



SEINÄJOEN AMMATTIKORKEAKOULU  
SEINÄJOKI UNIVERSITY OF APPLIED SCIENCES

Karuna Nepali

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# Microfinancing on Women Entrepreneurship

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## **Thesis abstract <sup>1</sup>**

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Author: Karuna Nepali

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Microfinancing is an innovative strategy for women entrepreneurship in developing countries. However, the research is not in the parallel stream. Therefore, the study investigates the role of microfinancing in women's entrepreneurship in Nepal. It considers quantitative and qualitative research strategies in light of pragmatism. The study surveyed 87 women entrepreneurs and interviewed one manager from the case company using Microsoft Teams and Forms. Consequently, it uses content analysis to pattern the qualitative data and SPSS software for descriptive statistics.

Empirical findings indicate that microfinance is an economic development tool for including underprivileged citizens and offering various financial support with necessary guidance. Generally, microfinance empowers women to pursue entrepreneurial goals in Nepal, such as setting up small agriculture, retail, and handicraft businesses. Moreover, different types of microfinancing are favorable and flexible loans, saving practices, crisis management, business consultancy, support training, mentorship, and networking opportunities. Consequently, microfinance has been a cornerstone for women's entrepreneurship regarding gender inequality and boosting self-reliance and socio-economic development. According to human capital theory, women's entrepreneurship is a mainstream economic development approach.

The study suggests that microfinance institutions (MFIs) should offer more flexible and alternative loan opportunities and training programs for business development. The government should also take policies and pragmatic initiatives fostering long-term women's financial empowerment to build a more inclusive entrepreneurial ecosystem in Nepal.

<sup>1</sup> Keywords: microfinance, women's entrepreneurship, empowerment, business support

## TABLE OF CONTENTS

Thesis abstract .....	2
TABLE OF CONTENTS.....	3
Pictures, Figures, and Tables .....	5
Terms and Abbreviations .....	6
1 INTRODUCTION.....	7
1.1 Background .....	7
1.2 Research Gaps .....	10
1.3 Research Questions and Objectives .....	11
1.4 Key Concepts.....	12
1.5 Structure of the Study.....	13
2 MICROFINANCING ON WOMEN ENTREPRENEURSHIP: THEORETICAL LENS.....	14
2.1 Human Capital Theory .....	14
2.2 Microfinancing in Nepal .....	17
2.3 Women Entrepreneurship Based on Microfinance .....	19
2.4 Various Microfinancing Supports for Women’s Entrepreneurship .....	21
2.5 Micro Financing on Women Entrepreneurship Development in Nepal .....	24
3 RESEARCH METHODOLOGY .....	27
3.1 Research Philosophy .....	27
3.2 Research Approach.....	28
3.3 Research Design and Sampling Strategy.....	28
3.4 Data Collection and Analysis Methods .....	29
3.5 Validity, Reliability, and Ethical Considerations .....	29
4 THE CASE STUDY OF DEVELOPMENT INITIATIVES (DI).....	30
4.1 Description of Development Initiatives (DI) .....	30
4.2 Products and Services .....	31
4.3 Business Positioning .....	32
5 THE RESULTS AND FINDINGS .....	34
5.1 The Findings on Microfinancing in Nepal .....	34

5.2	Opinions on Women’s Entrepreneurship Based on Microfinance.....	35
5.3	Responses on Various Microfinance Supports for Women’s Entrepreneurship .....	37
5.4	The Results of Microfinancing on Women Entrepreneurship Development .....	39
6	DISCUSSIONS OF THE FINDINGS.....	40
6.1	Interpretation of Microfinancing in Nepal .....	40
6.2	Clarification on Women's Entrepreneurship Based on Microfinance .....	41
6.3	Identifying Microfinance Supports Women’s Entrepreneurship .....	43
6.4	Explanation of Microfinancing for Women Entrepreneurship Development.....	43
7	SUMMARY AND IMPLICATIONS .....	44
7.1	Summary of the Study.....	44
7.2	Theoretical and Managerial Implication.....	45
7.2.1	Theoretical Implications .....	45
7.2.2	Managerial Implications .....	46
7.3	Organizational and Government Policy Inferences .....	47
7.4	The Research Constraints and Recommendations.....	48
	BIBLIOGRAPHY .....	49
	APPENDICES .....	51

**Pictures, Figures, and Tables**

Figure 1. Structure of the study..... 13

Table 1. Key Concepts..... 12

## Terms and Abbreviations

<b>NRB</b>	Nepal Rastra Bank
<b>DI</b>	Development Initiatives
<b>ADB</b>	Asian Development Bank
<b>MFI</b> s	Microfinance Institutions
<b>NGO</b> s	Non-Governmental Organizations
<b>INGO</b> s	International Non-Governmental organizations

# 1 INTRODUCTION

The chapter provides an overview of the background focusing on women entrepreneurs in Nepal, particularly concerning their restricted access to finance, skills, and institutional assistance. Hence, the study examines how women entrepreneurs in Nepal's Sarlahi area are supported financially through training and microfinance institutions (MFIs). Consequently, this chapter illustrates the research background, gaps, goals, questions, and objectives, along with the keywords and structure of the study.

## 1.1 Background

Microfinance refers to a non-collateral loan provided to impoverished individuals in rural regions. Conventional banks have neglected these communities owing to insufficient collateral and regulatory frameworks that complicate borrowers' loan repayments (Minai, 2021). Microfinance services also benefit women and are crucial for their empowerment. Economic empowerment aims to enhance self-esteem, respect, and various other forms of empowerment for women recipients. Microfinance services, as development organizations, address the financial requirements of underdeveloped markets to fulfill developmental objectives. It includes alleviating poverty, enabling independent income generation, and empowering women and other marginalized groups to generate work (Ledgerwood, 1998).

Thus, entrepreneurship is a potent mechanism for generating employment prospects in any nation, with female entrepreneurs being pivotal to this process (Faridi et al., 2022). Elson (2009) defined entrepreneurship as an individual's capacity and initiative to initiate, build, and oversee a business enterprise despite any challenges to profitability. Entrepreneurship entails designing, initiating, and managing a new business that provides a product or service (Karlán & Valdivia, 2011). An entrepreneur is described as an individual who develops and manages an enterprise, particularly a business, typically exhibiting significant innovation and assuming substantial risk rather than functioning as an employee (Jayawarna et al., 2013). The only drawback of the entrepreneurial culture is that women's contributions to entrepreneurship have not been acknowledged; most entrepreneurs are men, with very few women (International Labour Organization, 2009). The entrepreneurial abilities of women have either not been acknowledged and used to their full potential or have not been thoroughly utilized.

Thus, women are disproportionately impoverished in many emerging nations, and gender inequality impedes both national and economic advancement in the communities (Elson, 2009). Many people, including those in government, the development community, and civil society, now recognize more than ever that women's participation in small business is essential to achieving employment, sustainable wealth creation, and all-inclusive development. According to earlier studies, when women are given support in earning money and building assets, they can boost economic growth and create jobs. Additionally, women make longer-term decisions for their families and enterprises, are more inclined to reuse, are more aware of resource efficiency, and are more environmentally conscientious (Ahl & Marlow, 2012).

Nepal is one of the world's developing countries, and micro-finance originated there in 1956 when co-operatives began offering their members savings and credit services. The government also supported the industry, recognizing the more significant need for microservices. Nepal's Agriculture Development Bank (ADB) created the Small Farmers Development Project (SFDP), the first to offer group guarantees as an alternative to physical collateral in Nepal. Similarly, SFDP began rural-based poverty mitigation action on a pilot test basis in 1975 by the ADB. The success of the pilot test in the Dhanusa and Nuwakot districts encouraged officials to extend formal rural-based micro-finance programs. SFDP is presently being developed into multiple autonomous, self-help companies named Small Farmers Cooperatives Limited. Furthermore, the Production Credit for Rural Women (PCRW) program was launched in 1981. The government office, women's development office, and commercial banks collaborate on PCRW. This program is based on gender. PCRW is also funded by the International Fund for Agriculture Development. Despite being popular among impoverished rural women, this initiative had been unsuccessful.

As local non-government organizations (NGOs) and microfinance development banks entered the market in the 1990s, the number of microfinance providers operating in the nation skyrocketed. Serving an astounding 42 million clients globally, a variety of microfinance firms in Nepal report to the MIX. Nepal's leading microfinance institutions are NGOs, microfinance development banks, and saving and credit cooperatives. In July 2004, Nepal also had many credit and savings cooperatives. Nepal Rastra Bank (NRB) authorized 19 organizations to offer financial services other than credit and savings, but exclusively to members. Numerous NGOs work in the microfinance industry, in addition to cooperatives.

These organizations help small groups join, create internal resources from member savings, and use the money to lend to other members instead of offering direct financial services. Only forty-seven NGOs are registered as financial intermediaries, offering their consumers direct microfinance services. Eleven of Nepal's twenty-two development banks are solely focused on providing microfinance services—nine of these eleven proposed trade services and two proposed wholesale loans to MFIs. The government supported five retail microfinance development banks in Nepal's development regions. On the other hand, the remaining four were promoted by private persons or organizations. In Nepal, microfinance is the primary emphasis of a few organizations such as Grameen Bikas Banks, Nirdhan Utthan Bank, Swabalamban Bikas Bank, Chhimek Bikas Bank, Rural Micro-finance Development Center, Sana Kisan Vikas Banks, Development Banks, and a few cooperative organizations.

Furthermore, many different institutes are working in this field in Nepal. For example, there are four major categories of micro-institutions: micro-finance development banks, NGOs, international non-governmental organizations (INGOs), and saving and credit cooperatives. Each approaches the difficulty of providing financial services to the underprivileged differently. In Nepal, microfinance programs vary in their methodologies. Some are sector-based, such as priority sector programs that cover small businesses, agriculture, and cottage, and others are community-based, like savings and credit cooperatives. Commercial banks are used to carry out these services. All microfinance organizations in Nepal offer credit and two forms of savings services—mandatory and optional savings. Savings are gathered as a requirement for membership or credit access. Cooperatives, development banks, the private sector, government, NGOs, INGOs, and small group initiatives have all been considered proper instruments for balanced development.

Nepal Rastra Bank (NRB) launched an intense banking program focusing on a specific location to uplift small farmers or women. In addition, the Asian Development Bank (ADB) created SFDP. Poor individuals are the program's primary focus. One of Nepal's microfinance institutions is the Rural Development Bank (RDB). It prioritizes women and small farmers. Similarly, these microfinance initiatives have enabled small and rural farmers to access and control their income.

## 1.2 Research Gaps

The importance of microfinance in promoting Nepalese women entrepreneurs is relatively unexplored, especially if it is considered through its impact on human capital development. While previous studies have, nonetheless, emphasized the financial role that MFIs play, notably comprehensive research into how skill-building and educationally anchored microfinance affect entrepreneurial success remains scant (Ledgerwood, 1998). Human capital theory suggests that management and technical skills are significant antecedents of company performance; however, empirical data is scant to depict how those skills get realized in actual commercial outcomes for Nepalese women entrepreneurs. Hence, this extension can identify the individual skills transmitted by microfinance training programs and correlate their direct relations with company development and sustainability.

Another research gap exists in the gender-specific barriers that women face in accessing microfinance services. Although several studies emphasize the accessibility of financial services (Elson, 2009), a few studies have been done on how microfinance products are adapted to acquire the unique necessities of women entrepreneurs in Nepal. Socio-cultural barriers, like gender roles and family responsibilities, may impede women's entrepreneurial efforts; however, microfinance programs are not always designed to respond to these issues successfully. There is a need for more research into how microfinance can be tailored to overcome such gendered barriers and the degree to which MFIs consider the local sociocultural context in their service provision. Also, there is a lack of understanding regarding microfinance's long-term impact on female economic empowerment and how it further contributes to sustainable business. The short-run increase in company performance and financial independence, though very few studies have examined the long-term sustainability of such outcomes (Ahl & Marlow, 2012).

Most microfinance programs do not consider changes in economic scenarios, policy environments, and emerging challenges over time. The long-term effects of microfinance on women's firms must be studied in detail. Further studies must be conducted on how MFIs can adapt their practices to ensure long-term women's entrepreneurial empowerment in Nepal.

### 1.3 Research Questions and Objectives

The study deals with the essential role of microfinancing in developing women's entrepreneurship in Nepal. Therefore, it tries to answer the research question: What is the role of microfinancing in women's entrepreneurship development in Nepal? The study's general objective is to investigate microfinancing in women's entrepreneurship development in the Sarlahi district of Nepal. Consequently, the specific objectives are:

- To define the microfinancing
- To understand microfinancing in women's entrepreneurship
- To identify the different types of microfinancing for women's entrepreneurship
- To recognize the microfinancing for women's entrepreneurship development in Nepal

The study answered the research objectives theoretically using human capital theory. Empirically, it assessed the microfinance institution's contribution to women's entrepreneurship development in the Sarlahi District of Nepal by interviewing managers and surveying 87 women entrepreneurs. It reflects how MFIs support enterprise development, capacity enhancement, and credit access. It also enables an in-depth analysis of socio-economic and cultural factors influencing women's entrepreneurial deeds, illuminating whether localized microfinance programs affect women's empowerment and economic development. It considers all the various forms of support MFIs make available to entrepreneurs, from capital and entrepreneurial training to networking and effectiveness on business growth and development.

## 1.4 Key Concepts

The study incorporates services provided by microfinance institutions as the key factors. Table 1 explains the consideration of key factors.

Table 1. Key Concepts

<b>Concepts</b>	<b>Explanations</b>
Business support	Entrepreneurial aid through training, mentorship, and networking to enhance business development and growth. This includes resources from incubators, accelerators, and support organizations (Abebe & Kegne, 2023).
Access to finance	Financial resources such as loans, grants, and services are crucial for business growth, investment, equipment purchase, and employee hiring (Kabeer & Mahmud, 2004).
Saving practice	Entrepreneurial financial management strategies include saving profits, emergency funds, and retirement investments (Kabeer & Mahmud, 2004).
Skill development	Gaining essential business knowledge and abilities in marketing, financial management, and communication to improve business management and tackle challenges (Kabeer & Mahmud, 2004).
Women entrepreneurship development	Progress and success of women-owned businesses are marked by new business creation, increased revenue, profitability, job creation, and local economic contribution (Kabeer & Mahmud, 2004).
Microfinance institutions (MFI)	MFIs offer various services and products, such as micro-loans, savings products, and credit lines specially designed to support unbanked women entrepreneurs financially. These institutions foster self-employment and women's economic development and are instrumental in fighting the poverty scourge (Kabeer & Mahmud, 2004).

## 1.5 Structure of the Study

The study is constructed and guided in the following way. There are seven chapters, which are listed below.



Figure 1. Structure of the study.

## **2 MICROFINANCING ON WOMEN ENTREPRENEURSHIP: THEORETICAL LENS**

The theoretical perspectives in this study bring to light some fundamental ideas that explain the essential role of microfinance in women's entrepreneurship in developing countries like Nepal. Human capital theory explains that investment in skills and education is required for improvement in business performance and has been a substance of responsibility by MFIs through training and financial availability (Becker, 1993). Microfinance, being a poverty reduction approach for Nepal, empowers women through the provision of financial services accompanied by capacity-building programs for women (Ledgerwood, 1998). Other crucial nonfinancial services that MFIs give involve training and networking essential in building up the entrepreneurial skills and participation of women for contribution toward the local economic development process (Kabeer & Mahmud, 2004).

### **2.1 Human Capital Theory**

As outlined by Becker, 1964, the human capital theory justifies the need for proper investment in a human ability to improve productivity and the economic landscape. It affirms that education, training, and attending classes are an investment that enhances performance, invention, and decision-making. Concerning entrepreneurship, human capital enables people to have skills that are important for opportunity recognition, resource allocation, and problem identification and solving. Entrepreneurs' increased education and skill development allow them to build successful businesses with higher economic returns. This theory holds that productive and relevant competence and expertise thrive in modern market economies with sustainable growth and managing risks. In the broadest understanding, investments in human capital spur economic growth because people are more productive in their businesses and society. This theory helps to understand how microfinance initiatives that provide skills training and capacity building are essential for entrepreneurial and economic growth. The dynamics of female entrepreneurship in Nepal can be understood, to a great extent, with the importance of human capital especially when researching microfinance issues (Becker, 1964).

The theory emphasizes investing in people's capacities, skills, and knowledge to increase productivity, financial potential, and overall business performance. Over the years, entrepreneurship-enhancing investment in human capital education, skill training, and personal development among the women of Nepal has increased. Besides providing much-needed finance, MFIs have multiplied to fulfill the human capital-related needs of women entrepreneurs in terms of mentorship, capacity building, and training in entrepreneurship and company growth. Although these are financial services, they are specifically targeted at developing the skills and competencies of women entrepreneurs and, as such, fall squarely within the ambit of the study that is targeted at establishing how microfinance contributes to the development of female entrepreneurship. The relationship between microfinance and human capital development becomes important in overcoming women's challenges in accessing traditional financial services, usually brought on by their lack of education and entrepreneurial experience.

Generally, women entrepreneurs in Nepal lack the managerial, leadership, and technical talents necessary to start and build lucrative firms. The human capital deficiency makes them risk-averse, less productive, and thus less successful in their businesses (Faridi et al., 2022). On the other hand, microfinance programs can fill this gap by offering specialized training that gives women practical, real-world experience in areas such as marketing, customer relationship management, and financial management. One of the significant obstacles to women's entrepreneurship is the lack of entrepreneurial skills and competency, which these training programs are a prerequisite to overcome (Kabeer & Mahmud, 2004). The human capital theory is necessary to support how microfinance builds the entrepreneurial potential of women through skill development programs. Relevance to the study is strongly linked to the first purpose, which has been defining microfinance in Nepal and explaining how microfinance contributes to the growth of women entrepreneurs. Microfinance, as a means for economic empowerment, helps its recipients develop human capital aside from its function of providing monetary support. In this respect, investments by MFIs in various skills and training programs may significantly increase the productivity of women entrepreneurs by equipping them with the knowledge to make sound business decisions, utilize resources efficiently, and overcome the challenges of entrepreneurship. Women can build viable firms, generate incomes, and contribute to the economic well-being of their communities (Elson, 2009; Ledgerwood, 1998).

Moreover, the human capital theory underscores the essential of education as well as the acquisition of competencies in the pursuit of economic empowerment and compliments the purpose of the impact of microfinance on women entrepreneurs, wherein women of sufficient competency are better capable of innovating in their respective organizations, managing various risks, and impacting economic growth in the positive (Elson, 2009). The MFIs, on the other hand, play a very facilitating role in providing access to finance services and investment in managerial and intellectual capital for female entrepreneurship. This two-way approach makes creating lucrative firms easier and their long-term survival and scalability. On the supportive end, research has shown that entrepreneurship and human capital development are highly linked and that entrepreneurs with better education and skill levels achieve higher economic returns (Karlan & Valdivia, 2011). The theory has also been applied to describe how access to microfinance is a transformative agent for women entrepreneurs in Nepal. As mentioned earlier, most microfinance institutions provide capacity-building and business training programs to women borrowers, which enables them to gather knowledge to improve their company functions and meet any situation with greater efficiency.

As argued by Elson (2009), Kabeer and Mahmud (2004), and Ledgerwood (1998), women who can access microfinance along with related skill development training become more employable and deliver better job performance. The more the human capital is increased among women, the more prepared they are to innovate, generate jobs, and help the local economy. Emphasizing how important education and skill development are in furthering entrepreneurial success enhances the objective of knowing how microfinance influences women's entrepreneurship. Furthermore, the achievements that the microfinance institutions achieve in realizing those more general objectives of women's empowerment, as described above, are also measured using the human capital theory application in this research work. Those microfinance programs that emphasize the creation of human capital do more than enable women to have access to money; they give them a sense of agency and confidence to assume leadership roles and make prudent business decisions. This agrees with the study, which establishes several kinds of microfinance support that enhance the growth of women's enterprises in Nepal. Such support includes essential aspects of education, besides the monetary one, contributing to knowledge and skill development among women.

In other words, human capital theory helps this research identify how microfinance contributes to developing Nepalese women's enterprises. The theory states that educational investment in skills is instrumental in rendering organizations more productive and performing. This supports the study's objectives in pointing out how microfinance organizations support female entrepreneurs in furthering their human capital aside from just access to credit services. MFI is said to be highly prospective in women's economic empowerment as well as in the local development of an economy since training, mentoring, and provision of business-related abilities can lower hurdles toward firm formation as well as growth (Ahl & Marlow, 2012).

## **2.2 Microfinancing in Nepal**

Cultural constraints, lack of access to cash, poor entrepreneurial skills, and insufficient networks conventionally restricted women's enterprises in Nepal. The establishment of microfinance institutions provided women entrepreneurs an avenue to reach financial and non-financial aid that responds to the aforementioned problems (Elson, 2009). Beyond providing access to loans, microfinance institutions help develop the central capabilities and confidence women require for success in entrepreneurial pursuits (Faridi et al., 2022). This two-way support mechanism has made microfinance an essential means of enabling women to overcome traditional gender-based obstacles to entrepreneurship and contribute to economic empowerment.

MFI financial support has been of great importance in facilitating the entry of women into entrepreneurship. Especially in the rural areas of Nepal, there is a lack of access to finance due to either an absence of financial institutions altogether or collateral requirements that women do not own (Ledgerwood, 1998). The MFIs allow women to establish or expand their businesses by providing microloans or group lending programs without needing physical collateral. This corresponds to one of the research purposes: to identify the various types of microfinance support given to women's entrepreneurship. This, however, is instrumental in motivating them to invest in their firms, purchase equipment, and attract labor, thus contributing directly to the growth of such firms (Kabeer & Mahmud, 2004). Financial support cannot guarantee that women entrepreneurs realize success.

MFIs also focus on training and business development services, which some high-demand women require to develop their operations successfully. Most microfinance services in Nepal provide training programs, work-shop programs, and mentoring initiatives intended for women as an enhancement of their entrepreneurial role in business. Training covers firm management, financial literacy, methods of marketing, and resource management. Microfinance thus plays a central role in skill development, as the majority of women entrepreneurs in Nepal lack either formal education or former business experience that has enabled them to manage highly profitable enterprises (Karlan & Valdivia, 2011). Equipping these women with the essential management skills they need enables microfinance to make informed decisions, manage risks efficiently, and boost its overall profitability.

In addition, microfinance has also been shown to have significant psychological and social impacts on women entrepreneurs. As access to finance and business skills improve, so do the reported self-esteem and respect within communities. This empowerment extends beyond the economic sphere since women receive a sense of agency and autonomy that challenges existing gender norms and expectations (Ahl & Marlow, 2012). For instance, women entrepreneurs who join microfinance programs tend to become role models for other women in the community who also take up entrepreneurship. Again, this falls within the study's objective of finding the broader impacts of microfinance on female entrepreneurship through the change in the program's social and psychosocial influence on women's lives.

Moreover, microfinance's importance in boosting women's enterprise is essential in the context of Nepal, where there is still a strong persistence of gender inequalities. According to Thapa and Chowdhary, (2022), women in Nepal face structural obstacles to economic activity: resource limitations, lack of recognition of their entrepreneurial capabilities, and social norms that confine them to household work. Therefore, the study indicates how microfinance can overcome most of these barriers while equipping women with the tools and skills to become successful entrepreneurs. This shows the prime objective of this study, which has attempted to discover the essentials of microfinance in developing women's entrepreneurship in Nepal. The key to the effectiveness of MFIs in promoting women's entrepreneurship is the ability to transcend the cultural and structural barriers women face in Nepal. Microfinance organizations provide an enabling environment wherein women can learn, access finance, and create businesses without being constrained by traditional gender norms.

Overall, MFIs create a social network among women entrepreneurs that provide a stage for sharing knowledge and cooperative ideas in a country such as Nepal, where women barely participate in formal business networks (Faridi et al., 2022). The interaction networks offer crucial solidarity and support for the numerous experiences of isolation faced by many female entrepreneurs, particularly from rural areas. Microfinance plays a complex role in enhancing women's businesses in Nepal by providing financial resources, building on skill development, and social empowerment. This agrees with the objectives of the study, which are to focus on the kinds of micro-finance support that enhance women's entrepreneurship. Microfinance projects in Nepal address women's financial problems and educational and social difficulties, allowing them to emerge as successful entrepreneurs and contribute towards local economic development. Through necessary financial support, management training programs, and encouragement towards increasing self-esteem and respect among the people, microfinance institutions are thus enabling Nepalese women entrepreneurs to break traditional gender stereotypes and actively participate more in the country's economic development.

### **2.3 Women Entrepreneurship Based on Microfinance**

Cultural obstacles, a lack of appropriate networks, a shortage of capital, and poor entrepreneurial capabilities are common factors that have traditionally made it difficult for women in Nepal to initiate business ventures (Elson, 2009). Nevertheless, the emergence of MFIs created new avenues for female entrepreneurs by offering access to financial and non-financial services, thus easing some of the previously discussed barriers. This is in keeping with the project's purpose: to examine how microfinance affects Nepali women entrepreneurs' firm development. Microfinance organizations not only give loans but also aid women in learning the vital skills and self-assurance needed to prosper in business (Faridi et al., 2022). Due to this dual support system, microfinance has emerged as an effective weapon in helping Nepali women break traditional gender-based barriers to entrepreneurship and achieve economic independence. The financial assistance provided by MFIs is one of the predominant factors that have motivated them to create their enterprise. Access to capital has long been one of the significant barriers to Nepali women entrepreneurs, especially in rural areas where banks are often too far away or require collateral that women do not possess (Ledgerwood, 1998).

MFIs provide women with the means to start or grow their businesses through micro-loans and group lending that does not require any form of physical collateral. This follows from research regarding the types of microfinance support for female entrepreneurs. This access to capital now becomes significant as it facilitates the employment of workers by these women, the purchase of equipment required, and thereby making investments into their businesses as it directly translates to enterprise development (Kabeer & Mahmud, 2004). However, financial assistance alone cannot guarantee the success of female enterprises. MFIs also place a substantial premium on delivering training and business development services so women can succeed. Mentorship programs, workshops, and organized training programs are among the microfinance services that try to help women polish their entrepreneurial talents in Nepal. These courses focus on firm management, marketing methods, financial literacy, and resource management. Microfinance contributes much to developing skills and helps Nepalese women entrepreneurs run profitable businesses since most have never received formal education or business experience. By imparting them the necessary management knowledge they need for the operation of companies, microfinance programs allow women to make pertinent decisions and successfully manage risks with greater confidence while improving overall business profitability (Karlan & Valdivia, 2011). Moreover, it has also been established that microfinance interventions considerably influence the psychosocial status of women clients. As women gain access to capital and build entrepreneurial capability, they become more self-confident and gain more respect in their societies.

This form of empowerment exceeds the economic realm since it provides women with a sense of self-agency and autonomy that resists traditional gender roles and expectations (Ahl & Marlow, 2012). For instance, women entrepreneurs running microfinance programs often act as role models for other women in the poorest regions, motivating them to pursue their entrepreneurial dreams. This complements the study's purpose of understanding the broader impacts of microfinance on women's entrepreneurship by highlighting the transformative social and psychological influence that microfinance has on women's lives. Also, microfinance plays an especially crucial role in supporting women's enterprises in Nepal, where gender injustice is still so pervasive. There are many systemic obstacles to women's economic participation in Nepal: resource access is bounded, little respect corresponds to entrepreneurial ability, and cultural conventions restraint the majority from performing household chores (Elson, 2009).

Microfinance seeks to overcome these challenges by providing the means and skills to enable women to enter business successfully through financial and non-financial support. This falls within the core objective of the research, which is to determine how microfinance has enhanced the success of women entrepreneurs in Nepal and how MFIs can overcome institutional and cultural barriers against women. Those become essential to effectively supporting women-owned enterprises in Nepal. Without being bound by traditional gender roles, microfinance institutions foster an atmosphere that enables women to pursue education, obtain funding, and build their own companies.

Furthermore, MFIs provide a place for cooperation and information sharing by developing social networks among female entrepreneurs. This is especially significant in a nation like Nepal, where women usually lack access to official business networks (Faridi et al., 2022). These networks give them support and solidarity, essential in overcoming loneliness, a factor many female entrepreneurs battle, especially in rural areas. Lastly, microfinance contributes a great deal through financial resource provisions, the development of skills, and social empowerment toward the success of women entrepreneurs in Nepal. This supports the forms of microfinance support that allow women-owned businesses to thrive. In Nepal, microfinance schemes empower women to rise above financial, educational, and social challenges confronting business creation, facilitating local economic development. In this regard, the financial support, training programs, and cultivation of self-esteem and community respect that microfinance institutions have provided have allowed women entrepreneurs to break away from traditional gender stereotypes and actively participate more in the economic development process in the country.

## **2.4 Various Microfinancing Supports for Women's Entrepreneurship**

The microfinance institutions have indeed played a vital role in the growth of women's entrepreneurship, especially in developing countries like Nepal. They are more than a means of finance; they provide an all-encompassing support system that tries to address most of the challenges women entrepreneurs face. However, much more than providing an allowance to financial services like loans, savings accounts, and insurance products is what microfinance organizations undertake.

MFIs are instrumental in helping female entrepreneurs surmount their financial constraints and social, psychological, and educational barriers through training programs, networking, and mentorship. This aligns with assessing microfinance's contribution to developing women entrepreneurs in Nepal, especially considering how it is poised to provide the social and intellectual capital needed for success besides the finance aspect. One apparent way microfinance institutions help promote women entrepreneurs is through financial support. However, women entrepreneurs still face formidable cultural and collateral constraints to conventional sources of capital in Nepal, like most parts of the world. Lacking the necessary assets or money, many Nepalese women, especially those living in rural areas, are not qualified for sizeable financial institution loans (Elson, 2009) .

In so doing, microfinance fills the gap by offering unsecured microloans that allow women to establish or expand small businesses. Financial support is crucial for the growth of a company since women entrepreneurs can use it to invest in infrastructure, purchase equipment needed, and employ workers, all essential components of a company (Kabeer & Mahmud, 2004) Hence, the availability of financial facilities through microfinance directly relates to the research objective of exploring the different types of microfinance support available to women entrepreneurs in Nepal. Financial facilities, however, cannot be exclusively relied upon to guarantee success for women entrepreneurs. Most women entrepreneurs lack the knowledge and experience to operate and grow their companies successfully. Training and capacity-building programs, therefore, are commonly used as complementary to financial services provided by the microfinance organization.

Karlan and Valdivia (2011) illustrated that the training programs focus on focal points such as marketing, financial management, business planning, and leadership skills. For instance, MFIs usually provide training and seminars geared towards developing entrepreneurial capacities among women so that they can be well-placed to make more informed decisions regarding issues affecting their businesses. With such education programs, MFIs ensure that women can also effectively run and sustain business enterprises apart from providing access to financial resources. The opportunities for networking and mentoring offered by microfinance institutions are very important factors for expanding and sustaining female-owned business ventures, sometimes in addition to the financial and educational support provided.

Networking is vital in Nepal, as women have been traditionally excluded from formal business networks and social circles that provide advisory roles, market information, and collaboration opportunities (Faridi et al., 2022). Microfinance institutions allow women entrepreneurs to network and share their experiences with other business owners. Through such discussions, women derive confidence, knowledge from their peers, and information on new markets or business opportunities. Community-building activities make the women entrepreneurs more cohesive than they can be due to the nature of entrepreneurship in isolation in a patriarchal society like Nepal (Ahl & Marlow, 2012).

In other words, networking opportunities are critical to fostering and supporting women in their entrepreneurial ventures, thus empowering them; this can support long-term business success and social empowerment. The microfinance organization also provides an essential social and psychological support network. According to studies, women who work with MFIs often feel more empowered and have higher self-esteem because they get the financial independence and business penetration needed to make choices and run their companies (Kabeer & Mahmud, 2004). Entrepreneurship may be seen as a defiance of gender norms in countries such as Nepal, where women are often expected to conform to traditional roles. They go against these traditional expectations and set examples for other women in their communities by earning respect and financial independence through their businesses. This also aligns with how microfinance supports women's economic participation and empowerment since it shows the broader impact of women's entrepreneurship on society.

Additionally, there is support for gender equity through the availability of financial services that address women's needs; accordingly, there is a standard suite of product offerings, including group loans, lower interest rates, and flexible repayment plans that tend to mitigate some entrepreneurial risks. MFIs ensure that such special financial services are provided so that women entrepreneurs do not face similar challenges to those of their male counterparts in access and management of capital (Ledgerwood, 1998). One critical way microfinance promotes women's entrepreneurship is by emphasizing gender-sensitive financial products that help create a level playing field for women entrepreneurs. To sum up, microfinance organizations support women entrepreneurs in different ways. They provide business development services, finance, or networks that include contacts and mentorship to help scale up women-owned enterprises toward sustainability and long-term development.

MFIs significantly increase women's economic participation and enablement by overcoming some of the fundamental social and financial barriers women entrepreneurs face in developing societies. Therefore, the study on how microfinance influences women's entrepreneurship is justified by highlighting how microfinance provides an extended support system for women to overcome barriers and establish viable businesses for economic growth in the communities.

## **2.5 Micro Financing on Women Entrepreneurship Development in Nepal**

The microfinance efforts have thus had a significant impact on the financial and social dimensions of women entrepreneurs in Nepal. MFIs have played a crucial role in helping Nepalese women overcome financial obstacles and develop the business skills and confidence needed to establish and grow enterprises. This study assesses how microfinance has benefited female entrepreneurs, focusing on the Sarlahi area and surrounding communities, and evaluates those aspects that make these programs effective. For Nepali women entrepreneurs, access to microfinance has directly translated into increased profitability and improved firms' performance. According to research, women who utilize microfinance institutions report improved business productivity, which enhances their economic independence (Faridi et al., 2022). The women entrepreneurs in the Sarlahi region, the study's concentration, have claimed benefits including increased decision-making abilities, higher revenue production, and a more strategic approach to resource management.

In turn, these changes are justified mainly by the financial assistance provided to MFI women who have begun to invest in their various enterprises, including purchasing some equipment and hiring employees, as stated (Kabeer & Mahmud). The training and counselling condensed complementing access to finance further developed the ability of the women to run profitable and viable businesses in line with the study on microfinance concerning women's entrepreneurship expansion. Aside from monetary support, microfinance groups have tended to provide vital company growth services such as workshops and training programs, availing network access to the progress and achievement of women-owned firms. With the training programs commonly included in microfinance packages, female entrepreneurs acquire essential marketing, financial management, and business strategy skills to make better decisions when conducting their firms (Karlán & Valdivia, 2011).

The study's objective of determining the types of support provided by MFIs is thus realized when the women gain improved knowledge and experience in resource management, problem-solving, and controlling the entrepreneurial climate of competition. Microfinance also has a significant sociocultural impact on women entrepreneurs. Customary gender roles in Nepal tend to have maintained obstacles to women's pursuit of economic and entrepreneurial opportunities. By giving them the money and know-how necessary to be successful in business, however, microfinance programs have enabled women to challenge established gender conventions. In other words, through microfinance, women become financially independent and have more control over choices in their households and communities. According to studies, women entrepreneurs working with microfinance institutions demonstrate higher levels of respect in society, self-worthiness, and an increase in their social status (Ahl & Marlow, 2012). Apart from positively impacting individual female entrepreneurs' lives, this shift in social imagery also encourages other women to pursue their entrepreneurial aspirations. This is particularly important in Nepal, where the social background often seriously hinders women's participation in business. Microfinance is not universally effective in assisting women entrepreneurs; its effects depend on several factors. First, a critical factor in success lies in how appropriate the financial products that MFIs provide. For example, MFIs that tailor their financial services to women entrepreneurs by offering flexible repayment schedules and relatively low interest rates usually fare well (Elson, 2009).

The other variable affecting the achievement of women businesspersons pertains to the quality of the training and mentorship programs adopted by the MFIs. While some MFIs operating in Nepal offer excellent training and mentorship, underdeveloped or ineffective support from others may slow down the growth and profitability of women-owned firms (Kabeer & Mahmud, 2004). The sociocultural environment in which women entrepreneurs exist is another critical characteristic defining the effectiveness of microfinance projects. Despite women's increasing entry into the business sphere, societal and cultural restrictions often persistently affect their potential to be entrepreneurs. Women sometimes confront family and community criticism or self-doubt regarding their attempt to build companies and take risks (Faridi et al., 2022). Thus, even though microfinance institutions may provide the economic and intellectual resources necessary for business success, breaking social barriers remains a significant challenge for women entrepreneurs in Nepal.

In conclusion, microfinance plays a role in developing and fostering women's businesses in Nepal, particularly in rural districts like Sarlahi. It offers women the social networks, business development tools, and financial resources they need to transcend the barriers that have traditionally prevented women from engaging in entrepreneurial ventures. The study's results indicate the importance of overcoming some structural barriers, including cultural norms, gender discrimination, and a lack of access to educational opportunities that may hinder women from this profession. While microfinance is essential in promoting women's economic empowerment, it can never play this role if these challenges are not overcome. MFIs streamline the support systems for offering women entrepreneurs the necessary skills and guidance to get them through.

### **3 RESEARCH METHODOLOGY**

The study methodology followed to attain the study's objectives is outlined in further detail by going into the research viewpoint, methodology, design, sampling strategy, data collection, and analytical techniques. This has presented a sound and comprehensive study of how microfinance contributes to the growth of women entrepreneurs in Nepal. Quantitative and qualitative approaches have been used to research how microfinance develops female entrepreneurs and to render it legitimate, reliable, and moral. The planned approaches provide the aims set by considering women's entrepreneurial development from social and economic aspects.

#### **3.1 Research Philosophy**

This study relies on a pragmatic viewpoint, which is oriented toward finding practical solutions for research problems and supports a variety of approaches toward receiving comprehensive knowledge about the object of investigation. The pragmatic approach is suitable for studying complex and multidimensional social phenomena, such as women's entrepreneurship in microfinance, because it allows the researcher to use quantitative and qualitative data. This method acknowledges that no single perception from the paradigm can explain the intricateness of the issue, and also from multiple strategies, it gives a more holistic or fine-grained view (Creswell, 2014). Therefore, current research has tried to bridge the theoretical and real gap by incorporating the practical approach in examining microfinance's non-financial and financial impacts on Nepali women entrepreneurs. It has also applied the quantitative method, including a survey various performance. This dual approach ensures that female entrepreneurship is studied in measurable and experiential aspects.

Since pragmatism philosophy is a methodology, the study addresses the cultural and financial barriers to an extent. It attempts to provide helpful information on how microfinance helps women entrepreneurs. Qualitative and quantitative strategic practices have been used throughout this research to critically comprehend the sector's contribution to the growth of women entrepreneurs in Nepal. The major is measuring the broader impact of microfinance as represented by results put into reality, which enhance microfinance policies and practices, thereby benefiting the women entrepreneurs in the area.

### **3.2 Research Approach**

This thesis applies the abductive research approach employing quantitative and qualitative research instruments to ascertain the consequence of microfinance on women's entrepreneurship in Nepal. The quantitative strategy is used to acquire numerical data concerning the financial performance, loan repayment, and company growth of women entrepreneurs participating in microfinance programs. This method answers the first research objective regarding the effect of microfinance on the development of women's entrepreneurship through measurable outcomes. In turn, the qualitative strategy provides deep insights into the obstacles, experiences, and opportunities women entrepreneurs face, relating to the aims of this study, which concerns examining the non-financial assistance of MFIs. The online survey is carried out to retrieve qualitative data from participants, ensuring that the study also covers the broader socio-cultural setting in which these women operate. The exploratory character of qualitative research allows for an in-depth analysis of women's personal stories, stressing the significance of skills development, self-esteem enhancement, and social empowerment (Creswell, 2014).

### **3.3 Research Design and Sampling Strategy**

This research intends to assess the contribution of microfinance institutions to women entrepreneurship in Nepal, with particular attention to Sarlahi District. It attempts to find out how this type of funding facilitates women entrepreneurs. Thus, describing the characteristics, experiences, and outcomes of women participants in microfinance programs is consistent with the study's goal of assessing microfinance's influence on women entrepreneurs. Due to its comprehensive financial and non-financial analysis, descriptive research explains Nepal's microfinance origins and scope. Convenience sampling is a non-probability approach that allows the selection of respondents because they are readily available and willing to respond, as considered in this research (Etikan, 2016). This type of sampling entails choosing 87 women entrepreneurs linked with MFIs in the Sarlahi district based on availability. It was also applied to a case study to interview the official. While this sampling technique is quite helpful for the effective gathering of data, it has the disadvantage of poor generalizability due to selection bias.

This approach is ideal, as it enables one to get information from many conveniently available women actively participating in microfinance endeavors. It also provides valuable insight into female entrepreneurship in the context of microfinance.

### **3.4 Data Collection and Analysis Methods**

The data collection was conducted through primary and secondary information sources. Primary data was collected through semi-structured interviews, FGDs, and structured questionnaires. The survey includes closed-ended questions and a Likert scale to solicit quantitative data regarding financial outcomes, loan repayment, and business performance for female entrepreneurs. The study employs an online survey to collect primary data from 87 women businesspersons affiliated with MFIs in the Sarlahi district, focusing on their experiences and challenges. Frequency, percentage, and mean score data are analyzed using descriptive data to explore patterns in business expansion and financial consequences. Qualitative data is subjected to content analysis to deliver a deep non-financial impact analysis of microfinance. Content analysis identifies the patterns in experiences shared by female entrepreneurs (Braun & Clarke, 2006). This is guaranteed by the two approaches combined, which provide a complete analysis that can give a comprehensive view of women entrepreneurs.

### **3.5 Validity, Reliability, and Ethical Considerations**

Research must be valid and reliable for the results to be accurate and consistent. The designed research techniques, such as pre-testing the questions with a small sample of female entrepreneurs before the primary survey, ensure the validity of this study. This helps identify any biases or ambiguities in the questions (Sekaran & Bougie, 2016). Standardized data-gathering processes promote uniformity across multiple respondents and data sources, which is how dependability is obtained. An essential aspect of this research is that it also fulfills ethical considerations. It ensures informed consent from every subject, the privacy of their personal information, and the option to leave the study at any time at no cost to them. Moreover, the research guarantees that the data collected are used solely for the purposes and are well stored to protect participants' privacy. All these ethical criteria are adopted not to violate the integrity of the research process and to maintain the rights of the participants.

## **4 THE CASE STUDY OF DEVELOPMENT INITIATIVES (DI)**

The development initiatives (DI) case study focuses on how microfinance, the research of financial inclusion, contributes to refining the position of women entrepreneurs in Nepal. DI provides the needed information regarding the socioeconomic impacts of microfinance on women and even the gender gaps in financial access. Based on their study, traditional banking services, training, and mentorship facilitate women entrepreneurs. To aid women's economic empowerment and social mobility, the research also highlights the significance of building an atmosphere that allows them to flourish in business. This instance demonstrates how DI has revised microfinance procedures and rules to benefit women entrepreneurs better.

### **4.1 Description of Development Initiatives (DI)**

Development Initiatives (DI) is a well-recognized international agency developing a niche in data and analysis for development challenges while simultaneously strategizing ways to increase access to finance for the most deprived sections of the population, notably women. This group has contributed to several studies on how microfinance supports women entrepreneurs in Nepal, especially in excluded and rural regions. Through rigorous data collection and analysis, DI has examined the essential of microfinance in fostering women's entrepreneurship and identified barriers that limit their access to financial services, such as gender bias, lack of collateral, and insufficient financial literacy (Shequal Foundation & Data for Development (D4D) Program, 2023).

This case study on DI on microfinance in Nepal analyses how MFIs have affected women entrepreneurs' economic empowerment and enterprise growth. Different microfinance approaches have been explored in this study, including group lending, collateral-free loans, and savings programs, and their usefulness for women-led companies' growth. The case study of DI highlights the socio-cultural backdrop in which women of Nepal struggle to meet traditional gender norms, have very low education levels, and have restricted access to markets. The above barriers often stand against women even when they can access financial services to realize their full entrepreneurial potential.

Along with local MFIs, DI has also collected data regarding the socioeconomic impact of microfinance institutions on women's entrepreneurship in the Sarlahi area. By studying their participation, this study reveals the potential transformative implications of microfinance programs in women's enterprises. According to the data collected, participation in microfinance programs is measured by the change in the decision-making ability of these women, as well as their social status and lifestyle. The research also emphasizes the importance of financial services with additional sources of help like training and mentorship that ensure far better outcomes from microfinance for the woman entrepreneur (Kabeer & Mahmud, 2004). In equal depth, this report scrutinizes legislative and institutional environments that encourage or discourage Nepali women's entrepreneurial initiatives. For sustainability issues in women-owned enterprises supported with microfinance, this report by DI covers analysis that "describes barriers over time to profit maintenance, and attainment of company development." In this effort, DI collaborates with policymakers in supporting the design of microfinance products targeted to meet women entrepreneur's needs and for more supportive regulatory frameworks which enhance financial inclusion (Ledgerwood, 1998).

## **4.2 Products and Services**

Other consulting and research services provide multiple development projects to strengthen microfinance programs' efficiency in the context of Nepalese women entrepreneurs. From the perspective of data and publications, one of the flagship products includes the Women Entrepreneurship Data Project (WEData project), where gender-disaggregated data is collected with access to financial services and entrepreneurial and social outcomes (Sheqal Foundation & Data for Development (D4D) Program, 2023). It has helped raise awareness among development organizations, financial institutions, and legislators about the unique needs of female entrepreneurs and the challenges they face in obtaining finance. In addition to economic data, DI's study encompasses a substantial amount of qualitative data regarding the actual experiences of women entrepreneurs through focus groups, interviews, and questionnaires. These ideas are fundamental in identifying problems relating to the division of labor, cultural expectations, and social norms, which microfinance alone cannot eliminate. DI services, given that a broader perspective on female entrepreneurship, have been crucial in providing microfinance products and services that are socially acceptable and financially viable (Elson, 2009).

It also provides advisory services to microfinance institutions on how to develop and deliver gender-responsive financial services. The specific recommendation of their research includes increasing access to female financial services through financial literacy programs, special savings schemes, and enterprise management training. Lastly, DI supports the MFIs by assessing the business plan and strategies for enhancing impact among the most disadvantaged and remote populations. Microfinance institutions work towards empowering women entrepreneurs far more effectively, contributing to the emergence of more sustainable growth-oriented women-owned firms (Ahl & Marlow, 2012). DI has carved its niche as a leading voice in the development field through publications and public reports. It presents fact-based information that informs the global conversation on women's financial inclusion. Due to its openness and commitment to data-driven analysis, it is an essential source for stakeholders to empower women financially and societally through access to financial services.

### **4.3 Business Positioning**

While not directly active in the retail sector, research and data-driven insights from development initiatives (DI) form the broader financial and entrepreneurial ecosystems of Nepal and other developing nations. DI helps establish more inclusive financial solutions that promote women entrepreneurs in various industries, including retail, by delivering gender-focused data and policy proposals. Eventually, their study provides an enabling environment wherein women in business can thrive because the study bridges the gaps among financial institutions, lawmakers, and entrepreneurs. DI's research into the more significant market has influenced how microfinance institutions design their services and products. Their studies indicate that financial services targeted at women entrepreneurs must do more than provide loans and savings accounts; they must also offer solid growth support through networking opportunities, mentorship, and training. Supplemental services like these can better support microfinance in helping women advance their firms, especially in the retail industry (Faridi et al., 2022). Most DI research has addressed reducing hurdles connected to gender finance and community support to maintain a suitable culture for women entrepreneurs.

Access to finance helps women invest in stock, expand their enterprises, and more successfully compete in the retail sector, where rivalry is extreme, with customer tastes typically changing very often. According to DI's research, access to financial resources and business development helps women place women entrepreneurs in retail and other firms in better positions to build sustainable businesses. In conclusion, although development initiatives generally act in research and development, their effect goes well beyond that. DI helps create a more inclusive economic environment that encourages women entrepreneurs in several sectors, including retail, by influencing microfinance policy and practices. In the end, their activities contribute to constructing more inclusive, competitive, and sustainable marketplaces where women may significantly affect economic progress (Shequal Foundation & Data for Development (D4D) Program, 2023).

## 5 THE RESULTS AND FINDINGS

The results of the study on microfinance for women entrepreneurs in Nepal show that microfinance services significantly improve women entrepreneurs' financial status and business performance. Women who receive training in monetary planning, marketing, and business management are more able to overcome obstacles and build their firms. Even though many women use this facility, many companies face restrictions regarding the small loan size, which is a complicated and tiresome application process. Microfinance institutions in Nepal are helping females become financially independent, create self-confidence, and create woman-owned businesses.

### 5.1 The Findings on Microfinancing in Nepal

The demographic breakdown of 87 respondents, as in Appendix 1, gives relevant insights into the profile of women entrepreneurs participating in microfinance schemes. Many respondents (39.1%) are in the 31–40 age bracket, showing that microfinance programs are more prevalent among women in mid-to-late career phases who may have increasing financial obligations. Second, the distribution of the level of education indicates that the highest number of respondents studied at an undergraduate level, at 37.9%, confirming that microfinance schemes attract women with a good foundational education but an inadequate resource base or access to a higher-value loan application. Occupational data indicates that the highest number of respondents, 50.6%, are company owners; this again reassures that microfinance is at large enhancing entrepreneurship, while for other occupations, like students or homemakers, the impact is minimal. The manager's view is illustrated as H1 in Appendix 5.

Microfinance has evolved in Nepal as an imperative economic development tool, especially for achieving inclusiveness amongst the underprivileged. The microfinance institutions have made the procedure painless and have ensured loans are available at the right time and the duration for payback is lenient. This has empowered them to take charge of their economic destinies and actively participate in generating revenues at home and communal levels. (H1)

The analysis concludes that microfinance profoundly affects women's entrepreneurship development in Nepal by facilitating women's empowerment and boosting them on a business level. The data shows that women between the ages of 31 and 40 with educational backgrounds, for instance, bachelor's degrees, tend to dominate the microfinance schemes. A substantial proportion of the respondents, 50.6%, are entrepreneurs, demonstrating that microfinance helps promote entrepreneurship. The essential characteristics of making it easy to get loans, simple repayment strategies, and providing financial assistance when it is due to allow women to earn money, set up businesses, and help grow the economy of the family and society around them.

## **5.2 Opinions on Women's Entrepreneurship Based on Microfinance**

The results in Appendix 2 give a complete view of microfinance's impact on women entrepreneurs by identifying numerous aspects in which the provided service excels and is further developed. The most relevant is overall satisfaction with guidance and training received from microfinance. Thus, 32.2% agreed, whereas 29.9% strongly agreed that microfinance provided helpful training to enhance their company. This corresponds to findings of other studies that indicate the importance of business training in making women entrepreneurs capable of running their firms with the ability and self-confidence needed. The findings do, however, show that microfinance services need to do more in enhancing resource access and business networking; there is a shortfall in the creation of compelling networking opportunities, as depicted by the fact that only 27.6% and 19.5% of respondents agree, and strongly agree that the microfinance connects them with other business specialists.

This is important because networking has been helpful for a business startup by offering access to potential customers, partners, and mentors. The second is not optimized ease of access to business resources: a more significant share of the respondents are indifferent or discontent, and only 28.7% believe microfinance makes it possible to obtain key resources. Most respondents perceive financial services favorably. A more significant proportion, 34.5%, and 26.4%, strongly agree that MFIs are apt to solve dire financial requirements promptly because they provide the required financial service. The study emphasizes the essentials of microfinance for small businesses, especially under conditions where access to mainstream financial institutions may be inaccessibly limited.

Other reasons that complete this trend are flexibility in the loan conditions, as confirmed by 37.9% who agreed and 24.1% who strongly agreed that it was possible to change the terms according to their needs. Despite all that, another sizeable portion of respondents, 21.8%, still disagree that microfinance extends adequate help for business-related problems, which raises the need for more targeted interventions, especially in times of crisis. Also, there is some dissatisfaction regarding the clarity of the loan approval process since 33.3% remained neutral, and 10.3% strongly disagreed that it was clear. This might discourage potential business owners from seeking financial support. Finally, the survey revealed that microfinance increases confidence and improves the financial condition of women entrepreneurs. Some 40.2% of respondents agreed that microfinance improves their financial condition, while 34.5% strongly agreed that it enhances their entrepreneurial self-confidence. This corresponds to the broader research into microfinance, which has often found its potential to economically and socially empower women entrepreneurship. However, several barriers exist to accessibility to business equipment and network opportunities. The manager's opinion is shown as H1 in Appendix 5.

Microfinance has empowered women to pursue entrepreneurial goals in Nepal. The women supported with access to capital and business training have been able to establish small firms linked to agriculture, retail, and handicrafts. Most women entrepreneurs create more money with improved livelihoods and higher confidence in decision-making. Besides the financial benefits, these activities have contributed positively to families and communities by creating employment opportunities and economic resilience. (H1)

In Nepal, microfinancing fosters entrepreneurship and increases women's financial egalitarian skills, such as self-confidence and business intelligence. The issuance of microloans supports massive social projects aimed at integrating women entrepreneurs. Women business owners appreciate the training and direction microfinance organizations (MFIs) offer them for their increased business competence and self-assurance. Furthermore, microfinance helps meet urgent financial needs while providing flexible loan advances, essential for expanding small enterprises. However, networking and investment resources are insufficient. Overall, it has been able to uplift the economic status of women. Micro-financing brings many improvements to the community, such as job creation, financial stability, and development. The case is the same in Nepal. Women's entrepreneurship has increased thanks to microfinancing, but the need for targeted assistance still exists to ensure women's access to networks and resources increases.

### 5.3 Responses on Various Microfinance Supports for Women's Entrepreneurship

Appendix 3 reports the descriptive statistics of the survey responses that analyze the influence of microfinance facilities on women's enterprises. While variation in the various service areas is evident, the mean scores--ranging from a low of 1 to a high of 5 indicate that the services are often well-appreciated. With a standard deviation of 1.26, indicating some variability in responses to the question, does microfinance offer training and guidance to help you improve your business? For instance, it had a mean score of 3.63, suggesting that respondents generally felt positive about the training and guidance provided. A mean of 3.66 was also given to microfinance's role in marketing and corporate planning, showing that many respondents found this service component helpful. The reasonably substantial standard deviation (1.26) suggests that although most women think these services are worthwhile, some may not share this view, thus pointing to prospective areas for growth. However, the mean score for whether microfinance connects you with other businesspeople and professionals stood at 3.34, indicating that microfinance banks may not offer sufficient networking opportunities for women entrepreneurs. This is further evidenced by the higher standard deviation of 1.21, which suggests that the experiences among the sample were not similar. Access to business tools and services was rated relatively well, with a mean score of 3.70. This indicates that most respondents perceive microfinance institutions as capable of providing the necessary facilities to develop their businesses.

The standard deviation 1.29 highlights the need for additional specialized resource provisions, indicating that some women do not fully benefit from such services. However, the mean score for microfinance's help amid business difficulties was 3.28, showing that there may be some discontent or scope for development in terms of crisis intervention and specialized support services. The question was, does microfinance provide financial services quickly when you need them? The mean score is 3.41, which is usually an excellent view of the availability of financial services. Even though the standard deviation is 1.43, indicating that a proportion of respondents may not experience the same speed in response, this suggests that most women have their financial needs met quickly. Even though the variation is reflected by the difference in experiences, with a standard deviation of 1.22, the mean score of 3.57 for the terms of the loan to be flexible indicates that many entrepreneurs feel the circumstances meet their business needs.

With a reasonable standard deviation of 1.06, the mean value of 3.18 in the clarity of the loan approval process indicates that while some women have found it straightforward, others do not. This pertains to an impediment or bottlenecks in the procedures or the processing of applications themselves that discourage borrowers from applying for loans. On the other hand, the motivation to keep saving had an average of 3.91, with a higher standard deviation of 1.19, showing that the savings programs were mostly rated favorably. Lastly, microfinance has a usually beneficial impact on female businesses. For example, the following questions: Does microfinance positively impact women starting businesses? and Does microfinance help improve your business performance? The received mean values are 3.49 and 3.72, respectively. Does Microfinance increase the number of successful women-owned businesses? It has a mean value of 3.77, which shows how microfinance helps the business ecosystem. The generally positive mean scores suggest that microfinance improves most women entrepreneurs' business performance and confidence, thus helping them grow economically. Even though the standard deviation from 1.22 to 1.43 demonstrates some unpredictability, the manager interpretation is demonstrated as H1 in Appendix 5.

The MFIs have provided training, mentorship, and networking opportunities, among many other valuable services that benefited the businesses. Such efforts can address anything from a lack of financial literacy and limited market access to equipping women with the skills needed for continued company success. This industry will establish communication between the industry's professionals and investors, enabling microfinance institutions to set up networks and expand business effectively. (H1)

The findings reflect that microfinance significantly involves women's entrepreneurship development in Nepal. As per the survey results, women entrepreneurs appreciate training, guidance, marketing, and even corporate planning support from microfinance services. Although most respondents view financial services favorably, loan flexibility, resource availability, and network and crisis management still require attention. There is some variation in individual experiences, but microfinance has enabled many more women to start businesses with sustainable growth, improved financial conditions, business performance, self-employment, and entrepreneurial confidence. It, therefore, follows from the findings that microfinance has generally been regarded as beneficial for women entrepreneurs in Nepal. However, certain aspects require improvements to enable women entrepreneurs to benefit more consistently and broadly.

#### 5.4 The Results of Microfinancing on Women Entrepreneurship Development

It appeared to be a significant weapon for endowing women entrepreneurs in Nepal because microfinance provides vital financial means, business training, and networking opportunities. The study proved that the microfinance services offered on marketing, financial planning, and business management training significantly raise confidence in the performance of women-owned businesses. Many women businesses have been sharing experiences of how microfinance institutions have given them that much-needed boost in expanding their businesses and overcoming challenges. However, some women still face various challenges at different levels, such as loan processes and accessibility to financial services, which limit their entire use of such benefits. However, considering those challenges, microfinance still contributes to women's economic empowerment in Nepal. Evidence from this study indicates that microfinance significantly increases market participation for women, enhances the firms' success, improves their financial independence, and reduces gender disparity. Microfinance institutions contribute to the success of women's businesses by removing conventional barriers to firm success by training in technical and business-related areas, increasing savings, and offering flexible loan terms, thus creating an inclusive entrepreneurial environment in Nepal. The manager's understanding is explained as H1 in Appendix 5.

While microfinance has simultaneously been a cornerstone for women's entrepreneurship in Nepal, unveiling hidden corners of gender inequity and boosting socioeconomic development, the adaptation of its services to the needs of rural women unlocked their potential for self-reliance and economic involvement. Institutionally, the relevance of leadership and community development offers a sustainable path toward empowering women and transforming the face of entrepreneurship in Nepal. (H1)

The findings indicate that microfinance, including finances, business training, and networking, empowers women's entrepreneurship development. The availability of microfinance services, including but not limited to marketing, financial services, and management, has improved the self-esteem and self-efficacy of women business owners. Though there are barriers like problematic loan procedures and the lack of access to the needed financial services, women's entrepreneur market participation increases as gender gaps are reduced. Microfinance institutions have also established an infrastructure to sustain socioeconomic development, especially in rural areas. In a nutshell, microfinance is accepted as an important catalyst for women's entrepreneurship in Nepal.

## **6 DISCUSSIONS OF THE FINDINGS**

These studies have established that microfinance, which includes loans, training, and networking possibilities, increases the number of women entrepreneurs in Nepal. Women entrepreneurs have benefited through the accessibility to funding, which aids the formation of firms and enables facilities for marketing and financial administration. Even while microfinance boosts the performance and confidence of the company, challenges such as loan approval procedures, loan size, and accessibility of more extensive financial sources for development are impediments. Despite these limitations, microfinance undoubtedly be crucial for enhancing the financial position of women, promoting self-sufficiency, and contributing to reducing gender disparities in entrepreneurship, especially in rural areas. Again, this is necessary, and sustained growth in microfinance services is necessary if their potentials are to be fully tapped.

### **6.1 Interpretation of Microfinancing in Nepal**

Microfinancing has been an inside-out transformer of socioeconomic empowerment among Nepal's poor, especially among women entrepreneurs. As people in rural and poverty-stricken areas have minimal access to traditional financial services, women are shifting to microfinancing institutions (MFIs) to meet their needs for small loans, savings opportunities, and financial education. Such initiatives have proven a boon for women wanting to start or expand their businesses lacking funds or financial know-how. These results show that microfinance empowers the female population with the knowledge, skills, and other equipment to pursue long-term professions for society's family and economic development.

The results in section 6 are like those of earlier works that scrutinized the use of microfinance (MF) to assist women entrepreneurs in Nepal, more so in the rural and less economically developed regions. As Elson (2009) and Ledgerwood (1998) put it, financial services were out of reach for many women, especially in the rural parts of Nepal, where financial institutions were few and required collateral that was inaccessible. MFIs are regarded as a primary significant aid in providing small loans, savings, and even training for women who aspire to start or grow their businesses. Likewise, Fardidi et al. (2022) note that MFIs provide economic and social services that benefit women entrepreneurs by providing the essential skills and knowledge necessary for business.

This is consistent with the current study's findings, which assert that microfinance enables women entrepreneurs not only to access capital but also to receive business training, financial literacy, and other aid that advance the socioeconomic stance of women. As further noted, these services are necessary to enhance women's businesses, for they prepare women decision-makers, risk managers, and profit earners, as also pointed out by Karlan and Valdivia (2011). Ahl and Marlow's (2012) work is corroborated here. Microfinance provides psychological and social support to women entrepreneurs. The changes women undergo with self-esteem, self-respect, and autonomy through microfinance programs are similar to those in this study. As women acquire capital and learn to use their skills, they not only enhance their financial status but also break the conventional expectations of femininity and earn more respect in society. Together with Kabeer and Mahmud's (2004) findings, this study also verifies that women suffer from cultural and financial constraints, which microfinance does address. These microfinance institutions (MFIs) can provide loans without collateral and other financial resources, which enable women to initiate or increase their business activities towards achieving self-sufficiency and empowerment. These results parallel what is revealed in this study of MFIs being important within the context of women's entrepreneurship development in Nepal.

## **6.2 Clarification on Women's Entrepreneurship Based on Microfinance**

Microfinance has been a major driver of female entrepreneurship in Nepal, trying to bridge the gap in economic opportunities between men and women. The study demonstrates that microfinance institutions provide financial and networking opportunities, training, and advice on marketing and business development. This holistic approach empowers the women, giving them confidence and the necessary skills. As the enterprises for women expand, they also challenge traditional gender roles and assume more economic independence. Despite these successes, challenges such as small loan sizes, complex approval procedures, and a lack of training still impede women entrepreneurs from benefiting fully from microfinance. The results of this investigation agree with earlier studies concerning the microfinance role in women entrepreneurship in Nepal and the constraints that continue to restrict the full utilization of these women.

Elson (2009) and Ledgerwood (1998) noted that microfinance has indeed emerged as one of the primary ways of assisting women entrepreneurs by offering them financial resources and a wide range of ancillary services that facilitate business growth, such as networking, marketing, and training. The same is also noted in the research questions, which aim to determine how microfinance institutions (MFIs) help women businesses in Nepal to succeed and grow. Faridi et al. (2022) observed that microfinance combines financial services with non-financial services, enabling women entrepreneurs to achieve the growth and economic freedom they seek. This study reinforces the above claim and highlights how MFIs assist women entrepreneurs on personal and career levels. This reported increase in confidence, knowledge, and skills helps traditional women break boundaries and increase their economic value. This is further supported by Ahl and Marlow (2012), who noted the shift in how women are viewed in business. Women not only need to be more financially independent, but they also need to be entrepreneurial to alter preconceived gender stereotypes.

Microfinance services offered by MFIs are not complete solutions to problems that female entrepreneurs face. This is evidenced by the study of Kabeer and Mahmud (2004) and Karlan and Valdivia (2011). Complex problems such as exclusion from fully utilizing microfinance benefits due to small loan amounts and slow and bureaucratic approval processes are still fundamental challenges for women today. Women face such barriers while attempting to access microfinance, and as a result, MFI tends only to scratch the surface when addressing the real issues women entrepreneurs face. There are deficiencies in the microfinance framework that specifically hinder women from entrepreneurship. So, while there have been attempts to bridge the gap, there are still issues of scalability, accessibility, and sustainability where the gap exists.

The gaps left by microfinance institutions empower women and give them greater independence. Unfortunately, studies are not always conclusive and suggest that the introduction of microfinance to specific regions like Nepal has dire consequences. This research certainly rings true regarding challenges like low loan amounts distributed to women entrepreneurs alongside lack of skill training provided. Issues like these are commonly counterproductive to what one tries to achieve through microfinancing, and while they are claimed to enable economic independence, they leave more women disempowered. This suggests that many microfinance institutions must seek to revise the policy mechanisms they employ in order to promote women's entrepreneurship within Nepal.

### **6.3 Identifying Microfinance Supports Women's Entrepreneurship**

Besides pointing out a range of positive outcomes, the impact assessment of microfinance on women entrepreneurs also points out areas where further development is needed. This research supports the idea that microfinance organizations mainly expand women-owned business activities by offering flexible loan conditions, quick financial services, and follow-up business support. However, discrepancies in more extensive credit availability for company growth and development were revealed, as lucidity in the loan-approval process and appropriateness in the loan amount. Generally, even though microfinance services are available to a great many, with huge impacts, there are some challenges business owners go through while running their businesses. These relate mainly to seeking substantial funds, expert information, or skills.

### **6.4 Explanation of Microfinancing for Women Entrepreneurship Development**

Microfinance in Nepal holds immense power in bringing in a culture wherein women entrepreneurs can participate actively in the economic cycles. The findings of this study have brought forth the fact that microfinance involves more than just financing; it also requires the provision of a full suite of support services, which includes training classes in marketing methods, financial literacy, and company management, essential features for women in the corporate world. Data indicates that microfinance companies have improved women's economic position, built their confidence, and improved their enterprises. These groups are the emerging key players in annihilating the gender gap in entrepreneurship, providing skills and other necessary resources to educate women in rural areas.

## **7 SUMMARY AND IMPLICATIONS**

The summary and implications section summarizes the findings and their immense significance in microfinance and women's entrepreneurship in Nepal. It synthesizes the important data, emphasizing how microfinance institutions contribute to women's financial enabling by providing necessary financial resources, training, and business assistance. The section underlines the relevance of these findings in advancing theoretical frameworks, guiding management practices, and affecting policy decisions. It also discusses how the study's results might drive future research, proposing ideas for enhancing microfinance legislation, services, and the general entrepreneurial environment for women. It contributes to academics and practice by addressing limitations and recommending future research possibilities.

### **7.1 Summary of the Study**

The study analyses the contribution of microfinance to developing women's entrepreneurship in Nepal, drawing attention to the impact of the provided service on business growth and the financial enabling of women. In this respect, it establishes that MFIs have substantially contributed to women's entrepreneurship by offering much-needed financial services that helped establish and sustain small companies. Through microfinance, many have acquired resources otherwise beyond their reach because of traditional banking obstacles. The findings from this study revealed that training and coaching provided by MFIs helped women develop the necessary skills required for firm management and financial planning. According to women entrepreneurs, microfinance services created an entrepreneurial spirit and developed their confidence in running firms. Nevertheless, besides all these positive impacts, challenges persist. Some problems related to loan size constraints, delayed services, and vague loan approval processes hamper the development potential of women-led firms. The findings also indicate that microfinance has helped enhance the economic status of women and improved business performance by saving, expanding businesses, and managing business finances more suitably. It also indicated areas where improvements might be needed, including loan sizes, loaning procedures, and even training on financial literacy in a manner compatible with women entrepreneurs' needs. In the firm's operational environment, this study may have implications for flexible loan conditions and increased transparency in operations towards microfinance firms.

These likely imply that policy supporters increase support for microfinance projects and formulate supportive policies for financial inclusion regarding women. Finally, it contributes to broader awareness in the existing literature of how microfinance can influence or attain women entrepreneurs' empowerment in developing countries, including Nepal. Furthermore, research is needed into female entrepreneurship's long-term impacts and limitations while working with microfinance services.

## **7.2 Theoretical and Managerial Implication**

Substantial theoretical and managerial contributions are accessible to practitioners; the study illustrates the support for women entrepreneurs in Nepal and other regions through microfinance. Looking into these theoretically, the study validates and augments existing paradigms like human capital theory as it elevates the importance of microfinance in women's empowerment. Based on their knowledge of the industry, the management of the micro industries can form a clear action plan as the plan provides further recommendations to adapt the services to the needs of women entrepreneurs. This study broadens the knowledge of social capital theory, considering how microfinance can contribute to gender equity and entrepreneurship in developing nations.

### **7.2.1 Theoretical Implications**

The evidence supports the existing theory, specifically the human capital theory, in the context of women's entrepreneurship and microfinance. Nepalese female entrepreneurs require microfinance, along with training and other construction programs. According to Elson (2009) and Kabeer and Mahmud (2004), with the help of microfinancing, women entrepreneurs can move beyond the traditional confines that restrict them and acquire vital management skills. The authors mentioned MFI as a funding source and social capital as a learning network from which women entrepreneurs can draw social and experiential learning and support (Faridi et al., 2022). This implies that MFIs are not only sources of funds for micro-entrepreneurs; they also encourage learning through peer networks. This social capital space is valuable in addressing the social isolation challenges many women entrepreneurs face, particularly in rural Nepal.

Hence, the findings emphasize that microfinance is multidimensional; it provides financial, social, and even intellectual capital and gender equality that fosters the holistic growth of women entrepreneurs instead of a one-dimensional look at social capital theory. Entrepreneurship is a product of the social context. Furthermore, evidence confirms that microfinance and skills training lead to lasting economic empowerment compared to traditional financing. This encapsulates the principle that men and women must gain from the development process in monetary terms. The research outcome pinpoints that microfinance allows women to defy negative stereotypes that have been used to obstruct their efforts toward advancement and society's economic development.

### **7.2.2 Managerial Implications**

Economically, the findings are particularly relevant for managing microfinance institutions (MFIs) regarding their operational footprint and engagement for women-owned businesses. The study underscores that MFIs must evolve and scale their products to address the growth dimensions of women entrepreneurs. Several changes in the essential components of MFI service provisions can bring about this evolution: **Loan Size and Access:** One strategic limit that is well documented regarding women entrepreneurs in Nepal is the low quantum of loan size, which severely constrains their business expansion. It is recommended that MFIs rethink the 'cap' ascribed to loanable amounts, especially for women entrepreneurs who have workable business proposals and such growth plans. Further, loosening loan approval processes and removing red tape enhance greater participation of women at the entrepreneurial frontier. **Clarity on Loan Approval:** To encourage women to draw on available financial resources, the requisites of loan approval need to be clarified.

MFIs need to devise and publish straightforward rather complex documents that outline the procedures for obtaining funds, which will assist women in curtailing the system's redundant activities and facilitating barrier-free access. **Enhanced Training Programs:** MFIs need to increase and improve their training programs to deepen the impact of women entrepreneurs. The content of such programs must be curated to the requirements of the women at hand, including business administration, budgeting, advertising, and management of resources. Furthermore, practical experience and self-assurance in business management can be cultivated by providing mentorship programs to women and connecting them with industry leaders, prosperous businesswomen, and other mentors.

In the context of rural areas where such connections are few, MFIs have focused on nurturing social connections between women entrepreneurs. Network building can be fostered by organizing workshops, events, and social media platforms for women to meet, share, and work on business ideas. This not only helps women to generate new ideas but also helps them to feel more connected and supported. For MFIs to be more efficient, they must work closely with government counterparts to enhance the economy. System barriers such as restricted access to land, shading, or even legal barriers to male entrepreneurship must be eliminated. These problems and the policies and frameworks have been improved and supported by cooperating with the government.

These are some of the changes that have helped MFIs understand women entrepreneurs better and meet their needs, which, in turn, can lead to more success and provide more constructive help to the economy of Nepal. These measures also ensure that social, educational, and economic capital are improved and enhanced business development and empowerment of women entrepreneurs is achieved through the sustainability of the growth of the business, thus ensuring the impact of microfinance encompasses beyond the provision of financial capital. The study's theoretical and managerial implications offer a detailed framework for strengthening microfinance's role in women's entrepreneurship development in Nepal. Finally, the findings allow MFIs to adapt their services and social structures to the changing reality of women's entrepreneurship.

### **7.3 Organizational and Government Policy Inferences**

In organizational policy, organizations have met the needs of women entrepreneurs more effectively; microfinance institutions have to adopt more facilitative policies. These may be faster banking, more favorable loan terms, or excellent technical and business skills and training access. The MFIs must explore means for long-term involvement that have sustained the women entrepreneurs' support during business adversity. The study suggests that the government should focus on women's entrepreneurship. Besides, they encourage women's empowerment through microfinancing in Nepal. At the same time, the government can make flexible legislation for microfinance institutions in developing countries like Nepal.

The government enacts policies that enhance women's financial inclusion, especially in rural areas. The policies favor women entrepreneurs' promotion, money availability, and awareness about microfinance services. It is also recommended that the government facilitates the liaison between MFIs and the companies adjacent to them so that the women entrepreneurs realize the appropriate representation of the services.

#### **7.4 The Research Constraints and Recommendations**

This study has several limitations. The sample size may not be representative of the total population as it focuses on specific sub-groups of Nepali female entrepreneurs. Besides, this study relies on biased self-reporting data, and geographical disparities in access to microfinance services hinder the generalization of results across the country. Future research may avoid these limitations by extending the sample size, covering a large geographical region, and aggregating longitudinal data to study the long-term effect of microfinance. The immediate future study aims to comprehend how microfinancing impacts the growth and sustainability of women entrepreneurs' enterprises in the long term. Comparing various regions of Nepal or other poorer nations may, hence, be a better representation concerning the performance of microfinance. The study may also attempt to judge how effectively the government functions are carried out for women entrepreneurs, besides any obstacles women face in their quest to seek more significant loans. Further investigation into how technology and digitization of funds benefit women entrepreneurs is highly instructive for the evolving domain of microfinance.

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## **APPENDICES**

Appendix 1. Frequency Distribution of Demographic Variables

Appendix 2. Frequency Distribution of 5-Point Likert Scale Questionnaire

Appendix 3. Descriptive Statistics of 5-Point Likert Scale

Appendix 4. Close-Ended Questionnaire Response Sample

Appendix 5. Interview Transcript of MFI Company

## Appendix 1. Frequency Distribution of Demographic Variables

Category	Subcategory	Frequency	Percentage
Age	21-30 years	29	33.3%
	31-40 years	34	39.1%
	40 years above	24	27.6%
Total		87	100%
Education Status	School Level	29	33.3%
	Undergraduate	33	37.9%
	Graduate	25	28.7%
Total		87	100%
Occupation	Students	19	21.8%
	Business	44	50.6%
	Service	14	16.1%
	Housewife	3	3.4%
	Agriculture	2	2.3%
	Farmer	2	2.3%
	Handicraft	1	1.1%
	Farming	1	1.1%
	Homemaker	1	1.1%
	Total		87

## Appendix 2. Frequency Distribution of 5-Point Likert Scale Questionnaire

Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Does the Microfinance offer training and guidance to help you improve your business?	8.0%	12.6%	17.2%	32.2%	29.9%	100.0%
Does the Microfinance help you with business planning and marketing?	6.9%	16.1%	11.5%	35.6%	29.9%	100.0%
Does the Microfinance connect you with other business people and professionals?	9.2%	13.8%	29.9%	27.6%	19.5%	100.0%
Does the Microfinance provide access to important business resources and services?	9.2%	9.2%	18.4%	28.7%	34.5%	100.0%
Does the Microfinance give you support when you face business challenges?	21.8%	14.9%	8.0%	24.1%	31.0%	100.0%
Does the Microfinance provide financial services quickly when you need them?	16.1%	13.8%	9.2%	34.5%	26.4%	100.0%
Are the loan terms offered by the Microfinance flexible for your needs?	8.0%	12.6%	17.2%	37.9%	24.1%	100.0%
Is the loan approval process clear and easy to understand?	10.3%	11.5%	33.3%	39.1%	5.7%	100.0%
Does the Microfinance offer training on managing finances?	17.2%	6.9%	10.3%	36.8%	28.7%	100.0%
Does the Microfinance provide larger loans to help grow your business?	14.9%	16.1%	27.6%	19.5%	21.8%	100.0%
Does the Microfinance encourage you to save money regularly?	4.6%	11.5%	12.6%	31.0%	40.2%	100.0%
Does the Microfinance offer rewards or benefits for saving money?	8.0%	14.9%	35.6%	27.6%	13.8%	100.0%
Are the interest rates on savings offered by the Microfinance attractive to you?	8.0%	16.1%	35.6%	35.6%	4.6%	100.0%
Does the Microfinance teach you about the benefits of saving money?	13.8%	16.1%	13.8%	27.6%	28.7%	100.0%
Is it easy to access your savings when you need them?	16.1%	9.2%	31.0%	24.1%	19.5%	100.0%
Does the Microfinance offer training to help you manage your business better?	6.9%	16.1%	13.8%	29.9%	33.3%	100.0%
Does the Microfinance provide courses to develop specific skills needed for your business?	12.6%	17.2%	25.3%	26.4%	18.4%	100.0%
Does the Microfinance help you learn technical skills important for your business?	13.8%	17.2%	21.8%	19.5%	27.6%	100.0%
Does the Microfinance create opportunities for you to share knowledge with others?	10.3%	14.9%	18.4%	28.7%	27.6%	100.0%
Does the Microfinance encourage you to keep learning new skills?	8.0%	9.2%	18.4%	32.2%	32.2%	100.0%
Does the Microfinance have a positive impact on women starting businesses?	11.5%	12.6%	17.2%	32.2%	26.4%	100.0%
Does the Microfinance help improve your business performance?	11.5%	9.2%	10.3%	33.3%	35.6%	100.0%
Does the Microfinance increase the number of successful women-owned businesses?	9.2%	4.6%	18.4%	35.6%	32.2%	100.0%
Does the Microfinance boost your confidence and skills as a business owner?	13.8%	12.6%	12.6%	26.4%	34.5%	100.0%
Does the Microfinance help improve the economic status of women?	17.2%	9.2%	16.1%	40.2%	17.2%	100.0%

### Appendix 3. Descriptive Statistics of 5-Point Likert Scale

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Does the Microfinance offer training and guidance to help you improve your business?	87	1.00	5.00	3.6322	1.25860
Does the Microfinance help you with business planning and marketing?	87	1.00	5.00	3.6552	1.25594
Does the Microfinance connect you with other business people and professionals?	87	1.00	5.00	3.3448	1.20876
Does the Microfinance provide access to important business resources and services?	87	1.00	5.00	3.7011	1.28602
Does the Microfinance give you support when you face business challenges?	87	1.00	5.00	3.2759	1.56777
Does the Microfinance provide financial services quickly when you need them?	87	1.00	5.00	3.4138	1.42692
Are the loan terms offered by the Microfinance flexible for your needs?	87	1.00	5.00	3.5747	1.21648
Is the loan approval process clear and easy to understand?	87	1.00	5.00	3.1839	1.06234
Does the Microfinance offer training on managing finances?	87	1.00	5.00	3.5287	1.42110
Does the Microfinance provide larger loans to help grow your business?	87	1.00	5.00	3.1724	1.34862
Does the Microfinance encourage you to save money regularly?	87	1.00	5.00	3.9080	1.18746
Does the Microfinance offer rewards or benefits for saving money?	87	1.00	5.00	3.2414	1.12027
Are the interest rates on savings offered by the Microfinance attractive to you?	87	1.00	5.00	3.1264	1.00931
Does the Microfinance teach you about the benefits of saving money?	87	1.00	5.00	3.4138	1.41052
Is it easy to access your savings when you need them?	87	1.00	5.00	3.2184	1.31561
Does the Microfinance offer training to help you manage your business better?	87	1.00	5.00	3.6667	1.28196
Does the Microfinance provide courses to develop specific skills needed for your business?	87	1.00	5.00	3.2069	1.28622
Does the Microfinance help you learn technical skills important for your business?	87	1.00	5.00	3.2989	1.39863
Does the Microfinance create opportunities for you to share knowledge with others?	87	1.00	5.00	3.4828	1.31946
Does the Microfinance encourage you to keep learning new skills?	87	1.00	5.00	3.7126	1.23804
Does the Microfinance have a positive impact on women starting businesses?	87	1.00	5.00	3.4943	1.31956
Does the Microfinance help improve your business performance?	87	1.00	5.00	3.7241	1.34415
Does the Microfinance increase the number of successful women-owned businesses?	87	1.00	5.00	3.7701	1.21714
Does the Microfinance boost your confidence and skills as a business owner?	87	1.00	5.00	3.5517	1.42860
Does the Microfinance help improve the economic status of women?	87	1.00	5.00	3.3103	1.34086

## Appendix 4. Close-Ended Questionnaire Response Sample

### SURVEY QUESTIONNAIRES

Dear Respondents,

I am Karuna Nepali, an International Business Management student at Seinäjoki University of Applied Sciences, Seinäjoki, researching 'Microfinancing on Women Entrepreneurship.' This survey is part of my academic research requirement. Thank you for your time and effort in filling out this questionnaire. I assure you that your information and responses have been kept confidential, secured, and used only for my academic purposes.

#### Group A: Respondents' Profile

A. Your age category.

21-30       31-40       Above 40

B. Your education status.

School Level     Undergraduate     Graduate

C. Your occupation.

Business       Students       Service       Others

#### Group B: Likert Scale Questions

Please mark the tick (x) on the appropriate box.

Follow the 5-point Likert scale				
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

#### 1. Business Supports:

- a. Does the program offer training and guidance to help you improve your business?
- b. Does the program help you with business planning and marketing?
- c. Does the program connect you with other business people and professionals?
- d. Does the program provide access to essential business resources and services?
- e. Does the program give you support when you face business challenges?

## **2. Access to Finance**

- a. Does the program provide financial services quickly when you need them?
- b. Are the loan terms offered by the program flexible for your needs?
- c. Is the loan approval process straightforward to understand?
- d. Does the program offer training on managing finances?
- e. Does the program provide larger loans to help grow your business?

## **3. Saving Practice**

- a. Does the program encourage you to save money regularly?
- b. Does the program offer rewards or benefits for saving money?
- c. Are the interest rates on savings the program offers attractive to you?
- d. Does the program teach you about the benefits of saving money?
- e. Is it easy to access your savings when you need them?

## **4. Skill Development**

- a. Does the program offer training to help you manage your business better?
- b. Does the program provide courses to develop specific skills needed for your business?
- c. Does the program help you learn important technical skills for your business?
- d. Does the program create opportunities for you to share knowledge with others?
- e. Does the program encourage you to keep learning new skills?

## **5. Women's Entrepreneurship Development**

- a. Does the program positively impact women starting businesses?
- b. Does the program help improve your business performance?
- c. Does the program increase the number of successful women-owned businesses?
- d. Does the program boost your confidence and skills as a business owner?
- e. Does the program help improve the economic status of women?

## Appendix 5. Interview Transcript of MFI Company

### Transcript of Manager 1 (H1)

#### 1. How do you define Microfinance in women's entrepreneurship in Nepal?

Applied microfinance to women's entrepreneurship in Nepal would ensure the granting of access to finance, training, and business facilitation; a decrease in disparities between men and women receiving services related to financial access; and business enterprise growth for sustainable economic development.

#### 2. How does your institution provide training for women entrepreneurs?

Special training programs on vital issues of company planning, financial management, marketing, and leadership abilities are being provided for the women entrepreneurs of our school. Such initiatives would contribute to mitigating specific problems of women, especially in rural areas. We also have courses on practical knowledge of basic accountancy, budgeting, and business expansion so that these women can become more capable of managing and developing their units. We also organize mentorship programs that match women entrepreneurs with experienced business leaders who can advise, share best practices, and help establish all-important networks.

#### 3. What support do you offer women entrepreneurs to develop business plans and marketing strategies?

We provide specialized assistance for women entrepreneurs through workshops and one-on-one consultations on setting up company plans and marketing strategies. This would cover market research, pricing, brand building, and finding target customers. We link them up with specialists who can provide professional coaching to ensure the sustainability of their business.

#### 4. How do you facilitate networking opportunities for women entrepreneurs?

We facilitate networking among women entrepreneurs through business meetups, workshops, and forums. These platforms help connect women with fellow entrepreneurs, industry professionals, and possible investors to enhance collaboration, mentorship, and business growth. We are also using digital media for more outreach.

5. How do you help women entrepreneurs to access business resources?

We facilitate women entrepreneurs' access to relevant business tools and services, including financial facilities, marketing, and technical expertise. Similarly, our partnerships with local partners link them to training sessions, workshops, and other digital facilities to improve their corporate performance. More importantly, we share information on how to handle business-related and personal finance management.

6. What ongoing support do you provide women entrepreneurs after their businesses are established?

We provide follow-through with mentorship, sophisticated business training, and access to additional funding opportunities. Our organization also assists with networking, marketing efforts, and operational challenges. We want to ensure women entrepreneurs have the resources and expertise to maintain and grow their businesses with periodic check-ins and workshops.

7. How does your institution ensure financial services are delivered promptly and accessible to women entrepreneurs?

Our institution ensures that women entrepreneurs have timely and accessible access to financial services by fast-tracking the loan approval process and providing various repayment options. We have developed mobile banking platforms to ensure quicker access to finances, especially for rural women. Our staff also offers personalized financial advice to ensure entrepreneurs receive assistance quickly.

8. What specialized skill development programs do you offer for women entrepreneurs?

Within our school-specific and specialized skill development programs, we offer skills development programs related to financial management, marketing tactics, leadership, and technical abilities necessary for women entrepreneurs. We also train in digital tools and e-commerce that help women build their enterprises. These programs fully equip the entrepreneurs with the information they require to realize continued business success.

9. How has your institution contributed to the socio-economic empowerment of women?

Our institution has contributed to socio-economic empowerment, which includes facilitating access to financial services, business training, and skill development for women. We promote women's empowerment through microfinance to have them establish and develop companies, thereby increasing their incomes and improving family incomes, promoting community

development, and increasing networking and mentorship in leadership and decision-making processes.

10. Can you provide any examples or success stories where microfinance support has significantly impacted women entrepreneurs?

This woman entrepreneur from rural Nepal took a microfinance loan and started a small-scale textile business. She expanded her activities with more finance, enhanced her skills through training, provided work to many women in the community, and thus considerably increased family income. Such cases of success explain that microfinance supports women in expanding companies and communities.

11. Do you want to add anything else or suggestions for Microfinance in entrepreneurship in Nepal?

Digital literacy and customized loan products for women entrepreneurs must be more precisely directed in Nepal's microfinance initiatives. Closer collaboration between microfinance institutions, the government, and the local business sector will ensure improved resource access, allowing for sustainable growth prospects for women-led firms. Besides, providing an enabling ecosystem will go a long way in increasing women's engagement in entrepreneurship.