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# Impact of Microfinance Services on Women's Entrepreneurship Development: Evidence from Pokhara Metropolitan City

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## ABSTRACT

This study aims to investigate the impact of microfinance services on the development of women's entrepreneurship in Pokhara Metropolitan City. Microfinance provides economically marginalized women with essential financial and non-financial services such as microcredit, savings, advisory, and insurance services. Despite their wide availability, limited studies have explored how these services contribute to women entrepreneurship in Pokhara Metropolitan City. The study adopted a descriptive and causal-comparative research design using primary data collected through structured questionnaires from 217 valid responses using convenicence sampling design. The result revealed that there were high perceived benefits of savings, microcredit and advisory services in expanding business, profitability, financial stability, and women's confidence whereas insurance services was not direct impact on entrepreneurship development in Pokhara City. The correlation analysis revealed that there was positive significant relationship among microfinance services and entrepreneurship development. Regression analysis showed that advisory, savings, and micro-credit significantly impact on the entrepreneurship development. Furthermore, insurance services showed insignificant influence on entrepreneurship development. The study conclude that microfinance plays an important role in uplifting the women's entrepreneurship government policies, subsidies, entrepreneurship training programs to further enhance women's entrepreneurial development. Future research direction can be examining the mediating variable of financial literacy, innovation and digital financial literacy. In addition, qualitative research can be explored to understand why insurance services remain underutilized in microfinance institutions.

**Keywords**: *Advisory services, insurance services, PLS-SEM approach, savings services, women entrepreneurship development*

## 1. INTRODUCTION

Entrepreneurship is the process of starting and growing a business in Nepal, it has become a powerful way for people to improve their lives. Women entrepreneurs, in particular, play a vital role in the country's economy by running small businesses in sectors like agriculture, handicrafts, and local retail (Nepali, 2025). These businesses are important because they create local jobs and provide families with different ways to earn money, making them less vulnerable to financial crises. In Nepal, women have traditionally faced many difficulties. For a long time, social and cultural rules kept many women at home, limiting their chances to go to school or take part in community activities (Thapa & Chowdhary, 2022). However, this is changing. Women are now seen as key players in helping the country grow. Women are starting small businesses like sewing shops, vegetable farming, and handicraft stores through entrepreneurship. These businesses are very important because they help families earn more money and make the local economy stronger (Nepali, 2025). When a woman earns an income, she usually spends it on better food, healthcare, and education for her children (Niaz & Khan, 2021; Shah & Bhattacharya, 2023). Microfinance originated in the 1970s as a way to fight poverty by giving small loans to people who were too poor to use big banks (Newman et al., 2017). In Nepal, these are known as "D" Class financial institutions. Since most people in Nepal live in villages far away from big cities, these microfinance groups are essential. They provide small loans, a safe place to save money, and insurance to help people when times are tough (Joshi, 2023; Nepal, 2024). Microfinance has emerged as a life-changing agent in developing countries as it offers financial inclusion to the people that cannot easily access the formal banking system. In Nepal, a country that most people live in village environments and do not have access to main financial institutions, microfinancing institutions (MFIs) in Nepal. These institutions do not only offer small financial loans but also have savings accounts, insurance, and advice services. These services can be extended and help to foster entrepreneurship and local economic growth because this allows people to grow small scale businesses (Nepal, 2024).

There is still a set of challenges that the maximum enjoyment of the benefits associated with microfinance to women entrepreneurs in Nepal. Such problems as high interest rates, financial illiteracy, social-cultural issues, and absence of capacity building programs in some cases do not make microfinance interventions more effective. It is important to correctly understand these challenges as well as the success in an effort to design policies and programs that can optimize the positive effects that have been associated with microfinance as being applicable in the development of the entrepreneurship aspect of women. Therfore, this paper attempts to make some contribution in this area of knowledge by evaluating the current level of accessibility, correlation and effects of microfinance services to the women entrepreneurship development in Pokhara Metropolitan City which can be use to professionals, policy makers and researchers intending to promote an inclusive economic growth in Nepal (Karmacharya, 2023). In recent years, microfinance has emerged as a crucial tool to expand financial services in the form of loans, savings, insurance and remittances to the marginalized, and women in rural and underserved areas. Although, microfinance institutions are expected to enhance financial inclusion and economic empowerment of woman, it is not clear how several services of the activities-namely; microcredit, advisory services, insurance, and savings impact entrepreneurship development of women in Pokhara Metropolitan City. Such issues as the high level of interest rates, tight loan arrangements, and socio-cultural still fail to unlock the full capacity of these services (Lingden, 2024).This study focused on assessing the current position of microfinance services and development of women entrepreneurs in Pokhara

Metropolitan City. The purpose of this study is to investigate the impact of microfinance services on women entrepreneurship development in Pokhara Metropolitan City. Specifically, there is a significant contribution made by women entrepreneurs to economic growth and job creation, as well as innovation. Nonetheless, in Nepal, women are still struggling with a myriad of issues related to less access to financial resources and education, social limitations, and opportunity disparity with the male gender in Nepal (Majumder, 2024). MFIs enable women to access microcredit, savings, insurance and advisory services to overcome the fact that they have no collateral to present at the conventional banks and low levels of financial literacy. Such services empower women by giving them an opportunity to start up their business, to increase their income and achieve greater control of household and local resources. Such a comprehensive strategy does not only enhance economic participation of women but also helps with social empowerment raising their confidence levels and decision-making ability, and social status (Thapa & Chowdhary, 2022). Although, there has been an increasing emergence and possible potential of microfinance services, there are still some loopholes about the actuality of microfinance services on women entrepreneurship development in Nepal. In the previous studies, the main focus of the women empowerment is mainly caused by the micro credit component of microfinance without the consideration of other microfinance services such as advisory, insurance, and saving services. In the previous studies they do not clearly show how microfinance helps women grow their business, increase profits and sustain their business in the long run. The existing studies often focus on financial support, while non-financial factors such as trainings, advisory, innovation, skills have impact in women entrepreneurship development. Another research gap is the geographical context specificity where previous studies were done, however not in localized urban areas in Pokhara.

## 2. RELATED WORKS

Women entrepreneurship refers to women starting, managing, and running their own businesses to earn income and support their families. It includes small and micro businesses that use women's skills, experience, and available resources. Women entrepreneurs play an important role in economic development by creating jobs, reducing poverty, and improving household income (Dollinger, 2008; Adam et al., 2022). However, many women face problems such as lack of money, limited education, and social barriers, which make it difficult for them to start and grow businesses (Kabeer, 2005; Anoke, 2023). Microfinance helps solve these problems by providing small loans, savings facilities, and basic training, which allow women to become self-employed and financially independent (Ferdousi, 2015; Jain, 2020; Karmacharya, 2023). Women empowerment means giving women the ability and confidence to make decisions about their own lives and economic activities. Empowerment includes control over income, participation in household decisions, self-confidence, and social respect (Kabeer, 2005). When women earn their own income through entrepreneurship, they gain more power in the family and society. Studies show that women involved in microfinance programs experience increased confidence, better decision-making ability, and improved social status (Guvaju & Sherpa, 2020; Aryal, 2024; Joshi, 2023). Therefore, empowerment is not only about financial support but also about improving women's skills, knowledge, and independence (Islam, 2024). The empowerment theory presents a critical analysis of the transformative potential of microfinance to women entrepreneurs with respect to the empowerment of women in terms of their control over financial and social resources. This theory holds the position that microfinance not only equips women with the financial instruments they needed, like access to finance, savings, and insurance, but also plays an important role in empowering women

in making independent choices both at individual and community levels. In giving women access to financial resources, micro-financing is empowering women and allows them to become more financially independent which essentially will change the power structure in the home and community (Nepal, 2024).

Resource-based theory (RBT) gives an underpinning explanation on the contribution of access and control to critical resources, specifically, financial capital in the success and growth of the entrepreneurial ventures. This theory illustrated that the availability of resources which are relatively valued, rare and cannot be easily copied are key in the derivation of a sustainable competitive advantage in the business environment. Financial resources form one of the key assets in the context of women entrepreneurs that directly influence their capability to start up, run and develop their businesses (Adam et al., 2022). Female entrepreneurs are characteristically exposed to systemic impediments including insufficient collateral, credit shortage and social/cultural obstructions to access financing sources in traditional financial institutions (Poudel et al., 2024). The human capital theory is that the role of microfinance does not only end with making the financial resources available to the women entrepreneurs but also the training and skills development programs critical in making their financial venture successful. These education programs train women on important skills needed in financial planning, business planning, marketing and efficiency (Guvaju & Sherpa, 2020). In addition, there are training and capacity-building programs provided by the microfinance institutions which will increase competence and decision-making skills of women as well as problem solving capabilities. Women entrepreneurs develop with stronger competencies, which makes them more competent in managing business issues and pursuing new opportunities (Shrestha & Shrestha, 2023). When women are given the time necessary to nurture their entrepreneurial skills with the incorporation of microfinance, they start to emerge with the crucial elements of leadership, understanding of finance, strategic thinking, and many more. As a result, microfinance initiatives that include training on skills and talent help turn women entrepreneurs into robust, visionary, and successful entrepreneurs who can become a valued source of income in the economy (Munthali & Chitwere, 2023).

Thapa and Chowdhary (2022) assessed how well microfinance programs affected the performance of female entrepreneurs in terms of their ability to empower themselves both socially and economically. The study findings revealed that microfinance contributed to an increase in business turnover, investment, savings, expenditures, and asset ownership among the respondents. Similarly, participation in microfinance initiatives yielded positive social outcomes for female entrepreneurs, including enhanced decision-making autonomy, improved familial and social ties, increased mobility, and better health and education outcomes for their children. Lamichhane (2023) highlighted the prospects and challenges of entrepreneurship development programs of Nepalese microfinance institutions (MFIs) and their sustainability. The findings indicate that the primary obstacles for Nepalese MFIs in ED include unskilled human resources, limited technical expertise, financial constraints, and inadequate financial literacy. Karmacharya (2023) examined that path analysis indicates positive correlations between lending services, training and educational services, and consultancy services offered by microfinance institutions and entrepreneurship development. Conversely, saving services exhibit a negative and insignificant relationship. Sobhan and Hassan (2024) examined the effect of the institutional environment (formal and informal institutional factors) that influences female entrepreneurs in an emerging country in Bangladesh. The results indicate that factors such as social networks, access to finance, and non-economic support have negligible and adverse impacts on informal female

entrepreneurs. In contrast, entrepreneurial attitudes, cultural context, institutional policies, family roles, and education demonstrate positive and significant effects.

Ferdousi (2015) emphasized that saving services such as bank accounts, savings schemes, and other financial products play a vital role in entrepreneurship development. By regularly saving money, entrepreneurs are able to build a financial impact that supports business operations, enables investment in new ventures, and helps manage cash flow challenges.

*H1: There is a significant influence of saving services to the entrepreneurship development.*

Advisory services refer to business consulting, mentoring and coaching as well as professional advice to the entrepreneurs. Advisory support assists an entrepreneur to know the market dynamics, how to manage risks, how to plan, and adopt the best practices, which may result in better business performance and sustainability (Thapa & Chowdhary, 2022).

*H2: There is a significant influence of advisory service to entrepreneurship development.*

Newman et al. (2017) explained that microcredit means giving small loans to entrepreneurs, especially those who cannot access regular banks. These loans provide the capital needed to start or grow a small business. According to the authors, microcredit helps business owners invest in things like stock, machinery, and advertising, which in turn leads to business expansion, more jobs, and greater economic empowerment.

*H3: There is a significant influence of micro credit service to the entrepreneurship development.*

The insurance services allow the entrepreneur to deal with the uncertainties and the possible losses through offering financial security in the form of insurance cover, including business insurance, liability insurance, and health insurance. According to this hypothesis, the availability of insurance services has a major impact on the development of entrepreneurship as it reduces risks. Insured entrepreneurs become more inclined to make risky decisions, invest, and continue running their business due to unexpected circumstances and lead to business continuity and growth (Guvaju & Sherpa, 2020).

*H4: There is a significant influence of insurance service to the entrepreneurship development.*

## 3. METHODS

This study was based on positivist research paradigm with a deductive research approach.

### 3.1 Study design, Sample and population

The study was based on a descriptive and causal-comparative research design. The descriptive research design was employed the current situation and trends in terms of microfinance services like microcredit, advisory, insurance and savings services among women entrepreneurship in Pokhara Metropolitan City. The causal-comparative research design was used to measure cause-and-effect between microfinance services and women entrepreneur development. The population under consideration for this study comprises 57 D - class microfinance institutions operating in Nepal, as licensed by Nepal Rastra Bank (NRB,2025). Out of these microfinance institutions, four were selected as sample institutions for the study by using purposive sampling. Since they have a significant presence and active operations in Pokhara Metropolitan City with a diverse microfinance service. Furthermore, sampled microfinance institutions with direct engagement in women focused entrepreneurship programs. They were Mahila Laghubitta Bittiya Sanstha Ltd, CYC Nepal Laghubitta Bittiya Sanstha Limited, Global IME Laghubitta Bittiya Sanstha Ltd and NMB Laghubitta Bittiya Sanstha Limited as sampled MFIs. Women involved in

four microfinance institutions, the sample size chosen using convenience sampling design. Since it has been employed due to unavailability of complete sampling frame (Bornstein et al., 2013). Furthermore, since the population size is unknown, Cochran's formula (1977) was employed to calculate the sample size from the population. For unknown population, the suggested values of p and q are both 50 percent. At a 95 percent level of confidence, the z value is 1.96, and the sampling error (e) is 5 percent. Using the formula: n = (Z^2 x P(1-P))/e^2

$$= ((1.96)^2 \times 0.5\ (1-0.5))/(0.05)^2 = 384$$

Cochran's formula (1977) suggested a minimum sample size of 384 respondents to ensure statistical precision and confidence. The study considered the guidelines proposed by Hair et al. (2013) a minimum of 5 to 10 respondents per observed indicators in structural equation modelling (SEM).

### 3.2 Method of data collection and analysis

The structured questionnaire comprises 21 indicators in microcredit, advisory, insurance, saving services, and entrepreneurship development in this study. Based on the conservative ratio of 10 respondents on each indicator. Required sample size = 21 indicators × 10 respondents = 210 respondents calculated to use in this study (Hair et al., 2013). The researcher distributed 250 survey questionnaires through offline (80) and online (170) available channels email, messenger, and WhatsApp using google forms. Data collection was undertaken from March 2025 to July 2025. The researcher received a total of 217 responses comprising 142 online and 75 offline respondents. There were 217 valid responses collected, which is more than 210 respondents. The given small oversampling enhances the statistical dependability of the results and guarantees the sufficient power to analyze a correlation between microfinance services and women entrepreneurship development in Pokhara Metropolitan City. The study used primary data source and quantitative in nature. A structured questionnaire survey used as the primary means of data collection instrumentation. A self-administered questionnaire in English and Nepali Language was used. The researcher used validated scales to measure the latent constructs. There were considering constructs, items, indicators and complexity model, sample size fulfills requirements of PLS- SEM (Hair et al., 2014). The survey questionnaires include both descriptive questions to know the characteristics of the respondents and a five – point Likert scale ranging from '1 = Strongly disagree' and '5 = Strongly agree' to measure the level of degree with statements on how microfinance services have had an influence on women entrepreneurship development.

### 3.3 Theoretical background

Data were analyzed using mean, standard deviation, frequency and percentage of demographics information of respondents. Correlation analysis used to check relationships among the constructs. Cronbach's alpha used for checking reliability of every construct. Cronbach's alpha is the most widely applied statistic for internal consistency, ranging from 0 to 1, where higher values indicate stronger reliability. A commonly accepted cutoff value is 0.70 (Hair et al., 2014), which indicates that constructs with alpha values equal to or above this threshold are considered reliable for research purposes. In addition to, AVE and Fornell- Larcker criterion were used for discriminant and convergent validity of each construct. Furthermore, structural equation modelling was used to test direct effects by using Smart-PLS version 3.0 software developed by GmbH company, Bonningstedt, Germany. Multiple regression analysis;

$$ED=\beta0+\beta1\times MCS+\beta2\times IS+\beta3\times SS+\beta4\times AS+ei$$

Where;
ED = Entrepreneurship development
MCS = micro credit service
IS = insurance service, SS = savings service
AS = advisory service
β0 = intercept,

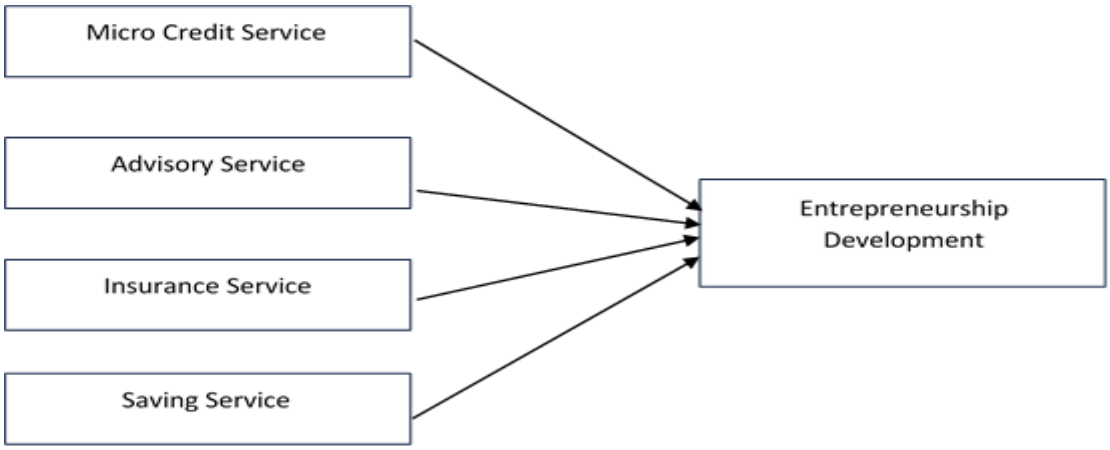


**Figure 1***: Conceptual Framework* [Adopted from Fwamba et al. (2015, p.49) ]

β1, β2, β3, β4 = regression coefficients,
ei = error term

## 4. RESULTS

The demographic characteristics of respondents of microfinance who involved in the field survey. Out of the 217 respondents, 98.2 (213 respondents) were married, unmarried 0.5 percent (1 respondents) and divorced 1.4 percent (3 respondents). This distribution indicates that the sample is made up of married women and this can be the average demographic character of women entrepreneurs of microfinance in the area where the study was carried out. Presents the socio-economic and experiential characteristics of the respondents, highlighting their educational attainment, entrepreneurial experience, income level, and participation in training programs. The findings indicate that the respondents possess a relatively strong educational background. The largest proportion (36.4 percent) have completed a bachelor's degree, followed by 30.4 percent who attained secondary education (SLC/SEE). In addition to, 19.3 percent hold a master's degree or above, while 13.8 percent have completed intermediate (+2) level education. This distribution reflects a comparatively high level of education among respondents, which may positively influence their entrepreneurial capacity and awareness of microfinance services. Regarding entrepreneurial experience, the majority of respondents (57.1percent) have less than three years of experience, suggesting that many are relatively new to business activities. The proportion (28.1 percent) have four to six years of experience, representing an intermediate group, while 14.7 percent have more than six years of experience. This mix of new and experienced business operators implies diverse needs for micro-finance support, ranging from start-up assistance to business expansion. In terms of income, the highest percentage of respondents (36.4 percent) earn between NPR 10,001 and 20,000 per month, followed by 25.8 percent earning between NPR 20,001 and 30,000. Lower-income respondents earning less than NPR 10,000 account for 17.5percent, while 20.3 percent earn above NPR 30,001. This indicates a diversified income structure among the respondents. Lastly, 67.3 percent of respondents reported participating in training programs, demonstrating the significant role of capacity-building initiatives in enhancing the skills and competencies of women entrepreneurs.

Table 1 illustrates that the results of the measurement model assessment. It includes that indicator reliability, internal consistency reliability, convergent validity, and collinearity diagnostics,

**Table 1:** *Reliability and Validity*

| Constructs | Items | M | SD | λ | α | CR | AVE | VIF |
|---|---|---|---|---|---|---|---|---|
| Micro credit services (MCS) | MCS1 | 3.986 | 0.928 | 0.872 | 0.914 | 0.939 | 0.794 | 3.056 |
| | MCS2 | 4.037 | 0.955 | 0.916 | | | | |
| | MCS3 | 4.124 | 0.964 | 0.894 | | | | |
| | MCS4 | 4.166 | 0.988 | 0.881 | | | | |
| Advisory services (AS) | AS1 | 3.696 | 0.945 | 0.899 | 0.916 | 0.941 | 0.799 | 2.983 |
| | AS2 | 3.618 | 1.001 | 0.864 | | | | |
| | AS3 | 3.728 | 0.967 | 0.91 | | | | |
| | AS4 | 3.783 | 1.009 | 0.902 | | | | |
| Insurance services (IS) | IS1 | 3.424 | 0.986 | 0.943 | 0.925 | 0.952 | 0.869 | 3.985 |
| | IS2 | 3.507 | 1.043 | 0.95 | | | | |
| | IS4 | 3.484 | 1.048 | 0.902 | | | | |
| Saving services (SS) | SS1 | 4.152 | 0.826 | 0.888 | 0.88 | 0.926 | 0.807 | 2.471 |
| | SS2 | 4.249 | 0.922 | 0.91 | | | | |
| | SS3 | 4.276 | 0.894 | 0.896 | | | | |
| Entrepreneurship Development (ED) | ED1 | 4.023 | 0.938 | 0.854 | 0.869 | 0.91 | 0.716 | 2.233 |
| | ED2 | 3.982 | 1.094 | 0.808 | | | | |
| | ED4 | 4.129 | 0.966 | 0.836 | | | | |
| | ED5 | 4.3 | 0.92 | 0.885 | | | | |

***Note: M: mean; SD: standard deviation; CR: composite reliability; AVE: average variance extracted indicators IS3, SS4 and ED3 were dropped from the model due to low factor loadings***

following the guidelines of Hair et al. (2021). The reliability was assessed using outer loadings (λ). All retained indicators revealed that factor loadings above the recommended threshold of 0.70 (Hair et al., 2013). It revealed that the indicators adequately represent their respective constructs. Indicators IS3, SS4, and ED3 were removed from the model due to low factor loadings, which is consistent with PLS-SEM analysis best practices to improve construct reliability and validity. Internal consistency reliability was evaluated using Cronbach's alpha (α) and composite reliability. Cronbach's alpha values range from 0.869 to 0.925, exceeding the minimum acceptable value of 0.70. Similarly, composite reliability values range from 0.910 to 0.952. It revealed that a high level of internal consistency among the indicators for all constructs. Convergent validity was assessed using the average variance extracted (AVE). The AVE values for micro credit services (0.794), advisory services (0.799), and insurance services (0.869), saving services (0.807), and entrepreneurship development (0.716) all exceed the recommended threshold of 0.50. They demonstrated that each construct explains more than half of the variance of its indicators. In addition to, collinearity among indicators was examined using the variance inflation factor (VIF). All VIF values were below the threshold of 5.0. It means that multicollinearity is absence in the measurement model. As a result, the measurement model demonstrated that adequate indicator reliability, strong internal consistency reliability, satisfactory convergent validity, and no collinearity issues, thereby supporting the suitability of the constructs for further structural model analysis.

Discriminant validity was assessed using the Fornell–Larcker criterion and the Heterotrait–Monotrait ratio (HTMT), as recommended by Hair

**Table 2:** *Discriminant Validity (Fornell and Larcker Criterion)*

| Constructs | M | SD | AS | ED | IS | MCS | SS |
|---|---|---|---|---|---|---|---|
| AS | 3.706 | 0.981 | ***0.894*** | 0.647 | 0.489 | 0.613 | 0.552 |
| ED | 4.109 | 0.979 | 0.588 | ***0.846*** | 0.431 | 0.703 | 0.698 |
| IS | 3.472 | 1.026 | 0.455 | 0.398 | ***0.932*** | 0.490 | 0.512 |
| MCS | 4.078 | 0.959 | 0.568 | 0.651 | 0.448 | ***0.891*** | 0.814 |
| SS | 4.226 | 0.881 | 0.500 | 0.624 | 0.463 | 0.729 | ***0.898*** |

***Note: Bold faced and italicized diagonal values are square roots of AVE. Lower off-diagonal values are inter-construct correlations. Upper off-diagonal elements are HTMT values.***

et al. (2017, 2021) for PLS-SEM analysis approach.

According to the Fornell–Larcker criterion, discriminant validity is established when the square root of the AVE of each construct exceeds its highest correlation with any other construct. Table 2 illustrates that the square root of AVE (bold and italicized diagonal values) for advisory services (AS = 0.894), entrepreneurship development (ED = 0.846), insurance services (IS = 0.932), micro credit services (MCS = 0.891), and saving services (SS = 0.898) are all greater than the corresponding inter-construct correlations. This result indicates that each construct explained more variance in its associated indicators than in other constructs, thereby satisfying the Fornell–Larcker criterion. Furthermore, discriminant validity was examined using the HTMT ratio, which is considered a more stringent assessment in PLS-SEM analysis. HTMT values must be below 0.90 to confirm discriminant validity ( Hair et al.,2021). The HTMT values reported in the upper off-diagonal elements are all below the threshold value of 0.90. It indicated that adequate discriminant validity among the constructs. The results illustrated that discriminant validity was established for the measurement model based on both the Fornell- Larcker criterion and the HTMT ratio.

Table 3 illustrates that the results of the structural model assessment. It includes that path coefficients (β), standard errors (SE), t-values, bias-corrected and accelerated (BCa) bootstrap confidence intervals, and effect size ($f^2$). The significance of the hypothesized direct relationships was assessed using bootstrapping with 5,000 resamples, as recommended by Hair et al. (2019). The results show that advisory services (AS) have a positive and statistically significant effect on entrepreneurship development *($\beta = 0.284$, $t = 3.978$, $p < 0.01$)*. The bootstrap confidence interval does not include zero (*LCI = 0.146; UCI = 0.422*). It is supported by H1. The effect size *($f^2 = 0.106$)* indicates that a small-to-moderate effect on entrepreneurship development. In contrast, the relationship between insurance services and entrepreneurship development is not statistically significant *($\beta = 0.017$, $t = 0.305$, $p > 0.01$)*. The confidence interval includes zero (*LCI*

**Table 3:** *Results of Structural Model Path Coefficients (Direct Relationship)*

| Hypotheses | Relationship | t-value | β (95% CI) | F2 Effect Size |
|---|---|---|---|---|
| H1 | AS -->ED | 3.978 | 0.071(0.146, 0.422) | 0.106 |
| H2 | IS -->ED | 0.305 | 0.057(-0.097, 0.131) | 0.001 |
| H3 | MCS -->ED | 3.307 | 0.088(0.122, 0.465) | 0.074 |
| H4 | SS--> ED | 3.003 | 0.087(0.098, 0.441) | 0.063 |
| R-square = 0.527, and Adjusted R-square = 0.518 | | | | |

***Note: N= 217, Bootstrap samples = 5000, confidence interval bias - corrected and accelerated (BCa) bootstrap method, LCI = lower confidence interval; UCI = upper confidence interval***

*= −0.097; UCI = 0.131*). It is rejected by H2. The effect size ($f^2$= *0.001*) suggested that a negligible effect. Further, the findings revealed that micro credit services have a significant positive influence on entrepreneurship development ($\beta$ = *0.292, t = 3.307, p < 0.01*). The confidence interval does not include zero (*LCI = 0.122; UCI = 0.465*). As a result, it is accepted by H3. The effect size ($f^2$ = *0.074*) revealed that a small but meaningful contribution to entrepreneurship development. Similarly, saving services exhibit that a positive and significant relationship with entrepreneurship development ($\beta$ *= 0.261, t = 3.003, p < 0.01).* The BCa confidence interval excludes zero (*LCI = 0.098; UCI = 0.441*). It is supported by H4. The corresponding $f^2$ value of 0.063 indicates a small effect size. Regarding the model's explanatory power, the $R^2$ value for entrepreneurship development was 0.527. It means that the exogenous constructs jointly explain 52.7 percent of the variance in entrepreneurship development. The adjusted $R^2$ value of 0.518 further confirmed the model explanatory power the thresholds proposed (Hair et al.,2019). Therefore, the structural model results revealed that advisory services, micro credit services, and saving services are statistically significant determines of entrepreneurship development, whereas insurance services do not were statistically insignificant influence.

## 5. DISCUSSION

The study investigated that the impact of microcredit services, advisory services, insurance services and savings services on women's entrepreneurship development evidence from the Pokhara Metropolitan City. The findings revealed that advisory services, microcredit services, and saving services have a positive and statistically significant influence on entrepreneurship development, while insurance services show statistically insignificant influence on ED. The findings indicate that advisory services have a positive and significant effect on women's entrepreneurship development. This result is consistent with prior studies by Thapa and Chowdhary (2022), Karmacharya (2023) and Shrestha and Shrestha (2023), who emphasized that business advisory, mentoring, and consultancy services enhance women's managerial capacity, strategic planning, and decision-making capability. Furthermore, the present research confirms that advisory services help women entrepreneurs understand market dynamics, manage risks, and adopt effective business practices, thereby improving business sustainability and performance. However, this finding contrasts with some studies conducted in other developing-country contexts, such as Sobhan and Hassan (2024), who found that non-financial support had adverse effects on informal female entrepreneurs. The contrast may be explained by contextual differences in Pokhara Metropolitan City. It is a relatively supportive in urban environment with better access to training, markets, and institutional support compared to highly rural settings. The study revealed that microcredit services have a significant positive influence on entrepreneurship development. This finding aligns strongly with the works of Newman et al. (2017), Ferdousi (2015), and Guvaju and Sherpa (2020), who reported that access to microcredit enables women to invest in business inputs, expand operations, and improve income-generating capacity. The result supports empowerment theory and resource-based theory, which argue that access to financial capital is a critical resource for entrepreneurial growth. The findings demonstrate that saving services have a positive and significant effect on entrepreneurship development. This result supports the arguments of Ferdousi (2015) and Jain (2020), who emphasized that savings services enable entrepreneurs to build financial discipline, manage cash flow, and reinvest in business activities. The finding is consistent with empowerment theory, which views savings as a tool that enhances women's financial independence and control over resources. However, this result contrasts with Karmacharya (2023), who

reported a negative and insignificant relationship between saving services and entrepreneurship development in the Pokhara Metropolitan City. The difference may arise from variations in sample characteristics, recent improvements in saving products and financial literacy programs offered by MFIs. This finding suggested that saving services are increasingly a supportive role in strengthening women-led enterprises in Pokhara. The study found that insurance services have a positive but statistically insignificant effect on entrepreneurship development. This result contrasts with theoretical expectations and prior findings by Guvaju and Sherpa (2020), who argued that insurance reduces business risk and encourages entrepreneurial investment. The insignificant result may be due to low awareness, limited coverage and the perception that insurance benefits are less immediate compared to credit and advisory services. This finding is consistent with Lingden (2024), who argued that despite the availability of insurance products, many women entrepreneurs in Nepal do not fully utilize them due to lack of understanding, trust issues, and affordability constraints. Therefore, insurance services have potential benefits, its practical impact on entrepreneurship development remains limited in the Pokhara Metropolitan City.

## 6. CONCLUSION

Based on the discussion, this study concludes that microfinance services play an important role in promoting women entrepreneurship development in Pokhara Metropolitan City. Advisory services, microcredit services, and saving services significantly contribute to business growth, income generation, and entrepreneurial capacity among women. In contrast, insurance services do not show a significant impact on entrepreneurship development since it shows the lack of awareness, and effective utilization of insurance services by women's. Policymakers should strengthen supportive policies that promote integrated microfinance services for women entrepreneurship development. Emphasis should be placed on expanding advisory and training programs alongside microcredit to enhance entrepreneurial skills and decision-making capacity. Microfinance institutions should focus on improving the quality and accessibility of advisory and saving services. MFIs should redesign insurance products to make them more affordable, understandable, and relevant to women entrepreneurs' business needs. Women entrepreneurs can benefit from actively participating in training and advisory programs offered by MFIs, as these services significantly enhance business performance. Future research direction can be examining the mediating variable of financial literacy, innovation and digital financial literacy. In addition, qualitative research can be explored to understand why insurance services remain underutilized in microfinance institutions.

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