# Chapter 5
# Women Entrepreneurs and Microfinance Institutions:
## A Way to Create New Ventures

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## ABSTRACT

*The objective of this chapter is to highlight the important relationship between microfinance institutions and women entrepreneurs in new venture creation. This chapter is proposed because women-empowerment is one of the crucial issues worldwide. In certain parts of the world, women are bound to customs, norms, beliefs, which are unique. These issues are found to promote social problems and hinder the economic contribution from women. In this direction, microfinance institutions are playing a vital role to promote women-empowerment through providing various opportunities to create new ventures. New venture creation increases the women social and economic empowerment through income generation. Various microfinance factors such as micro-credit, micro-saving, micro-insurance, and micro-training/skill development have a significant positive contribution to create new ventures. Finally, this chapter could be beneficial for microfinance institutes, state bank and government in making the strategies to enhance women-empowerment through new venture creation.*

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## INTRODUCTION

New venture creation is the most significant phenomenon in businesses which has central importance in business industry (Buccieri, Javalgi, & Cavusgil, 2020). New venture creation is most significant for poor people. As new venture creation is one of the ways to decrease the level of poverty. Particularly, it is more helpful for women community as the poverty rate is high in women community. Especially, in Pakistan, the level of poverty among women is high as compared to the men. Total 70% of worldwide poverty belong to the women and in Pakistan, 30 to 40% women are economically and socially poor (Hameed, Nisar, Abbas, Waqas, & Meo, 2019). However, venture creation in Pakistan is very low, particularly, the venture creation among the poor people is not sufficient to come out from poverty (Ali, Alam, & Lodhi, 2014). The venture creation among the women community of Pakistan is at very initial level. Various institutions such as microfinance finance institutions and non-profits organizations are trying to increase venture creation, however, it is at very initial level. That is the reason women empowerment is very low in Pakistan. Less involvement of women in income generating activities (Hameed et al., 2019) causes to decrease in venture creation which has negative role in women empowerment. Hence, venture creation among the Pakistani women community is quite important.

To empower the women community, new venture creation is most important, as it reduces the poverty and increases the women empowerment. However, new venture creation requires resources. Most people in the poor community venture into micro-enterprises, however, find it hard to achieve success due to lacking in resources (Hameed, 2019). Most Pakistani women have lack of resources to start their businesses. Women in business, on the other hand have lack of credit, savings, training and insurance which drives them to seek loan from microfinance institutions (Kithae, Nyaga, & Kimani, 2013). Most of the time, women are granted less credit as compared to men (Brana, 2013; Fletschner, 2009). Due to lack of credit, saving and insurance activities, women cannot start their businesses (Bernard, Kevin, & Khin, 2016). Women that have access to credit cannot run their micro-enterprises due to lack of training opportunities. Lack of credit, saving, insurance and training push women to take part in microfinance institutions.

Microfinance institutions provides the opportunity for women to participate in income generating activities which increases the women social and economic empowerment (Hameed, Mohammad & Shahar, 2018) through new venture creation. Thus, this study examined the effect of the microfinance services, namely; financial capital (micro-credit, micro-savings, micro-insurance) and non-financial capital (micro-training/skill development), contributing factors towards women-empowerment in Pakistan. The term microfinance is defined as the provision of savings, deposits, loans, payment services, money transfer and insurance services to the very poor and low-income households (Nasir & Farooqi, 2016). Microfinance institutions are those that take deposits, lend a very small amount to poor people, and provide non-financial services such as training to those who are unable to access traditional banking institutions (Nasir & Farooqi, 2016). These services are excluded from the traditional banking system (Iqbal, Iqbal, & Mushtaq, 2015). Microfinance institutions play an important role in strategies related to gender and development due to their active involvement in women-empowerment and poverty alleviation (Iftikhar, Khadim, Munir, & Amir, 2018; Sinha, Mahapatra, Dutta, & Sengupta, 2019).

Microfinance has evolved into a thriving global industry, and it is one of the fastest growing industries worldwide (Dichter, 2007; Garikipati, 2008; Ghalib, Malki, & Imai, 2015; Roy, 2011). It is an idea through which low-income people acquire financial services that enable them to come out of poverty (Ahlawat, 2016) after starting income generating activities like new ventures. Microfinance consists of