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RESEARCH ARTICLE

The Effect of Entrepreneurial Self-Efficacy on Entrepreneurial Performance among Women Entrepreneurs in Nepal

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Abstract

Purpose: This study examines the influence of entrepreneurial self-efficacy on entrepreneurial performance among women entrepreneurs in Nepal.

Design/ methodology/ approach: Based on a survey design structured questionnaire, was used to collect data from women entrepreneurs. The purposive sampling method was used to collect data from 247 women entrepreneurs. The partial least squares structural equation modelling (PLS-SEM) technique was used to examine the causal relationship between entrepreneurial self-efficacy and entrepreneurial performance.

Findings: The results reveal that the five-dimensional entrepreneurial self-efficacy is a crucial factor for determining entrepreneurial performance among women entrepreneurs. All sub-constructs, including searching, planning, marshalling, implementing human resources, and implementing finance, have a significant positive impact on entrepreneurial performance.

Implications: This study sheds light on women's entrepreneurship and recognises the role of entrepreneurial self-efficacy in the entrepreneurial success of women entrepreneurs in Nepal. Similarly, the findings offer practical implications for policymakers and practitioners to develop and improve women's entrepreneurial competences and enhance entrepreneurial outcomes.

Originality/ value: The study significantly contributes to literature on women entrepreneurship in Nepal by empirically investigating the influence of a multidimensional approach of entrepreneurial self-efficacy on performance, fulfilling the research gap in the context of developing country.

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Introduction

There is a growing tendency to choose entrepreneurship as an occupation among women; however, addressing gender disparities is essential to improve women's entrepreneurial self-efficacy that develops high-growth entrepreneurship intention (Sweida & Reichard, 2013). The statistics of the Global Entrepreneurship Monitor (2024) stated that global female start-ups have improved to only 10.4% in the years 2021–2023. On the other hand, the entrepreneurial ecosystem assumes that everyone has equal opportunity for access to finance, training, and institutional supports, while the experiences of women in this regard are different (Brush et al., 2019). Entrepreneurial self-efficacy is the most concerning factor in the field of entrepreneurial development and entrepreneurial performance of women (Dempsey & Jennings, 2014; Madawala et al., 2023). Women's involvement in entrepreneurship has been significantly contributing to the economy through innovation and creating job opportunities across the world (Brush et al., 2019). In this context, to improve performance, women entrepreneurs need strong entrepreneurial self-efficacy, a psychological strength to deal with different barriers, including financial, cultural, and structural barriers affecting their entrepreneurial success and ensuring sustainability (Henry et al., 2016; Abdelwahed et al., 2023).

Women express lower entrepreneurial self-efficacy compared to men; however, education could be a significant factor in improving women's entrepreneurial self-efficacy (Chowdhury & Endres, 2005). The primary causes of having lower entrepreneurial self-efficacy (ESE) specifically in young women are inadequate entrepreneurial experience, lower emotional passion regarding entrepreneurship, and a tendency to receive

negative performance feedback (Dempsey & Jennings, 2014). Moreover, women often experience lower ESE due to limited business knowledge and entrepreneurial experience, reflecting persistent gender disparities in entrepreneurial competence. These disparities can be mitigated through proactive educational and capacity-building programs that enhance entrepreneurial skills and confidence (Chowdhury et al., 2019). Furthermore, financial knowledge serves as a critical driver of entrepreneurial self-efficacy by strengthening women's confidence in making informed business and investment decisions (Chowdhury & Endres, 2005).

With the aim of empowering women, the regulator and institutional bodies have been putting significant efforts into improving women's participation in the field of entrepreneurship globally (Ahl & Nelson, 2015). Nepal Rastra Bank (NRB) adopted a women's financial inclusion policy and is promoting small and medium enterprises (SMES), which have been focusing on women's empowerment (NRB, 2023). The SME has been contributing substantially to the country's GDP in Nepal, as it is reported to be 22% (International Finance Corporation, 2024). SMEs have been promoting women entrepreneurs and serving as a cornerstone to transform the social and economic status of women. Adhering to the directives of NRB, banks and financial institutions have been supporting women entrepreneurs by offering suitable banking products to women.

In Nepal, existing studies suggest that emotional competence enhances ESE, which serves as a key antecedent of entrepreneurial intention, highlighting the pivotal role of ESE in entrepreneurship development (Wagle et al., 2024). Moreover, personality traits significantly influence ESE, thereby fostering entrepreneurial intention (Bhandari, 2023). Institutional support also strengthens women's entrepreneurial self-efficacy and promotes sustainable entrepreneurship (Ghimire, 2024). Furthermore, personal attributes such as need for achievement, self-confidence, and risk propensity enhance women's entrepreneurial success, while socio-cultural barriers continue to constrain their entrepreneurial performance (Subedi & Gautam, 2024).

Despite these contributions, the multidimensional role of ESE in shaping women's entrepreneurial performance remains underexplored, particularly in the Nepalese context. Given Nepal's unique socio-cultural and institutional environment, evidence from other contexts may not be directly applicable. Accordingly, this study examines the influence of ESE dimensions on the entrepreneurial performance of women entrepreneurs in Nepal. The study contributes context-specific evidence to the entrepreneurship literature and provides practical insights for developing initiatives that strengthen women's entrepreneurial capabilities and performance.

Literature Review

Entrepreneurial Self-Efficacy

The essence of ESE is based on the theory of self-efficacy developed by Bandura (1997). It explains how an individual's self-efficacy affects motivation and determines human behaviour and performance. An individual with high self-efficacy has confidence in their ability, tends to take on challenges, and performs in a resilient. Those abilities encourage them to carry out entrepreneurial tasks like starting a business and developing innovative business ideas during crises (Caliendo et al., 2023). According to Chen et al. (1998), ESE consists of qualities that determine the ability to be a successful entrepreneur, including innovation, risk-taking, marketing, management, and financial control. ESE is related to a person's confidence to carry out entrepreneurial duties as an entrepreneur, such as identifying opportunities, optimum utilisation of human and financial resources, and taking care of business operations (McGee et al., 2009).

ESE is a multidimensional concept that involves self-belief and confidence in the person and focuses on goals (Drnovsek et al., 2010). Entrepreneurship education is crucial to improving ESE, specifically in the fields of management, marketing, and controlling finance (Chen et al., 1998). Hence, entrepreneurial learning is a capacity builder and creates interest to take entrepreneurship as a profession, which is a key determinant of entrepreneurial success (Pittaway et al., 2011).

ESE has emerged as a key psychological construct, influencing entrepreneurial motivation, intention, behaviour, and performance, as well as serving as a critical outcome of entrepreneurship training and education (Newman et al., 2019). Zhao et al. (2005) assumed self-efficacy as an essential motivational mechanism shaping career choices, goal commitment, and persistence, with individuals possessing eminent ESE tending to interpret entrepreneurial challenges as manageable opportunities rather than undefeatable obstacles. Beyond intention, self-efficacy actively cultivates the entrepreneurial mind-set, a cognitive orientation leading to different prospects, innovation, and problem solving. ESE is important for promoting proactive, opportunity-oriented behaviour and innovative thinking, making it central to entrepreneurial mind-set development. Individuals who hold an entrepreneurial mind-set exhibit greater environmental control and an innovative approach, traits closely linked to high levels of self-efficacy (Ganbat et al., 2023; Gómez-Jorge et al., 2025). In relation to business, high self-efficacy makes entrepreneurs more resilient and persevering, enhancing their ability to endure difficult situations and maintain business momentum.

Perspectives on Entrepreneurial Self-Efficacy

ESE is extensively recognised in a growing number of studies and consistently displays gender-based disparity. ESE has greater significance, particularly for women

entrepreneurs who have to encounter various difficulties on the path to being financially independent, including access to finance, institutional support, social structure, and gender beliefs (Kazumi & Kawai, 2017).

The Global Entrepreneurship Monitor (2024) presented an upward but still critical pattern among women as entrepreneurs around the world, exhibiting a clear gender gap. Women tend to possess a lower level of ESE than men, which in turn affects both their entrepreneurial intentions and consequent entrepreneurial outcomes (Dempsey & Jennings, 2014; Sweida & Reichard, 2013). Likewise, Langowitz and Minniti (2007) revealed that men display higher entrepreneurial intentions than women. They also argued that women perceive themselves and their entrepreneurial environment as less favourable than men, which directly suppresses their ESE.

According to Bandura (1986), Social Cognitive Theory (SCT), ESE reflects an individual's belief in their capacity to execute entrepreneurial tasks, and gender shapes this belief through socialisation from an early age. Wilson et al. (2007) found that women limit their ultimate career choices due to lack of confidence in their abilities and avoid entrepreneurial endeavours because they believe they lack the required expertise, even when their actual skill levels are comparable to those of men. Giannella et al. (2025) argued that when a role is associated with men, women are perceived as not suited to that role because they are assumed not to have the necessary skills. Li et al. (2020) found that for female entrepreneurs, feminine characteristics had a positive influence on ESE in the searching and planning stages of entrepreneurship, while masculine characteristics positively influenced ESE in the searching stage, suggesting that gender role identity dynamically interacts with ESE across different entrepreneurial stages.

Douglas and Venugopal (2025) demonstrated that the social institution of gender role expectations has a positive effect on ESE and growth aspirations for men, while it has a negative effect on ESE and growth aspirations for women. From an experiential standpoint, Dempsey and Jennings (2014) found that the significantly lower ESE of young women was attributable to their lower level of prior entrepreneurial experience, lower level of positive and negative affect towards entrepreneurship, and likelihood of receiving failure feedback, all of which are socially conditioned rather than intrinsic. Chowdhury et al. (2019) established that the gender difference in ESE is partly explained by business process knowledge and supervisory experience, and this gap is significantly lower at the graduate level of education, pointing to experiential learning as a key equaliser. Entrepreneurial education significantly improves the ESE among students; even though the association has been affected by gender in certain dimensions, though the differences are comparatively minor (Mozahem, 2021; Köpke & Schmitt-Rodermund, 2025).

Likewise, the effectiveness of training is different on ESE by gender, with gender being reported as a crucial factor on shaping ESE (St-Jean et al., 2022). Many existing issues, including social stereotypes, limited access to finance, lack of role models, and lack of socialisation opportunities, have been creating disparities that need to be addressed through implementing effective education and targeted training programmes to women (Chowdhury et al., 2019; Chowdhury & Endres, 2005).

Entrepreneurial Self-Efficacy and Entrepreneurial Performance

ESE and entrepreneurial performance have gained significant attention in entrepreneurship research. As a key psychological construct, ESE is widely accepted as a critical determinant of an entrepreneur's motivation, resilience, and ultimate business performance. Kazumi and Kawai (2017) argue that entrepreneurial self-efficacy (ESE) among women entrepreneurs enhances business success by strengthening entrepreneurial intentions and facilitating access to informal institutional support (Sharma et al., 2024) that lead to favourable entrepreneurial performance (Bulanova et al., 2016). Caliendo et al. (2023) found positive effects of high scores of self-efficacy on start-up survival and entrepreneurial income, as well as growth-oriented outcomes such as job creation and innovation. These findings affirm that ESE operates not merely as a motivational construct but as an active driver of measurable business results.

Srimulyani and Hermanto (2022) established that heightened levels of ESE correspond to increased success in business, with entrepreneurs high in self-efficacy being more inclined to envision potential gains while anticipating failure, thereby enabling more calculated and resilient decision-making. Shen et al. (2021) found that entrepreneurial learning is positively related to firm performance, and this relationship is fully mediated by ESE, with entrepreneurial orientation further strengthening the positive impact of entrepreneurial learning on ESE, indicating that ESE must be in place to maximise the effect of entrepreneurial learning on performance. This positions ESE as a critical cognitive bridge between learning experiences and tangible performance outcomes.

Tantawy et al. (2021) confirmed that a high ESE indicates that business people are confident in their abilities to perform their responsibilities and succeed as entrepreneurs, and that high self-efficacy makes entrepreneurs more resilient and persevering, enhancing their ability to endure difficult situations and maintain business momentum. Newman et al. (2019) demonstrated that ESE is a facilitator for start-up readiness and business ownership. While, Ahlin et al. (2014) suggested that ESE affects firm performance indirectly. This highlights that the link between ESE and performance is not straightforward and depends on the situation.

In the context of developing countries, Abdelewahed et al. (2023) highlighted the importance of ESE in enhancing the

performance of women-owned enterprises. ESE has been widely recognized as a key antecedent of entrepreneurial intention, which encourages entrepreneurial engagement and ultimately enhances entrepreneurial performance (Neneh, 2020). Similarly, Caliendo et al. (2023) found that self-efficacy exerts a positive and significant effect on entrepreneurial performance, with no significant gender differences in self-efficacy levels. Specifically, among women entrepreneurs, higher ESE is associated with stronger financial and overall firm performance (Madawala et al., 2023). Accordingly, ESE is considered a critical determinant of entrepreneurial success among women entrepreneurs (Nikmah, 2023). Moreover, entrepreneurial education, coaching and mentorship and institutional support significantly improve the women entrepreneurial self-efficacy and then performance (Kurniawan et al., 2025; Molema et al., 2026). However, in the Nepalese context, the study claims that ESE does not have any impact on entrepreneurial success (K.C., 2025). Hence, inconsistencies in the prior empirical studies regarding ESE create a need to examine whether the ESE predicts the entrepreneurial performance of women entrepreneurs.

Dimensions of Entrepreneurial Self-Efficacy

ESE is a major self-regulatory mechanism that primarily restructures the cognitive heuristics and strategic orientations supporting business decision-making. ESE systematically influences risk assessment by moderating the impact of instinctive risk propensity on entrepreneurial action (Ma & Yan, 2015) and enabling novice founders to adopt expert-level decision logics under conditions of extreme uncertainty (Engel et al., 2014). ESE acts as a critical factor in the selection of strategic frames, specifically determining the degree to which entrepreneurs employ effectual versus causal reasoning to navigate resource contingencies and environmental volatility (Gupta et al., 2026; Yang & Wu, 2016). ESE facilitates more sophisticated script recognition and learning-driven opportunity scanning (Forbes, 2005; Martinez, 2016), enhancing the firm's capacity for proactive problem solving. ESE promotes venture progress through enhanced self-regulation; it may unintentionally lead to diminishing returns if not moderated by an orientation toward error mastery and cognitive flexibility (Gupta et al., 2026; Uy et al., 2023).

Gomez-Jorge et al. (2025) and Poudel et al. (2026) established that high levels of self-efficacy enhance entrepreneurs' propensity to identify opportunities, adopt innovative strategic behaviours, and undertake calculated risks, affirming that ESE fundamentally restructures how entrepreneurs perceive and act upon the business environment. Acharya and Berry (2023) emphasized that personal characteristics of entrepreneurs in making entrepreneurial decisions within start-ups, including self-efficacy, locus of control, and emotional stability, are critical determinants of how effectively entrepreneurs scan and interpret their environment for viable opportunities. Sarman et al. (2025) confirmed that entrepreneurs with high ESE are more confident in taking risks, making strategic decisions, and overcoming challenges that arise in competitive industries, and that this belief motivates them to continue innovating and improving product quality while building and maintaining relationships with customers and business partners. Sahid et al. (2024) revealed that entrepreneurial abilities act as mediators linking ESE to actual business creation.

Shen et al. (2021) found that ESE fully mediates the relationship between entrepreneurial learning and firm performance, positioning ESE as the cognitive mechanism through which accumulated knowledge and experience are converted into purposeful business decisions that drive performance outcomes. Newman et al. (2019) suggested that ESE influences outcomes across multiple levels of analysis, shaping not only individual-level decisions such as venture initiation but also organisational level decisions such as innovation adoption and resource commitment.

The multidimensional nature of ESE shapes business decisions through distinct but interrelated pathways. McGee et al. (2009) identified five dimensions of ESE: searching, planning, marshalling, implementing human resources, and finance. Each dimension represents a specific domain of entrepreneurial confidence that influences how entrepreneurs identify opportunities, allocate resources, and manage operations. The searching dimension relates to opportunity recognition and market scanning behaviours, while planning efficacy reflects confidence in developing viable business strategies (McGee et al., 2009). Marshalling efficacy involves the confidence to acquire and mobilise necessary resources, while implementing human resource efficacy reflects confidence in recruiting, leading, and managing employees. Implementing finance efficacy represents confidence in managing financial resources, securing funding, and maintaining financial controls (McGee et al., 2009; Chen et al., 1998).

Collectively, these dimensions create pathways through which ESE influences entrepreneurial decision-making. Research supports that strong ESE across these dimensions enables women entrepreneurs to overcome structural barriers, access networks, and pursue growth opportunities (Kazumi & Kawai, 2017; Madawala et al., 2023).

Drawing on the five-dimensional model of entrepreneurial self-efficacy (ESE) developed by McGee et al. (2009), the present study proposes the conceptual research framework illustrated in Figure 1.

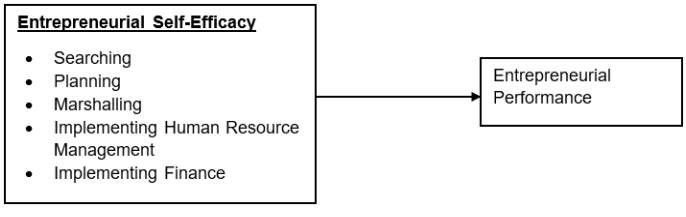


Figure 1: Conceptual Framework

Accordingly, to examine the influence of ESE on entrepreneurial performance, this study proposes the following hypotheses.

H1: Entrepreneurial self-efficacy has a positive impact on entrepreneurial performance among women entrepreneurs.

H1a: Searching efficacy has a positive impact on entrepreneurial performance among women entrepreneurs.

H1b: Planning efficacy has a positive impact on entrepreneurial performance among women entrepreneurs.

H1c: Marshalling efficacy has a positive impact on entrepreneurial performance among women entrepreneurs.

H1d: Implementing human resource efficacy has a positive impact on entrepreneurial performance among women entrepreneurs.

H1e: Implementing financial efficacy has a positive impact on entrepreneurial performance among women entrepreneurs.

Research Methods

The study adopted a quantitative research approach and employed an explanatory research design to examine the causal relationships among the study variables. A cross-sectional survey was conducted using a structured questionnaire adapted from established and validated measurement scales to collect data from respondents in Kathmandu, Chitwan, and Pokhara. The study targeted women entrepreneurs operating across diverse business sectors, including retail and wholesale trade, hospitality, manufacturing, agriculture, service enterprises, handicrafts, beauty and wellness, and other small and medium-sized businesses. Using a purposive sampling technique, respondents with active entrepreneurial experience were selected, and data were collected from 247 women entrepreneurs.

Regarding the data analysis, this study used PLS-SEM to examine the causal relationship between ESE and entrepreneurial performance. The study adopted the measurement scale of McGee et al. (2009) to assess the ESE of women entrepreneurs. Regarding the dependent variable, entrepreneurial performance was measured based on the responses provided on performance items, including profitability, growth, and market share as compared to competitors' performance. In addition, a five-point Likert scale was used to measure the perception, ranging from strongly disagree (1) to strongly agree (5).

The study adhered to established ethical principles throughout the research process. Prior informed consent was obtained from all respondents before data collection, and participants were informed of their right to withdraw from the study at any stage without any consequences. Furthermore, respondents were assured that the information they provided would be treated with strict confidentiality and used solely for academic research purposes.

Results

Socio-Demographic Profile

Table 1 presents the demographic profile of the 247 respondents for the study, incorporating age, marital status, level of education, and working experience. Regarding the age distribution of the respondents, the majority (44.9%) fall within the 26 to 35 years' age class. The study largely included young and middle-aged working women. In terms of the marital status of respondents, the majority (59.5%) are married. However, there is significant participation of single and unmarried women. While considering the educational qualification, most respondents (54.3%) have bachelor's degrees. The nominal number of respondents falls under the Secondary Education Examination (SEE) level and below. Hence, it can be said that respondents are fairly well-educated. Similarly, the majority of respondents (34.8%) have 6 to 10 years of working experience as an entrepreneur.

Table 1. Demographic Profile of the Respondents

Variable	Category	Frequency	Percentage (%)
Age	25 or below	28	11.3
	26 - 35	111	44.9
	36 - 45	86	34.8
	46 or above	22	8.9
Marital Status	Single	46	18.6
	Married	147	59.5
	Unmarried	54	21.9
Educational Qualification	SEE or below	6	2.4
	+2	67	27.1
	Bachelor Level	134	54.3
	Master and above	40	16.2
Working Experience	1 - 5 years	84	34
	6 - 10 years	86	34. 8
	11 - 15 years	54	21.9
	Above 15 years	23	9.3

Note. N =247

Common Bias Method

This study followed a self-administered survey through a structured questionnaire. Hence, conducting a cross-sectional survey using a common instrument on endogenous and exogenous constructs may create common method bias (CMB), which causes collinearity in the data. Harman (1976) stated that common method bias (CMB) exists when a single factor accounts for a substantial proportion of the total variance. For the purpose of assessing CMB, Harman's single-factor test has been employed in the study. The result of total variance explained by a single factor obtained from Exploratory Factor Analysis (EFA) is

23.54%, indicating that CMB is not a major issue since it is lower than 50% (Harman, 1976; Podsakoff et al., 2003). Thus, the results indicate that the responses were not affected by common method bias, confirming that CMB is not a concern in this study. The study also fulfils the requirement of assessing VIF to ensure that there is no issue of multicollinearity. The value of VIF for the indicators ranges from 2.11 to 2.69, below the threshold value of 5, indicating no issue of collinearity (Chin et al., 2012).

Measurement Model

The measurement model analysis is the first stage of two-stage PLS-SEM, which assesses the reliability and validity of the constructs. Table 2 depicts the results for composite reliability (CR) and Cronbach's alpha (α), which assess the reliability of the data. Similarly, the results for factor loadings (Λ) and average variance extracted (AVE) assess the convergent validity of the constructs. ESE is an exogenous construct that has five dimensions, including searching (SERC), planning (PLAN), marshalling (MARS), implementing human resources (IMPHR), and implementing finance (IMPFIN). Likewise, entrepreneurial performance (PER) is an endogenous construct in this study.

Table 2. Assessing the Results of the Measurement Model

Construct/ Items	Λ	A	CR	AVE
Searching (SERC)		.863	.912	.776
SERC1	.875			
SERC 2	.832			
SERC 3	.933			
Planning (PLAN)		.880	.918	.736
PLAN1	.862			
PLAN 2	.861			
PLAN 3	.862			
PLAN 4	.846			
Marshling (MARS)		.849	.908	.768
MARS1	.875			
MARS2	.871			
MARS3	.882			
Implementing Human Resource (IMPHR)		.844	.905	.761
IMPHR1	.893			
IMPHR2	.856			
IMPHR3	.869			
Implementing Finance (IMPFIN)				
IMPFIN1	.889	.861	.913	.778
IMPFIN2	.907		.	
IMPFIN3	.849			
Enterpreneural Performance (PER)		.916	.934	.703
PER1	.843			
PER2	.849			
PER3	.847			
PER4	.816			
PER5	.832			
PER6	.845			

The value of Cronbach's alpha and composite reliability evaluates the internal consistency of the measurement indicators. The threshold value for acceptable reliability is .70 (Hair et al., 2019). The results presented in Table 2 indicate that all the constructs have strong reliability, as the Cronbach's alpha values range from .844 to .916. Considering composite reliability (CR), values range from .905 to .934, indicating strong reliability of the measurement items. All the constructs exceed the suggested threshold. Hence, the results ensure that all the items within the construct consistently evaluate the same basic concept.

Similarly, factor loadings and AVE assess the convergent validity that measures the homogeneity of the items within the construct, indicating how well the items of the construct are correlated. The generally suggested values are .70 and .50 for factor loading and AVE, respectively (Hair et al., 2019). Table 2 depicts that all item loadings are greater than .70, ranging from .816 to .933. This ensures that items within a construct are significantly correlated and contribute to their respective constructs. Likewise, the AVE values for all the constructs of the study are greater than the threshold value, ranging from .703 to .778, ensuring adequate convergent validity. The result of the measurement model demonstrates satisfactory reliability and validity of the measures; hence, it is acceptable.

Discriminate Validity

Table 3. Assessment of Discriminant Validity

	PER	IMPFIN	IMPHR	MARS	PLAN	SERC
PER	**.839**	.194	.254	.255	.282	.147
IMPFIN	.208	**.882**	-.099	-.103	.080	-.130
IMPHR	.285	.121	**.873**	-.055	-.044	.057
MARS	.290	.137	.074	**.876**	-.042	.025
PLAN	.312	.116	.059	.053	**.858**	-.078
SERC	.152	.143	.075	.062	.088	**.881**

Table 3 depicts the results of the Fornell-Larcker criterion and Heterotrait-Monotrait ratio (HTMT) to assess the discriminant validity of the constructs. Discriminant validity evaluates the heterogeneity among the constructs, ensuring the uniqueness of each construct. The values placed above the diagonal are the result of the Fornell-Larcker criterion that represents the inter-construct correlation. The diagonal values, which represent the square root of AVE for each construct, are greater than the inter-construct correlation; hence, according to the Fornell-Larcker criterion, discriminant validity has been confirmed (Fornell & Larcker, 1981).

Likewise, the values placed below the diagonal are the result of the HTMT ratio. The HTMT ratio also confirms discriminant validity, as all the values are lower than .85, ranging from .053 to .312, as the threshold value of acceptance is below .85 (Henseler et al., 2015). Overall, the results ensure that the constructs are adequately different from each other. Hence, the results suggest proceeding to the assessment of the structural model to investigate the hypothesised relationship of the study.

Structural Model

In the second stage of PLS-SEM, the study assesses the structural model to examine the hypothesised relationship between the five dimensions of ESE and entrepreneurial performance. The evaluation of the structural model is largely based on the path coefficients and R^2 value. The path coefficients represent the direction and strength of the relationship between exogenous and endogenous constructs. On the other hand, the R^2 value shows the strength of the study model. This study adopts the bootstrapping technique with 5000 resamples to generate robust and consistent assessments of path coefficients, confidence intervals, and standard errors (Hair et al., 2019).

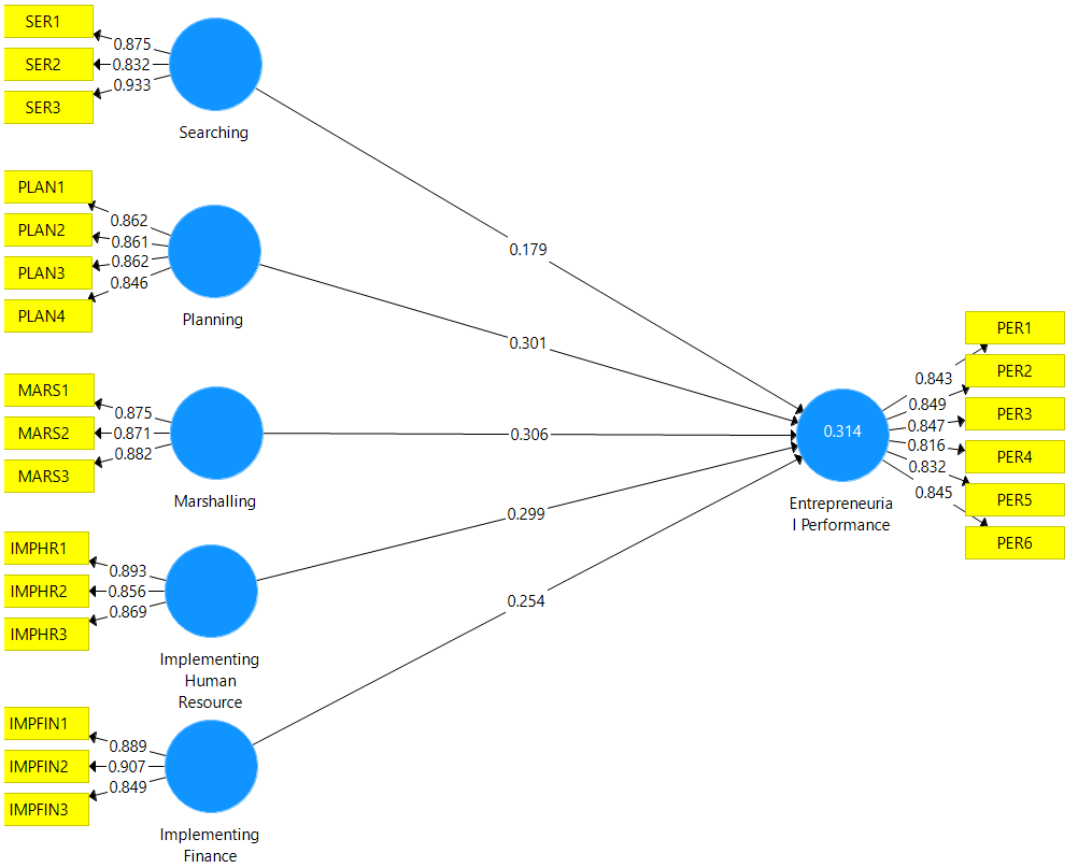


Figure 2: Structural Model

Table 4. Evaluating the Results of the Structural Model

Hypothesis	Relationship	β	M	STD	*t-value*	*p-value*	2.50%	97.50%	*Decision*
H1a	SERC-> PER	.179	.186	.057	3.113	.002	.077	.298	Supported
H1b	PLAN -> PER	.301	.302	.048	6.241	.000	.203	.397	Supported
H1c	MARS -> PER	.306	.308	.051	5.944	.000	.206	.405	Supported
H1d	IMPHR -> PER	.299	.305	.047	6.362	.000	.213	.396	Supported
H1e	IMPFIN -> PER	.254	.258	.047	5.355	.000	.169	.349	Supported
R^2	PER = .314								

Note. β = Path coefficient, M = Sample Mean, STD = Standard Deviation, t-value = (O/STDEV)

Table 4 displays the results of the structural model, including path coefficients (β), corresponding t-values, and confidence intervals based on the bootstrapping method. The study evaluates the model to examine the study hypothesis using the size and significance of path coefficients. The results presented in Table 4 regarding hypothesis testing indicate that the study supported all the hypothesised relationships. The study found that the SERC of entrepreneurial self-efficacy has a significant positive impact on PER ($\beta = .179$, $p < .01$), supporting H1a. Similarly, it can be inferred that PLAN also has a significant and positive effect on PER ($\beta = .301$, $p < .001$), confirming H1b.

Similarly, the results reveal that MARS also contributes to improving the PER of women entrepreneurs ($\beta = .306$, $p < .001$) and endorses the relationship stated by H1c. Likewise, it is found that the quality of IMPHR significantly improves the PER of women ($\beta = .299$, $p < .001$), offering empirical support for the relationship stated in H1d. Finally, the quality of IMPFIN of women entrepreneurs also seems beneficial for PER, as the path coefficient is significant ($\beta = .254$, $p < .001$), supporting H1e.

Similarly, R-square values for entrepreneurial performance in the structural model express the explanatory power of the study model. R-square values of .25, .50, and .75, respectively, represent the weak, moderate, and significant levels of explanatory power of the model for the endogenous construct (Hair et al., 2014). Hence, the R-square (R^2) for entrepreneurial performance is .314, indicating that the model has sufficient explanatory power. The results depict that all five sub-constructs of ESE have a significant impact on improving entrepreneurial performance. Thus, it can be said that ESE as a whole is a significant predictor of entrepreneurial performance of women entrepreneurs in Nepal.

Discussion

The study aims to investigate the impact of ESE on the entrepreneurial performance of women entrepreneurs in Nepal. This study found that ESE is a strong predictor of entrepreneurial performance. This study endorses the findings of Bulanova et al. (2016), Caliendo et al. (2023), and Neneh (2020), who emphasise the importance of ESE for enhancing entrepreneurial performance, in particular for women. Moreover, supporting the claim of Kazumi and Kawai (2017) and Nikmah (2023), the study contends that stronger ESE improves the opportunity of entrepreneurial success for women. Similarly, the result also offers contextual support to Abdelewahed et al. (2023), which establish the positive relationship between ESE and entrepreneurial performance in the context of developing countries. However, the result refutes the claim of K.C. (2025), presented in the Nepalese context, as the study found a significant impact of ESE on entrepreneurial performance. Additionally, this study offers evidence in supports to the Bandura's (1997) self-efficacy theory, indicating the relevance of self-efficacy theory to determine entrepreneurial success.

Conclusion and Implications

The findings revealed that ESE strengthens entrepreneurial decision-making and improves the entrepreneurial performance of women entrepreneurs in Nepal. The five dimensions of ESE, including opportunity searching behaviour, planning for the business, marshalling behaviour, quality of implementing human resources, and implementing finance, develop an individual into a strong and resilient person, confident in their entrepreneurial decisions; thus, enhancing entrepreneurial performance. Largely, for women, ESE has emerged as a robust psychological process to navigate barriers and achieve entrepreneurial success.

This study offers theoretical implications as well. Drawing on Bandura's (1997) self-efficacy theory, the study provides strong evidence on the association between ESE and entrepreneurial performance among women entrepreneurs; hence extends support towards the theory. Similarly, this study offers empirical evidence for the multidimensional approach of ESE presented by McGee et al. (2009) in the context of Nepal. Therefore, this study supports refining theoretical understanding to explain the impact of ESE on performance.

This study sheds light on women's entrepreneurship and recognises the role of ESE in the entrepreneurial success of women entrepreneurs in Nepal. The result is insightful to regulators; hence, favourable policies and programmes can be put in place to ensure women's economic empowerment and improve women's contributions to the country's economy through entrepreneurship. It also assists women entrepreneurs in understanding how their psychological aspects are important in their entrepreneurial endeavours. Moreover, it offers insights to develop a favourable entrepreneurial landscape for women, offering cerebral opportunities and empowering women financially through entrepreneurship. Furthermore, a more in-depth look into the factors affecting ESE and other moderating effects within the relationship would be insightful. Hence, future studies are encouraged to examine the effects of other potential factors within the relationship. Moreover, this study employed a cross-sectional survey; thus, a longitudinal study would be ground-breaking to develop in-depth knowledge in the future.

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Conflict of Interest

The authors declare that there is no conflict of interest.

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Data Availability Statement

The data supporting the study are available from the corresponding author upon reasonable request and subject to appropriate ethical and confidentiality considerations.

Authors' Contribution

Kripa Kunwar: Conceptualisation, methodology, data collection, software, data analysis, writing original draft, and review and editing.

Shanti Devi Chhetri: Conceptualisation, methodology, data collection, data analysis, resources, writing original draft, and review and editing.

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Disclosure of AI Use

The author used AI-based tools, including Grammarly for grammar checking and language refinement, and paraphrasing tools such as QuillBot to improve clarity and readability. These tools were used solely for linguistic enhancement. No generative AI tools were used to create original content, develop ideas, or conduct any part of the study. The author retains full responsibility for the accuracy, integrity, and originality of the manuscript.