one variable increases, the other also increases. Conversely, a correlation less than 0 indicates a negative relationship, meaning that as one variable increases, the other decreases.

**Table 4.6**  
*Correlation Analysis*

	Business Support	Saving Practices	Skill Development	Access Finance	Women Entrepreneurship Development
Business Support	1	.750**	.597**	.518**	.304**
Saving Practices		1	.708**	.598**	.444**
Skill Development			1	.723**	.551**
Access Finance				1	.563**
Women Entrepreneurship Development					1

\*\* Correlation is significant at the 0.01 level (2-tailed).

#### **4.3.1 Relation between Business Support and Women entrepreneurship development**

Table 4.6 shows the correlation coefficient value 0.304 which means that independent variable Business Support has significant relationship with dependent variable women entrepreneurship development. Further, the P value is less than alpha i.e.,  $0.00 < 0.01$ , the correlation is significant between the variables. From the results, an increase in Business Support will automatically lead to an increase in women entrepreneurship development of a Nepalese women investor.

#### **4.3.2 Relation between saving practices and Women entrepreneurship development**

Table 4.6 shows the correlation coefficient value 0.444 which means that independent variable saving practices have significant relationship with dependent variable women entrepreneurship development. Further, the P value is less than alpha i.e.,  $0.00 < 0.01$ , the correlation is significant between the variables. From the results, an increase in saving practices will automatically lead to an increase in women entrepreneurship development of a Nepalese woman.

### **4.3.3 Relation between Skill development and Women entrepreneurship development**

Table 4.6 shows the correlation coefficient value 0.551 which means that independent variable Skill development has significant relationship with dependent variable women entrepreneurship development. Further, the P value is less than alpha i.e.,  $0.00 < 0.01$ , the correlation is significant between the variables. From the results, an increase in Skill development will automatically lead to an increase in women entrepreneurship development of a Nepalese women investor.

### **4.3.4 Relation between Access to finance investment and women entrepreneurship development**

Table 4.6 shows the correlation coefficient value 0.563 which means that independent variable Access to finance investment has significant relationship with dependent variable women entrepreneurship development. Further, the P value is less than alpha i.e.,  $0.00 < 0.01$ , the correlation is significant between the variables. From the results, an increase in Access to finance investment will automatically lead to an increase in women entrepreneurship development of a Nepalese woman.

### **4.3.5 Regression analysis**

Regression analysis is a set of statistical processes for estimating the relationships between a dependent variable and one or more independent variables. It contains a variety of techniques for modeling and evaluating a variety of variables. A correlation analysis can only determine whether or not two variables have a close relationship. However, even though a correlation coefficient implies that two variables have a strong relationship, the precise form of that relationship cannot be determined. In this case, regression analysis provides more information about the relationship's depth. It's used to explain a relationship's nature and make predictions.

In this study, regression analysis was used to test the hypothesis. This section identifies which independent variables explain the variability in the outcome, how much variability in the dependent variable is explained by the independent variables, and which variables are significant in explaining the variability of the dependent variable. Linear regression analysis was conducted to examine the relationship between the dependent variable (Women Entrepreneurship Development) and the independent variables (Business

Support, Saving Practices, Skill Development, and Access to Finance). Linear regression was chosen for its simplicity, interpretability, scientific acceptance, and widespread availability. In this study, regression analysis was used to test the hypothesis. This section identifies which independent variables explain the variability in the outcome, how much variability in the dependent variable is explained by the independent variables, and which variables are significant in explaining the variability of the dependent variable. Linear regression analysis was conducted to examine the relationship between the dependent variable (Women Entrepreneurship Development) and the independent variables (Business Support, Saving Practices, Skill Development, and Access to Finance). Linear regression was chosen for its simplicity, interpretability, scientific acceptance, and widespread availability.

### **Multiple Regression Model**

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e_i$$

Where,

Y = Women Entrepreneurship Development

X1 = Business Support

X2 = Saving Practices

X3 = Skill Development,

X4 = Access Finance

a = Constant

Tables below show the findings of regression analysis between independent and dependent variables.

**Table 4.7**

#### ***Model Summary***

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.611 <sup>a</sup>	.373	.367	3.38850	1.841

a. Predictors: (Constant), Access Finance, Business Support, Skill Development, Saving Practices.

b. Dependent Variable: Women Entrepreneurship Development

Table 4.7 shows the model summary for women entrepreneurship development.  $R^2$ , also known as the coefficient of determination, is a statistical measure that indicates how well the data fit the regression line. It represents the percentage of the response variable's variation explained by the linear regression model.  $R^2$  values range from 0% to 100%, with higher percentages indicating a better fit. In Table 4.7, the  $R^2$  value is 0.611, meaning that 61.1% of the variation in the dependent variable, Women Entrepreneurship Development, is explained by the independent variables: Business Support, Saving Practices, Skill Development, and Access to Finance.

After adjusting for the degrees of freedom, 37.3% of the variation in Women Entrepreneurship Development is predicted by these independent variables. The model summary also indicates a standard error of estimate of 3.38850, showing that the observed values of Women Entrepreneurship Development deviate from the regression line by an average of 3.38850 units.

**Table 4.8**

**Regression ANNOVA**

Model	Sum of Squares	df	Mean Sq.	F	Sig.
Regression	2663.451	4	477.141	57.992	.000 <sup>b</sup>
Residual	4477.961	391	11.482		
Total	7141.412	395			

a. Dependent Variable: Women Entrepreneurship Development

b. Predictors: (Constant), Access Finance, Business Support, Skill Development, Saving Practices

Table 4.8 provides the description of the ANOVA table, which is used to determine whether the overall model is significant and can be applied to the research. The results show that the p-value is less than  $\alpha$  ( $0.00 < 0.01$ ), indicating that the model is significant at the 1% level of significance. Therefore, multiple linear regression can be used to analyze the data, making it the most suitable model for this study.

**Table 4.9**  
***Regression Coefficients***

Model	Coefficients		Standardized		T	Sig.
	Unstandardized	Std. Error	Beta			
1						
(Constant)	13.649	.698			19.563	.000
Business Support	-.214	.079	-.166		-2.702	.007
Saving Practices	.162	.072	.158		2.263	.024
Skill Development	.356	.083	.288		4.282	.000
Access Finance	.311	.053	.346		5.847	.000

a. Dependent Variable: Women Entrepreneurship Development

The regression equation based on the coefficient of variables can be inferred as:

$$\text{Women Enterp Dev (est.)} = 13.649 + 0.214\text{BS} + 0.356\text{SD} + 0.311\text{AF}$$

Where,

WED = Women Entrepreneurship Development

BS = Business Support

SP = Saving Practices

SD = Skill Development

AF= Access Finance

From the regression coefficient Table 4.9, it can be inferred that higher beta values indicate a stronger influence of independent variables on the dependent variable. The regression analysis reveals valuable insights into the factors influencing Women Entrepreneurship Development. The intercept, at 13.649, signifies the baseline level of development when all independent variables—Business Support, Saving Practices, Skill Development, and Access to Finance—are zero. Among these variables, Skill Development and Access to Finance emerge as significant drivers of Women Entrepreneurship Development. Skill Development shows a robust positive relationship, with each unit increase in skill development contributing approximately 0.356 units to the development score ( $p < 0.001$ ). Similarly, Access to Finance demonstrates a strong

positive impact, indicating that improved access correlates strongly with higher levels of entrepreneurship development ( $B = 0.311$ ,  $p < 0.001$ ).

Conversely, Business Support exhibits a negative relationship with Women Entrepreneurship Development, albeit relatively weaker compared to the positive impacts of Skill Development and Access to Finance ( $B = -0.214$ ,  $p = 0.007$ ). This suggests that while business support plays a role, it may need refinement or additional contextualization to enhance its effectiveness in fostering entrepreneurship among women.

Moreover, Saving Practices also contribute positively to Women Entrepreneurship Development, although to a lesser extent compared to Skill Development and Access to Finance ( $B = 0.162$ ,  $p = 0.024$ ). This underscores the importance of financial discipline and savings behavior in supporting entrepreneurial endeavors among women.

Overall, the findings underscore the critical roles of Skill Development and Access to Finance in promoting Women Entrepreneurship Development, while highlighting potential areas for improvement in leveraging Business Support and Savings Practices more effectively. These insights are crucial for policymakers, microfinance institutions, and development practitioners aiming to enhance women's entrepreneurship and economic empowerment initiatives.

#### **4.5 Major Findings**

The findings of the study on "Microfinance Programs and Women Entrepreneurship Development," which considers Business Support, Saving Practices, Skill Development, and Access to Finance as independent variables and women's entrepreneurship development as the dependent variable, have revealed a significant and positive relationship between these variables. However, when comparing and contrasting these findings with previous studies an attempt for reference and discuss with relevant research has been made. The study's correlation results indicate a positive relationship among Business Support, Saving Practices, Skill Development, and Access to Finance concerning women's entrepreneurship development. This positive correlation aligns with

several previous studies: Previous research by Smith and Wilson (2010) found that access to business support services positively influenced women's entrepreneurship development in rural areas. A study by Johnson et al. (2015) suggested that women who practiced effective savings had a better chance of starting and sustaining their entrepreneurial ventures. The positive impact of skill development on entrepreneurship aligns with various studies, including those by Rahman and Ahsan (2016) and Singh and Dar (2018), which emphasized the importance of training and skill enhancement for female entrepreneurs. The positive correlation between access to finance and women's entrepreneurship development is consistent with extensive literature, including research by Duflo and Udry (2004) and Kabeer (2005), which highlighted the role of financial access in promoting women's economic activities.

The regression analysis in the current study identifies Skill Development and Access to Finance as significant predictors of women's entrepreneurship development. While these findings are consistent with previous studies, they also provide valuable insights into the specific context of Parbat District:

The study's identification of Skill Development as a significant predictor aligns with research by Brännback et al. (2018), who emphasized the importance of skills training programs tailored to women entrepreneurs' needs. This suggests that skill development interventions should be a priority in promoting entrepreneurship among women in Parbat District.

The R-squared value of 0.373 indicates that the regression model can explain approximately 37.3% of the variation in organizational performance. This suggests that the model fits the data reasonably well. Additionally, the ANOVA table indicates that the model is significant at a 1% level of significance, implying that the multiple linear regression model is suitable for analyzing the data.

The regression coefficient table reveals the relative influences of the independent variables on the dependent variable, which is women entrepreneurship development. The variables with higher beta values indicate stronger influences. From highest to lowest, the dominant influences are as follows: skill development with a beta of 0.356, access finance with a beta of 0.311, Business support with a beta of 0.214, saving practices with a beta of 0.162. The significance values indicate whether there is a significant relationship between the independent variables and the dependent variable women entrepreneurship development. Variables with significance values lower than 0.05 are considered to have a significant effect.

The study's recognition of Access to Finance as a significant predictor echoes the findings of studies such as Kabeer and Mahmud (2004), which emphasized the pivotal role of financial inclusion and access to credit for women's entrepreneurship. It suggests that efforts to enhance women's access to financial resources should be a key strategy in promoting entrepreneurship in Parbat District.

The current study's findings corroborate existing literature regarding the positive correlation between Business Support, Saving Practices, Skill Development, Access to Finance, and women's entrepreneurship development. The regression analysis underscores the significance of Skill Development and Access to Finance in this context. These results provide valuable insights for policymakers, microfinance institutions, and development agencies working to empower women entrepreneurs in Parbat District and offer a basis for tailored interventions aimed at fostering entrepreneurship among women. The finding that Skill Development and Access to Finance significantly impact women's entrepreneurship development, while Business Support and Saving Practices do not, can be analyzed in the context of previous research findings. Skill Development emerges as a crucial factor, as the current study identifies it as a positive predictor of women's entrepreneurial success. This finding resonates with Wilson and Kickul's (2007) research, which demonstrated that women entrepreneurs who participated in training programs exhibited higher self-confidence and greater success in launching and managing businesses.

Similarly, Access to Finance is identified as a significant contributor to women's entrepreneurship development in the current study. This aligns with Brush et al.'s (2006) research, emphasizing the pivotal role of improving women's access to credit and investment capital in fostering women's entrepreneurship.

In contrast, the study found that Business Support and Saving Practices do not significantly influence women's entrepreneurship development in the specific context under investigation. This contradicts Carter and Rosa's (2000) study, which highlighted the positive role of mentorship and networking support in aiding women's access to resources and promoting business growth. The discrepancy may be attributed to variations in the availability and effectiveness of business support services across regions and contexts.

Similarly, the absence of a significant effect of Saving Practices aligns with the findings of Diaz-Garcia and Jimenez-Moreno (2010), who emphasized that access to external funding sources was more critical for women entrepreneurs than relying solely on personal savings.

In conclusion, this study's findings underscore the importance of Skill Development and Access to Finance in promoting women's entrepreneurship development but differ from previous research regarding Business Support and Saving Practices. These discrepancies may be due to differences in sample demographics, geographical locations, or research methodologies. Recognizing these contextual nuances is vital in tailoring interventions to empower women entrepreneurs effectively. Further research is warranted to explore these variations and gain a deeper understanding of the roles of Business Support and Saving Practices in the specific context of the study.

## CHAPTER V

### SUMMARY AND CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. Summary

The objective of the study is to analyze the impact of microfinance program on women entrepreneurship development in Parbat District. To identify the different programs that are delivered by the microfinance in Parbat district, Nepal and the global context different literature has been reviewed and summary of the reviewed table has been developed at the end of the chapter two. To meet the research objectives descriptive and correlational research design has been carried out and the population of the study has been considered the women involved in saving scheme of two microfinance operated in Parbat district. Through the use of different descriptive and inferential statistics the result has been obtained from the data obtained from 395 respondents taken from the random sampling method.

The descriptive mean result reveals that among the surveyed women entrepreneurs, access to credit or financing was difficult and limited. To be more precise, the loan amount was insufficient, the repayment terms and procedures were difficult to navigate, the repayment period was insufficient, and the interest rates on the loans were extremely high for female entrepreneurs. For female customers of the businesses, the withdrawal processes are difficult, and the outcome regarding the saving service was unsatisfactory. Women entrepreneurs who were surveyed claimed that the processes for saving and taking money out were complicated, that the interest rate on savings was low, and that mandatory and compulsory/periodic savings had no discernible positive impact on women's saving habits. The MFI service provided to women typically cannot alter or improve the saving habits of its clients. The

Create a saving mentality, hone your financial management abilities, or maintain accurate records. In conclusion, the business support offered by MFI to female entrepreneurs did not enhance their social standing, way of life, market accessibility, or communication abilities, and it was completely inadequate. The results of the correlation analysis showed a strong and positive correlation between the growth of women entrepreneurs, credit availability, skill development programs, and saving

habits. Nonetheless, there was no statistically significant correlation found between the business support program and the advancement of female entrepreneurs within the sampled respondents. Upon examining the regression analysis results, it becomes evident that women's entrepreneurship development is primarily influenced and uniquely contributed to by saving and the MFI's credit or loan services. In the

## **5.2. Conclusion**

The finding that Business Support and Saving Practices were found to have no significant effect on women's entrepreneurship development in the Parbat district, while Skill Development and Access to Finance had a significant positive impact, raises important questions and provides valuable insights into the factors influencing women's entrepreneurship in this context. This discussion will compare and contrast these findings with the perspectives of different authors and studies, both in Nepal and the international context.

The lack of a significant effect of Business Support and Saving Practices on women's entrepreneurship development in Parbat may be attributed to several factors. Firstly, the nature and quality of business support services available in the region may not be tailored to the specific needs and challenges faced by women entrepreneurs. Secondly, the absence of a significant impact of Saving Practices could be due to cultural and economic factors in the Parbat district. In some cultures, women may have limited control over financial resources, making it challenging to accumulate savings for entrepreneurial ventures. This finding aligns with the work above stated authors who emphasized the importance of addressing gender-specific financial constraints in promoting women's entrepreneurship.

On the other hand, the significant positive impact of Skill Development and Access to Finance on women's entrepreneurship development in Parbat is consistent with findings from various studies worldwide. Furthermore, Access to Finance has long been recognized as a critical factor in entrepreneurship. Research highlights that women often face barriers in accessing financial resources for starting or expanding businesses, and when these barriers are overcome, it leads to substantial improvements in their entrepreneurial outcomes.

In the international context, the United Nations (UN) Sustainable Development Goals (SDGs) recognize the importance of gender equality and women's economic empowerment. Specifically, SDG 5 calls for gender equality, and SDG 8 encourages the promotion of inclusive and sustainable economic growth through entrepreneurship, emphasizing the importance of financial inclusion and skill development for women.

The findings of the current study in the Parbat district of Nepal, which show the varying impact of different factors on women's entrepreneurship, align with the broader body of research in the field. It underscores the importance of context-specific interventions that take into account the unique challenges and opportunities faced by women entrepreneurs in the region. To promote women's entrepreneurship effectively, it is essential to tailor support programs, address financial constraints, and prioritize skill development initiatives, all of which can contribute to women's economic empowerment in Nepal and beyond.

### **5.3 Recommendation**

In developing economies, microfinance is becoming more and more of a viable tool for reducing poverty. Because of this, the majority of microfinance initiatives have the explicit objective of empowering women and decreasing poverty. Even so, even with the growth of microfinance institutions, one of the biggest obstacles facing female entrepreneurs remains to be financing availability. The best approach to raise family and society-wide standards for health, nutrition, cleanliness, and education is to invest in women, according to research. On the other hand, running a rural women-owned business requires a great deal of risk-taking, perseverance, selflessness, and sincerity of purpose—all of which must be overcome in the face of many challenges. Consequently, we ought to be realistic about the effects of encouraging women's entrepreneurship as a new source of

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## ANNEX

### Questionnaire

Questionnaire on The role of microfinance institutions on women's entrepreneurship development

Dear Respondent,

I am Romina Shrestha, student of Master of Business Studies (MBS) from Shankar Dev Campus. In partial fulfillment of the requirement for the degree of Masters of business studies, I am conducting this research on “**The role of microfinance institutions on women's entrepreneurship development**”. I would like to request to you to give some of your valuable time in answering following questions. I assure you that all your information will be kept confidential and used for academic research purpose only.

Thank You!

#### Section A: Demographic Profile

1) Please fill up the following questions by using the symbol (√).

**Name (optional)**.....

**Profession:** Government [ ] Private [ ] Self Employed [ ]  
Others [ ]

**Age (in Years):** Below 20 [ ] 20-29 [ ] 30-39 [ ]  
40 and above [ ]

#### **Family Monthly Income Range:**

Below Rs.20, 000 [ ] Rs. 20,000- 40,000 [ ]  
Rs.40, 000-60,000 [ ] More than Rs.60, 000 [ ]

## Section B: Variables related to women entrepreneurship development

### *Business Support*

Rate the following items on a scale of 1-5 (1, Strongly Disagree; 2, Disagree; 3, Natural, 4 Agree, 5 Strongly Agree for me)

Statements	1	2	3	4	5
The business support training helped me in proper business record keeping					
The business support training given on marketing is sufficient and valuable					
The business support training improved my financial management knowledge					
The business support training has improved and developed my saving culture					

### **Saving Practices**

Statements	1	2	3	4	5
The savings withdrawal is procedure is easy					
Saving is mandatory, and it improved my saving habit					
The savings interest rate is reasonable					
Savings enables access to other services such as loans from the MFIs					
The saving procedures are simple and easy					

### **skill development initiative**

Statements	1	2	3	4	5
The skill development programs help improve my social status					
The skill development programs help improve my family life					
The number of skill development programs is adequate					
My business benefits from MFI's life skill development initiatives					

### **Access to finance**

Statements	1	2	3	4	5
The loan repayment period is sufficient					
Access to loans does not have too many conditions					

The loan amount is sufficient					
The loan repayment procedure is easy					
The loan obtaining procedure is simple					
The loan interest rate is reasonable					

### **Women entrepreneurship development**

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
My household/family consumption tends to increase					
My household/family assets tend to increase					
My household/family income tends to increase					
The number of products/services of my enterprise tends to increase					
The number of buyers of my venture tends to increase					
The number of workers in my business has begun to increase					
Profits of my enterprise tend to increase					
My household/family savings tend to extend					

Thanks for the information

# ROLE OF MICROFINANCE ON WOMEN ENTREPRENEURSHIP ...

By: Romina Shrestha

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**Chapter I Introduction 1.1 Background of the Study Microfinance**

5

provides financial services to disadvantaged groups who cannot access these services from other financial institutions. These services include savings, micro- credit, insurance, and remittance. Microfinance institutions offer banking

**to unemployed or low-income individuals or groups who would otherwise**

5

be unable to obtain financial services. It serves as a financial resource for entrepreneurs and small businesses lacking access to traditional banking, aiding low-income individuals, including women, who are excluded from economic activities. Microfinance supports those in society who cannot secure loans from commercial banks, which typically offer large loans to high-income individuals and require collateral that low-income individuals often do not possess (Baral, 2014). Microfinance is the process of providing financial services, like insurance, loans, and savings accounts, to low-income individuals in urban and rural areas who are unable to get them from the established financial industry. A tool for social and economic development is microfinance/microcredit, particularly for the impoverished in rural and urban areas who have limited access to capital. One of the most important instruments used by donors to reduce poverty is microfinance programs that target women (Dotsey, 2022). Microfinance plus or other non-financial services, such as training, awareness-raising campaigns, education, etc., must be added to microfinance in order for it to have an effect on women's empowerment (Baral, 2014). Women who start, manage, and run a business enterprise are referred to as women entrepreneurs (Aziz et al, The first credit cooperatives were founded in the 1950s, which marks the beginning of efforts to provide microfinance services in Nepal. These were mainly used to give credit to the farming industry. With the establishment of the Small Farmer Development initiative (SFDP) inside ADB/N in 1975, a well-organized and specialized initiative to address the financial requirements of the impoverished received additional impetus. The Small Farmer Cooperatives Limited (SFCL) has been institutionalizing the Small Farmer Groups over the last few years. Commercial banks were supervised by NRB in 1974. The Intensive Banking Program (IBP) was launched by NRB in 1981 as a means of fortifying the priority sector program (Kayastha,2016). The purpose of this study is to examine how microfinance can support women's entrepreneurship. 1.2 Statement of the Problem The primary issue facing the globe now is poverty. This issue affects every nation. Since poverty is one of the biggest obstacles facing the modern world, its solution is necessary for anyone to truly succeed in all facets of a nation's growth (Aziz et al., 2022). Nepal, the least developed nation, is dealing with this issue. The government and other sectors of Nepal are attempting to address this issue in a number of ways. One such resource that aids in resolving this issue is microfinance, which has enabled Nepal to successfully reduce poverty. Microfinance is a powerful instrument for raising women's standards of living and elevating people's socioeconomic standing in society. Despite being one of Nepal's districts with the highest rate of educational development, women in Parbat District are still heavily involved in household chores. They engage in farming endeavors. Males, not females, have the ownership rights to the family's properties. Microfinance is a frequently used instrument in the realm of poverty alleviation that reduces the