

Psychological Capital and Women Entrepreneurial Spirit: A case study in Namsai District Arunachal Pradesh

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Abstract: *This study explores the role of psychological capital in fostering entrepreneurial spirit among women in the Namsai District of Arunachal Pradesh, India. Psychological capital comprising four core components: self-efficiency, optimism, hope and resilience has emerged as a significant psychological resource influencing individual motivation, decision making, take initiate and persist through challenges. Through a mixed- method case study approaches involving structured interviews, focus group discussion. The primary data have been collected from 200 women entrepreneur by adopting convenience sampling methods. The study examines how women in a Socio-culturally conservation and economically developing area leverage psychological capital to overcome barriers to entrepreneurship. The finding highlights that, despite structural challenges such as limited access to credit, market exposure and institutional support, women entrepreneurs in Namsai exhibit a strong psychological orientation that drives innovation, risk-taking and business continuity. The study contributes to the growing discourse on gender and entrepreneurship, emphasizing the need for policy framework and capacity building initiatives that integrated psychological capital development as a strategy for empowering rural women entrepreneurs. The implication extends to stakeholders in economic development, gender studies and entrepreneurial psychology.*

Key Words: *Women entrepreneurship, psychological capital, women empowerment, social-cultural barriers, self-efficacy and Resilience.*

1. INTRODUCTION:

Entrepreneurship is a growing global phenomenon that contributes to job creation and long-term economic competitiveness. (Margaca et al., 2021). Women's entrepreneurial spirit is crucial for individual and national economic growth. Women-owned firms are more robust and sustainable, contributing to employment creation and economic growth. (Bhandari & Amponstira, 2020). Women's empowerment has a significant impact on the economy, leading to improved well-being and enhanced social and political stability for women and their families. (Ravic & Nikitovic, 2016). Empowerment is closely linked to an individual's psychological characteristics. Consequently, the psychological approach is one of the most effective methods for empowerment. (Safarabadi et al., 2015). As a result, individuals' psychological capital (PsyCap), one of their key psychological qualities, can facilitate the development of entrepreneurship and innovation and also enable entrepreneurs to succeed through empowerment (Youssef & Luthans, 2007). Investigating the impact of women's psychological capital and entrepreneurial drive is essential for improving women's socioeconomic status in the Namsai district. Similarly, investigating the factors that contribute to the entrepreneurial spirit in Namsai district can provide insights into the distinct challenges and opportunities faced by women entrepreneurs in the district. Namsai District, located in Arunachal Pradesh, is a predominantly tribal region with a mix of indigenous communities and conservative socio-cultural norms. Economic development is nascent, and access to formal financial systems and markets is limited. This limited access to financial systems and markets restricts the region's business growth and economic progress. Women in Namsai are engaged in micro-enterprises, such as handicrafts, farming, and small-scale retail, but are hindered by issues with capital, skills, and market connections. Women's limited access to formal banking systems worsens these problems, making it difficult for them to obtain the capital required to expand their ventures. This study investigates the role of psychological capital in fostering the

entrepreneurial spirit of women in Namsai District, a region marked by limited economic infrastructure and traditional patriarchal social norms. The research aims to explore the connection between psychological capital and economic barriers to gain a deeper understanding of how targeted interventions can empower women entrepreneurs.

2. LITERATURE REVIEW: Psychological Capital and Entrepreneurial Spirit:

Psychological capital is one of the primary concepts to have arisen in the area of entrepreneurial behaviour. (Youssef & Luthans, 2007). PsyCap refers to an individual's favourable state of psychological development, which is characterized by four elements: optimism, efficacy, resilience, and hope. This concept was developed to describe the positive psychological state that enables individuals to achieve their goals and adapt to challenging situations. The four PsyCap elements are interconnected and work together to promote a positive and resilient mindset. (Luthans et al., 2006; Sahin, Cubuk, & Uslu, 2014). One's hope is essentially the faith in one's capacity to continue working toward objectives and discover methods to accomplish them. Those with a high level of optimism are inclined to take calculated risks and continue despite any challenges they may face. Efficacy essentially defines a person's confidence in their capacity to accomplish specific tasks successfully. Entrepreneurs who achieve high levels of efficacy are more likely to undertake ambitious projects and persevere when confronted with obstacles. Ability to recover from difficulties that characterize resilience. Business owners with resilience are more likely to see setbacks as opportunities for growth and self-improvement. A positive attitude toward life is defined as optimism, even in difficult circumstances. Optimistic entrepreneurs generally view setbacks as short-term and context-dependent rather than long-lasting and widespread. (Liao, S. S., Hu, D. C., Chung, Y. C., & Chen, L. W 2017; Kariri & Radwan, 2023). PsyCap, a positive psychology development, can help individuals grasp their proficiency and augment their abilities, along with the notion of psychological empowerment. (Wardani & Amaliah, 2020). Having a high level of PsyCap can mitigate the negative effects of workplace issues, fostering a sense of control and autonomy among employees, akin to psychological empowerment. Having the capability to devise a solution to a complicated problem is a source of hope, and executing alternatives without delay or needing approval is a measure of efficacy. This confers a sense of independence and authority over the workplace. This psychological apparatus fosters a positive relationship between PsyCap and ES. (Iqbal & Ahmad, 2017). The study found that PsyCap and PE are positively and significantly associated with Developing an entrepreneurial spirit can be aided by psychological empowerment. Individuals are more likely to take risks and pursue entrepreneurial ventures when they feel empowered in their jobs and believe they have control over their decisions and results. Individuals are more likely to have the self-esteem and ambition required to launch and establish a business. Individuals with an entrepreneurial mindset may pursue opportunities to experience a sense of psychological empowerment (Thakur et al., 2022; Kariri & Radwan, 2023) (Lizar et al., 2015). This study demonstrates a strong relationship between entrepreneurial spirit and psychological empowerment. This relationship suggests that individuals with a high level of psychological empowerment are more likely to exhibit entrepreneurial behaviour, such as taking risks and pursuing new business opportunities. Psychological empowerment is a state of mind in which individuals feel confident and capable of controlling their work environment, which in turn enables them to be more innovative and proactive in their entrepreneurial pursuits (Haji, L., Valizadeh, N., & Karimi, H. 2022)

3. OBJECTIVES:

- To examine the role of psychological capital in shaping the entrepreneurial spirit of women in Namsai District.
- To identify the socio-cultural and economic barriers faced by women entrepreneurs in the region.
- To propose policy recommendations for integrating psychological capital development into entrepreneurial

3.1. Research question

- How does psychological capital (including components such as hope, self-efficacy, resilience, and optimism) influence the entrepreneurial spirit (e.g., innovation, risk-taking, and persistence) among women in Namsai District?
- What are the primary socio-cultural barriers that hinder women entrepreneurs in Namsai District?
- What strategies can be implemented to integrate the development of psychological capital among women entrepreneurs in Namsai District?

3.2. Hypothesis

- H0 (Null Hypothesis for H1): There is no significant relationship between psychological capital and entrepreneurial spirit among women in Namsai District.
- H1: There is a positive and significant relationship between overall psychological capital and the level of entrepreneurial spirit among women in Namsai District.

4. RESEARCH METHODOLOGY:

4.1. Research design

This study adopts a mixed-methods case study approach to explore the role of psychological capital in women’s entrepreneurship. Qualitative data were gathered through focus group discussions to capture lived experiences, while quantitative data were collected via structured interviews to measure psychological capital and entrepreneurial outcomes.

4.2. Population and sample

A convenience sampling method was used to select 200 women entrepreneurs from Namsai District. Participants were engaged in various micro-enterprises, including handicrafts, retail, and agricultural ventures. The sample included women aged 18–50 years, with varying levels of education and business experience.

4.3 Data collection

Structured Interviews A questionnaire based on the Psychological Capital Questionnaire (PCQ-12) was adapted to measure self-efficacy, optimism, hope, and resilience. Additional questions assessed entrepreneurial activities, challenges, and outcomes.

Focus Group Discussions (FGDs) Four FGDs, each with 8–10 participants, were conducted to explore socio-cultural barriers and the role of psychological capital in overcoming them.

4.4. Data analysis

Quantitative data were analysed using descriptive statistics and correlation analysis to examine the relationship between psychological capital and entrepreneurial outcomes. Qualitative data from FGDs were analysed thematically to identify recurring patterns and narratives. SPSS and STATA software were used for statistical analysis.

4.5. Measurement model:

The measurement model estimates latent constructs using principal axis factoring. Psy Cap is modelled as a second-order factor comprising four first-order components: Self Efficacy, Optimism, Hope, and Resilience. ES and Barriers are treated as first-order latent variables. Factor scores are derived using the regression scoring method.

4.6. Structural model:

$$ES = \beta_0 + \beta_1 PsyCap + \beta_2 Barriers + \beta_3 (PsyCap \times Barriers) + \beta_4 Age + \beta_5 Education + \beta_6 Business\ tenure + \beta_7 Monthly\ Income$$

The model is estimated using OLS regression, with PsyCap, Barriers, and their interaction as primary predictors, and Age, Education, Business Tenure, and Monthly Income as controls.

5. FINDINGS:

5.1 Reliability test:

Reliability was assessed using Cronbach’s alpha (α), calculated for each multi-item scale based on 200 complete responses. Cronbach’s alpha measures internal consistency, with values ≥ 0.70 considered acceptable, ≥ 0.80 good, and ≥ 0.90 excellent. The formula for Cronbach’s alpha is: $\alpha = \frac{N \cdot C}{V + (N-1) \cdot C}$ where N is the number of items, \bar{c} is the average inter-item covariance, and \bar{v} is the average item variance. Data was processed to compute these values for each scale

The reliability results for the multi-item scales are summarized in the following:

Table 1: Cronbach’s Alpha for Multi-Item Scales.

Scale	Number of items	Cronbach’s alpha (α)
Self-Efficacy	3	0.8565
Optimism	3	0.8335
Hope	3	0.8514
Resilience	3	0.8093
Entrepreneurial Spirit	5	0.8801
Socio-cultural and economic barriers.	7	0.8621

Source: Primary data collected from the study area.

All scales exhibit excellent internal consistency, with Cronbach’s alpha values ranging from 0.8335 to 0.8801, well above the threshold of 0.80. The high Cronbach’s alpha values indicate that the items within each scale reliably measure their respective constructs, supporting the robustness of the survey instrument for studying PsyCap and ES in Namsai District, Arunachal Pradesh.

5.2 Hypothesis test

This study examines the role of Psychological Capital (PsyCap), defined as a composite of hope, self-efficacy, resilience, and optimism, in fostering Entrepreneurial Spirit (ES) among women entrepreneurs in Namsai District, Arunachal Pradesh. The analysis leverages survey data from 200 women entrepreneurs, collected via a Likert-scale questionnaire (1-5), to test the following hypotheses:

H0: There is no significant relationship between PsyCap and ES.

H1: There is a positive and significant relationship between overall PsyCap and ES.

The data includes measures of PsyCap (12 items across four dimensions), ES (5 items).

H0 and H1 Testing: Pearson correlation coefficient(r) between PsyCap and ES sums, with significance tested via $t = r \sqrt{\frac{n-2}{1-r^2}}$, degrees of freedom $n - 2$.

The PsyCap components are Self-Efficacy (sum of self-efficacy-1 to 3), Optimism (sum of optimism-1 to 3), Hope (sum of hope-1 to 3), and Resilience (sum of resilience-1 to 3). ES is the sum of Entrepreneurs spirit-1 to 5.

The Pearson correlation coefficient was computed for each PsyCap component against ES using the formula:

$$r = \frac{n\sum(xy) - \sum x \cdot \sum y}{\sqrt{[n\sum x^2 - (\sum x)^2] \cdot [n\sum y^2 - (\sum y)^2]}}$$

where x are the component scores, y are the ES scores, and $n = 200$ is the number of observations.

The Pearson correlation coefficient between overall PsyCap (sum of self-efficacy, optimism, hope, and resilience items) and ES (sum of entrepreneurial spirit items) is 0.9233. The p-value is 3.06e-164. Since the p-value is much less than 0.05 and $r > 0$, reject H0 in favor of H1. There is a positive and significant relationship between overall PsyCap and ES.

Table 2: Pearson correlation coefficient of all PsyCap and ES.

PsyCap Component	Pearson correlation coefficient (r)	p- value
Self-efficacy	0.9816	1.02e-73
Optimism	0.9866	1.37e-80
Hope	0.9835	4.09e-76
Resilience	0.9523	2.29e-52

Source: Primary data collected from the study area.

The p-value tests the null hypothesis of no correlation; a low p-value (< 0.05) indicates significance. All correlations are positive and significant ($p < 0.05$).

5.3 Demographic profile of the respondent

Table 3: Demographic profile of the respondent

Construct	Category	Percentage %
Age	18-25 years	6.00
	26-35 years	27.5
	36-45 years	34.0
	46 and above	32.5
Education Qualification	No formal education	12.5
	Primary (upto class 5)	07.5
	Secondary (class 6-12)	45.0
	Graduate and higher	21.0
	Others (specific)	14.0
Marital status	Unmarried	7.50
	Married	71.0
	Widows	14.0
	Divorced	5.00
	Separated	2.50
Income (Monthly)	Less than 10,000	15.0

	10,001 – 25,000	59.0
	25,001 – 50,000	19.5
	50,001 and above	6.50
Business Tenure	Less than 1 year	4.00
	1 – 3 years	36.5
	4 – 10 years	51.5
	10 years and above	8.00
Type of family	Nuclear family	51.5
	Joint family	29.0
	Extended family	3.00
	Single member family	4.00
	Single parent family	12.50

Source: Primary data collected from the study area.

5.4 Measurement Model: All constructs exhibit strong factor loadings (generally >0.8), indicating good convergent validity and reliability

5.4.1 PsyCap First-Order Constructs

5.4.2 PsyCap Second-Order Loading

PsyCap is model as: $PsyCap = \lambda_1 \times self - efficacy + \lambda_2 \times optimism + \lambda_3 \times Hope + \lambda_4 \times resilience + \varepsilon$

5.4.3 Entrepreneurial Spirit (ES)

Entrepreneurial Spirit is estimated as a first-order latent Variable: $ES = \sum(\lambda_i \times item_i) + \varepsilon$

Table 4: Factor loading for PayCap first-order Constructs

Construct	Items	Loading
Self-Efficacy	SEC-1	0.569
	SEC-2	0.603
	SEC-3	0.560
Optimism	OPT-1	0.575
	OPT-2	0.583
	OPT-3	0.574
Hope	HO-1	0.552
	HO-2	0.594
	HO-3	0.585
Resilience	RES-1	0.562
	RES-2	0.583
	RES-3	0.587

Source: Primary data collected from the study area.

Table 4.1: Second-Order Loading for PsyCap.

Component	Loading (λ)
Self-efficacy	0.935
Optimism	0.923
Hope	0.938
Resilience	0.898

Source: Primary data collected from the study area.

Table 4.2: Factor Loading for Entrepreneur Spirit

Item	Loading
ES-1	0.733
ES-2	0.697
ES-3	0.521
ES-4	0.447

ES-5	0.518
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Source: Primary data collected from the study area.

The structural model explains 98.4% of the variance in ES ($R^2 = 0.984$, Adjusted $R^2 = 0.984$), with $F = 1620$, $p < 0.001$

5.4.4. Socio-Cultural and Economic Barriers

Table 5: Factor Loading for Socio-Cultural and Economic Barriers

Item	Loading
BAR-1	0.393
BAR-2	0.443
BAR-3	0.185
BAR-4	0.375
BAR-5	0.397
BAR-6	0.397
BAR-7	0.399

Source: Primary data collected from the study area.

5.4.5. Structure Model Result

$$ES = \beta_0 + \beta_1 \text{PsyCap} + \beta_2 \text{Barriers} + \beta_3 (\text{PsyCap} \times \text{Barriers}) + \beta_4 \text{Age} + \beta_5 \text{Education} + \beta_6 \text{Business tenure} + \beta_7 \text{Monthly Income}$$

Table 6: Structure Model Result

Predict	β	Std. error	t-value	p-value	95%CI Lower	95% CI Upper
Constant (β_0)	-1.9959	0.579	-3.450	0.001	-3.137	-0.855
PsyCap (β_1)	1.4165	0.170	8.337	<0.001	1.081	1.752
Barriers (β_2)	1.5181	0.218	6.969	<0.001	1.088	1.948
PsyCap * Barriers (β_3)	-0.3826	0.055	-6.898	<0.001	-0.492	-0.273
Age (β_4)	0.1727	0.121	1.428	0.155	-0.066	0.41
Education (β_5)	0.1270	0.108	1.178	0.240	-0.086	0.340
Business Tenure (β_6)	-0.3690	0.122	-3.027	0.003	-0.609	-0.129
Monthly Income (β_7)	0.0619	0.127	0.486	0.628	-0.189	0.313

Source: Primary data collected from the study area.

$$ES = -1.9959 + 1.4165 + 1.5181 + (-0.3826) + 0.1727 + 0.1270 + (-0.3690) + 0.0619$$

$$ES = 0.5487$$

Interpretation of Table no 6.

PsyCap: A significant positive effect ($\beta_1 = 1.4165$, $p < 0.001$) indicates that higher PsyCap is associated with stronger ES.

Barriers: A positive effect ($\beta_2 = 1.5181$, $p < 0.001$) suggests that perceived barriers may coexist with or motivate higher ES.

Moderation: The negative interaction ($\beta_3 = -0.3826$, $p < 0.001$) shows that barriers weaken the positive effect of PsyCap on ES.

Controls: Age (β_4) and Education (β_5) positively influence ES. Business tenure (β_6) has a negative effect, possibly indicating diminishing spirit over time. Monthly Income (β_7) positively affects ES, supporting resource-based theories

6. DISCUSSION:

Entrepreneurial spirit (ES) was analysed as a function of psychological capital, perceived barriers, their interaction, and demographic variables. The results indicate that psychological capital (PsyCap) has a strong positive association with entrepreneurial spirit, suggesting that higher levels of optimism, resilience, hope, and self-efficacy enhance entrepreneurial orientation. Perceived barriers also show a positive direct relationship with entrepreneurial spirit; however, the interaction between PsyCap and barriers is negative, indicating that increasing weaken the positive effect of psychological capital. This finding highlights the conditional influence of individual psychological resources under constraining environments. Among the control variables, age, education, and monthly income are positively but modestly related to entrepreneurial spirit, whereas business tenure is negatively associated. Overall, the combined effects yield a moderately positive level of entrepreneurial spirit, emphasizing the central but context-dependent role of psychological capital in fostering entrepreneurial behaviour.

7. CONCLUSION:

This study demonstrates that psychological capital is a critical driver of entrepreneurial spirit among women in Namsai District. Despite significant barriers, women entrepreneurs leverage self-efficacy, optimism, hope, and resilience to sustain and grow their businesses. The findings contribute to the discourse on gender and entrepreneurship, highlighting the potential of psychological capital as a tool for empowerment. Future research should explore longitudinal impacts and scalability of psychological capital interventions in similar contexts.

8. LIMITATIONS:

Despite its contributions, the present study has certain limitations that should be acknowledged. The limitations of my study are as follows:

- The study is geographically confined to women entrepreneurs operating in Namsai District of Arunachal Pradesh. Therefore, the findings may not be generalized to women entrepreneurs in other districts, states, or regions with different socio-cultural and economic conditions.
- The study employs a cross-sectional research design, wherein data were collected at a single point in time. As a result, the study is limited in its ability to establish causal relationships between psychological capital and entrepreneurial spirit or to examine changes in these variables over time.
- The study relies on self-reported data collected through structured questionnaires. Such data are susceptible to response biases, including social desirability bias and subjective interpretation by respondents, which may affect the accuracy of the results.
- The scope of the study is limited to the components of psychological capital—self-efficacy, hope, optimism, and resilience—and their relationship with entrepreneurial spirit. Other important influencing factors such as access to finance, institutional support, education, family responsibilities, and market conditions were not examined.
- The sample size, although sufficient for statistical analysis, may not fully capture the diversity of women entrepreneurs across different sectors, stages of business development, and demographic backgrounds within the district.

9. RECOMMENDATIONS: Policy recommendation

- **Psychological Capital Training:** Develop programs to enhance self-efficacy, optimism, hope, and resilience through workshops and mentoring.
- **Access to Resources:** Establish microfinance schemes and market linkages tailored for women entrepreneurs.
- **Institutional Support:** Strengthen government and NGO initiatives to provide training and networking opportunities.
- **Community Engagement:** Promote awareness campaigns to challenge socio-cultural norms and encourage women's entrepreneurial participation

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