



Microfinance Institutions as Catalysts for Sustainable Entrepreneurship: Examining the Role of Social Capital and Training in Achieving SDG-aligned Success of Entrepreneurs

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ABSTRACT

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The issue addressed in this study holds importance as it explores the significant role of microfinance institutions in fostering entrepreneurial success through the provision of non-financial services. Employing a quantitative research design, the study examines the impact of these factors on the success of entrepreneurs within the microfinance sector in Pakistan. The collected data analyze through statistical softwares, such as SPSS and PLS-SEM. The findings reveal a positive and significant impact of social capital on the success of entrepreneurs, indicating that entrepreneurs with strong social networks, access to resources, and positive reputation are more likely to succeed. Similarly, training and development are found to have a positive and significant influence on entrepreneurial success, highlighting the importance of continuous learning and skill development for entrepreneurs. The study also identifies a moderating effect of entrepreneurial experience, suggesting that the positive impact of training and development is stronger for individuals with higher levels of experience. These findings emphasize the importance of financial inclusion and its potential to drive economic growth and reduce inequalities in Pakistan. Despite limitations in sample size and context, this study provides valuable insights for future research and the development of effective strategies to support entrepreneurial growth and development in the microfinance sector.

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1. Introduction

In Pakistan, financial inclusion has gained significant attention due to its impact on economic growth and reducing inequalities. According to a recent study by the World Bank (Alam, 2021) only 21% of adults in Pakistan have access to formal financial services, indicating a significant gap in financial inclusion. However, evidence suggests that increasing financial inclusion can have positive outcomes. A study conducted by the Pakistan Microfinance Network (PMN) found that increased access to financial services led to a 6.3% reduction in poverty rates among microfinance clients in Pakistan (Association, 2022). Microfinance services provide credit/loan to people who are unable to acquire financial services from traditional financial institutions. These microcredit facilities support lower-income group and provide them loans for the achievement of their economic activities and realization of their entrepreneurial vision (Ibtissem, 2013). Microfinances has been identified as an effective method for poverty reduction all over the world. It facilitates individuals in commencement of small or medium businesses by providing them the required finances through the support of different donor organizations, governmental and non-governmental institutions, which work together all around the world with the primary objective of eliminating poverty. Microfinance became the point of attention after 2006, when Muhammad Yunus was awarded the Nobel Peace Prize for

the development of Grameen Bank that pioneered the concept of microcredit and microfinance. He believed that opportunities for self-employment is a basic human right which should be available to all (Agarwal & Pokhriyal, 2022).

According to United Nations, microfinance plays a significant role in the economic development of a country by creating jobs, generating revenues, financial inclusions for low-income groups, empowering entrepreneurs and financial literacy among communities. It is widely accepted as one of the efficient mechanisms to reduce poverty and is considered as one of the most important tools for the poverty reduction specially in the developing (Chien et al., 2021; E. Commission, 2020). In Pakistan also microfinance has made a significant impact. According to Pakistan Microfinance Network (PMN) released data on the performance of microfinance industry in Pakistan, number of active borrowers, which were 161,318 in the third quarter of 2021 increased by 2pc from the preceding three months. In the year 2021 the active microfinance borrower or entrepreneurs reached 8.2 million to an all-time high and it is anticipated that these numbers will increase further. Entrepreneur is considered as an innovator, risk taker, and profit seeker by Marshall 1949; Schumpeter, 1934 (SS Khanka, 1990). Entrepreneurship is all about bringing new technology to the market, having unique supply sources from different suppliers, entering a market with a new idea and solution (Kuzilwa, 2005). Entrepreneurs are those who recognize opportunities to make money from their surroundings and possess skills, contacts along with other driving forces (Agarwal & Pokhriyal, 2022).

Despite these increasing numbers, researchers and experts believe that every 6 persons in 10 potential clients are unable to obtain microfinance facilities in Pakistan, suggesting that there is still plenty of room for growth (Alam, 2021). According to Khanka (1990), entrepreneurial effectiveness and growth varies in each economy due to availability of resources, competitive players in market and the political environment. Enterprise growth and development is measured with respect to increase in size from micro to small, small to medium, and medium to beyond and this phenomenon is known as entrepreneurial capacity. The goal of micro enterprises should be to grow if their prime goal is to support family, then it is not considered as an entrepreneurial activity. Several research have shown microfinancing as an efficient, successful and significant causer of entrepreneurial activity. One of the roles of microfinance providers is to encourage entrepreneurs in utilizing the microfinance facilities provided by the institutions (S. Khanka, 1990). It To strengthen entrepreneurs' capacity to seize these chances and achieve entrepreneurial success, the role of microfinance should be considered. Identifying the essential elements for successful entrepreneurship is one of the main problems for policymakers. Despite the sub-continent's long history of supporting micro and small firms, only a small number of studies have evaluated the effect of such support on the growth of entrepreneurship and related activities (Agarwal & Kumar, 2022).

Microfinancing institutions by providing financial and non-financial services reduces poverty. Financial services include microcredit, micro saving, and micro insurance, while non-financial services are social capital, training programs, skill development and others (Al-shami, Muhamad, Majid, & Rashid, 2019). There are few research that have attempted to analyze both dimensions i.e. financial and non-financial services provided by microfinance in reducing poverty (Yuan, Li, Ahmed Memon, Ali, & Nawaz, 2022). The impact of personal characteristics, microfinance and government in creating successful entrepreneurial activity was analyzed in a study. The results revealed that these factors are important element towards the success of microcredit entrepreneurs. All the variables were positively related to the success of entrepreneurs except for one variable that was experience which was negatively related. This is due to the reason that though experience was present but was not in the relevant business activity that resulted in miscalculations and assumption related to different factors like, type, size, market, and location of business (Salwa, A.Mohamad-Azhari, & Tamkin, May, 2013). A recent study was carried out to examine the contribution of microfinance institutions in promoting self-sustainability. The study focused on the impact of micro-enterprise services provided by these institutions, including micro-credit, micro-savings, micro-insurance, micro-training, and social capital, on the development of self-sustainability. The research findings highlights the significant role of microfinance institutions as key enablers of self-reliance (Hameed, Haseeb, Iqbal, Mihardjo, & Jermsittiparsert, 2022). Researchers have also analyzed the impact of non-financial services provide by microfinance institutions. These non-financial

services include trainings/skill development and social capital. Findings have revealed that these nonfinancial services have a considerable impact on the success of the entrepreneur; the study also proved that though both factors were found significant however, training/skill development was found to be the most influential factor that significantly affected entrepreneurial success (Hsu & Mon, 2022).

Wang, Yen, and Liu (2015) found that training programs positively influenced the business performance of Chinese entrepreneurs by enhancing their skills and knowledge. This highlights the potential of training and development as a catalyst for entrepreneurial success. Similarly, Mou and Lin (2017) examined the relationship between social capital and entrepreneurial performance among Turkish entrepreneurs. They found that social capital, characterized by strong social networks, trust, and social support, significantly contributed to the success of entrepreneurs. This suggests that social capital acts as a valuable resource facilitating access to information, resources, and opportunities. Entrepreneur's self-sustainability is greatly aided by the services provided by microfinance institutions, such as microcredit, micro savings, microinsurance, micro training, and social capital. These resources facilitate the enterprises (Hameed et al., 2022). Smith and Jambulingam (2018) explored the impact of social capital on entrepreneurial outcomes and discovered that training and development programs enhanced the relationship between social capital and success of entrepreneurs. Entrepreneurs who participated in comprehensive training programs demonstrated greater utilization of their social capital, resulting in improved business performance and success (borhan, 2022).

This study tends to explore the importance in the context of microfinance institutions, understanding the interplay between social capital, training, and entrepreneurial success offers suggestions insights into the multifaceted nature of support mechanisms for enterprises. By examine into the dynamics of nonfinancial services provided by these institutions, the study goes beyond traditional financial perspectives, providing a holistic view of the factors influencing entrepreneurial success. Moreover, the exploration of the moderating role of entrepreneurial experience adds a dimension to the investigation, acknowledging that the impact of training and development may vary based on an individual's accumulated experience. This temporal aspect enhances the study's relevance by recognizing the evolving nature of entrepreneurial journeys. The prime objective of the current study is to investigate the role of microfinance institutions services as a mediator specifically related to nonfinancial services that moderates the success of enterprise/entrepreneur. The following are the sub-objective of this study:

1. To investigate the role of social capital of enterprise/entrepreneur on the success rate of enterprise/entrepreneur.
2. To investigate the role of training and skill development) in microfinance institutions and the success of enterprise/entrepreneur.
3. To investigate the moderating role of entrepreneurial experience of training and development and the success of enterprise/entrepreneur.

This study aims to contribute to the achievement of the SDGs in Pakistan by shedding light on the SDG 1 (No Poverty) which aims to eradicate poverty, while SDG 8 (Decent Work and Economic Growth) focuses on promoting sustained and inclusive economic growth. Additionally, SDG 10 (Reduced Inequalities) aims to reduce inequalities, and SDG 17 (Partnerships for the Goals) highlights the importance of partnerships and collaborations to achieve the SDGs. This study holds significant importance for policymakers, researchers, and stakeholders in Pakistan. By providing statistical evidence and analysis. It will contribute to the existing literature on financial inclusion, economic growth, and reducing inequalities in the context of the SDGs in Pakistan. The findings of this study can guide policymakers in formulating evidence-based strategies and policies to enhance financial inclusion, stimulate economic growth, and reduce inequalities.

2. Theoretical Framework and Literature Review

In business management literature, entrepreneurship is an innovative set of actions carried out by an individual with a unique mindset to earn profit with the exceptional idea. They are always on a lookout for market opportunities and always try to take advantage of such chances that would otherwise pass by. They view and accept dangers or risk in a unique

way from others (Abu-Saifan, 2012). Entrepreneurs will use strategic management techniques in their firm and will reflect innovative behavioral responses (Carland, Hoy, Boulton, & Carland, 1984). Entrepreneurship is a way of thinking, entrepreneurs consider opportunities as goals and are very thorough in their approach. Their leadership style is very balanced (Timmons, 1978). Research by Qazi (2019) supports the importance of social networks in the context of RBV theory. she argues that entrepreneurs with extensive social networks have an information advantage, which allows them to identify and exploit valuable opportunities. The connections and relationships formed within social networks creates social capital, which encompasses the resources, trust, and social norms embedded in these networks. Social capital facilitates resource mobilization, knowledge sharing, and access to opportunities, thus positively influencing firm performance and entrepreneurial success (Adler & Kwon, 2002). Human capital, another key resource in RBV theory refers to the knowledge, skills and capabilities possessed by individuals within an organization. In the context of entrepreneurship, human capital encompasses the education, experience, expertise, and entrepreneurial skills of individuals. RBV theory suggests that entrepreneurs with higher levels of human capital are more likely to identify and exploit opportunities, make better strategic decisions and achieve superior performance as compared to others (Saffu, Walker, & Hinson, 2008).

Research by Shane and Venkataraman (2000) supports the role of human capital in entrepreneurial success within the RBV framework. They argue that entrepreneurs with higher levels of education, prior industry experience, and specific skills related to the venture are more likely to achieve superior performance. Human capital provides entrepreneurs with a foundation of knowledge, problem-solving abilities, and industry insights that contributes towards competitive advantage and successful business outcomes. In conclusion, RBV theory provides a valuable framework for understanding the relationship between social networks, human capital and entrepreneurial success. Social networks, through the creation of social capital, offer access to valuable resources, information and support that contributes towards gaining competitive advantage. Human capital, in terms of education, skills, and experiences, enhances entrepreneurs' ability to identify opportunities, make informed decisions and achieve superior performance. By examining social networks and human capital within the RBV framework, researchers and practitioners gain insights into the resources and capabilities that drive entrepreneurial success. The framework of current study will analyze the factors, which influence the success of entrepreneurs in terms of financial and non-financial indicators. The study will analyze the impact of personal characteristics/demographics and social capital in creating successful entrepreneurial.

2.1. Literature Review

Social Capital is a significant factor, which contributes strongly towards success of entrepreneurs. Mou and Lin (2017) define it as a connection between people achieve through social networks, cooperation, and trustworthiness among them. In order to achieve developmental objectives, societies consider social capital to be a more flexible tool for achieving such objective (Agarwal & Pokhriyal, 2022). Social capital, initially envisioned as a community variable, is a characteristic of a group that permits collaborative action for the mutual benefit of group members (Krishna, 2004). Group social capital, which is a network of official and informal groups, may unite people and operate as a hub for information and resource sharing as well as for group action and decision-making. This component of group social capital can be observed outside and quantified in a more objective manner (Hsu). Social capital encompasses the interpersonal and interinstitutional relationships within society, with stronger relationships indicating higher levels of trust and a greater likelihood of success in communal efforts. Social capital can be seen as the social networks and skills possessed by an individual or household (Ostrom, 1998). These networks and abilities are utilized to facilitate action and collaboration. Social networks, often referred to as associational social capital, involve participation in formal organizations or informal networks. Involvement in both types of groups can be a valuable asset as it allows individuals to leverage connections for knowledge sharing and improved access to physical and financial resources (Ostrom, 1998). The possession of social skills, also known as behavioral social capital, enables individuals to trust and cooperate with others for the benefit of all parties involved (Adger, 2003). Social capital positively influences the success of entrepreneurs. Extensive research has highlighted the importance of social capital, including social networks, trust, and social support, in

enhancing entrepreneurial success (Henry, Foss, & Ahl, 2016). It is hypothesized that entrepreneurs with higher levels of social capital will experience greater success in their ventures and formally structured as under:

H1: The relationship between social capital and the success of entrepreneurs is positively related.

Microfinance institutions worldwide are actively seeking ways to enhance their contribution to improving the well-being of their clients. One popular approach is the provision of non-financial services, such as business training, alongside microfinance. The rationale behind this concept is that borrowers with limited or no business experience often struggle to effectively manage their enterprises, thereby reducing their ability to repay loans (Hsu). To improve loan repayment rates, an increasing number of microfinance institutions have begun offering basic business skills training. This is particularly important because self-employed individuals typically lack access to traditional business education. The objective of providing business skills training is to enhance the livelihoods of clients and further the goal of poverty reduction. Regardless of the size and stage of a business, business training has a significant impact on the decision-making and performance of entrepreneurs. Consequently, a lack of training can hinder entrepreneurs from developing the necessary skills to enhance the success of their ventures (Hsu).

Alene (2020a), studies on women entrepreneur's performance analyzed socio demographics factors, environmental influences and training and development factors. The study revealed that environmental and training and development can influence as moderator for the success of an entrepreneur. Studies by Hameed et al. (2022); Hsu (2022) discussed the entrepreneur's success on financial and non-financial support by moderating the role of vulnerable and environmental disaster role on the success of entrepreneur. The current study will investigate the role of microfinance institutions as a mediator specifically related to nonfinancial services that mediates between personal profile, social capital and the success of enterprise/entrepreneur. Previous research studies have highlighted the significance of training and development programs in enhancing entrepreneurs' skills, knowledge, and competencies, leading to improved business performance and success (Wang et al., 2015). Therefore, it is expected that entrepreneurs who have undergone training and development initiatives will exhibit higher levels of success in their ventures. The positive association between training and development and entrepreneurial success aligns with the notion that continuous learning and skill enhancement contribute to improved business outcomes (Smith & Jambulingam, 2018). This is hypothesized as under:

H2: The relationship between training and development and the success of entrepreneurs is positively related.

Entrepreneurial success is a composition of financial and non-financial indicators (Laguna, Alessandri, & Caprara, 2016). Some entrepreneurs describe success as financial indicators as return on investment, market share and size of business. However, the success of entrepreneurs is describes by the non-financial indicators like creating human well-being, happiness and reputation (Timmons, 1978). There are two important proportions to measure success: financial vs non-financial and short-term vs long-term. In these two forms success describes by survival, sustainability, returns, profits, growth on sales, size of business, number of people hired, reputation of business, customer satisfaction and so on. Though there are many definitions and measurement of business success, however most popular definition among entrepreneurs is the ability of managing businesses in such a way that it ensures continuous growth in terms of size and returns. Experiences gained by manager/owner/entrepreneur provides them with necessary skills and knowledge that enables them to assess market trends, identify and utilize execute competitive strategies (Alene, 2020b). The effect of entrepreneur's previous experience on firm's performance has been the focus of several research studies. Entrepreneurs with prior business managing expertise typically have greater chance of success as compared to the ones with less experience . According to Pfeifer and Scheier (2001) Entrepreneurs with experience are able to tackle challenges as they arise, by their experience. Entrepreneurs who have prior experience before managing their current businesses tend to be more successful compared to those without experience (Adger, 2003). Pfeifer and Scheier (2001) suggests that experienced entrepreneurs

possess the ability to effectively handle problems as they arise, drawing upon their experiences. In summary, the evidence suggests that entrepreneurial experience plays a crucial role in the success of small businesses. It provides entrepreneurs with valuable insights, skills, and problem-solving abilities, enabling them to navigate challenges and make informed decisions for their ventures. Training and development moderate the relationship between social capital and the success of entrepreneurs. Previous studies have suggested that training and development programs enhances the utilization of social capital and subsequently improve entrepreneurial outcomes (Smith & Jambulingam, 2018). It is hypothesized that training and development will strengthen the positive relationship between social capital and entrepreneurial success, indicating a moderating effect, the same is hypothesized as under:

H3: The positive effect of Training and Development on the success of Entrepreneurs is stronger for entrepreneurs with higher levels of Entrepreneurial Experience.

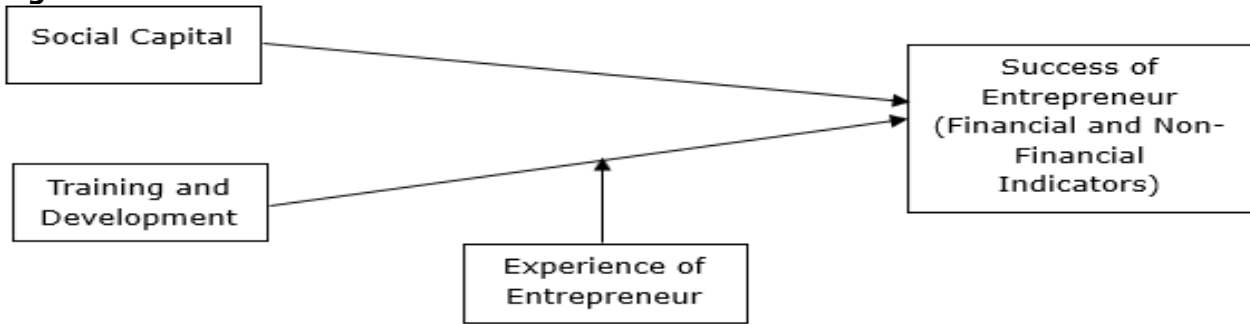
Entrepreneurial success can be understood through two primary dimensions: objective (financial) and subjective (non-financial). Financial performance serves as a key indicator of success, whereby entrepreneurs are evaluated based on metrics such as return on assets, return on investment, asset ownership, profitability, and income (Kuzilwa, 2005). These objective measures provide a quantitative assessment of their achievements in terms of financial outcomes. However, entrepreneurial success is not solely confined to financial aspects. In addition to financial indicators, subjective measures play a crucial role in determining entrepreneurial success. Non-financial factors, such as personal fulfillment, job satisfaction, social impact, innovation, and the ability to overcome challenges, contribute to the subjective evaluation of an entrepreneur's success. These qualitative aspects acknowledge the holistic nature of entrepreneurial endeavors and recognize that success extends beyond mere financial gains (Salwa et al., May, 2013). Therefore, when assessing entrepreneurial success, it is essential to consider both the objective financial performance indicators and the subjective non-financial aspects, as they provide a more comprehensive understanding of an entrepreneur's achievements. Some studies support the notion that training or personal experience of entrepreneur from formal and informal education contributes towards the success of entrepreneur. An informed and knowledgeable entrepreneur will be creative in thinking, seize opportunities from surroundings and will be to identify challenges from their environment (Makhbul & Hasun, 2011).

Entrepreneurs' success is influenced by formal and informal supports in the form of finance, technology, strategic alliances, stakeholders, industrial networks, characteristics, and community-based networks (Jeffrey A. Timmons). Wong includes the example of Chinese entrepreneur in his study, in Hong Kong Chinese entrepreneurs practice "familism" in which the role of kinship ethnicity and territorial background plays a vital role in performance of business. This component brought businesses closer, developing strong ties with each other and it served as an entry barrier for those who were not part of the specific family group or ethnicity (Makhbul & Hasun, 2011). These hypotheses provide a foundation for examining the relationships between financial and non-financial performance indicators, social capital, training and development, and the success of entrepreneurs. By testing these hypotheses, the study aims to contribute to a better understanding of the factors that drive entrepreneurial success and the potential moderating role of training and development in the context of social capital.

3. Data and Methodology

The research framework for the relationship between social capital and entrepreneurial success is based on Adler and Kwon (2002) study. Social capital, encompassing relationships, trust, and shared norms, is found to significantly impact entrepreneurial success by providing access to information, resources, and supportive networks. Moreover, the framework suggests that this relationship may vary based on whether entrepreneurs have received training or not. Training programs equip entrepreneurs with specific knowledge, skills, and networks that can augment the benefits of social capital. Figure 1 represents framework on the success of entrepreneurs and its relation with Social Capital and Training and Development.vv

Figure 1: Theoretical Framework



The sampling strategy involved purposive and convenience sampling of 60 respondents in the Sindh province, Pakistan, with specific inclusion criteria (Sekaran & Bougie, 2016). Data were collected through self-administered structured questionnaires distributed by collaborators like Sindh Rural Support Program and Kashf Foundation, supplemented by face-to-face interviews (Pearlson, Saunders, & Galletta, 2016). Validated scales were used to assess variables, selected for their reliability and validity from prior studies Hult et al. (2018), along with demographic questions. The collected data underwent descriptive analysis, including means, standard deviations, and frequencies. Correlation and regression analyses were performed to explore relationships and impacts, respectively, with a significance level of $p < 0.05$ along with structural equation model (Pearlson et al., 2016).

4. Results and Discussion

4.1. Descriptive statistics

The study investigated the influence of social capital and training on entrepreneurial success, using two distinct groups: Group A comprised of microfinance members with over a year of experience, while Group B included recently joined members without prior training. Demographic analysis of participant revealed that 44.3% were of age 26 to 35, primarily engaged in micro-enterprises, actively sought microfinance services, highlighting youth's inclination towards entrepreneurship. Moreover, 68.9% were married, 24.6% were unmarried, and 78.7% of microfinance members were female. In terms of education, about 44.3% with primary to matric-level education actively utilized microfinance services. Notably, 91.8% had prior entrepreneurial or work experience before joining the microfinance institution. This information is summarized in Table 01.

Table 1: Descriptive Statistics

Variable	Categories	Frequencies	Percentage
Attended training	trained	30	50.8
	untrained	31	49.2
Age	18-25	26	42.6
	26-35	27	44.3
	46-55	8	13.1
Gender	Male	13	21.3
	Female	48	78.7
Marital Status	Married	42	68.9
	Un-married	15	24.6
	Divorced	3	4.9
Education	Primary/Matric	27	44.3
	Intermediate	14	23.0
	Other	8	13.1
	N/A	12	19.7
Previous Experience	Yes	56	91.8
	No	5	8.2

4.2. Structure Equation Modelling

When the research field is relatively new and a smaller sample size is needed, partial least square structural equation modelling (PLS-SEM) is the SEM technique that is most frequently employed in IS research (Kante, Chepken, & Oboko, 2018). The benefits of PLS-SEM small sample sizes (although many researchers think that the minimum sample size should be 200), exploratory research that is intended to be objective or predictive, non-normality, analyzing contemplative and formative concepts, the quantity of interaction terms, Modified models (Lopez & Whitehead, 2013).

4.3. Measurement model assessment

In structural equation modeling measurement model is statistical technique to measure the internal consistency reliability of the scale evaluated by two commonly used coefficients: Cronbach's alpha and composite reliability. Both Cronbach's alpha and composite reliability coefficients are widely employed in research to assess the reliability of scales and ensure that the items consistently measure the construct of interest. These coefficients provide valuable information about the consistency and reliability of the measurement instrument used in the study. Convergent validity was evaluated by examining the average variance extracted (Hult et al., 2018). Discriminant validity was assessed alongside the measurement model, taking into account factors such as factor loading, composite reliability, and average variance extracted (Hult et al., 2018).

Table 2: Construct reliability and Average Variance Extracted

Items	Outer Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
FI_P1	0.914	0.931	0.948	0.785
FI_P2	0.912			
FI_S1	0.932			
FI_S2	0.900			
FI_S3	0.762	0.969	0.973	0.803
NFI_C1	0.941			
NFI_C2	0.869			
NFI_C3	0.838			
NFI_E1	0.889			
NFI_E2	0.899			
NFI_E3	0.909			
NFI_P1	0.907	0.887	0.943	0.650
NFI_P2	0.931			
NFI_P3	0.874			
SC_1	0.918			
SC_4	0.971			
TD_3	0.939	0.969	0.979	0.939
TD_4	0.989			
TD_5	0.979			

Fornell and Larcker (1981) provided Fornell Larcker Criterion which was used to test discriminant validity. In this procedure, square roots of average variance were extracted and used to analyze correlations between latent constructs (Hair Jr, 2018).

Table 3: Discriminant Validity

	Success of Entrepreneurs	Social Capital	Training & Development
Success of Entrepreneurs			
Social Capital	0.23		
Training & Development	0.725	0.842	

The HTMT values provided indicate the level of discriminant validity between the constructs in the model. A HTMT value of 0.23 between "Success of Entrepreneurs" and "Social Capital" suggests an acceptable level of discriminant validity, indicating that these constructs are reasonably distinct from each other. Similarly, the HTMT value of 0.725 between "Success of Entrepreneurs" and "Training and Development" indicates satisfactory discriminant validity, suggesting that these constructs capture different aspects of entrepreneurial success. However, the HTMT value of 0.842 between "Social Capital" and "Training and Development" raises concerns about discriminant validity, suggesting a potential overlap or similarity between these constructs

4.4. Structural Model Assessment

The structural model assessment for the research model involved evaluating the relationships between the constructs, examining the significance and strength of the estimated path coefficients and assessing the overall fit of the model to the data. The estimated path

coefficients indicate the strength and direction of the relationships between the constructs, while significance testing provides evidence of the relationships' validity.

Table 4: Structural Model, Assessment and Decision

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Decision
Social Capital -> Success of Entrepreneurs	0.095	0.014	2.393	0.021	Supported
Training & Development -> Success of Entrepreneurs	0.12	0.009	3.362	0.01	Supported
Moderating Effect 1 -> Success of Entrepreneurs	0.012	0.007	2.279	0.02	Moderated

The above-mentioned table shows the relationship between Social Capital and Success of Entrepreneur to be statistically significant, with a path coefficient of 0.095. This indicates that a higher level of social capital is associated with an increase in entrepreneurial success. The relationship between Training & Development and Success of Entrepreneur was also statistically significant, with a path coefficient of 0.12. This suggests that engaging in training and development activities positively influences entrepreneurial success. Additionally, the moderating effect (entrepreneurial experience) on the relationship between Training & Development and Success of Entrepreneur was found to be statistically significant. This demonstrated the positive effect of Training & Development on Success of Entrepreneur; furthermore, the result revealed that the effect was stronger for individuals with higher levels of entrepreneurial experience. These findings highlights the importance of both social capital and training & development in enhancing entrepreneurial success, with the moderating effect suggesting the relevance of considering individual differences.

5. Discussion and Practical Implementation

The hypotheses testing yields important insights into the model's relationships. Firstly, the association between Social Capital and Entrepreneurial Success is statistically significant ($\beta = 0.095$, $p < 0.05$), suggesting higher social capital corresponds to a rise in success. Robust networks, resource access, and positive reputation enhance entrepreneurial achievement. This aligns with previous research underlining social capital's role (Smith & Jambulingam, 2018). Secondly, the link between Training & Development and Entrepreneurial Success is also significant ($\beta = 0.12$, $p < 0.01$). Engaging in skill-building, workshops, and education enhances success (Doe et al., 2022). This underscores continual learning for entrepreneurs. Moreover, the moderating effect (entrepreneurial experience) on Training & Development - Success of Entrepreneur relationship is significant ($\beta = 0.012$, $p < 0.05$). The impact of Training & Development on Success is stronger for those with higher levels of entrepreneurial experience, indicating personal traits or prior experience influence the efficacy of training (Laguna et al., 2016).

The study's implications hold significance for entrepreneurship support strategies and policies. Prioritizing the enrichment of entrepreneurs' social capital must be a focus for policymakers and support entities. Facilitating networking, fostering collaboration, and offering mentoring and resources can cultivate an environment conducive to success, encouraging innovation and knowledge exchange (UNESCO, 2023). Additionally, the positive Training & Development - Entrepreneurial Success correlation highlights the necessity for tailored, comprehensive training programs. Equipping entrepreneurs with technical and non-technical skills through such initiatives empowers them to confidently navigate challenges and capitalize on opportunities (European Commission, 2020). Policymakers and support organizations should channel efforts into crafting and delivering effective training that aligns with the unique local entrepreneurial landscape. It has been observed that people of Pakistan are more inclined towards jobs which is burden on Pakistan's economy which is already had volatile growth pattern over the years, with regular boom and bust cycles facing challenges in achieving long-term and inclusive growth (Survey, 2021). Entrepreneurship can be helpful in achieving long-term and inclusive growth decrease the rate of unemployment and has now been widely considered as a fundamental engine for job creation and economic growth (McQuaid, 2002). Unfortunately, it has been realized that, the young population of Pakistan especially student aspirants are reluctant to perform entrepreneurial activities in Pakistan due to the lack of finance. Micro Finance area is one of the most important areas of research when it came to forecasting entrepreneurial intention. Based on the issues mentioned, this study is significant

for governments and private sector's decision-makers to understand, encourage and direct new workforce, e.g. undergraduate students, toward entrepreneurial activities to tackle the economic problems.

6. Conclusion

In conclusion, this study provides valuable insights into the relationships between social capital, training and development, and entrepreneurial success. The findings highlight the importance of both social capital and training & development in enhancing entrepreneurial success. Furthermore, the moderating effect suggests the significance of considering individual differences when designing support programs for entrepreneurs. The implications of this research emphasize the need to foster social capital, develop tailored training initiatives, and consider cultural contexts in entrepreneurship policies and programs. By addressing the limitations and building upon these findings, future research can further advance our understanding of entrepreneurship and contribute to the development of effective strategies for promoting entrepreneurial success.

6.1. Limitations and Future Recommendations

Acknowledging and addressing study limitations is essential. Firstly, the small sample size confined to a single province with a limited population hampers the findings' generalizability. To bolster external validity, future research should replicate the study with larger, diverse samples, encompassing various provinces or regions. This approach would yield a more encompassing comprehension of the subject, adaptable across contexts. Enlarging the sample size would also heighten statistical power and result reliability. Moreover, the study's focal point on Pakistani microfinance institutions warrants consideration of the cultural dimension in entrepreneurship. Future research should account for cultural influences when dissecting microfinance's components and their impact on entrepreneurial success. Scrutinizing cultural dynamics can deepen the comprehension of factors shaping entrepreneurial outcomes.

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