



Can Financial Assistance Mediate the Training and Human Capital Relationship for Pakistani Women Micro Entrepreneurs?

Nain Tara¹, Noman Arshed^{2*}, Osama Aziz³, Mahwish Yamin⁴

¹The Islamia University of Bahawalpur, Pakistan, ²Department of Economics, University of Management and Technology, Lahore, Pakistan, ³Department of Entrepreneurship and Strategy, Ryerson University, Canada, ⁴PhD Scholar, The Islamia University of Bahawalpur, Pakistan. *Email: Noman.arshed@umt.edu.pk

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ABSTRACT

Women participation in the economy can help accumulate capital formation and ideation which helps them in becoming a tool for socio-economic uplift for poor people working in the informal sector of the economy. The current research has examined the impact of financial assistance programs provided to micro and small women entrepreneurs, on the economic capital formation. Assistance programs include training and financial assistance. This research also aimed to investigate the mediating role of financial assistance between training assistance and economic capital. The methodology included empirical study, collection of data from 350 women micro-entrepreneurs from Southern Punjab in Pakistan, and analysis is conducted with the help of SPSS. Findings revealed that training assistance program has a significant impact on capital formation. While the mediation test confirmed the mediation of financial assistance between the training and economic capital.

Keywords: Economic Capital, Financial Assistance, Informal Economy, Vocational Training, Women Micro Entrepreneurs

JEL Classifications: G21, I22, I23, L26

1. INTRODUCTION

Women everywhere are a potential competitive workforce that can assist in economic progress along with their male counterparts (Ayesha, 2012). In developing country like Pakistan, women participation in economic activities is very low, due to certain barriers i.e., cultural support, lack of finance, lack of guidance, restriction on mobility, lack of training/skills etc., as observed and evidenced by previous researchers and various reports (Mahmood et al., 2012; Itani et al., 2011; Halkias et al., 2011; ILO, 2003; GEM, 2010). Based on the merits of increased gender equality in economic activity, several development programs sponsored by Government, NGO's and Foreign Aid agencies are working alongside, to facilitate the women entrepreneurs (Goheer, 2003).

In literature, entrepreneurship is considered worldwide to be a progressive concept for the business world. "Entrepreneurship is

the creation or management of a for-profit enterprise where the owner, founder, or manager has a stake in the business equity," as defined by Lashin (2006, p. 27). Entrepreneurship involves a high degree of failure risks. In addition to this, there are several other impediments to the entrance in the entrepreneurship market. Most of the organizations start with a smaller base of economic resources, that is, a unique combination of employees, finances and technology. Therefore it makes difficult for these organizations to retain and find competent employees, raising funds and attract the sustainable share of customer base, for instance, government, domestic as well as an international marketplace, corporations etc (Lashin, 2006).

Pakistan poverty alleviation fund (PPAF) also provided a platform for public-private funding and wholesaling of credit to microfinance granting associations and various NGOs (Zulfikar, 2013). This is evident that the role of the government

should be to build a conducive environment for micro and small enterprises development. Van Dijk (1997) recommended there should be an emphasis on the private sector to play its role in enterprise development endeavours and seek support from NGOs instead of being dependent on government. The youth development program has been launched by the Pakistan muslim league nawaz (PMLN) Government in late 2010. This scheme is comprised of six full-fledged assistance programs to facilitate youth development of the country, in response to combat soaring unemployment in the country, also offering equal opportunity for females reducing the gender gap. These programs include schemes for entrepreneurs, i.e., business start-up loans, interest-free loans, skill development program, and professional training programs (Ahmed, 2013).

The assistance program facilitates financial inclusion for the small scale businesses, through micro-financing. Microfinance is a source of small level capital and funds provision and is frequently defined as financial services for poor and low-income individuals or group offered by several service providers/donors. In addition to financial assistance, training and technical assistance are also being provided to micro and small entrepreneurs for starting up businesses and business development for running businesses. The training can be practical for skill development in various trades. These programs are designed to cater to the demand for specific skills in the market.

1.1. Research Gap

In the empirical literature, various constraints and determinants of women entrepreneurship have been explored. In addition to that the implications of microfinance and role of microfinance institution have also been examined (Afza and Rashid, 2009; Sengupta et al., 2013; Mahmood et al., 2012; Temtime et al., 2004). Shah (2002), in her exploratory research work, analyzed the effectiveness of financial assistance programs and identified that impact of training and networking development programs by public and private sector are still unexplored in poor or low-income communities all over the country (Shah, 2002). Moreover, the informal sector and women role in this sector has been ignored by government policymakers and business researchers (Khavul et al., 2009).

1.2. Research Questions

Following are the research questions which fill the research gap and set the course of the research objectives.

RQ 1: Are vocational training and financial assistance programs effective in the formation of economic capital?

RQ 2: Does financial assistance mediate between training assistance and economic capital?

1.3. Research Objectives

The current study explored the impact of assistance framework on the economic capital formation of women entrepreneurs. The development programs are proved to be successful in informal sectors, which are more emphasized by international organizations i.e., UNO, World Bank, and ADB. There is a dire need to point out the requirements and difficulties in running the businesses operated by women in this area.

The objectives pursued by this study is to explore the role of training assistance and financial assistance programs on the capital formation of women entrepreneurs in rural areas of Pakistan.

Results will help design development programs by government and aid agencies by keeping women entrepreneurs of the poverty-ridden region under consideration. The recommendation proposed to the policymakers in the context of optimizing the availability of funds, consultancy, and training for business ventures. Several NGOs and governmental organizations are working in Pakistan for economic development, women empowerment and social well-being of society under economic and social development policies and schemes that are formulated by the government from time to time. A few of them worth mentioned here are TEVTA (technical education and vocational training authority), PVTC (Punjab vocational training council) and NAVTTC (national vocational and technical training commission). This study is also valuable in enhancing the body of knowledge.

2. LITERATURE REVIEW

2.1. Women Entrepreneurship and Informal Economy

Generally, entrepreneurship is a behaviour motivated by various reasons, together with the desire for own accomplishment and participation, while entrepreneurs are those individuals who discover prospective profitable opportunities as described by Organization of Economic Co-operation and Development (OECD, 1998) or initiate an everyday business out of necessity. OECD (1998) further define an enterprise as, "An enterprise is a legal entity possessing the right to conduct business on its own; for example to enter into contracts, own properties, incur liabilities and establish bank accounts. It may consist of one or more establishments situated in a geographically separate area."

Labor-force participation of women has long been perceived as a foundation stone of development for every community and region of the world. It helps to raise the living standards of their families (Anwar and Rashid, 2012). In recent times, the world has witnessed a social transformation of women participation in the labor force throughout previous decades. Although the rate of participation varied among countries i.e., a high rate is observed in developed economies and low rate in under-developing economies (Evans et al., 1999). The needed participation in labor force from rural areas is much lower than in urban vicinity. A study conducted in Tanzania showed that the rural-urban divide is due to the establishment of support services which can help women with their entrepreneurial needs, but they are located in urban centers in most of the cases (Ssendi and Anderson, 2009).

A study conducted by Roomi and Harrison (2010) indicated that most women entrepreneurs who are constrained socially by any available means that tend to the exploration of micro and small local businesses, which are related to the low-tech industry, which are not scalable for a flexible larger scale of production. Though in such conditions, it is difficult for women to pursue economic initiatives without problems, those who are brave, courageous or fortunate enough to do so suffer from various hurdles and above all lack of access to capacity-building opportunities such

as advisory or training services to sustain and develop their enterprise (Roomi and Harrison, 2010; Martin and Wallace, 1984). An exploratory study conducted by Lashin (2006), throws light on American government endeavours for making policy frameworks for women entrepreneurs and highlighted the facts about women facing difficulties for survival of their enterprises in the economy. Starting a business is a risky activity, top barriers faced by the majority of women entrepreneurs around the globe, includes lack of technical and management training assistance, access to markets and government procurement, access to credit and capital.

2.1.1. Role of informal sector enterprises

Employment sectors in the economy are not simple and straight forward; rather, there are complex types of economic activities. International Labor Organization of UN had defined the informal sector of the economy as they are private unincorporated enterprises, i.e. enterprises owned by individuals or households in the form of partnership or cooperatives that are not constituted as separate legal entities independently of their owners, or they are not registered under specific forms of national legislation. They are engaged in non-agricultural activities (ILO, 2004).

Furthermore, the informal sector encompasses all jobs which are not recognized as regular income sources, small and unregistered, and on which taxes are not paid. Griffin (2012), pointed out in his research that the informal sector is critical for the poor people survival in rural or urban regions in the developing world. Especially for poor women, as men have shifted to formal sector leaving behind the informal sector for women with lower returns on their economic contributions.

People working in the underground economy are forced by many limitations like land ownership, working hours, employment (i.e., one man, one shop), credit facility from suppliers, the accessibility of education and training to foster professional skills. Furthermore, these obstacles served to constrain the capacity of informal business units to attain meaningful growth (Morris et al., 1996).

Participation of women in the underground economy has been exceptionally high while working on low wages, and still they are more exposed to exclusion from the labour market (Panitsidoual et al., 2012). Therefore, there is a need to promote comprehensive vocational education and training program (VET) and counselling framework for hindering further exploitation and exclusion of women from the economic spheres, while it could foster growth through unleashing their potential (Panitsidoual, 2011).

2.2. Economic Capital

Entrepreneurship stimulates the economy by the creation of capital. Capital is the collection of resources that are employed in the production of goods and services, in the broad sense, it can be material, nonmaterial or human inputs (Griffin, 2012).

Economic capital includes physical capital such as land, buildings, machinery, equipment, and inventories of raw materials and goods; non-physical capital (money or financial capital) (Griffin, 2012). The fundamental importance of the view that women should be given the right to employment is widely acknowledged; it will

help to provide a chance to enhance self-esteem and personal empowerment among women. This study considers increasing profits, assets, savings and number of employees in order to achieve economic capital formation (Griffin, 2012). Moreover, it has brought a significant economic impact, through the utilization of productivity and creativity of all human resources, contribution to family income and increase in consumption of goods and services, thereby enhancing the standard of living (Panitsidoual et al., 2012).

Pieces of evidence from past researches suggested that only funds/finances do not lead to desired developmental results of promoting entrepreneurship in any sector of the economy (Gulli and Berger, 1999; Mosely and Hulume, 1998), it will only make it non-productive and dependent on external financing. The vivid hurdles to enterprise growth are lack of capital, as well as a lack of professional and occupational skills (Sadi and Al-Ghazali, 2010). This sector of the economy is unexplored as a potential site for women socio-economic activity and a contribution to nationwide capital creation.

Due to numerous factors, small-scale, informal home-based economic activities provide a critical route to income and related social benefits for women living in poverty within developing countries (Al-Dajani, 2007). Various researchers are of the view that more evidence and analyses are required for women entrepreneurs working in marginalized economic sectors, in context of incomes they are generating in the form of financial capital (Carter and Weeks, 2002; Tzannatos and Kaur, 2003; Metcalfe, 2008).

2.3. Role of Training Assistance in Capital Formation

An exploratory study (Sajjad, 2004. p. 12) defined vocational training: "Programs designed to teach knowledge, skills and attitude for proficiency in a particular job or task." It further describes vocational education: "...Vocational programs focus on the development of basic academic skills, good work habits, personally meaningful work values, self-understanding, and identification of preferences, skills and aptitude, occupational opportunities, the ability to make and plan career decisions, and locating and securing of employment" (Sajjad, 2004. p. 12).

Skills and competencies are required even in recognizing opportunities, which might need to be taught and fostered (Ssendi and Anderson, 2009). A study conducted in Pakistan to check the effectiveness of training programs provided by SMEDA shows a positive result i.e., the women entrepreneurs for whom those programs were conducted, perceived it important as well as effective for their business growth (Shahzad et al., 2012).

Development programs for female entrepreneurship encompass all the activities and efforts made by global development banks, developed nations and other organizations concerning global welfare. Assistance provided by them includes financial assistance, technical training, assistance to managerial skills, and capacity development in various sectors with declining productivity, infrastructure, and other opportunities to grow business. World Bank and USAID are predecessors in this perspective (McLymont, 2008).

Training programs should be designed according to culture and entrepreneurial needs of the beneficiary community in order to make them successful. Assistance programs should provide not only financial assistance like advice on tax, finance etc. but also on entrepreneurial attitudes (Dana, 2001; Lee, 2006) and skill to assess profitable opportunities.

Traditional craft production can act as a vehicle for capital formation by women entrepreneurs, which can support a growing sense of authority and control over domestic and community resources in specific circumstances (Al-Dajani, 2007). As has been noted by Al-Dajani and Marlow (2013), craft-based businesses enable women to protect a heritage; though the skills are required to produce such goods.

Most organizations respond to training assistance, if provided by the government and bundled with financial incentives. A study conducted in Korea, Lee (2006), argued that the government should fund the provisions of training programs to small enterprises in order to increase their capacity of capital formation. The primary objective of this vocational education and training (VET) programs has been to provide skills and knowledge to trainees to enhance their employability. According to Lee (2006), trainees or attendees regarded the financial aid provided during attendance of VET courses as an incentive of significant importance, along with additional qualifications acquired. A study conducted in Greece indicated that counselling for a startup business or smooth the running business could be of vital importance if provided as a component of training programs, but this component is lacking in current training programs (Panitsidou et al., 2012).

The primary objective of businesses is to earn a return on investments, but in the informal sector, the motive is personal survival (Rauch, 1991). Businesses in informal sector generally exhibit low productivity, are labor intensive, have a limited pool of skills, and production on a small scale. However, this sector is generating job opportunities and satisfying the basic needs of the population at lower costs efficiently (Koray, 1991; Staubus, 1989).

The severe issues of the world, such as lack of sustainable development, peace and poverty alleviation could be tackled by services provided by technical and vocational education and training (TVET) as it exhibits high potential in the maintenance and upbringing of occupational skills among micro-entrepreneurs (Minghat and Yasin, 2010; Jallah, 2004; Pavlova and Chunlin, 2009).

2.4. Role of Financial Assistance in Capital Formation

Over the years, a range of credit institutions are intervening to provide financial assistance particularly to the smallholders but has not resulted in significant improvement (Hussain and Thapa, 2011). Because of the requirement of physical collateral, commercial banks do not serve a large segment of the rural population. On the other hand, informal lenders charge a very high rate of interest which makes it unattractive for the majority of small producers to take a loan, thereby creating a large gap in credit access and demand to the poor majority (Herani et al., 2008; Hussain and Thapa, 2011; Ifikhar and Mahmood, 2017).

The idea of micro-financing was pioneered by Professor Mohammad Yunus of Grameen Bank of Bangladesh in 1976. As said by him, 5 % of people every year, which utilize this credit, no more remain in poverty. Poor people in the past fulfilled their credit needs by informal money lenders, local retailer, and landlords (Ssendi and Anderson, 2009). These channels were unpredictable, charged high varied interest rates, and there was no accountability of those borrowers and lenders in case of defaults (Ayuub, 2013). Banking and credit facilities for the poor is an ignored market segment, which has been identified by the micro-financing institutions. Access to finance has been a major issue across the globe for female entrepreneurs, especially in under-developed countries. The World Bank has introduced many initiatives with its partners to provide funding for female entrepreneurs. In Nigeria, the World Bank, in collaboration with Access Bank P.L.C. (McLymont, 2008) is providing lending facilities to such females. In Pakistan, the World Bank is one of the donors of Pakistan poverty alleviation fund (PPAF) which is actively involved in micro-financing; female entrepreneurs represent a large group - 54% - among their creditors (Mustafa and Ismailov, 2008).

Interest-free microfinance is a new and emerging approach, referred to as Islamic Microfinance. In Islamic teachings, money is not an asset for earning a profit that is why charging interest on liquid cash is strictly prohibited (Dhumale and Sapcanin, 1998; Usmani, 2002). In Islamic finance, Borrowers are granted a loan by the lender without any profit/extra amount or interest and borrower is supposed to pay back as early or pre-decided date (Mirakhor and Iqbal, 2007) while the returns depend on the partnership agreement i.e Mudaraba, Musharaka, Ijarah, Murabaha etc.

Microfinance facilities generally include micro-credit (small loan), micro leasing (tools, equipment or small machinery), insurance covers for clients (disaster, assets, life and health etc.) and micro-savings (Ssendi and Anderson, 2009). According to Ledgerwood (1999), MFIs (micro finance institutions) provide general financial services of financial intermediation, i.e., credit and savings services, simple application procedures and proactive employee base to respond to their clients' needs at the earliest.

Provision of social intermediation and social services to their clients is an additional aspect of MFIs. Ledgerwood (1999, p. 64) defined social intermediation that "the process of building the human and social capital required by sustainable financial intermediation for poor." Social capital actually links between clients of a group and multiple groups, and between MFIs and borrowers. Social capital, in turn, will help generate economic capital; it can be acquired by increasing linkages among financial institutions and borrowers (de Aghion and Morduch, 2005). The organizations offering development programs should ensure the provision of funds to entrepreneurs and outreach to the targeted population (Ssendi and Anderson, 2009). Theoretical framework is given in Figure 1.

3. RESEARCH METHODOLOGY

3.1. Research Framework

This research is using an exploratory quantitative design to identify, examine and define the factors contributing towards

the formation of economic capital through financial assistance and training assistance by aid-based development programs. The personally administered questionnaire has been distributed among the respondents.

3.2. Population and Sampling

In this study, the participants were all women/female owners of micro-enterprises of Southern Punjab, Pakistan. The respondents had been enrolled in and completed their training in their respected trades, offered in vocational education training institutions (VTI) and later on availed microfinance facility. Micro enterprises usually do not require to get registered; therefore, there is no availability of the sampling frame as no population size known.

3.3. Data Collection Techniques

Non-probability convenience sampling and snowball sampling techniques have been used. As the accessibility of data is limited, time and cost constraints impose the limitation of not employing random sampling techniques (Cooper and Schindler, 2001).

3.4. Sample Size

Comrey and Lee (1992) gave sample size criteria in a series for inferential statistics. A sample having <50 participants will be observed to be a weaker sample; sample of 100 will be weak; 200 will be adequate; a sample of 300 will be considered as good. 350 responses have been collected during the study.

3.5. Instrument and Scales

The instrument used in this study is adapted from previous research studies, with few adjustments according to the research model. Sections of the instrument had been adopted from various researches (Ayuub, 2013; Durrani et al., 2011; Edgcomb, 2002; Griffin, 2012; Nawaz et al., 2012; Shahzad et al., 2012). It will consist of two sections. The first section will cover the questions about demographic variables, age, education, income level, type of business, the time span of business from the date it been started. The second section is proposed to measure the relationship between independent and dependent variables. All responses will be on 5-point Likert-scale.

3.6. Data Analysis Techniques

3.6.1. Reliability analysis

According to Sekaran (2003), the accuracy and stability of some specific idea or theory will be confirmed through a reliability analysis. In this regard, Cronbach’s Alpha is the coefficient, used

to check the reliability and consistency between items. Higher the value of alpha (near to 1), the higher is the reliability of the scale.

3.6.2. Correlation and regression analysis

To identify the interaction between the variables to answer the research questions, the correlation technique has been used. Pearson Correlation value ranges between +1 and -1, whereas values approaching 1 are highly correlated. The impact of independent variables on the formation of capital will be measured by using regression analysis technique. Regression analysis tells the strength of the relationship among variables. Slope coefficient (beta value) tells what percent of change occurs in the dependent variable due to the independent variable (Sekaran, 2003). All the responses have been tested by using SPSS 16 (Statistical Package for Social Scientists).

3.6.3. Mediation analysis

Mediation test by Baron and Kenny (1986) has been applied to examine the mediating role of financial assistance in the relationship between training and economic capital. Mediation analysis tells that the mediating variable reduces or eliminates the direct relationship of the independent variable and dependent variable. To confirm the mediation, online Sobel test has been conducted (Hayes, 2017).

4. RESULTS

4.1. Descriptive Analysis of Respondents’ Profile

Table 1 presents the demographic information of the sample. According to the descriptive results in terms of the age, distribution has shown, that the majority of respondents’ ages are between 26 and

Table 1: Demographics

Demographic profile of women entrepreneurs	Percentage (Out of 100%)
Age	
15-25 years	11.7
26-35 years	64.8
36-45 years	23.5
Education	
Matriculation	88.3
Inter	11.7
Marital status	
Married	88.3
Single	11.7
Type of enterprise	
Home based	98.5
Commercial enterprise	1.5
Trades of training	
Dress making	37.8
Beautician	38.7
Handicrafts	23.5
Amount of loan	
15001-20000	46.9
20001-25000	53.1

Table 2: Reliability statistics

Cronbach’s Alpha	n of items
0.914	17

Figure 1: Theoretical framework

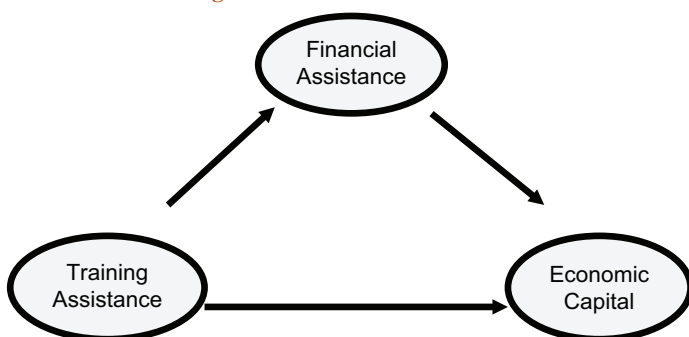


Table 3: Correlations

		Training assistance	Financial assistance	Economic capital
Training assistance	Pearson correlation	1	0.604**	0.735**
	Sig. (2-tailed)		0.000	0.000
	n	350	350	350
Financial assistance	Pearson correlation	0.604**	1	0.675**
	Sig. (2-tailed)	0.000		0.000
	n	350	350	350
Economic capital	Pearson Correlation	0.735**	0.675**	1
	Sig. (2-tailed)	0.000	0.000	
	n	350	350	350

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

35 years, i.e., 64.8%. It shows a positive sign for capital formation, being in a more physically powerful age group, the capital formation could be achieved efficiently. No higher level of education is being identified among respondents in that region. Majority of respondents (88%) were married as shown in demographic profile.

Within the sample, a large number of respondents were operating home-based businesses, i.e., 98.5%, as shown in Table 1. For the case of training trades, it is evident that typical and traditional skills are offered to females. Vocational training programs offered to females are very ordinary. The amount of money taken as loan ranges between Rs. 15,000 to Rs. 25,000 as evident from the demographic profile.

4.2. Reliability Analysis

As presented in Table 2 overall value of Cronbach's Alpha of the sampling frame is calculated to be 0.914, which is above the acceptable level of 0.7 (Nunnally, 1978). It indicates adequate reliability value for the items used in the instrument to measure the impact of assistance programs on economic capital.

4.3. Correlation Analysis

The Table 3 show the correlations statistics of variables under study viz. economic capital, training assistance and financial assistance. It can be seen that training and financial assistance are proportionally, strongly and significantly associated with the economic capital.

4.4. Linear Regression

The value of R square depicts the goodness of fit model. In Table 4 the value of R square is 0.624, which shows predictors: training assistance and financial assistance shows 62.4% variation in economic capital.

Table 5 reports the regression estimates, whereby for the case of training assistance, a 1% increase in training will lead to increase in economic capital by 0.44% while for the case of financial assistance, a 1% increase in the financial assistance will increase the economic capital of women entrepreneurs by 0.52%. Both of these coefficients are significant, while the standardized coefficients show that financial assistance contributes more marginally as compared to training and assistance.

4.5. Mediation Analysis

The data presented in Table 6 show that financial assistance is playing the mediating role between training assistance and

Table 4: Model summary

Model	R	R square	Adjusted R square	Std. error of the estimate
1	0.790 ^a	0.624	0.622	0.5156

Table 5: Coefficients

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
(Constant)	0.009	0.146		0.060	0.952
Training assistance	0.438	0.050	0.364	12.458	0.000
Financial assistance	0.523	0.042	0.515	8.824	0.000

^aDependent variable: Economic Capital

Table 6: Mediation analysis

Steps	Model name	Un-stand. Coef.		Stand. Coef.	R ²	Sig.
		B	S.E	Beta		
Step 1	IV-DV	0.812	0.048	0.675	0.540	0.000
Step 2	IV-MV	0.510	0.036	0.604	0.365	0.000
Step 3	MV-DV	0.746	0.037	0.735	0.456	0.000
Step 4	IV-DV	0.432	0.050	0.364	0.624	0.001
	MV-DV	0.523	0.042	0.515		0.000

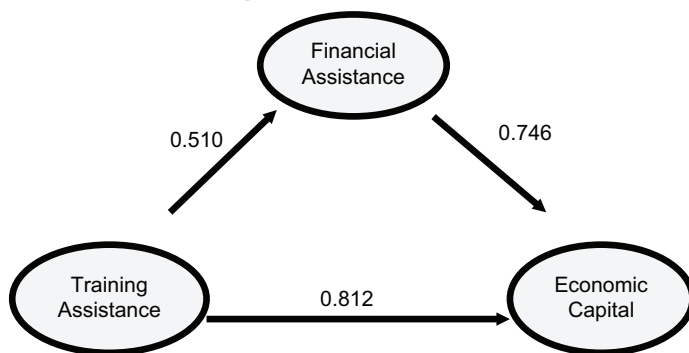
IV: Training assistance, DV: Economic capital, MV: Financial assistance

Table 7: Mediation test

Input:	Test statistic:	Std. Error:	p-value:
a 0.510	Sobel test: 11.5914112	0.03282258	0
b 0.746	Aroian test: 11.58187812	0.03284959	0
S _a 0.036	Goodman test: 11.60096786	0.03279554	0
S _b 0.037	Reset all	Calculate	

economic capital. To confirm the financial assistance role this study applied the mediation test proposed by Baron and Kenny (1986). Below table shows that the total standardized effect of 1% increase in the training assistance on economic capital is 0.67%, while only 0.36% is direct effect while remaining is the indirect effect via the effect of training assistance on financial assistance to economic capital. Estimated effects are presented in Figure 2.

Baron and Kenny (1986) mediation test result provided in Table 7, showed the indirect effect of training and assistance via financial

Figure 2: Estimated effects

assistance is statistically significant as suggested by the significant values of Sobel, Aroian and Goodman test.

5. CONCLUSION

This research was intended to critically analyze the significance of assistance programs, i.e., micro-credit and skill development training programs in bringing positive change in the lives of women entrepreneurs to develop a logical base for suggesting the availability of micro-loans and provision of skill development training courses to reduce the poor socio-economic status of women. Results of the regression model confirmed the positive relations and impact of both assistance programs on overall capital formation. Findings also confirmed partial mediation of micro-credit financial assistance among the relationship of skill development training programs and economic capital formation.

The information can be used by the government, especially the training institutes like TEVTA, to devise their policies regarding assistance programs for poor women more logically. The research results may induce the interventions for better administration of micro-finance service delivery as well as the provision of social intermediation services by imposing particular regulations to cater the factors that limit the potential of financial assistance in creating capital, and a large network of microfinance institution to increase the outreach. The amounts of micro-loans should be varied-ranging to cater to the specific needs of loan applicant women entrepreneurs. Training programs should be monitored, i.e., trades of training programs offered to women should be more versatile and non-traditional so that women micro-enterprises contribute in more fields of businesses, instead of being confined to a few cottage industries based trades.

Assistance program framework can be more comprehensive when extended by the addition of networking assistance. Moreover, the inclusion of human capital and social capital which have been discussed earlier in the literature review section, in investigating the impact of assistance programs on capital formation is a provision for future research.

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