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Institutions and Women Entrepreneurship: The Mediating Role of Women Entrepreneurial Self Efficacy and Ethical Decision Making

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Abstract

Women entrepreneurs play a vital role in employment creation, economic development, and growth. Women entrepreneurship is deep-rooted in the social and cultural norms and values of society. Women's entrepreneurship contribution is still invisible and needs to be properly investigated. The current research study explores "how institutions affect women's entrepreneurial performance in Pakistan" by using institutional and social cognitive theories. Focusing on the Formal and informal institutions, this research examines how institutions are affecting women's entrepreneurial performance by taking the mediating role of women's entrepreneurial self-efficacy and ethical decision making. A 7-point Likert scale research questionnaire is used to collect primary data. Data on active entrepreneurs are collected from the Peshawar, Mardan, and Abbottabad divisions of KPK's Women Chambers of Commerce. The data is empirically tested through the path analysis technique of structural equation modeling (SEM) through SMART PLS 3. The results indicated that women's entrepreneurial self-efficacy and ethical decision-making strongly mediate both institutions and significantly affect women's entrepreneurial performance. The study suggests that government and concerned departments should pay due attention to determinants like informal institutions and social constraints to boost women's entrepreneurial performance.

Keywords: Formal and Informal Institutions, Women Entrepreneurship, Women Business Performance, Women Entrepreneurial Self-Efficacy, Ethical Decision Making

JEL Classification Code: G41, L26, L29

1. Introduction

Women entrepreneurship has been generally recognized as an essential driver of sustainable economic development and employment creation, with impacts on social exclusion and poverty (Langowitz & Minniti, 2007; Aidis et al., 2007). Women entrepreneurs' performance has been widely studied from a gender perspective. It has been observed

that women entrepreneurs achieve great success in business performance by building good relationships with clients and accomplishing objectives. While men measure success by financial performance indicators (Moore & Buttner, 1997; Romano, 1994). Since the Women entrepreneur-owned firms are comparatively smaller than those owned by men (Coleman & Robb, 2012; Humphreys & McClung, 1981; Kalleberg & Leicht, 1991; Hughes et al., 2012). According to Loscocco and Robinson (1991), the business size is one of the indicators of predicting women entrepreneurs' performance.

The number of women entrepreneurs is rising across the globe but there are still some developing countries that exist, where the role of the women entrepreneurs in the development of the economy like Pakistan is still lagging. Pakistan is one of these countries, where the share of women entrepreneurs is only 1% as compared to male entrepreneurs who are 21%. According to Global Entrepreneurs Monitor Report (GEM) 2018–2019, women's total early-stage Entrepreneurial Activity (TEA) increased by 10% in 20 years. It also revealed that there is a decline of 8% in

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the gender gap between women and men entrepreneurs since 2017. This report also revealed that women in developing countries who become entrepreneurs tend to be driven by need as compared to men, either to support their spouse's income or to run their home exclusively.

Women's entrepreneurial self-efficacy is an important element of women's entrepreneurial performance, but limited research attention has been devoted to this area (Bulanova et al., 2016).

Mostly, limited studies in women's entrepreneurship have hypothesized and analytically estimated how institutions affect the psychological aspect of women's entrepreneurship. Ethical decision-making is also very important, and the decision-making styles of women entrepreneurs enhance business performance (Sanyal et al., 2020; Carter et al., 2003; Carter, 2000).

Many other researchers proposed that women entrepreneurs could play an important part along with males in economic development and job creation globally, resulting in lower poverty and unemployment (Langowitz & Minniti, 2007). The research proposed that government and the financial institutions must make strategies for women entrepreneur in a way that help them financially and could reduce the social hinders so that they can pursue their businesses efficiently. Business performance in economic, cultural, and social contexts is directly related to business models (Lee, 2020).

Institutional effects on entrepreneurial behaviors and actions mainly focused on informal and formal institutions individually or the interaction of both. As the entrepreneurial environment system includes multiple informal framework settings, entrepreneurs deeply examine the environment for possible changes and assess various social attitudes from multiple stakeholders (Cherrier et al., 2018). Institution's role is very important in enhancing women's entrepreneurial performance to enhance economic development of any country (Saleem, F., Asif, M., & Lodhi, S. 2022).

Therefore, this study is attempting to investigate the role of institutional factors (formal and informal) in enhancing women's business performance by taking the mediating role of women's entrepreneurial self-efficacy and ethical decision-making.

Research questions are as follows:

1. Do institutions strengthen women's entrepreneurial business performance?
2. To what extent does women's entrepreneurial self-efficacy connect the relationship between formal and informal institutions and women's entrepreneurial business performance?
3. Does women's entrepreneurial self-efficacy affect entrepreneurial decision-making?
4. Does ethical decision-making strengthen the relationship between formal and informal institutions and women's entrepreneurial performance?

5. Do informal institutions have more effect on women's entrepreneurial performance as compared to formal institutions?

Research objectives are as follows:

1. To find out the relationship between institutions and women's entrepreneurial business performance.
2. To find how women's entrepreneurial self-efficacy mediates the effect of institutions and women's entrepreneurial performance.
3. To find how institutions indirectly affect business performance through women's entrepreneurial self-efficacy and ethical decision-making.
4. To determine the effect of women's entrepreneurial self-efficacy on the relationship between ethical decision-making and performance.
5. Do informal institutions have more effect on women's entrepreneurial performance as compared to formal institutions?

2. Literature Review

2.1. Informal Institutions

Family Characteristics: In societies where people think of women as a housekeeper only, work-family conflicts usually arise, and they create hurdles in entrepreneurial success (Ufuk & Özgen 2001; Aldrich & Cliff, 2003). Researchers have found that women become entrepreneurs because of necessity rather than opportunities, which means that family needs and low income are the driving forces behind the women becoming an entrepreneur (Hisrich & Brush, 1983; Buttner, 1993; Welter et al., 2009; Brush et al., 2009; McGowan et al., 2012; Kish-Gephart et al., 2010). According to Terjesen and Amorós (2010), in Latin America, women prefer to work fixed salary jobs instead of starting a new venture because of a lack of opportunities and an unfavorable environment. This means that if women get support from family and get government incentives, they would start their businesses. Women indeed come out of their houses to create a new venture because of necessity. Still, there is also a high proportion of those women in some countries where women start their businesses to gain status, social interaction, self-esteem, experience, and expression. These women have the full support of their families and influential family for business improvement (Hechavarría et al., 2017).

Social Networks: Entrepreneurial activities flourish in a strong social network; entrepreneurs cannot work alone, they need social interaction and it is observed that social capital gives access to assets in a need that entrepreneurs alone cannot reach (Simoni & Labory, 2006). The theory of social capital gives an explanation of how social capital

is built up with social interaction and cooperation and how it affects business performance. The central concept of this theory is that resources and information may be attained through goodwill and trust in social relations, corporations, and rational transactions. It has been proved that social trust and cooperation perform an essential role in the development of entrepreneurial abilities of women entrepreneurs (Mamun et al., 2016). There are so many reasons behind this shortage of social capital, out of which the most dominant are norms, culture, and values that restrict women from interacting with males and low managerial experience that restrict them from accessing suitable professional and expert networks. (Brush et al., 2009; Butler, 2003; Fielden & Davidson, 2005).

Ideological Conflict: The Ideological conflict between different Islamic conservative groups that interpret Islamic teachings with their understanding and ideology creates conflicts among people. People following different ethnic groups have different practices, some people allow their women to go outside and work along with men, and some strictly prohibit their women to go outside and ask them to work in the home all their life. According to them, women are supposed to be caretakers of the home; they cannot go outside and earn money and cannot take part in the family decisions, which makes a woman dependent on her husband and family (Roomi & Harrison, 2010). It is a huge setback for the economy of the developing country, especially because women can participate in the economic development of a country by starting their ventures (Itani et al., 2011). Business performance is a crucial element of business models in entrepreneurial success (Rusliati, et al., 2020).

Gender Discrimination: Gender Discrimination is also known as sexual discrimination refers to creating a difference between men and women that encumber opportunities, basic rights or rewards to a person or a group because of gender (Gimenez and Calabro 2017).

Fear of Failure: Fear of Failure is defined as special element of risk aversion or general attitude towards risk with few exceptions or as a general attitude to risk (Langowitz and Minniti 2007).

Corruption: Corruption is a form of criminal offense such as fraud, bribery, favoritism, nepotism, and stealing, cheating, misuse of power to get benefits. (United Nations Office on Drugs & Crime, 2004). When corruption rummages through business, it affects the entrepreneurship skills of entrepreneurs because the general environment of doing business is affected. After all, the public trust has been put in danger. It affects more small businesses as compared to large businesses because large businesses have much more resources to deal with fraudulent conduct (Sumah, 2018). This is particularly happening in developing nations where the transparency rate, legalization, and law enforcement are at a very low level (Tonoyan et al., 2010). Women in emerging economies are more receptive to corruption

because the country is in the transition phase. One percent increases in the corruption rate decreases the rate of women owning firms (Muñoz-Fernández et al., 2019). Due to such an environment of corrupt practices, women tend to avoid starting their businesses and prefer to do a safe job. So following is a hypothesis.

H1: Informal institutions are significantly associated with business performance.

2.2. Formal Institutions

Access to Finance: The banks and other financial institutions frequently deny applications made by women to access loans as they offer family assets security. According to the 2012 World Bank report, it is one of the reasons why women's entrepreneurship is suffering more as compared to male entrepreneurship (Mirchandani, 1999). For financial assistance, you need paperwork, and women entrepreneurs must be guaranteed by their father or husband to get loans, and if their family does not support them, it will create difficulty for them. Access to loans for business development should not be obligatory (Ahmed, 2014; Brush et al., 2017).

Education also matters for female entrepreneurs to get financial support because if they do not know how to deal with the financial management of the formal organization, like how to approach them, where and how to apply, what documents they require, and how to properly fill them would have an effect on getting a loan (Kumar & Kalyani, 2011). Other researchers have found that graduate students can easily access finance as compared to others because they know how to deal with financial institutions (Welter et al. 2007). Experienced entrepreneurs can avail more opportunities in the market because they have learned from their previous mistakes that cost them (Kim & Ling, 2001). It has also been observed that technical education also affects the entrepreneurial skills of women entrepreneurs (Zolin et al., 2013; Brush et al., 2017).

Legal Constraints: There are some legal obstacles that are creating problems for the women entrepreneurs who want to start their own businesses. This significantly impacts the performance of the women entrepreneurs. If they cannot get paid at the time of need from the financial institutions, it will surely affect their business performance. We can conclude from the literature that women entrepreneurs are facing legal constraints that highly affect their capabilities and business performance. They can participate in the country's overall GDP and can access the global market only if these constraints are controlled by the government at a macro level like legal reforms and the business community at the micro-level like promoting new strategies to facilitate women entrepreneurs by the chamber of commerce (Shediak & Samman, 2010).

Training and Education: The lack of suitable training and relevant education is another problem for women

entrepreneurs. Most women entrepreneurs in Pakistan do not know how to start a business, as they do not know the process how registering their company, how to access finance, how to manage their employees, and how to do business efficiently and effectively. All these elements are important for a smooth-running business, and unfortunately, women in Pakistan are not well educated, or there is no platform for them where they can learn the business process. There are some women who have relevant knowledge but because of the lack of training and experience, they usually make mistakes, and their business performance affects badly (Cliff, 1998). No doubt they have potential and capabilities, but relevant education and training are the integral parts of doing business, without which they would not be successful (Fischer et al., 1993).

A significant investigation is required to motivate women towards entrepreneurship. So based on the above literature, we develop the following hypotheses.

H2: *Formal institutions are significantly associated with business performance.*

Entrepreneurial self-efficacy is an important psychological variable in entrepreneurship. With reference to the link between casual institutions (Formal and Informal) and entrepreneurial cognitions, entrepreneurship researchers indicate that the interest in the participation of women entrepreneurs in entrepreneurial activities increases in society, networks, or use in which entrepreneurial visions are incredibly appreciated and legitimized (Baughan et al., 2006). The underlying assumption at the back of this theoretical and empirical analysis is that a capacity lack of legitimacy and acknowledgment by means of society could undermine woman entrepreneurs' self-belief and competence to follow and make the most potentially treasured marketplace possibilities.

Based on Bandura's social cognitive hypothesis (Bandura, 1977, 1982, 1997), the study assumes that regulation circumstances may offer assistance to set off the cognitive way of women entrepreneurs, which in the long run would make strides in their trade execution. Particularly, self-efficacy is the major inclusion of mental capital that completely influences the self-law of men or women's complex choice-making capacities (Bandura, 1977; Staw & Boettger, 1990). Self-efficacy is ordinarily a key to calculating women's behavior toward entrepreneurs (Shinnar et al., 2014).

From the above-mentioned lines of logic, the effective involvements of formal and informal institutional assistance to women entrepreneurs challenge overall performance could be made from an expanded degree of entrepreneurial self-efficacy, which is entirely consistent. Thus, we construct the following hypotheses;

H3: *Formal and Informal institutions significantly affect business performance through women's entrepreneurial self-efficacy.*

Ethical Decision Making: Donaldson (1982) categorized trade morals into two primary inquire about mainstreams (a) regulating and (b) observational commerce morals. Regulating trade morals explore the behavior of a personal representative within the work environment, whereas experimental morals concern with collective behavior of workers in an organization. The research focuses on the ethical behavior of a person. Business ethics deals with the conduct of human activities in the workplace. Jones and Tullous (2002) characterized trade moral activities are conducts that are freely, legitimately, and ethically acknowledged.

The rational, spiritual, emotional, and ethical decisions are the different variables based on which individual behavior is determined as per the conclusion of past studies by Jones (2002) and Trevino (2010). Ethical decisions maximize employees' commitment to the job which has a great impact on business performance while unethical decisions lead to poor performance and bad results.

H4: *Ethical decisions play a significant mediating role between formal and informal institutions and women's entrepreneurial performance.*

3. Research Methodology

The research philosophy approach is used to provide the foundation, method, and logic to conduct the research. Based on the nature of this study, different philosophical approaches provided by Cooper and Schindler (2007) quantitative research will be used in this study to find the relationship between dependent and independent variables. This research is basically co-relational because its objective is to find the determinants of the entrepreneurial performance and venture creation of women entrepreneurs in Khyber Pakhtunkhwa (KPK), Pakistan. The data will be collected through a self-administrative research questionnaire from active women entrepreneurs in KPK. The women entrepreneurs of the KPK province in Pakistan are selected for this research that is registered with the Woman chamber of commerce and industry, the Women business development center (WBDC), and Small and medium enterprises development (SMEDA). The total population of the women entrepreneurs that are registered with these institutions in KPK is 1000. So following the sampling formula $n = N/1 + N \times (e)^2$ (Yamane, 1967) simple random sampling technique is considered to obtain a sample of the study (323). A previously determined seven-point Likert scale is used to ensure adequate measurement of each variable.

The informal Institutions variables scale is adapted from the study of Eddleston and Powell (2012). The scale of gender discrimination Rogoff (& Heck, 2003), social capital (Yetim, 2008), ideological conflicts (Roomi, 2013), corruption (Sherazi et al., 2013), Access to finance (Sherazi et al., 2013), Legal Constraints (Gray, 2001), Lack of adequate training and education (Noguera et al., 2013), Women Entrepreneurial self-efficacy (McGee et al., 2009) Women Entrepreneurial Performance (Kazumi & Kawai, 2017), and Ethical Decision Making scale is adapted from the study of Dufrene and Glosoff (2004). Women's entrepreneurial performance and business performance are interchangeably used in this study. The current study uses the path analysis technique of structural equation modeling (SEM) by deploying Smart PLS 3 for statistically examining the data.

4. Results

To empirically examine the research hypothesis, the gathered study data is statistically examined in this section of the study. The data is examined in steps. The initial part of the data analysis section is based on the demographical part of the study, including education, age, years of experience, nature of entrepreneurial business, and so on. The following developed groups portray the nature of target audience responses towards women's entrepreneurial performance. At the same time, the above-discussed research hypothesis is empirically tested, which presents the significant effect of independent variables, including formal and informal institutions, on women's entrepreneurial business performance.

4.1. Demographic Profile

The self-administrated 410 research questionnaires were distributed among women entrepreneurs of Khyber Pakhtunkhwa (KPK) from September 2021 to December 2021. The accurately filled questionnaires were 323 in total and valid for the data analysis process. The response rate remains quite high (90%). The higher response rate is significantly effective and acceptable for empirical studies (Baruch, 1999). The age factor was categorized into three main clauses, and the response rate of the age factor remained 45% (20–29), 41% (30–39), and 14% (40–49), respectively. The second demographic factor was education. The majority of the target respondents hold intermediate-level education (41%), while 45% of the respondents hold matriculation degrees.

The target market of the current study was based on three main divisions, i.e., Peshawar, Abbottabad, and Mardan. Almost 36% of the data of the study is collected from the Peshawar division, and 32% of data is gathered from

Abbottabad as well as the Mardan division to make the study more generalizability.

The descriptive results showed that female response to the “nature of business.” The female entrepreneur presented data depicted that more than half (54%) of the target sample females were involved in the entrepreneurial activities of boutique, and 34% of females were doing the entrepreneurial activities in the beauty parlor. The demographical question “Does the female entrepreneur have obtained any type of entrepreneurial training for starting entrepreneurial activities or not is discussed in the figure below. 65% of females responded that they showed that they have some sort of entrepreneurial training before starting a business. The last and the least important question is “funding sources.” The result of the study depicts that more than half (59%) of female respondents have arranged investments for themselves. While 20% of females were dependent on borrowing the investment from their family members (family sponsored), 20% of females obtained funding from commercial sources (banks).

Descriptive data analysis enables us to examine and evaluate the circumstances under which study target respondents judge the questionnaire's statement and its potential significance (Pallant et al., 2016).

4.2. Correlation Analysis

The results of statistical analysis are discussed in this section which narrates the findings of the research hypothesis. Multicollinearity elaborates the interaction and association between independent study variables. Multicollinearity knocks down the significant relationship among independent variables into insignificant association by strengthening standard errors. VIF rule of thumb (Hair et al., 2010) defined value is 4. All the extracted coefficient values are below 4.0, which portrays no association among independent variables of the study.

4.3. Model Validation

The discriminate validity identifies whether the measures of constructs that are not theoretically correlated either are highly unrelated or not (Cronbach & Meehl, 1955). The Fornell Larcker and Heterotrait-Monotrait Ratio (HTMT) discriminate validity criteria are undertaken to examine constructs' discriminate validity (Table 1).

The established role of thumb suggests that the correlated values should be lesser than the square root of AVE in the Fornell-Larcker criterion. In contrast, the role of thumb for HTMT suggests that the correlated values should be lesser than the suggested values of 0.85. The extracted results are depicted in the table below, which portrays that all the correlated values are under 0.85.

Table 1: Heterotrait-Monotrait Ratio (HTMT)

	AF	BP	COR	EDM	FC	FF	GR	IC	LC	SC	TE	WESE
AF												
BP	0.30											
COR	0.26	0.12										
EDM	0.09	0.45	0.25									
FC	0.32	0.44	0.15	0.61								
FF	0.07	0.19	0.64	0.18	0.05							
GR	0.18	0.62	0.25	0.50	0.49	0.35						
IC	0.27	0.69	0.14	0.66	0.56	0.21	0.65					
LC	0.11	0.81	0.16	0.30	0.44	0.06	0.70	0.47				
SC	0.53	0.36	0.73	0.12	0.15	0.41	0.24	0.27	0.17			
TE	0.60	0.16	0.31	0.11	0.19	0.17	0.11	0.18	0.11	0.37		
WESE	0.29	0.75	0.14	0.23	0.24	0.37	0.56	0.62	0.68	0.30	0.24	

The proposed research hypotheses are statistically examined by deploying the path analysis technique in Smart PLS 3. In Path analysis, we examined convergent validity and internal reliability (Figure 1).

4.4. Reliability Test and Composite Reliability

The internal reliability is measured through the Cronbach alpha test and composite reliability. Hair et al. (2016) determined the role of thumb value for both tests is > 0.70 . Table 2 presented below statistically affirms that the extracted construct's Cronbach alpha and composite values remained between 0.72 to 0.888 and 0.82 to 0.91, which are permissible for the internal reliability of the constructs. Hair et al. (2016) proposed that extracted values above 0.4 are satisfactory if these values remained effective in enhancing the model's composite reliability. The average variance (AVE) is utilized to consider the model's convergent validity. Hair et al. (2016) recommended the role of thumb value for AVE > 0.50 . The extracted value of AVE lies between 0.52 – 0.66. These values exhibit that convergent validity is significantly achieved in this study model. Thus, this study concludes that the current study model supports the discriminate validity and reliability (Table 2).

The coefficient of the determinant (R -square) guesses the model accuracy and is termed as model goodness of fit. The suggested role of the thumb for R^2 is determined as 0 to 1. Thus, the results of the inner path model indicated a good association between business Performance (0.601), ethical decision making (0.470), and women's entrepreneurial performance (0.577). Hence, the R^2 value results presented in Table 3 indicated a significant effect of variables.

4.5. Direct and Indirect Effect

The direct path impact results of the study are addressed in Table 4. The direct effect of the AF, COR, EDM, FC, FF, GR, IC, LC, SC, TE on BP is 0.102, 0.060, 0.113, 0.003, -0.023 , 0.008, 0.189, 0.276, 0.064, and -0.082 . The direct effect of the AF, COR, FC, FF, GR, IC, LC, SC, TE on EDM remain -0.207 , -0.317 , 0.322, -0.149 , 0.177, 0.352, -0.167 , 0.262, and 0.110 respectively. The direct effect of the AF, BP, COR, EDM, FC, FF, GR, IC, LC, SC, TE on WESE is 0.148, -0.26 , -0.17 , 0.34, 0.004, 0.346, 0.418, and 0.07 respectively. Finally, the direct effect of WESE on BP remained at 0.279. The result of the study concludes that direct effect is significantly affective but few of the variables have an inverse impact as well in this study, including FF, TE has a negative direct impact on BP, while AF, COR, FF, and LC have an inverse impact on EDM and COR, FF, exhibited negative impact on WESE.

The significance of direct path impact is measured by the prominent test statistics and its P -values in this study (Table 5). The bootstrapping is performed on 5000 data samples to measure the significance of variables. The result of the study depicted that majority of the extracted variable values are significant, which are higher than the recommended role of thumb for P -values and test statistics 10% (1.645), 5% (1.96), and 1% (2.57). Some of the factors have an insignificant impact as well. The impact of COR, FC, FF, and SC has insignificant on business performance. GR has an insignificant impact on ethical decision-making. GR and SC have an insignificant impact on WESE. The remaining variables extract results portray a highly significant impact on BP in this study.

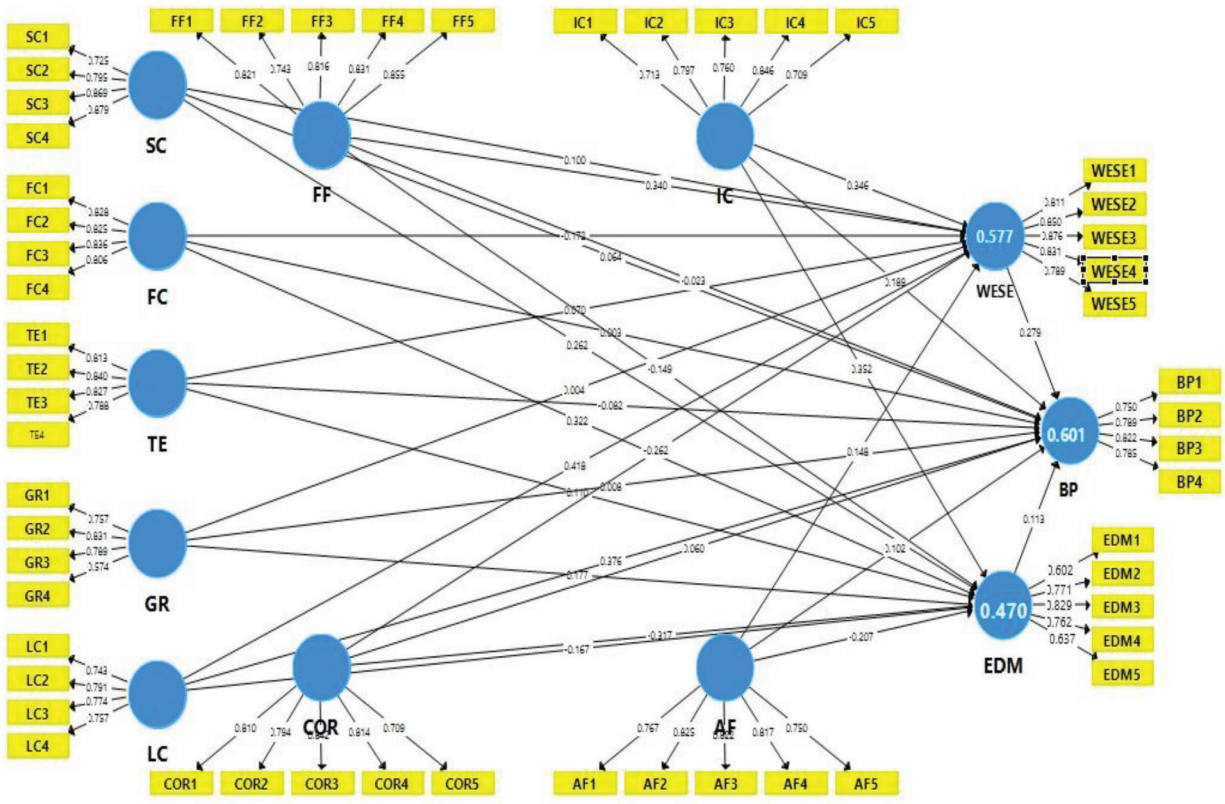


Figure 1: Study Model

Table 2: Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
AF	0.856	0.897	0.635
BP	0.795	0.867	0.619
COR	0.857	0.895	0.632
EDM	0.769	0.845	0.526
FC	0.842	0.894	0.679
FF	0.872	0.907	0.663
GR	0.725	0.830	0.554
IC	0.824	0.877	0.588
LC	0.766	0.851	0.587
SC	0.837	0.891	0.672
TE	0.835	0.889	0.668
WESE	0.888	0.918	0.692

Table 3: R-Square & adjusted R-Square

	R Square	R Square Adjusted
BP	0.601	0.587
EDM	0.470	0.455
WESE	0.577	0.565

4.6. Specific Indirect Effects

The mediation impact of ethical decision-making and self-efficacy on women's entrepreneurial performance is measured through specific indirect impact. To know the mediation influence of variables we analyzed direct impact at stage first. The direct impact of COR, FC, FF, GR, and SC was found insignificant on BP. While the remaining variables portrayed a significant positive impact on dependent variables (BP). In stage 2, the indirect impact of variables is measured to analyze the role of mediating

variables (WESE and EDM) on the dependent variable BP. The results indicated that the role of SC and GR on BP is found insignificant through WESE. Along with it, the role of TE, GR, and FF on BP through EDM remained insignificant. While the remaining variables showed a significant positive impact on BP through WESE and EDM. The results depict that variable including COR, FC, and FF has a full mediation impact on BP through WESE. The variables, including SC and GR indicated no mediation at all on BP through WESE. Along with it, variables indicated a partial mediation on BP through EDM. Thus the study concludes that formal and informal institutions have a significant positive impact on BP through EDM and WESE (Table 6).

Table 4: Direct Effects

	BP	EDM	WESE
AF	0.102	-0.207	0.148
BP			
COR	0.060	-0.317	-0.262
EDM	0.113		
FC	0.003	0.322	-0.172
FF	-0.023	-0.149	0.340
GR	0.008	0.177	0.004
IC	0.189	0.352	0.346
LC	0.376	-0.167	0.418
SC	0.064	0.262	0.100
TE	-0.082	0.110	0.070
WESE	0.279		

Table 5: Path Coefficients of Direct Impacts

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-statistics (O/STDEV)	P-values
AF → BP	0.102	0.101	0.042	2.433	0.015
COR → BP	0.060	0.048	0.045	1.335	0.182
EDM → BP	0.113	0.109	0.048	2.353	0.019
FC → BP	0.003	0.005	0.036	0.088	0.930
FF → BP	-0.023	-0.018	0.048	0.487	0.627
GR → BP	0.008	0.007	0.047	0.165	0.869
IC → BP	0.189	0.189	0.058	3.273	0.001
LC → BP	0.376	0.382	0.071	5.333	0.000
SC → BP	0.064	0.073	0.048	1.325	0.186
TE → BP	-0.082	-0.079	0.034	2.372	0.018

5. Conclusion

The proposed hypothesis is statistically tested using data obtained from women entrepreneurs in the KPK-Pakistan divisions of Peshawar, Abbottabad, and Mardan. The study's findings revealed that formal institutions, such as AF, LC, and TE, had a strong direct impact on entrepreneur women's company performance, supporting premise 1 of the study. While the direct influence of informal institutions such as COR, FC, FF, GR, and SC on women's entrepreneurial business performance is negligible, the indirect impact of formal institutions such as COR, FC, FF, and GR, was discovered that informal institutions had a minor direct impact. As a result, this study accepts the null hypothesis 2nd and rejects H2.

According to the third hypothesis, formal institutions have a strong positive impact on EDM, while formal education has a significant positive impact on WESE. As a result of the findings, hypothesis 4 is accepted in this study. According to the hypothesis 5th result, informal institution determinants such as COR, FC, and FF have a full mediation impact on BP via WESE, whereas formal institutions have a partial mediation impact on BP via ethical decision making. The study's empirical analysis finishes with the acceptance of the hypothesis that EDM and WESE have a mediation effect on BP.

The current study contributes to the theoretical literature on institutions and women's entrepreneurship in multiple ways. First, this study contributes a deeper understanding of institutional antecedents of women's entrepreneurial self-efficacy and explains how it affects women's business performance. Second, this research remained focused on Pakistani women entrepreneurs and their firms rather than on women in developed countries, where situations are

Table 6: Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-statistics (O/STDEV)	P-values
LC → WESE → BP	0.117	0.115	0.034	3.388	0.001
SC → WESE → BP	0.028	0.024	0.018	1.536	0.125
SC → EDM → BP	0.030	0.027	0.016	1.900	0.058
FF → WESE → BP	0.095	0.089	0.027	3.508	0.000
LC → EDM → BP	−0.019	−0.017	0.010	1.973	0.049
AF → EDM → BP	−0.023	−0.023	0.012	1.888	0.060
TE → EDM → BP	0.012	0.011	0.009	1.445	0.149
IC → WESE → BP	0.097	0.095	0.028	3.508	0.000
GR → WESE → BP	0.001	0.001	0.017	0.059	0.953
FC → EDM → BP	0.036	0.036	0.017	2.121	0.034
GR → EDM → BP	0.020	0.019	0.012	1.636	0.103
COR → WESE → BP	−0.073	−0.065	0.026	2.820	0.005
FF → EDM → BP	−0.017	−0.017	0.010	1.630	0.104
COR → EDM → BP	−0.036	−0.033	0.017	2.036	0.042
TE → WESE → BP	0.020	0.018	0.012	1.660	0.098
FC → WESE → BP	−0.048	−0.047	0.017	2.813	0.005
IC → EDM → BP	0.040	0.038	0.018	2.235	0.026
AF → WESE → BP	0.041	0.041	0.019	2.224	0.027

different, and research has gotten a lot of attention in recent years. Third, this research has highlighted the importance of understanding the key cognitive aspects of Pakistani women entrepreneurs that experienced their gender as a constraint in their career selection. Fourth, this study takes the sample of active women entrepreneurs to examine self-efficacy, rather than using a sample of university students as most of the previous studies took. Fifth, this study addressed the prominent antecedents of informal institutions, taking from literature as well as through personal interviews with women entrepreneurs of KP. Lastly, this study will help and guide policymakers in creating a favorable environment that will help women to become successful entrepreneurs in a competitive market. Focused on the case of Hazara and Peshawar women entrepreneurs, this study is unique and valuable.

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