


Exploring the Reluctance of Female Entrepreneurs in Securing Formal Financial Credit: A Quantitative Analysis in Pakistan's Tourism Sector

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ARTICLE DETAILS	ABSTRACT
<p>History Received: <i>April 03, 2024</i> Revised: <i>June 01, 2024</i> Accepted: <i>June 24, 2024</i> Published: <i>July 01, 2024</i></p>	<p>Purpose This paper aims to elucidate the misconception regarding the reluctance of female entrepreneurs in Pakistan to seek formal financial credit for business growth.</p> <p>Methodology Data was collected through a five-point Likert scale questionnaire using snowball sampling, targeting female entrepreneurs in Pakistan's tourism industry. With a response rate of 84%, the majority of respondents were from urban areas. Structural equation modeling (SEM) was conducted using SMART PLS for data analysis.</p> <p>Findings The study shows that subjective perception factors, such as fear of failure, perceived difficulties, and lack of confidence, significantly influence female entrepreneurs' reduced focus on formal financial credit. Using PLS-SEM, the research confirms that these factors not only directly impact financial decision-making, but also serve as mediators between personal challenges and financial behaviors. Constructs like lack of fit and risk aversion also affect financial decisions, underscoring the importance of addressing these perceptions to enhance access to formal credit for female entrepreneurs.</p>
<p>Keywords <i>Female Entrepreneurship</i> <i>Tourism Sector</i> <i>Pakistani Tourism</i> <i>Industry</i> <i>Entrepreneurship</i> <i>Formal Financial Credit</i></p>	<p>Conclusion This study challenges the myth about the personality traits of female entrepreneurs and highlights the factors contributing to their hesitation in seeking formal financial credit. The findings are significant for both academic research and practical applications, offering valuable insights for female entrepreneurs in the tourism industry.</p>
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1. Introduction

The growth of any startup is based upon the level of expectation that entrepreneurs have for the startup. However, the startup's growth relies on the entrepreneur's deployment of resources and creativity. Hence, the ability of entrepreneurs to acquire resources is crucial for the growth and development of any startup (Brush et al., 2006). Therefore, access to venture capital is always positively correlated with the growth of the firm. Hence, the managers are required to undertake complex financial decisions to flourish the organization (Hameed et al., 2018). However, strategic orientation is pointless without adequate resources (Junoh et al., 2019). Hence, the role of venture capitalist is phenomenal, especially in the case of new ventures. However, high levels of uncertainty, adverse selection & moral hazard, and other issues create hindrances in financing new ventures. The unavailability of an adequate asset-base also hinders SMEs in obtaining bank financing (Lins & Lutz, 2016). Hence, SMEs' limited access to external equity always hinders the way of SME growth (Junoh et al., 2019). Therefore, venture capital is always of special importance in helping SMEs gain momentum by sponsoring the business in the early stages of the venture (Lins & Lutz, 2016). On the other hand, many previous studies showed that women are significantly less inclined towards entrepreneurship compared to men. Female entrepreneurship remains low even in the 21st century where entrepreneurship is perceived as the main source of wealth creation across the globe. The situation may get worse due to COVID-19 as females are found to be more vulnerable to disasters. Thus, female entrepreneurs face greater difficulties obtaining venture capital compared to their male counterparts. (Villaseca et al., 2020).

Female entrepreneurship is on the rise in Pakistan. However, females mainly focus on the informal sector to avoid complicated registration procedures and rules for starting a business. Moreover, operating in the informal sector is also manageable with personal savings, loans from friends and family, or venture capital from any of the close connections. However, women in Pakistan are highly motivated to be self-sufficient, contribute to the household, and participate in the upbringing of their children (Rashid & Ejaz, 2019). It has been indicated that almost 98 million women are running different forms of ventures across the world. Among them, several are from the developing world (Lindvert et al., 2016). However, in the developing world, female entrepreneurs are found to be less privileged and, therefore, have minute access to formal credit and financing activities. However, the research concluded that female entrepreneurship holds particular significance for the economic development of emerging and developing markets. In fact, in recent times, females are making their counterparts outnumbered in university enrollment that may serve as potential pools to serve business and socio-developmental contexts (Sattar et al., 2016).

However, access to venture capital for a female entrepreneur is difficult. Especially in the developing sides of the world, gender bias is highly prevalent and causes significant harm to the female ventures and level of female motivation. Women entrepreneurship in developing sides of the world is found mostly in the informal sector, such as serving the trade and service sector. However, the significance of women's entrepreneurship still cannot be questioned for the developing world's economic growth. Still, we are observing lack of access to venture capital which is one of the major barriers highlighted by previous studies on women's entrepreneurship. However, findings of recent studies also include personal and psychological issues like bad experiences of banks and weaker collateral position as the barrier to venture capital (Lindvert et al., 2016). Lins and Lutz (2016) also highlighted multiple reasons as to why female entrepreneurs may not have

access to venture capital. However, little is known about the female abilities and characteristics and their association with access to venture capital.

There are very few studies that address attributes and risks associated with female entrepreneurship. The trend is still going on with least focus on female and minorities (Brindley, 2005). Similarly, the least research work has been found on the association of female entrepreneurship and venture capital. The studies that addressed the issue of venture capital for female entrepreneurship are focused only on the authentication of proposition e.g., Lins & Lutz, (2016) and Pérez-Pérez and Avilés-Hernández, (2016), and do not explore the factors that are responsible for lack of venture capital investment in female entrepreneurial ventures. Thus, in line with Lins and Lutz (2016), there must be thorough research that may explore the measures for gender difference in the sponsorship criteria of venture capitalists. Prior studies like Derera et al. (2014) also indicated the need to understand the behavior of female entrepreneurs who are trying to capture venture capital. The study also postulated that understanding the behavior of these females may reduce the burden on aspiring female entrepreneurs (Lins & Lutz, 2016).

Some studies highlight a lack of evidence for hindrances and issues that are producing a negative impact on female entrepreneurship (Morris et al., 2006). Hence, there is still much to be known about the personal characteristics that influence women entrepreneurs to obtain formal loans (Lins & Lutz, 2016). Especially the bootstrapping behavior of female entrepreneurs is mostly studied to understand the thought process or creativity of female entrepreneurs. Various studies have reflected similarities (Brush et al., 2006). Hence, this study is one of the premier ones to determine the role of female personal characteristics that make them reluctant to opt for venture capital etc.

Women-owned startups tend to hire more female workers than male-owned businesses. Therefore, the importance of female startups is phenomenal for the betterment of the economy as well as for women's empowerment and economic engagement (Ghouse et al., 2017). Female empowerment is also a part of SDG; therefore, these research forms are exemplary and highly significant for academicians, researchers, and industrialists to foster research and understanding regarding the above-mentioned points. Hence, the study is one of the pervasive studies that are specifically related to the issues of women from Pakistan. It is unique in comparison to Ghouse et al. (2017), Lins and Lutz (2016), and Villaseca et al. (2020), as very few studies explored the impact of personal traits and behavior of female entrepreneurs in accessing venture capital concerning Asian markets like Pakistan.

2. Literature Review

Startups are always in need of financial capital and other required resources. Especially during the initial phase, the importance of finance and other resources is phenomenal. Although, due to lack of data, understanding of financial behavior associated with new start-ups is quite complex (Waleczek et al., 2018). Similarly, there is little information about the factors that cause women to be hesitant to seek financial credit. Therefore, it is appropriate to use socialization theory and discrimination hypotheses to understand and explain the difference in attitude of women entrepreneurs. Socialization theory suggests that through their integration into society, individuals form and maintain various concepts to define themselves in social environments. Hence, theory holds the idea that females are brought up and socialised differently compared to their counterparts. Hence, females also have different understandings of social norms as well as entrepreneurship opportunities. On the other hand, discrimination hypotheses indicated that socialization

brought more opportunities to men and discouraged women from developing their skills and abilities up to the desired extent (Lins & Lutz, 2016). Therefore, it is legitimate to indicate that females are barred from using themselves up to their full potential due to social, cultural, and regional barriers (Lins & Lutz, 2016). Hence, it is difficult to correlate traditional capital market theories but the importance of human and financial capital can never be underestimated in running startups. However, entrepreneurs also require internal as well as external financial resources. Access to these resources helps entrepreneurs in getting more creative. Although creativity is not only based on the increase of equity through external resources but is also associated with bootstrapping, it is critically important in explaining the financial behaviors of startups facing a lack of resources (Chandler & Hanks, 1998 & Waleczek et al., 2018). Startup's funding depends on entrepreneurs' abilities and capabilities, which is known as bootstrapping. The major component or pillar of bootstrapping is the acquisition of resources without raising equity through external funding, support, or borrowing. This may happen in two ways, i.e., capitalization of resources at minimal or no cost or through the development of a unique strategy that may provide you with the required resources without using external financial resources like banks (Brush et al., 2006).

Hence, this study uses bootstrapping as the major reason due to which female entrepreneurs are less inclined toward venture capital. The formulation of a startup is based on several resources; among these the most important are financial and human resources. Access to any one of these may compensate for the lack of the other (Waleczek et al., 2018). However, studies reflected significant differences between the proportion of male and female entrepreneurs. However, the difference is much narrower when we study small-scale businesses and startups. Focused on the literature on women's entrepreneurship, the study highlighted several factors that hindered or paved the way for pursuing any form of business venture (Gidarakou, 2015).

A study of these factors highlighted the reason for the prevailing differences in male and female entrepreneurs. However, the study also mentioned differences in behavior, motivation, goals and inspiration, etc. for women while pursuing any form of business or startup (Gidarakou, 2015). Studies on the subject of women's entrepreneurship are mostly associated with hurdles and problems that female entrepreneurs have to face due to any form of bias or restrictions based on culture, society, or family. Besides, this literature also uncovered that the businesses owned by females tend to grow lesser as compared to the businesses owned by their counterparts. Female entrepreneurs are not even interested in the growth of their businesses (Hill et al., 2006). Hence, it is optimal to believe that financing issues faced by female entrepreneurs are not associated with gender discrimination only. The lack of access to external funding is based on the firm as well as the owner's characteristics. Hence, it is optimal to highlight that the attributes of the female-owned firms and individual characteristics of female entrepreneurs are the major hindrances, apart from biases (Constantinidis et al., 2006). Hence, the upcoming literature is not confined to gender discrimination only, Fay and Williams (1993), but also highlights the personal characteristics of female entrepreneurs concerning the issue (Constantinidis et al., 2006 & Lin and Lutz, 2016).

2.1. Not Sufficiently Informed

Women entrepreneurs are found to be less informed as compared to their counterparts. This is especially valid for startups and small-scale businesses (Brush et al., 2006). In fact, similar has been indicated by Constantinidis et al. (2006) that female entrepreneurs do not have sufficient information through which they may attain adequate finance for

their business ventures. One of the most important hurdles that cause a lack of information is limited linkages, networks, and associations of female entrepreneurs to collect adequate information about attaining venture capital.

H₁: There is a significant relationship between insufficiently-informed female entrepreneurs and the trend of poor focusing on formal financial credit.

2.2. Subjective Perception

2.2.1. Perceived Difficulties

Another aspect of the gender factor is also very significant; it has been observed that women themselves restrict their female family members, such as sisters, daughters, and daughters-in-law, from participating in entrepreneurial activities. This creates significant time constraints and produces a negative impact on female participation in work-related activities. In fact, due to familial duties, female entrepreneurs receive less mentoring and coaching (Constantinidis et al., 2006). Other studies also mentioned similar forms of difficulties as female entrepreneurs are found to be older as well as bearing the responsibilities of childcare that are not affecting in menfolk (Morris et al., 2006). Similarly, it has also been indicated by one of the latest studies that due to family responsibilities and tasks associated with home management, females are more oriented to non-market work. Therefore, in terms of entrepreneurship, females also wish to have flexible work schedules and prefer to operate business activities from home (Oladipo et al., 2023). Subjective Norms are positively correlated with the intentions to pursue entrepreneurship. Studies claim that entrepreneurs who perceive fewer difficulties and hurdles in pursuing entrepreneurship are four times more inclined towards pursuing entrepreneurship (Walker et al., 2013). However, studies associated with the competence of female entrepreneurship are limited. Some studies have indicated that companies that are owned and governed by female entrepreneurs have a lower probability to grow (Anggadwita & Dhewanto, 2016). It is, therefore, concluded based on the above discussion, that subjective perception mediates between the perceived difficulties of female entrepreneurs and reduced focus towards formal financial credit.

H_{1a}: There is a significant relationship between subjective perception of female entrepreneurs and lesser focus toward formal financial credit.

H_{2a}: Subjective Perception of female entrepreneurs does not mediate between perceived difficulties and lesser focus toward formal financial credit.

2.2.2. Fear of Failure

Failure is a risk that is associated with any form of business, especially that involves new ventures. It creates a hostile environment for business and keeps female entrepreneurs from striving for business growth (Zafar et al., 2022). Moreover, in developing areas, female entrepreneurs are negatively treated due to gender discrimination. Most of the females in developing countries do not have access to formal education (Isaga, 2019). They depend on their subjective perception to understand and assess the risks associated with certain outcomes or behaviors. Through subjective perception, entrepreneurs are willing to engage in such behaviors and vice versa. Many studies on entrepreneurial intention confirmed the connection between subjective perception and entrepreneurial intention (Utami, 2017).

Similarly, fear of failure is also associated with entrepreneurial intention. Therefore, entrepreneurs always estimate and consider the risk of failure while pursuing entrepreneurship (Hayton et al., 2013). Previous studies confirmed that subjective

perception is the key element that formulates entrepreneurial behavior in students. Moreover, subjective perception is also a key predictor of self-assessment behavior (Rabialdy et al., 2022). Therefore, based on the above discussion, it is concluded that subjective perception mediates between fear of failure in female entrepreneurs and lesser focus towards formal financial credit

H_{3a}: Subjective Perception of female entrepreneurs does not mediate between fear of failure and lesser focus on formal financial credit.

2.2.3. Lack of Confidence

Several studies reflected that the female entrepreneurs are mainly motivated by push factors. However, in developing countries, push factors are the major cause of demotivation for female entrepreneurs. An unstable political and economic environment, lack of infrastructure, unstable business conditions, financial constraints, etc. are the major hurdles in the developing world. However, female entrepreneurs are also reluctant to use household assets as collateral even at a higher offer, in comparison to men (Isaga, 2019). Rabialdy et al. (2022) argued that subjective norms and perception are important factors for assessing entrepreneurial intention. This holds for both university-level students and corporations. Previous studies like Zamberi Ahmed (2012) also highlighted that lacking of traits like self-confidence are negatively associated with intention to pursue entrepreneurship. Therefore, based on the above discussion, it is concluded that subjective perception mediates between a lack of confidence in female entrepreneurs and a lesser focus towards formal financial credit.

H_{4a}: Subjective Perception of female entrepreneurs does not mediate between lack of confidence and lesser focus on formal financial credit.

2.3. Risk Aversion

Constantinidis et al. (2006) argued that the risk-averse nature of female entrepreneurs also hinders the way of attaining venture capital. This issue is prominent when females are pursuing startups as they also seem to lack trust in bankers. The same has been indicated by Pérez-Pérez and Avilés-Hernández (2016) that female entrepreneurs remain disadvantageous in comparison to their counterparts due to risk-aversion characteristics. This characteristic makes female entrepreneurs less inclined to seek business growth and external equity for their businesses.

H_{5a}: There is a significant relationship between the risk-averse nature of female entrepreneurs and lesser focus on formal financial credit.

2.4. Lack of Fit

Studies also indicated that some of the female-oriented businesses are less efficient as they are suffering from females' inability to separate business decisions from household decisions. Hence, people may also be reluctant to invest in these forms of business (Fafchamps, 2011). The females' limited eagerness, as compared to their counterparts, towards the financial stream is also a prime issue for females as they tend to maintain equilibrium in fanatical and non-financial objectives (Morris et al., 2006). Therefore, the number of female-dominated industries is lesser than the male-dominated firms in other industries. Hence there are very few industries that are led by female entrepreneurs (Bardasi et al., 2011).

H_{6a}: There is a significant relationship between a lack of fit for female entrepreneurs and a lesser focus on formal financial credit.

2.5. Lack of Personal Assets

Female-owned businesses have less capital, less resources, and fewer employees as compared to the businesses owned by men (Morris et al., 2006). Females are also found to have an equilibrium between personal and professional goals. Hence, they are also found inclined towards personal fulfillment and helping and assisting others. Additionally, female entrepreneurs lack personal assets (Morris et al., 2006). Female entrepreneurs were found to be on the lower side compared to men (Maharana & Chaudhury, 2018). This has also been highlighted by Ruth Eikhof et al. (2013) that female-owned businesses have lower ratios in the category of debt finance as females are less likely to use their personal assets and equity for the growth of their businesses. Studies conducted in the developing world revealed that more than 45% of females involved in business suffer from a lack of financial resources (Maharana & Chaudhury, 2018). These points are also supported by Oladipo et al. (2023) that in the developing world female entrepreneurs are found to be on the lower side of the distribution of household wealth. Therefore, it is usual to see female entrepreneurs with lower financial assets as compared to male entrepreneurs.

H_{7a}: There is a significant relationship between the lack of personal assets amongst female entrepreneurs and their lesser focus on formal financial credit.

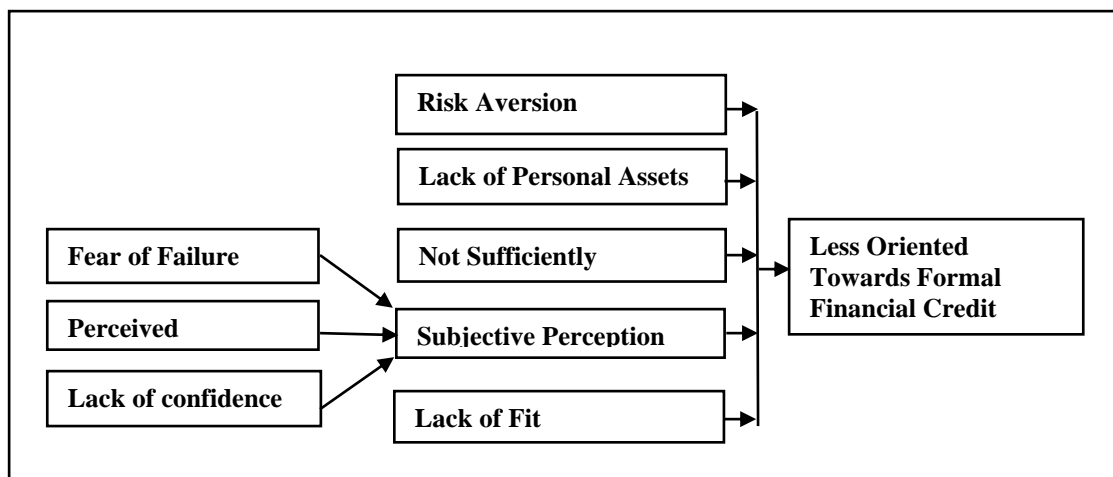


Figure.1. Theoretical Framework
Source: Author's own elaboration

3. Methodology

Research has shown that access to venture capital is challenging for female entrepreneurs in developing countries for SMEs. Women entrepreneurship in developing sides of the world is found mostly in the informal sector, serving the trade and service sector. The prior studies were mostly based on gender-based venture capital and did not include personal and psychological issues like bad experiences of banks and weaker collateral position, in this regard (Lindvert et al., 2016). Hence, this study explores personal and psychological factors that make female entrepreneurs less focused on venture capital. However, to make use of effective research methodology, this study uses the reference of Sekaran & Bougie (2016) to bifurcate the section into research design and sampling design. This study tries to uncover a new understanding of the behavior of female entrepreneurs by tracing their intention toward formal venture capital. Hence, in association with Sekaran and Bougie (2016), the purpose of this study is correlational

and the time horizon is cross-sectional as this study has been compiled in a single instant of time, similar to (Halkias et al., 2011 & Islam, 2016). The research philosophy is epistemology which is perceived as the philosophy of knowledge (Audi, 2010; Saunders et al., 2007; Zagzebski, 2017). The philosophical stance utilized in the philosophy of research, research approach, and research strategy is post-positivism Saunders et al. (2015). It is mostly associated with quantitative studies (Maksimovic & Evtimov, 2023). The methodological choice is mono-method (quantitative) and the research strategy is survey (Saunders et al., 2007 & Saunders et al., 2015). Many past studies used the same methods (Mwobobia, 2013 & Naegels et al., 2018).

Studies like Halkias et al. (2011), from the developing world, are mostly based upon non-probability sampling for collecting samples from female entrepreneurs. Data collection and evidence from these studies are also based on small data sizes and self-administrative questionnaires. Other than these studies, Naegels et al. (2018) are based on a random sampling technique. Although recent studies on female entrepreneurship by Malhotra et al. (2022) use probability sampling technique to select districts, they need to focus on non-probability sampling to select respondents. However, in Pakistan, female financial literacy as well as female entrepreneurship are found to be on the quite lower side (Younas & Rafay, 2021). Moreover, there are rare studies on female entrepreneurship that are industry-specific, and most of the previous studies provided results on a generic basis only. Hence, this study is based upon non-probability sampling and the snowball method to select respondents and collect data. Hence, to make this study specifically concerning female entrepreneurs in the tourism industry, it collected data from female entrepreneurs from Pakistan. However, in the developing world, few female entrepreneurs are associated with the tourism industry (Iwu & Nxopo, 2015).

Thus, this study is based on 252 respondents and the response rate for this study is 84%. The research instrument used in this study is derived from multiple studies related to entrepreneurship, female entrepreneurship antecedents, and determinants of entrepreneurship. However, mainly research elements are drawn from (Islam, 2016; Muravyev et al., 2009; Mwobobia, 2013; Naegels et al., 2018). Initially, 300 questionnaires were circulated. However, tourism is perceived as a male-dominant industry (Jaafar et al., 2011 & Rizvi et al., 2023). Hence, tracing female entrepreneurs is much difficult. Therefore, a sample size of 252 female entrepreneurs associated with the tourism industry was utilized.

Mahrana and Chaudhury (2018) used regression to test female inclination towards growth and business. However, SMART-PLS software, which is suitable for analyzing complex relationships in small sample sizes, was utilized in this study (Murugan et al., 2019). SMART-PLS is ideal for primary data analysis Benitaz et al. (2020) and employs two models: the outer (measurement) model and the inner (structural) model (Afthanorhan, 2014).

4. Statistical Analysis and Interpretations

Several studies use regression to test female entrepreneurs' gendered venture capital or motivation. However, one of the recent studies by Oladipo et al. (2023) uses ordinary least squares to test the impact of female entrepreneurship. Hence, prior studies used OLS regression, but this study utilizes PLS-SEM, despite similarities to OLS, it operates on different assumptions (Yahaya et al., 2019).

Table.1. Construct Reliability and Convergent Validity

Variable	Outer Loading	Cronbach's Alpha	Goldstein rho	Composite Reliability	AVE
Fear of Failure	0.845	0.751	0.763	0.858	0.668
	0.854				
	0.749				
Lack of Fit	0.928	0.798	0.818	0.908	0.831
	0.895				
	0.845				
Lack of Confidence	0.870	0.821	0.825	0.893	0.736
	0.749				
	0.878				
Lack of Assets	0.852	0.816	0.825	0.890	0.730
	0.832				
	0.816				
Lower Focus towards Formal Financial Credit	0.899	0.810	0.821	0.887	0.724
	0.836				
	0.858				
Not Sufficiently Informed	0.874	0.847	0.865	0.907	0.764
	0.890				
	0.857				
Perceived Difficulties	0.850	0.843	0.866	0.905	0.760
	0.908				
	0.811				
Risk Aversion	0.865	0.797	0.803	0.880	0.710
	0.852				
	0.875				
Subjective Perception Factors	0.878	0.829	0.835	0.897	0.745
	0.835				

Source: Author's own elaboration

According to Aftahnorhan (2014), Figure 1 illustrates that the value of all outer loading is more than the minimal criterion of 0.60, signifying the validity of every indication. However, the validity results will be more authentic (Khan et al., 2019). Since 0.749 is the lowest value of any indicator, all of the indicators are thus valid in the context of these parameters.

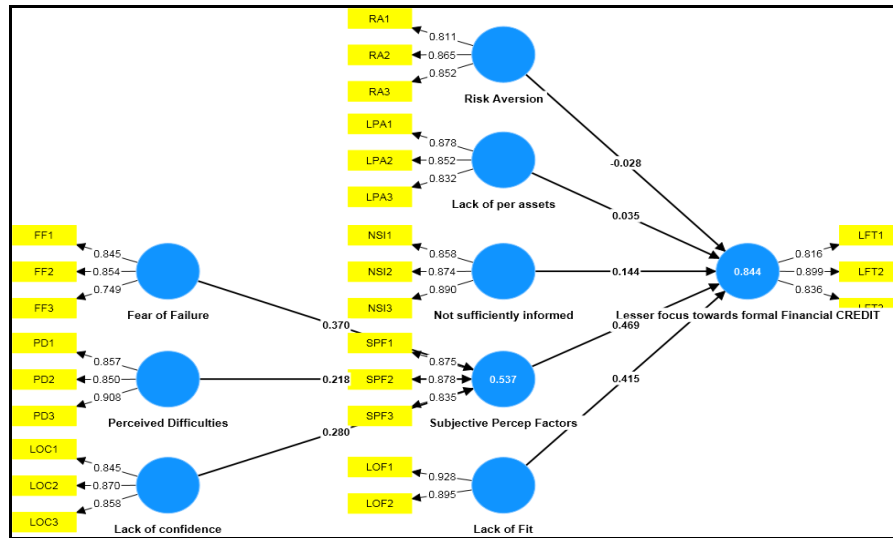


Figure.2. Outer Loading and Confirmatory Factor Analysis
 Source: Author’s own elaboration

Table.2. Discriminant Validity through HTMT

	Fear of Failure	Lack of Fit	Lack of Confidence	Lack of per Assets	Lesser Focus towards Formal Financial Credit	Not Sufficiently informed	Perceived Difficulties	Risk Aversion	Subjective Percept Factors
Fear of Failure									
Lack of Fit	0.751								
Lack of confidence	0.709	0.754							
Lack of per assets	0.865	0.791	0.789						
Lesser focus towards formal Financial Credit	0.690	1.025	0.734	0.803					
Not sufficiently informed	0.547	0.629	0.557	0.605	0.738				
Perceived Difficulties	0.620	0.617	0.761	0.644	0.655	0.569			
Risk Aversion	0.752	0.859	0.879	0.792	0.832	0.675	0.786		
Subjective Percept Factors	0.806	0.923	0.756	0.786	1.028	0.607	0.684	0.833	

Source: Author’s own elaboration

Table 1 shows the constructs’ reliability and convergent validity. The table contains three reliability measures i.e., Cronbach’s Alpha, Goldstein rho, and Composite Reliability. Sijtsma (2009a) and Sijtsma (2009b) emphasized that the value of all reliability measures must be equal to or greater than 0.50. Similarly, Vijayabanu and Arunkumar (2018) argued that the minimum value for validating the model through Cronbach’s Alpha is 0.40 and Goldstein rho is 0.60. On the other hand, there is a need to use three elements i.e., outer loading, composite reliability, and AVE to indicate convergent validity.

The combination of composite reliability and average variance extracted (AVE) effectively demonstrates convergent validity. According to Benitez et al. (2020), an AVE value of 0.50 or higher can independently confirm convergent validity. Therefore, based on these criteria, it is reasonable to conclude that the model is fit and robust, as it meets the standards for construct reliability and convergent validity.

Table 2 illustrates discriminant validity, which reflects respondents' perceptions of the distinctiveness of the variables used in the study. Discriminant validity ensures that respondents view each variable as distinct and non-overlapping (Cheung & Lee, 2010). The Heterotrait-Monotrait Ratio (HTMT) is the optimal measure for assessing discriminant validity (Iqbal et al., 2021). According to Benitez et al. (2020), the HTMT value should not exceed 0.85 to confirm discriminant validity. Therefore, based on these criteria, the use of the HTMT ratio substantiates the presence of discriminant validity.

Table.3. Predictive Accuracy (Quality Criteria)

	R-square	R-square adjusted
Lesser focus towards formal Financial Credit	0.844	0.840
Subjective Percep Factors	0.537	0.529

Source: Author's own elaboration

Table 3 shows predictive accuracy based on the change in the dependent variable due to the change in the independent variable (Ringle et al., 2015). This measure is used to authenticate the structural and measurement model through SMART-PLS (Purwanto et al., 2020). Hence, the tool is used to reflect a 1% change in the value of the independent variable over the dependent variable in three different categories i.e., 0.25 is perceived as weak, 0.50 is perceived as moderate, and 0.75 or above that is perceived as strong (Wong, 2013). Therefore, in light of the mentioned parameters, both outcome variables (subjective Perception Factors) and (Less focus on formal Financial Credit) were significantly influenced by predictor variables.

Table 4, in conjunction with Figure 2, presents the path coefficients, which indicate the impact of variables on each other. This table elucidates the associations and relationships between the variables in the measurement model (Silaparaasetti et al., 2017). The evaluation of these relationships is based on two indicators: p-values and t-statistics. According to Hair et al. (2019), a relationship is considered significant if the t-statistic is greater than or equal to 1.97 and the p-value is less than or equal to 0.05. In Table 4, the path coefficients confirm the significance of all relationships, except for the relationships between personal assets and risk aversion with a lesser focus on formal financial credit. Consequently, it is valid to conclude that the study fails to reject hypotheses H₃₀ and H₅₀. However, based on the statistical results, the study rejects hypotheses H₁₀, H₂₀, H₄₀, H₆₀, H₇₀, and H₈₀.

Table.4. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P values
Fear of Failure -> Subjective Percep Factors	0.370	0.372	0.075	4.964	0.000
Lack of Fit -> Lesser Focus towards Formal Financial CREDIT	0.415	0.407	0.065	6.375	0.000
Lack of Confidence -> Subjective Percep Factors	0.280	0.272	0.099	2.824	0.005
Lack of per assets -> Lesser focus towards Formal Financial Credit	0.035	0.038	0.063	0.551	0.582
Not sufficiently informed -> Lesser focus towards formal Financial Credit	0.144	0.142	0.054	2.647	0.008
Perceived Difficulties -> Subjective Percep Factors	0.218	0.228	0.107	2.038	0.042
Risk Aversion -> Lesser focus towards formal Financial Credit	-0.028	-0.026	0.053	0.528	0.598
Subjective Percep Factors -> Lesser focus towards formal Financial Credit	0.469	0.473	0.061	7.650	0.000

Source: Author's own elaboration

Table 5 is the extension of the path coefficient which is used to highlight the mediation effect based on specific-indirect effect. However, the criteria for evaluating specific indirect effects are the same as the criteria used for the evaluation of path-coefficient.

Table.5. Specific Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P values
Lack of confidence -> Subjective Percep Factors -> Lesser focus towards formal Financial Credit	0.131	0.129	0.051	2.601	0.009
Perceived Difficulties -> Subjective Percep Factors -> Lesser focus towards formal financial Credit	0.102	0.107	0.051	2.005	0.045
Fear of Failure -> Subjective Percep Factors -> Lesser focus towards formal Financial Credit	0.174	0.176	0.045	3.857	0.000

Source: Author's own elaboration

In line with Hair et al. (2019), all the specific indirect relationships assess subjective perceptual fact with a lesser focus on formal Financial Credit. Therefore, it is valid to assert that subjective perception is caused not only by the fear of failure, perceived difficulties, lack of confidence only, but subjective perception is also proving to be a significant mediator for all of these variables and the element of less focus towards formal Financial Credit by female entrepreneurs.

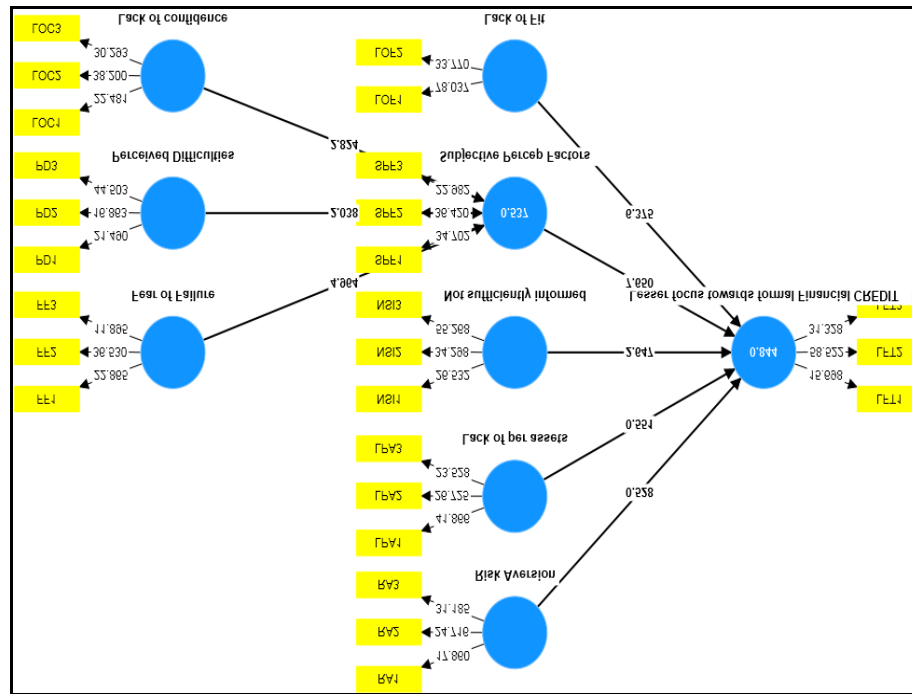


Figure.3. Path Coefficient
Source: Author’s own elaboration

5. Conclusion and Discussions

This study aims to elucidate the misconception regarding the reluctance of female entrepreneurs in Pakistan to seek formal financial credit for business growth. Structural equation modeling (SEM) was employed for data analysis using SMART PLS. The study findings suggest that the traits and beliefs of women entrepreneurs greatly influence their ability to obtain formal financial credit. Six out of eight hypotheses have been confirmed. This reflects positively on the choice of theme as well as the variables of interest. Initially, this study is consistent with Gidarakou (2015) as it is based on differences in thinking, motivation, perception, and personality of female entrepreneurs. Thus, Constantinidis et al. (2006); Fay & Williams (1993) and Lin and Lutz (2016), found that personal characteristics of female entrepreneurs are associated with a decreased likelihood of seeking formal financial credit. This study demonstrates that female entrepreneurs from Pakistan are less likely to seek formal financial credit because they lack sufficient information. This statement is also supported by literature from Brush et al. (2006) and Constantinidis (2006). The study suggests that it is important to examine the relationship between female entrepreneurs who have less information and their lower tendency to seek formal credit. Additionally, the study shows that subjective perceptions are also linked to a reduced inclination to seek formal financial credit. The study also emphasizes that prior research has highlighted this point. Furthermore, the findings of this study show that the mismatch of female entrepreneurs has a significant impact on their reluctance to seek formal financial credit. Previous studies have also indicated that female entrepreneurs are less inclined and less aggressive in pursuing financial support (Bardasi et al., 2011; Fafchamps, 2011; Morris et al., 2006). Therefore, it is appropriate to establish a connection between the mismatch of female entrepreneurs and their reduced inclination towards obtaining formal financial credit due to their tendency to balance both financial and non-financial goals.

5.1. Policy Implications

in light of these parameters, it is appropriate to indicate that motivation, beliefs, thinking, and issues about the female entrepreneurs associated with the tourism industry are similar to those of other male-dominated industries. Therefore, there is a need to focus on the growth and motivation of female entrepreneurs to ensure compliance with sustainable development goals.

5.2. Need of Future Studies

This is one of the prime and initial studies that focus on the hesitation of female entrepreneurs to attain formal financial credit. However, the major focus of this study is to relate the personality traits and beliefs of female entrepreneurs and their willingness to attain formal financial credit. Hence, further studies may also investigate the impact of societal and religious factors on the willingness of female entrepreneurs to attain formal financial credits. Other than these parameters, researchers with adequate and reliable data on female entrepreneurship in different industries, may conduct research work within specific and female-dominant industries of developing regions of the world.

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