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Fostering Women Entrepreneurs: Psychological Capital, Psychological Empowerment and Entrepreneurial Spirit



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ABSTRACT

Psychological capital is a central notion that has emerged in entrepreneurial behavior. This study looks at how psychological empowerment plays a mediating role in the relationship between psychological capital (PsyCap) and women's entrepreneurial spirit. Data were collected from 203 women-owned manufacturing

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industries. Through the Smart PLS software, the hypothesis is tested using partial least squares structural equation modeling (PLS-SEM), which uses algorithms and bootstrapping to measure the association. Data analysis concluded that PsyCap has a significant positive relationship with entrepreneurial spirit and psychological empowerment. The association between psychological empowerment and entrepreneurial spirit is also significant and positive. Correspondingly, mediation of psychological empowerment exists between PsyCap and psychological empowerment. In a precise form, PsyCap and psychological empowerment can develop entrepreneurial spirits.

KEYWORDS: *psychological capital, psychological empowerment, entrepreneurial spirit, Nepalese women entrepreneurs, manufacturing industry*

Introduction

Entrepreneurship is a developing phenomenon worldwide, not only because it contributes to job creation but also because it contributes to the long-term competitiveness of a country's economic activity (Margaca et al., 2021). Entrepreneurship has the potential to be a substantial source of economic growth and job creation in Nepal, and women entrepreneurs play an indispensable role in this process (Alambaigi et al., 2018; Manandhar, 2022). Entrepreneurship characteristics, attitudes, and intentions influence entrepreneurial and self-employment behaviors. Encouragement and support for women's entrepreneurial spirit are crucial not only for the individual but for the economy of a whole country. The National Economic Census of 2018 shows that women own 247,882 businesses in Nepal, or 29.8 percent of all businesses (Government of Nepal, 2019). Women-owned firms are more robust and sustainable and may play an imperative role in engendering economic growth and employment creation (Bhandari & Amponstira, 2020). According to the Government of Nepal, 2019, there are 23,421 manufacturing industries owned by women.

Women's empowerment contributes to the economy, improves their and their family's well-being, and supports social and political stability (Ravic & Nikitovic, 2016). In general, empowerment is closely related to an individual's psychological qualities. As a result, one of the most successful approaches to empowerment is the psychological approach (Safarabadi et al., 2015). Consequently, individuals' psychological capital (PsyCap), as one of their psychological qualities, can support the emergence of entrepreneurship and innovation (Youssef & Luthans, 2007) and also primes

the triumph of entrepreneurs by taming empowerment. Empowered are more inclined to take the initiative, be proactive, and pursue their objectives. Psychological empowerment in the context of women's entrepreneurship can help women feel more confident in their abilities to start and run a business and overcome societal and cultural barriers that may discourage or limit their entrepreneurial aspirations. Psychological empowerment is positively related to entrepreneurial intentions among women (Chakraborty & Biswal, 2023). Women's PsyCap and empowerment can help to build a stronger entrepreneurial spirit and encourage more women to start and run firms.

In order to advance the socioeconomic situation in Nepal, it is crucial to investigate the influences of women's psychological capital, psychological empowerment, and entrepreneurial spirit. Understanding these elements is essential as Nepal continues to work toward economic development and social advancement. Examining women's psychological capital in Nepal can pinpoint people's advantages and disadvantages and create interventions to strengthen these psychological resources (Dhaubhadel, 2021). This can strengthen Nepalese businesswomen's adaptability, motivation, and confidence, thus increasing their probability of success. Similarly, investigating women's psychological empowerment in Nepal can reveal the elements that allow people to accept responsibility for their work, make significant contributions, and feel fulfilled (Gautam, 2017). Policymakers and organizations may establish entrepreneurial environments that encourage people to take control of their economic futures by recognizing the hurdles and facilitators of empowerment. Likewise, exploring the factors that contribute to the entrepreneurial spirit in Nepal can gain insights into the unique challenges and opportunities faced by Nepalese women entrepreneurs (Khoo et al., 2023). The information can be used to guide the creation of focused entrepreneurship development programs, regulation, and educational efforts that support and develop the nation's entrepreneurial talent. Therefore, studying these factors in the context of Nepalese women entrepreneurs is important. As the situation unfolds, numerous studies about PsyCap (Thakur et al., 2022; Kariri & Radwan, 2023) and psychological empowerment (Hsieh et al., 2022; Hibbs, 2022) are exits. However, the study related to entrepreneurial spirit are limited (Haji et al., 2022). Intensely, the study about PsyCap on women's entrepreneurial spirit is limited. Therefore, this study addresses the research gap by studying PsyCap and women's entrepreneurial spirit, with psychological empowerment as the mediating role.

As a result, the study examined how PsyCap affected women's entrepreneurial spirit and the mediating impact that psychological empowerment had on it. The study offers knowledge that helps professionals and educators understand the impact of PsyCap and psychological empowerment on developing an entrepreneurial spirit. The literature review and hypothesis are developed in the subsequent part, which is then followed by the methodology, data analysis, and discussion, as well as the conclusion and implications. Finally, the limitations and future research directions are explored.

Literature Review and Hypothesis Development

An overview of the literature on Nepalese women entrepreneurs and the connection between psychological capital, psychological empowerment, and entrepreneurial spirit is provided below.

Nepalese Women Entrepreneur

"I believe in myself; I can do so, therefore I did," is the statement that encapsulates what it means to be a woman entrepreneur. Women entrepreneurs are ready to do something and are willing to endure challenges and barriers to achieve their goals and add another brick to the wall of success (Bhandari & Amponstira, 2021; Bhandari, et al. 2022). Traditionally, women are inbouded with a negative attitude from society. Women working outside the house are pointed out as a disgrace to the family in some portions of the country (Tuladhar, 1996); comparatively, women step late into the field of economic activities due to the sociocultural environment (Dwibedi, 2015; Sajid et al., 2016; Bhandari et al., 2023). Women have struggled to raise their ventures, but in the meantime, rising numbers of women entrepreneurs are vital to promoting economic growth (Dwibedi, 2015). Currently, women own one-third of the enterprises in Nepal (Government of Nepal, 2019). To enhance women's empowerment, the government has prioritized women in registration and renewal (Government of Nepal, 2020). It is crucial to look at these elements in the context of female entrepreneurship in Nepal for several reasons, including identifying the obstacles, fostering economic development, increasing gender equality, and guiding policy and initiatives. Evidently, PsyCap and PE are two psychological variables that have been found to have a positive impact on entrepreneurial spirit (Haji et al., 2022). Therefore, the

development of PsyCap and PE can play an important role in promoting the entrepreneurial spirit in women.

Psychological Capital and Psychological Empowerment

Psychological capital is one of the main notions that have emerged in the field of entrepreneurial behavior (Youssef & Luthans, 2007). PsyCap is a construct that refers to an individual's favorable psychological development state, which is characterized by four elements: optimism, efficacy, resilience, and hope (Luthans et al., 2006; Sahin, Cubuk & Uslu, 2014). Hope is faith in one's ability to continue toward goals and find ways to achieve them. Entrepreneurs with high hope are likely to take calculated risks and persist in facing challenges. In the same way, efficacy defines a person's belief in their own abilities to complete specified activities successfully. High-efficacy entrepreneurs are more inclined to take on challenging ventures and keep going in the face of obstacles. Further, resilience is defined as the ability to recover from hardship. Resilient entrepreneurs are more feasible to see failures as chances for learning and progress. Finally, optimism is defined as a positive attitude toward life, even in adversity. Optimistic entrepreneurs tend to regard failures as temporary and situational rather than permanent and prevalent (Liao et al., 2017; Kariri & Radwan, 2023).

PsyCap, as a positive psychology development, could help individuals understand their competency and enhance their skills, as well as the concept of psychological empowerment (Wardani & Amaliah, 2020). Having a high PsyCap can help reduce workplace issues' negative consequences, giving people a sense of control and autonomy over their work, comparable with psychological empowerment. The ability to create a solution to the complex challenge is hope, and employing the alternatives without hesitation for permission is efficacy, which would be an efficiency-hope in one. This gives a sagacity of autonomy and control over the work environment. This psychological apparatus creates a positive rapport between PsyCap and PE (Iqbal & Ahmad, 2017). The study (Thakur et al., 2022; Kariri & Radwan, 2023) states that PsyCap and PE have a positive and significant association. Therefore, the study counsels:

H1: “Psychological capital has a positive and significant relationship with psychological empowerment.”

Psychological Empowerment and Entrepreneurial Spirit

Empowerment acknowledges the power people already have in their richness of valued skills and personal motivation, either from a structural or a psychological standpoint (Ma et al., 2021). Merely, psychological empowerment refers to an individual's control over their working environment. Psychological empowerment is intrinsic motivation in four categories that epitomize individuals' attitudes on their employment role and how well it fulfills work requirements (Spreitzer, 1995): meaning, impact, competence, and self-determination. Meaning determines how much individuals believe their labor is meaningful and vital. Further, impact determines how much a person believes their job benefits others or the business. Additionally, competence determines how much a person believes they are capable and confident in their skills to do their jobs. Lastly, self-determination is the extent to which individuals believe they have control over their own work and decisions (Pacheco & Coello-Montecel, 2023).

Entrepreneurial spirit can benefit from psychological empowerment. Individuals are more willing to take chances and seek entrepreneurial opportunities when they feel empowered in their employment and believe they have control over their actions and outcomes. They are also more likely to have the self-esteem and ambition to start and build a business. Those with an entrepreneurial spirit may seek opportunities to feel psychologically empowered (Lizar et al., 2015). The study (Haji et al., 2022) demonstrates a strong relationship between entrepreneurial spirit and PE. Therefore, the study counsels:

H2: “Psychological empowerment has a positive and significant relationship with an entrepreneurial spirit.”

Psychological Capital, Psychological Empowerment, and Entrepreneurial Spirit

The entrepreneurial spirit aligns with the human dimension of development (Haji et al., 2022). The entrepreneurial spirit is a mindset or a way of thinking that is characterized by a desire to take risks, innovate, and create new opportunities. It necessitates imagination, initiative, and a drive to succeed despite obstacles. It entails being willing to take measured chances, think creatively, and adapt to change. A person with a robust entrepreneurial spirit is always looking for ways to enhance and encompass the business more and more. ES encompasses a set of psychological

qualities: the desire for achievement, creativity, independence, ambiguity tolerance, and internal locus of control, risk-taking (Tripopsakul et al., 2022).

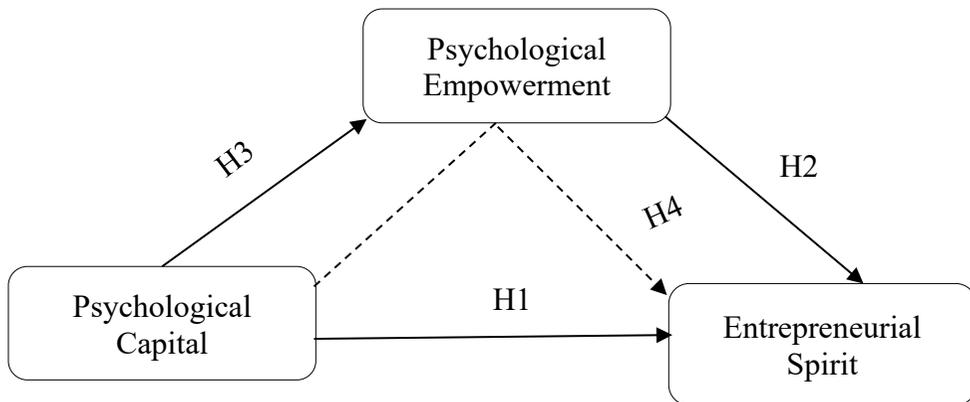
PsyCap and PE can foster positive and empowered entrepreneurial spirits. Entrepreneurs with these features are more likely to have the confidence and motivation to follow their entrepreneurial ambitions despite challenges and hurdles. As a result, a dynamic entrepreneurial ecosystem which empowered to drive innovation, generate jobs and contribute to economic growth. The study (Avey et al., 2010) shows that PsyCap and PE have a positive and significant relationship. In the same way, entrepreneurial spirit has a mediation role between PsyCap and PE (Haji et al., 2022). Therefore, the study counsels:

H3: “Psychological capital has a positive and significant relationship with an entrepreneurial spirit.”

H4: “Psychological empowerment has the mediation relationship between psychological capital and entrepreneurial spirit.”

Figure 1 illustrates the proposed research hypothesized framework.

Figure 1: Research Framework



Source: Authors compilation

Methodology

The study examines the pillars of PsyCap that can make it better in the women-owned manufacturing industries. It also includes the mediating role of psychological empowerment in the relationship between psychological capital and entrepreneurial spirit. The measurement of the variables was

done by the literature review and validated the scale. The questionnaire development for psychological capital consists of self-efficiency (PC1), hope (PC2), resilience (PC3), and optimism (PC4), as mentioned in (Martinez et al., 2019; Xu, 2023). And psychological empowerment consists of meaning (PE1), competence (PE2), self-determination (PE3), and impact (PE4), as stated in (Muduli, 2017; Kiziloglu et al., 2023). Entrepreneurial spirit consists of the need for achievement (ES1), risk-taking (ES2), creativity (ES3), desire for independence (ES4), and internal locus of control (ES5) as specified in (Wiyono & Wu, 2022; Tripopsakul et al., 2022). The scale ranged from 1 for "strongly disagree" to 5 for "strongly agree" on a 5-point Likert scale.

The study employed a quantitative method by conducting a closed-end questionnaire survey. For the validity of the questionnaire, the item objective congruence (IOC) test was used with five experts before going for the data collection process. The Chamber of Commerce and Industry of various districts in the province of Gandaki was initially used to compile a list of women-owned manufacturing industries. The sample data is collected by using the stratified random sampling technique. The validity of the items is investigated in the pilot study using a sample of 30 participants. The questionnaire was distributed to 250 respondents; out of that, 203 questionnaires were usable, i.e., 81.2%. The software used for data analysis was Smart Partial Least Squares (Smart PLS) and the Statistical Package for Social Science (SPSS). Data analysis was done by using the measurement model and structural model.

The study consists of 203 respondents who participated in the study, where 115 respondents (56.7%) were married, and 88 respondents (43.3%) were single. The years of operation of the industries from 6 to 10 years was 43.3%, followed by up to 5 years was 27.1%, 11 to 15 years was 17.2%, and above 15 years from 12.3%, respectively. The number of employees working in the industries from 10 to 49 was 47.8%, followed by 1 to 9 were 37.9%, 50 to 100 was 12.3%, and above 100 was 2.0%, respectively.

Data Analysis and Discussion

This research study applied the SEM model using Smart PLS 4, the most recent version. The relation between the independent, the dependent, and the mediator is measured using structural equation modeling. The construct in this study uses one independent, one dependent, and one

mediating variable. PLS algorithms and Bootstrapping are two steps considered in structural equation modeling. The weighted vector-based regression analysis model with PLS algorithms shows coefficient values. Bootstrapping values are used to generate regression models.

Measurement Model

The measurement model explains how latent variables are measured using observable variables. (Kang & Ahn, 2021). The measurement model shows composite reliability, and with Cronbach's alpha together, they make up internal consistency; Convergent validity consists of outer loading and average variance extracted; Discriminant validity consists of Fornell and Larcker. Cronbach's alpha should be more than 0.7 for acceptance (Griethuijzen et al., 2015), and the acceptance criteria for composite reliability should be from 0.7 to 0.9 (Hair et al., 2021). The outer loading of less than 0.4 should be eliminated from the model, and the average variance extracted should be more than 0.5 (Hair et al., 2021). The Fornell Larcker criterion compares the square roots of each construct's AVE that should be higher than any other construct's highest correlations (Hair et al., 2021).

Table 1: Loadings, Cronbach's alpha, AVE, CR

	Items	Loadings	Cronbach's alpha	CR	AVE
Psychological Capital	PC1	0.741	0.718	0.826	0.544
	PC2	0.808			
	PC3	0.739			
	PC4	0.654			
Psychological Empowerment	PE1	0.865	0.678	0.861	0.756
	PE2	0.875			
Entrepreneurial Spirit	ES1	0.677	0.778	0.849	0.530
	ES2	0.719			
	ES3	0.722			
	ES4	0.739			
	ES5	0.779			

Source: Data and information from the study

Table 2: Fornell Larcker criterion

	Entrepreneurial Spirit	Psychological Empowerment	Psychological Capital
Entrepreneurial Spirit	0.728		
Psychological Empowerment	0.350	0.870	
Psychological Capital	0.394	0.554	0.738

Source: Data and information from the study

Structural Model

The study's structural model displays the path coefficient values: t-value, p-value, standard error, and beta value. Bootstrapping indicates a significant p-value that indicates whether the hypothesis is accepted or rejected. All hypotheses are accepted and supported based on the study's criteria since p values are significant and t values are larger than 1.96.

In Table 3 first hypothesis (H1): Psychological capital has a positive and significant relationship with psychological empowerment (T-value = 11.25, P-value = 0.000), is accepted. The result is consistent with Wardani and Amaliah (2020) and Thakur et al. (2022), which explain that psychological capital supports people in understanding their competence and enhancing their talents, as well as the idea of psychological empowerment. The second hypothesis (H2): Psychological empowerment has a positive and significant relationship with an entrepreneurial spirit (T-value = 2.38, P-value = 0.017), is accepted. The result is in line with Haji et al. (2022) and Lizar et al. (2015) that the impact of psychological empowerment on entrepreneurial spirit has a strong relationship. Third hypothesis (H3): Psychological capital has a positive and significant relationship with an entrepreneurial spirit (T-value = 3.53, P-value = 0.000), is accepted. The result is consistent with Avey et al. (2010) and Haji et al. (2022) that the direct effect of psychological capital on entrepreneurial spirit was positive and significant. Fourth hypothesis (H4): Psychological empowerment has a mediation relationship between psychological capital and entrepreneurial spirit (T-value = 2.27, P-value = 0.023), is accepted. The result is in line with Haji et al. (2022), who state that there is a mediating effect of psychological empowerment in the relationship between psychological capital and entrepreneurial spirit was significant.

The criteria for evaluating the structural model are the level of coefficient of determination (R^2) and effect size (f^2). Better scores indicate higher levels of predicting accuracy, and the R^2 number ranges from 0 to 1. For an endogenous latent variable, $R^2 \geq 0.75$; $0.50 \leq R^2 < 0.75$; $0.25 \leq R^2 < 0.50$; $R^2 < 0.25$ can be categorized as substantial, moderate, weak, and very weak (Hair et al., 2021). The study indicates that the entrepreneurial spirit's R^2 value is 0.18, which is considered very weak. And the R^2 value of psychological empowerment is 0.307, which is considered weak.

Effect sizes (f^2) between 0.02 and 0.14 are regarded as small effects, 0.15 to 0.34 as medium effects, and 0.35 and higher as large effects (Cohen, 2013), as shown in Table 4.

Table 3: Path Analysis

	Std Beta	SD	T values	P values	Verdict
Psychological Capital -> Psychological Empowerment	0.554	0.049	11.25	0.000	Accepted
Psychological Empowerment -> Entrepreneurial Spirit	0.189	0.080	2.38	0.017	Accepted
Psychological Capital -> Entrepreneurial Spirit	0.289	0.082	3.53	0.000	Accepted
Psychological Capital -> Psychological Empowerment -> Entrepreneurial Spirit	0.105	0.046	2.27	0.023	Accepted

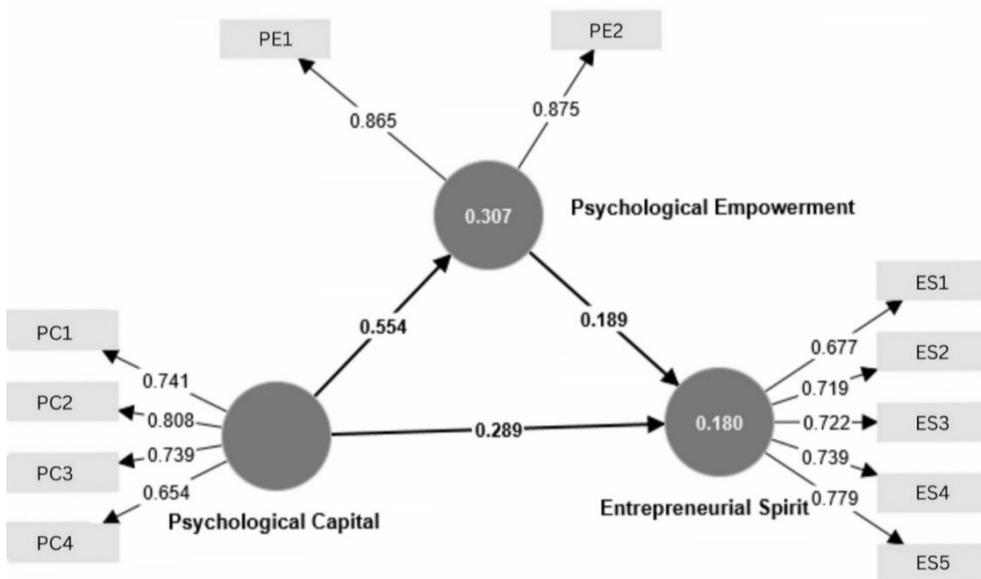
Source: Data and information from the study

Table 4: Effect size (f^2)

Construct	Psychological Empowerment	Entrepreneurial Spirit
Psychological Capital	0.443 (Large Effect)	0.071 (Small Effect)
Psychological Empowerment		0.03 (Small Effect)

Source: Data and information from the study

Figure 2: Path Analysis



Source: Data and information from the study

Conclusion and Recommendation

Those who are psychologically empowered and have high levels of psychological capital are more likely to try to solve problems and insist on finishing activities when they have the required skills. Psychological capital provides people with positive thoughts, attitudes, and behaviors. Women's potential is crucial for the manufacturing sector to have access to the entrepreneurial skills required to overcome the economic disruption caused by COVID-19. The study analyzed how psychological capital influences the entrepreneurial spirit and the mediating effect of psychological empowerment influences the entrepreneurial spirit of women-owned manufacturing industries. The results of this study will advance the understanding of women entrepreneurs by underlining the value of psychological capital and psychological empowerment in encouraging their entrepreneurial spirit. The findings of the study can be used to establish legislative efforts, training programs, and treatments that are specifically designed to empower and support psychological well-being in women entrepreneurs. The success of women entrepreneurs will ultimately be aided by providing for their psychological requirements, which will result in more

inclusive and prosperous business environments. Similarly, in its precise form, the verdict of this study bids treasured aids to the entrepreneurial spirit, psychological empowerment and psychological capital of women-owned manufacturing industries.

Both theoretical and practical implications result from encouraging women entrepreneurs and comprehending the significance of psychological capital, psychological empowerment, and entrepreneurial spirit. Practically, recognizing the value of psychological capital can inspire the creation of interventions and assistance programs that improve female entrepreneurs' self-efficacy, optimism, hope, and resilience. This, in turn, may enhance their general well-being and professional effectiveness. Theoretically, exploring these ideas about women business owners can advance the fields of positive psychology, gender studies, and entrepreneurship theory. By giving us more awareness of the particular psychological aspects that affect women's success and well-being as entrepreneurs as well as insights into the underlying mechanisms and processes at play, it can help us better comprehend these issues. Theoretical research in this field can assist in identifying the particular psychological resources, attitudes, and motives that support women's entrepreneurial pursuits, enabling the creation of more thorough models and theories of entrepreneurship. In addition, it reveals the intricate connections and interactions between these constructs, enabling a more nuanced understanding of their combined effects on the outcomes of women entrepreneurs. Women in manufacturing industries should focus on psychological capital, the internal resource that helps manage the tough situation and increase the entrepreneurial spirit that can be better for the industries. Similarly, they should also focus on psychological empowerment, which is the indicator of internal motivation to encourage entrepreneurial spirit in the industries. In the same way, a mediating role of psychological empowerment should be involved to increase the entrepreneurial spirit with the relationship with psychological capital in the women manufacturing industries.

Limitations and Further Research

This research has limitations that open boulevards for further research. Initially, this research focuses on the women-owned manufacturing industry in Nepal. This conclusion may limit applicability to different circumstances, cultures, or countries. More research can be conducted to duplicate and

broaden the findings to a specific industry area. This might reveal even more sophisticated constructions of psychological capital, psychological empowerment, and a spirit of entrepreneurship. Subsequently, this study used cross-sectional data, which may limit the ability to detect changes in the entrepreneurial spirit of women. So, further research can conduct longitudinal approaches to understand the effect of psychological capital on women's entrepreneurial spirit.

Finally, this study only observed psychological capital's effect on the entrepreneurial spirit as mediated by psychological empowerment. The entrepreneurial spirit and psychological empowerment, however, can be influenced by a variety of economic, social, cultural, psychological, and even political aspects, so it's crucial to keep this in mind. As a result, it is proposed that future studies consider this topic and study the effect of other factors, such as social media, positive psychology, and leadership, on entrepreneurship spirit and psychological empowerment. It is because investigating social media's impact can also reveal potential drawbacks like information overload and social comparisons that may undermine psychological empowerment. Understanding how social media and entrepreneurship interact might help develop strategies for utilizing these platforms successfully and encourage entrepreneurs' psychological well-being. In the same way, understanding positive psychology, strengths, and mentality in the context of entrepreneurship helps illuminate how they support entrepreneurial spirit and psychological empowerment. Developing interventions and methods that support an entrepreneurial attitude and general well-being is possible by identifying the elements that make entrepreneurs feel more optimistic. Likewise, finding successful leadership styles, perspectives, and methods that empower and drive business owners can be facilitated by studying leadership in the context of entrepreneurial spirit and psychological empowerment. Creating leadership programs specifically geared toward entrepreneurs can be aided by understanding how leadership traits like transformational or servant leadership affect entrepreneurial motivation, team dynamics, and organizational climate. Studying leadership in this setting can also provide insights into developing empowering leadership cultures that promote psychological well-being and entrepreneurship.

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