



UNIVERSITY OF
NORDLAND

MASTER THESIS

Title:

**CHALLENGES AND PROSPECTS OF YOUTH ENTREPRENEURSHIP IN
KATHMANDU**

Candidate name:

TRILOCHAN SITOULA

Course code:

BE307E

Date:

25 November 2015



ACKNOWLEDGEMENTS

I would like to dedicate my thesis to my parents, especially to my late Father. Without their support, I would not have reached what I am right now. I also like to express my gratitude to my brothers; their constant motivation helped me a lot to focus on my work continuously. I should not exempt my gratefulness to Mr. Espen Isaksen, without his guidelines, it would not have been easy for me to identify the right direction for my thesis. Similarly, I also like to thank to Mr. Bijay Kumar Mahato, without his support and help, my thesis would not have been completed. Finally I would like to express my appreciation to all the people who had helped me during the period.

ABSTRACT

Youth unemployment is one of the key global challenges that may persist on for many years to come. Recently, about 38 percent of the youth population in Nepal is currently unemployed and around 75 percent of them are underemployed. This could mean that hundreds of thousands of young people are living under poverty condition in this country.

Recently, interest in youth entrepreneurship has been fuelled owing to high levels of unemployment amongst young people and as a way to foster employment opportunities or to address social exclusion. Youth entrepreneurship has gained some more importance in recent years in many countries as a way of fostering employment opportunities, boosting economic competitiveness and promoting local and regional development. Interestingly, the world has adopted entrepreneurship as a strategic approach to facilitate economic participation among youth. Youth involvement in entrepreneurship supports them to boost up their confidence, achieve economic independence and ward off their inherited poverty. It also creates job opportunities and also ensure development of economic growth.

Despite having such advantages of entrepreneurship, youth in Kathmandu, where this study is conducted, seem to be reluctant in pursuing career in entrepreneurship. The objectives of this study was to investigate the obstacles that young people encounter when setting-up their businesses; the current obstacles that prevent the expansion of their entrepreneurial ventures; as well as the prospects for youth entrepreneurship development in this community.

This study adopted a descriptive research design. A quantitative research methodology was used with the help of self-administered questionnaires. A sample of 100 subjects was randomly selected from a population of 150 youth entrepreneurs from different Small and Medium Enterprises (SMEs) industries, who formally registered their businesses on FNCCI, which promotes and develop entrepreneurship among youth in Kathmandu. The data were collected from participants and analyzed with the help of Statistical Package for Social Science (SPSS). A total of 100 questionnaires that were distributed to the participants of the study, 68 questionnaires were returned, resulting a response rate of 68 percent. Out of the returned 68 questionnaires, 3 of them were incomplete. This left the researcher with a total of 65 questionnaires to be analyzed.

The findings were illustrated in tables, bars and pie charts, and the objectives of this study were met. It was found that young people in Kathmandu want to pursue career in

entrepreneurship, but youth entrepreneurship development is lacking in this community. The current study revealed that most important obstacles that Kathmandu's young entrepreneurs encounter while setting up their businesses, and subsequently operating their businesses include; lack of support structures, ineffective programs of Nepalese government to support entrepreneurial development in the region, lack of business funding and start-up capital, high cost involvement and unclear business registration process, lack of business management skills, lack of business resources. However, youth enthusiasm to involve in entrepreneurial activities was also encouraging. Overall on the basis of challenges and prospects revealed, recommendations to improve the current situation was made. Thus, the findings and recommendations bear far reaching ramification for all stakeholders who are concerned about developing youth entrepreneurship in this community.

Keywords: Youth, Entrepreneurship, Obstacles, Current Challenges, Prospects, Youth entrepreneurship Development.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS.....	2
ABSTRACT	3
LIST OF FIGURES	8
LIST OF TABLES	9
ACRONYMS	10
CHAPTER 1- INTRODUCTION.....	11
1.1 Introduction and background of the problems.....	11
1.2 Statement of the research problem.....	14
1.3 Research questions.....	15
1.4 Objectives.....	15
1.5 Delineation of the study	16
1.6 Significance of the study.....	16
1.7 Research methodology	17
1.8 Limitation of the study	17
1.9 Thesis outline	18
CHAPTER 2- LITERATURE REVIEW	19
2.1 Chapter introduction	19
2.2 Entrepreneurship.....	19
2.3 Youth Entrepreneurship	21
2.4 Importance of youth entrepreneurship	24
2.5 Factors responsible for the emergence of entrepreneurship	25
2.5.1 Background factors	26
2.5.2 Motivational factors:	27
2.5.3 Economic factors:	28
2.5.4 Rewards:.....	29
2.6 Factors affecting entry to entrepreneurship.....	29
2.6.1 Necessity (Push) factors:	30
2.6.2 Opportunity (Pull) factors:.....	31
2.7 Skills and competencies of an entrepreneur:	32
2.7.1 Entrepreneurship skills:.....	33
2.7.2 Management skills:	34
2.7.3 Technical skills:	34
2.8 Youth entrepreneurship in Nepal.....	35

2.9 Challenges of youth entrepreneurship in Nepal:.....	40
2.9.1 Access to finance:	40
2.9.2 Administrative and regulatory burden:.....	42
2.9.3 Lack of interest in entrepreneurship.....	43
2.9.4 Business assistant and support:.....	43
2.9.5 Inadequate entrepreneurial skills:	44
2.9.6 Access to market:	45
2.9.7 Access to formal education:.....	45
2.9.8 Access to appropriate technology:	46
2.9.9 Social cultural constraints:.....	46
2.10 Prospects of youth entrepreneurship in Nepal:	47
2.11 Theoretical framework:.....	51
2.12 Summary:	51
CHAPTER 3: RESEARCH METHODOLOGY	54
3.1 Introduction:	54
3.2 Research Methodology:	54
3.3 Quantitative research methodology:	55
3.4 Research design:	55
3.4.1 Population:.....	56
3.4.2 Sample size:	57
3.4.3 Units of analysis:.....	58
3.5 Data collection:.....	59
3.5.1 Primary data:.....	59
3.5.2 Secondary data:.....	60
3.6 Reliability and validity:.....	61
3.6.1 Reliability:	61
3.6.2 Validity:.....	62
3.7 Ethical consideration:.....	62
3.8 Summary:	63
CHAPTER 4: PRESENTATION AND DISCUSSION	64
4.1 Introduction:	64
4.2 Data Analysis:	64
4.2.2 Data presentation based on the gender of respondents:.....	65
4.2.3 Data presentation based on educational background of respondents:	66

4.2.4 Data presentation based on duration of business operation of respondents:.....	67
4.2.5 Data presentation based on no. of employees of respondent’s venture:	68
4.2.6 Motivation to start a business:	69
4.2.7 Family business background:	72
4.2.8 Entrepreneurship education and training in the business success:	73
4.2.9 Entrepreneurial skills as a success factor of business:	74
4.2.10 Managerial skills as a success factor of business:.....	76
4.2.11 financial access of youth entrepreneurs:.....	77
4.2.12 Business registration process:	77
4.2.13 Simplicity of the business registration process:	78
4.2.14 Cost of business registration:	79
4.2.15 Regulation of youth owned business:.....	80
4.2.16 Demand for products and services:	82
4.2.17 getting good employees for the business:.....	82
4.2.18 technological use in the operation of business:.....	83
4.2.19 Support structure of youth owned business:	84
4.2.20 Growth in youth entrepreneurs in Kathmandu:.....	85
4.2.21 Entrepreneurship as the best option for economic participation:	86
4.2.22 Government support structures and programs for youth entrepreneurship:	87
4.2.23 Obstacles at business start-up:	89
4.2.24 Obstacles when setting up business:	90
4.2.25 Obstacle for business operation for Kathmandu youth entrepreneurs:.....	93
4.2.26 Current obstacles for youth entrepreneurs in Kathmandu	94
4.2.27 Entrepreneurial zeal among young people in Kathmandu	96
4.3 Summary	97
CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS.....	98
5.1 Introduction	98
5.2 Conclusions	98
5.3 Recommendations.....	101
5.4 Limitation of the study and the area of recommendations for future researchers.....	104
REFERENCES	105
Appendix 1: Research Questionnaires.....	111
Appendix 2: Statistical Analysis.....	116

LIST OF FIGURES

Figure 1: push and pull factors of entrepreneurship(Nieman and Nieuwenhuizen 2009).	29
Figure 2: Entrepreneurship skills sets, adopted from Kutzhanova et al. (2009).....	33
Figure 3: Conceptual frameworks for the study	51
Figure 4: Gender of youth entrepreneurs	66
Figure 5: Duration of business operation (Source: Field survey 2015)	67
Figure 6: Involvement in a family business, as an entrepreneurial foundation (Source: Field survey 2015)	73
Figure 7: Entrepreneurial skills as success factor for business (Source: Field survey 2015) .	75
Figure 8: Managerial skills as a success factor of business (Source: Filed survey 2015).....	76
Figure 9: Speed of business registration process in Nepal (Source: Field survey 2015)	78
Figure 10: Clarity of the business registration process (Source: Field survey 2015)	79
Figure 11: Cost of business registration (Source: Field survey 2015)	80
Figure 12: Understanding of regulation of youth owned business (Source: Filed survey 2015)	81
Figure 13: Awareness about existing support structures of youth entrepreneurs (Source: Field survey 2015)	84
Figure 14: increase in the youth entrepreneurs in Kathmandu (Source: Filed survey 2015) ..	85
Figure 15: entrepreneurship as option for economic participation (Source: Field survey 2015)	86
Figure 16: Government support and programs for youth entrepreneurship in Kathmandu (Source: Field survey 2015)	88
Figure 17: impediments to Kathmandu's youth entrepreneurs in starting-up business (Source: Field survey 2015)	89
Figure 18: present obstacle in business operation (Source: Field survey 2015)	93

LIST OF TABLES

Table 1: Age group of youth entrepreneurs (Source: field survey 2015) _____	64
Table 2: Gender of youth entrepreneurs (Source: Field survey 2015) _____	65
Table 3: Educational background of youth entrepreneurs (Source: Field survey 2015) _____	66
Table 4: No. of employees employed (Source: Field survey 2015) _____	68
Table 5: Motivation to start a business (Source: Filed survey 2015) _____	69
Table 6: Role of entrepreneurship education and training in the success of business (Source: Field survey 2015) _____	73
Table 7: Access to finance in financial institutions that support youth entrepreneurship (Source: Field survey 2015) _____	77
Table 8: continued demands for products and services of youth owned business (Source: Field survey 2015) _____	82
Table 9: Finding good employees for youth owned business (Source: Field survey 2015) _____	83
Table 10: the use of modern technologies in the operation of daily business (Source: Field survey 2015) _____	83
Table 11: Obstacles in setting up business (Source: Field survey 2015) _____	90
Table 12: Obstacles for business operation (Source: Filed survey 2015) _____	94
Table 13: entrepreneurial zeal among young people in Kathmandu (Source: Field survey 2015) _____	96

ACRONYMS

CBS	Central Bureau of Statistics
ILO	International Labour Organization
HDI	Human Development Index
SME's	Small and Medium Enterprises'
GDP	Gross Domestic Products
FNCCI	Federation of Nepalese Chamber of Commerce and Industry
NYEF	Nepalese Young Entrepreneurs' Forum
GEM	Global Entrepreneurship Monitor
NGO	Non Governmental Organization
YSESEF	Youth and Small Enterprise Self-Employment Fund
CIPE	Center for International Private Enterprise
SPSS	Statistical Package for Social Science
DCIS	Department of Cottage and Small Industries
CSIDB	Cottage and Small Industry Development Board
MICS	Ministry of Industry, Commerce and Supplies
VDC	Village Development Committee
VAT	Value Added Tax

CHAPTER 1- INTRODUCTION

1.1 Introduction and background of the problems

This research investigates challenges and prospects of youth entrepreneurship in Kathmandu, capital city of Nepal. This research was set out to investigate the obstacles that young people encounter when setting-up their businesses; the current obstacles that prevent the expansion of their entrepreneurial ventures; as well as the prospects for youth entrepreneurship development in this community.

Young people in Nepal currently face major economic challenges. Research indicates that unemployment for youth (ages 15-29) is as high as 38% and the time related underemployment rate is around 8 percent. In Nepal a youth is described as any young person between the ages of 16-40 (CBS 2011). While as per GEM report, the youth refers to young people between the ages of 18-34 years and the adults refers to the people between the ages of 35-64 years. Thus, in the context of this study, youth are known as young people. Youth in Nepal constitute the mainstream of the population, comprising about 41 percent (CBS 2011). In recent times, youth has gradually been recognized as priority in the youth empowerment field, especially youth employment. Therefore, youth has now emerged as a separate area of attention and concern in Nepal (Peter De Schepper 2010). Nevertheless, according to the Ministry of Youth and Sports, about 38 percent of the youth population is currently unemployed and around 75 percent of them are underemployed (CBS 2010). The unemployment of young people does not only result in widespread depression, but also contribute to economic and social costs (Schoof 2006). In Nepal, embedded social cultural and structural constraints challenge young people and make it hard for them to realize their potential as leaders in business. While traditional employment will continue to play a key role, providing avenues for entrepreneurship will also be an important part of allowing youth to join the formal economy. Moreover, demand for self –employment among young people is high and remain unmet. However, these young people feel that wide range of constraints make it difficult to realize their entrepreneurial aspiration.

Global entrepreneurship Monitor (GEM) defines entrepreneurship as “any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals or an established business (Kelley, Singer et al. 2012). GEM represents a coordinated effort to measure, analyze and report on entrepreneurial activity in 43 countries around the world, both

developed and developing countries. GEM calculates and reports the start-up participation rate, new firm involvement rate and overall entrepreneurial activity index on an annual basis, which can be regarded as very reliable data for international comparisons.

Entrepreneurship has been adopted as a strategy to promote economic activities among young people. The European Commission argues that academics, practitioners and policy makers worldwide have heightened their commitment towards promoting an entrepreneurial mindset within society (Commission 2003). Evidence shows that when jobs are less, especially youth are generally more likely to be unemployed. Economic crisis crippling the job market, young people are first to be laid off. This has led to thousands of laid off workers returning to rural areas where the chances for getting alternative work are dire. Compared to adults, the youth of today are almost three times as likely to be unemployed and globally one in five working youth continue to live in extreme poverty on 1 US\$ per day(ILO october 2008). Therefore, many young people are compelled to be self employed and becoming “entrepreneurs by necessity” rather than “entrepreneurs by choice”. The promotion of more effective youth entrepreneurship policies and strategies is therefore getting visible attention among government and international organization and there is increasing recognition that responsible youth entrepreneurship must be core study area for tackling local and global economic and employment challenges.

Studies by International Labour Office (ILO) indicate that the young are three times more likely than adults to be unemployed. The changing demographic profile in many countries, political unrest and global and regional economic slowdown further suggest that youth and entrepreneurship is becoming even more important. According to GEM report 2012, by 2015, 660 million young people will be looking for work. With the formal sector as many countries experiencing extremely slow growth, it is unlikely that this sector will be able to offer work opportunities to the increasing number of young people looking of jobs (Schoof 2006). So the overall scenario though seems gloomy, youth entrepreneurship could be seen as an additional way of allowing the youth into the labour market and promoting job creation. GEM 2012 claims that each year 121 million young people turn 16 years old, of which 89% will potentially be searching for work in developing regions (Kelley, Singer et al. 2012). These statistics clearly state that entrepreneurship and job creation could only be viable option in present world to address future job scarcity.

During the last few decades, recognition has been given to the importance of youth entrepreneurship as a prerequisite for household-level poverty alleviation, national economic development, and the empowerment of youth (L. 2001). Comparatively little information has been gathered about the problems young people face in Nepal when starting businesses. The aim of this research paper is to give a snapshot of the current situation faced by young entrepreneurs in Nepal, particularly in Kathmandu, the capital city, where increasing numbers of youth entrepreneurs are promoting economic growth through their individual efforts. This research paper dig in into the common challenges they face and the possibilities for the ways forward. To understand the difficulties young people face, it is important to get a general sense of Nepal's development level through the Human Development Report. These highlight the low level of development for the country as a whole. The Human Development Index (HDI) of 0.534 ranks Nepal 142nd out of 177 countries, while the Human Poverty Index (HPI) value of 38.1 ranks Nepal 84th among 108 developing countries (HDI 2008).

The above statistics clearly shows that unemployment and poverty is prevalent, forcing the young Nepalese to look overseas for employment. Empirical evidence in many countries has shown that the development of industrial enterprises can directly contribute to job creation, the use of local resources, and import substitution, thus increasing the gross national product. Therefore, to accelerate the pace of industrial development, the government of Nepal has given high priority to the promotion of SMEs. If we look at history, we can see a historical decline of self employment in Nepal. During the different stage of development, a shift from agriculture to manufacturing and economies of scale in production by big enterprises in many society offered better opportunities. Moreover, rising real wage multiply the opportunity cost of self employment with regard to return, inducing marginal entrepreneurs to become employees. Owing to globalization and opportunities available in developed nations, the trend to migration and brain drain has increased. In this context, fewer individuals are willing to run the risk associated with becoming an entrepreneur.

Youth entrepreneurship, therefore, has received the considerable focus after the government introduce youth self employment program (CBS 2010). A number of support structures aimed to develop entrepreneurship and the Small, and Micro Enterprise (SME) sector were introduced, and the youth also benefited in such intervention. However, due to the long political instability and government's unwillingness to implement the program, it has been failed to achieve its target. Moreover, several schools and colleges have been unable to acknowledge the importance role of entrepreneurship, as they have not yet introduced in their

curricula. Some vocational training institutes, though, introduce entrepreneurship to foster and celebrate successes achieved by youth entrepreneurs, and to creatively market entrepreneurship among younger persons, still the result they deliver is disappointing. Nepalese younger persons have been facing an unacceptable and disappointing small and micro enterprises high failure rate, which normally occurs during their early years of operation. Similarly, Youth Business International (2013) reports that about 60 percent of these businesses in Nepal fail within their first three years of operation, with some of them failing much earlier before they can even reach execution stage. This may not be an exception for youth entrepreneurial ventures in this country, and Kathmandu in particular (CBS 2010).

This is the background against which this research investigates challenges and prospects of youth entrepreneurship in Kathmandu, the country's capital city. This research was set out to investigate the obstacles that young people encounter when setting-up their businesses; the current obstacles that prevent the introduction or expansion of their entrepreneurial ventures; as well as the prospects for youth entrepreneurship development in this community.

1.2 Statement of the research problem

In this competitive modern society, particular skills and experiences that the industry demands remain a challenge for the youth, and these issues need research, particularly job scare environment, such as Nepal. The industrial sector contributes around 8 percent to GDP and offers employment to about 2 percent of economically active population. Nepal has been experiencing unemployment and acute under-employment problem. In a case study conducted by Nepal Rastra Bank, the percentage of unemployed in the total labor force was estimated at 3.1 percent. Similarly, the under-employment rate was 46.4 percent and 33.6 percent in rural and urban Nepal respectively (NRB 1988). Therefore, entrepreneurs have an important role to play in the process of industrial as well as economic development. They could assist in the generation of employment opportunities, raising income level and breaking the vicious cycle of poverty. Moreover, entrepreneurship is regarded as one of the best strategic approaches to alleviate unemployment, which may result in poverty, criminal activities, dependence on government grants so on and so forth. Hence, Nepal's government has introduced some business development scheme aimed to flourish the business environment, in particular among the youth, since the introduction of liberalization and privatization policy, early 1990s.

Young people in Kathmandu do not appear to be interested in entrepreneurship. This may be because of long crippled insurgency subsequently followed by decade long political instability and transition. In recent decade, youth migration has greatly increased and diversified in pattern (Gurung 2002). Globalization has opened new migration channels, particularly to the Gulf States and Malaysia. Though much has been written about the pros and cons of the so-called remittance economy, countries overall entrepreneurship development has been badly discouraged. In Nepal, youth constitute a large proportion of those who migrate to different countries for various reasons, including lack of opportunities in Nepal. Owing to lack of participation in business creation, younger persons could be losing out the many business opportunities that exist in the communities, districts or elsewhere in the country, as well as the benefits of entrepreneurship such as income generation, improvement of standard of living and so on. If this is the case and it continues to exist, youth unemployment will continue to rise.

1.3 Research questions

To guide the thesis for understanding significant problems and provide the solutions, the requirement of research question is vital in every research. The research question will track all the required information in sequential order and helps the research to present the best knowledge towards the topic. My study aims to address the following research question

- What are the specific factors that discourage youth entrepreneurship in Kathmandu?
- What particular challenges that prevent expansion of youth entrepreneurial ventures in Kathmandu?
- Are there prospects for youth entrepreneurship development in Kathmandu?

1.4 Objectives

The above mentioned research questions focused to achieve the following objectives for this study:

- To trace out specific factors that discourages youth entrepreneurship in Kathmandu.
- To investigate particular challenges that prevent expansion in youth entrepreneurial ventures in Kathmandu, and
- To analyze and describe the possibilities of youth entrepreneurship development in Kathmandu.

1.5 Delineation of the study

As stated above, this research paper aims on the challenges and prospects of youth entrepreneurship in Kathmandu. The respondents of this thesis shed some light on the following aspects: those factors which hinder the establishment of youth entrepreneurial ventures in this community; obstacles that inhibit the growth of youth entrepreneurial businesses; and the possibilities for youth entrepreneurship development in Kathmandu city. This research was based on young entrepreneurs who have formally registered enterprises, which operate under different industries of small and medium enterprises sector, and are specially registered under Federation of Nepalese Chamber of Commerce and Industry (FNCCI) and Nepalese Young Entrepreneurs' Forum (NYEF), which promotes and develops business especially amongst youth in Kathmandu.

There were about 150 members (young entrepreneurs) registered on this organization's database during the course of this research. All of them came from various sections of Kathmandu, and were between the ages of 20 and 35. Those entrepreneurs, who were not registered under both FNCCI and NYEF, were not part of this research.

1.6 Significance of the study

Entrepreneurship focuses on economic growth, economic competitiveness, job creation, as well as improvement of social welfare in any country (Fatoki 2011). Therefore, the importance of youth entrepreneurship development cannot be underestimated in the Kathmandu community, particularly gives its poor background. Creation of employment opportunities and utilizing it as a major source of livelihood and income generation by youth through micro enterprises is a crucial issue. Though youth entrepreneurship is relatively new phenomenon in Nepal, the concept of youth entrepreneurship is progressively gaining momentum within the Nepalese society. Various studies have much focused on the analysis of socio-economic conditions and problems faced by youth, but the studies on youth entrepreneurship and their economic contribution is extremely limited. Problems and potentials of youth entrepreneurs in social and economic context virtually remain untouched. Thus, the findings of this study will shed light on the challenges and prospects of youth entrepreneurship in Kathmandu for the following stakeholders: researchers; policy makers; donors; entrepreneurship educators; and the youth development practitioners who are enthusiastic about developing youth entrepreneurship in Kathmandu. Furthermore, entrepreneurship does not only benefit entrepreneurs, but also their families, society at large as well as government (Fatoki 2011). For example, entrepreneurship results in the following:

creation of job opportunities, which ultimately stops the migration of young people to foreign job market; income generation; progression of standard of living; creation of investment opportunities; technological development so on and so forth (Nieman 2009). Entrepreneurship also reduces criminal activities as well as dependency on government incentives for social well-being. Furthermore, a study of this nature has not been conducted in this research area before, and this underlines the need of the study.

1.7 Research methodology

To understand the methodology in brief, I have selected quantitative research methodology for my research. The quantitative data are collected by way of questionnaires. These questionnaires were personally distributed by the researcher to respondents of the study. The population of this study was the youth entrepreneurs from Kathmandu valley who were registered on the database of NYEF and FNCCI. A sample of 100 subjects from various SME's sector was randomly drawn from around 150 subjects of population. A simple random sampling method was used to carry out this study (Kumar and Phrommathed 2005). The participation of respondents was completely voluntary in this survey, which was clearly stated on the questionnaire.

The data that was collected was analyzed with the help of Statistical Package for the Social Science (SPSS) software and the findings were presented in charts and frequency tables.

1.8 Limitation of the study

The first limitation of this study is that it was only conducted among youth entrepreneurs who are strictly registered with FNCCI and NYEF, in Kathmandu, Nepal. Therefore, generalization of this study regarding challenges and prospects of youth entrepreneurship to the larger section of society in Nepal may not be applicable. As context of youth entrepreneurship development may differ in other places than that of Kathmandu.

Secondly, this research conducted on profit making private youth entrepreneurial ventures that produce and sell the product and services. Thus, youth entrepreneurs such as social, tourism, adventure entrepreneurs were not included in this study. Yet this study applies the role that these entrepreneurs play in their respective communities and to a large extent in the country's economy.

It is also very frustrating to obtain data related to young entrepreneurs. Similarly, there have been very few studies on youth entrepreneurship in Nepal. Thus, searching literature regarding youth entrepreneurship is also a very challenging task.

Besides these limitations, the research has also been done in limited time frame and also with limited resources in closed premises. So the result might not be fully viable for all other related condition.

1.9 Thesis outline

Chapter 1 consists of introduction and background of the study, reason behind selecting such topic, defining the research questions, research objectives, delineation of the study, significance of the study and a brief research methodology.

Chapter 2 deals with the concept of entrepreneurship, related literature of said topic, its factors and forces, its importance, youth entrepreneurship, managerial competencies of entrepreneurs, challenges and prospect of youth entrepreneurship.

Chapter 3 consists of methodology which describes the basic selection of research methods, and also explains how the data are collected and check how relevant the data is.

Chapter 4 presents and discusses data that was collected from respondents in the study.

Chapter 5 consists of conclusions and recommendations of the study, which are based on the research findings.

CHAPTER 2- LITERATURE REVIEW

2.1 Chapter introduction

This chapter provides a brief presentation of the entrepreneurship literature, where the main variables relevant to answer the research question are further elaborated upon. The objectives of this study were to: find out specific factors that discourage young people from pursuing entrepreneurship careers in Kathmandu; investigate particular challenges that prevent expansion in youth entrepreneurial ventures in Kathmandu; and explain and describe the possibilities of youth entrepreneurship in Kathmandu. The chapter commences with the literature to the field of entrepreneurship, which directly relates to the researcher's particular topic. A literature review consists of all sources of secondary data that are of relevance to a particular topic that is being studied (Nieman 2003). Therefore, in the context of this study, the sources of information that were used was published and unpublished dissertation, books, journals, magazines and government publications.

The literature review was written to provide insights to the readers on the key concepts, theories and the data that are related to the topic being studied. Therefore, the following key issues and concepts are addressed in this chapter: entrepreneurship and its theoretical background, youth entrepreneurship in Nepal, its challenges and prospects.

2.2 Entrepreneurship

“Entrepreneurship is an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets process and raw material through organizing efforts that previously had not existed” (Venkataraman 1997). “Entrepreneurship is an important process by which new knowledge is converted into products and services” (Shane and Venkataraman 2000). Entrepreneurship is the process where an entrepreneur's forms a venture by seeing the opportunity in the market, undertake the risk by the help of effective innovative idea or process and collect profit from the business. Numerous researchers in the field of entrepreneurship have not come up with single and unanimously acceptable definition for entrepreneurship (Gwija 2014). (Nafukho, Kobia et al. 2010) argue that the reason for not having a universal definition is because entrepreneurship has been studied in many disciplines, which has resulted in the rise of many opinions regarding its meaning. In 2000, Timmons suggested that entrepreneurship is a process of creating or seizing and pursuing an opportunity, irrespective of the available controlled resources (Nieman 2009). According to GEM report 2004, the entrepreneurial

framework conditions include the availability of financial resources for starting new business ventures, government policies and programs to support new business ventures, the level of education and training for those who wish to be or already are entrepreneurs, access to professional support service and physical infrastructure, internal market openness, as well as cultural and social norms (Reynolds, Bygrave et al. 2004).

For the purpose of this study, the chosen definition of entrepreneurship is that of Nieman and Nieuwenhuizen, (2009), who define an entrepreneur as an individual who sees an opportunity in the market, and gathers the necessary resources, which create and expand a venture to meet society's needs or to solve problems within society. Entrepreneurs bear all the risks associated with establishing and running the businesses, and reap all the profit if the businesses succeed. GEM report 2012 state that in Latin America/Caribbean, The middle East/North Africa (MENA) and Sub-Saharan Africa regions, over three quarters of the respondents considered entrepreneurship to be a good career choice (Kelley, Singer et al. 2012). This suggests that perhaps entrepreneurship has practical appeal but less visibility in many countries including Nepal.

“Research evidence suggest that in developing countries entrepreneurial actions can lead to both economic and social goals by reducing poverty and improving social indicators such as health and well-being, education, and self reliance” (Shepherd, Patzelt et al. 2010) “Entrepreneurship has played an important role in economic growth, innovation, and competitiveness, and it may also play a role over time in poverty alleviation” (Landes 1998). According to Lingelbach et al. (2005) studies explains that “academic interest in entrepreneurs in developing countries began in the wake of decolonization, with interest until recently concentrating mainly on small-scale industrialization (for example, Schmitz 1982) and microenterprises (for example, Robinson 2001-2)”.

Historically, the term ‘entrepreneur’ initially was used within the business world (Bolton, Thompson et al. 2003). It originates from the French word ‘entrepredre’(Bolton, Thompson et al. 2003), and German word ‘unternehmen’(Rugimbana and Kojo Oseifuah 2010). These concepts refer to the undertaking of a venture, particularly starting-up an growing a business venture(Bolton, Thompson et al. 2003). According to Rugimbaba abd Kojo Oseifuah (2010), in 1991 Sharma and Chrisman had already mentioned that the word ‘entrepreneur’ was invented by French economist, Richard Cantillon, early during the eighteenth century. Furthermore, this concept s was made prominent by economist such as Jean Baptise Say, John Straurt Mill, and Alfred Marshal in the early nineteenth century, and has developed since then (Rugimbana and Kojo Oseifuah 2010).

“Entrepreneurship is meant the function of seeing investment and production opportunities, organizing enterprise to undertake a new production process, raising capital, hiring labor, arranging for the supply of raw materials, finding a site and combining these factors of production into a going concern, introducing new techniques and selecting top managers for days to day operation” (KC 2004). Entrepreneurship is thus, characterized by element of innovation, creativity and risk bearing. Entrepreneurship is considered the economic engine by many countries in the world (Chimucheka 2012). This is due to the fact that it involves the creation of new ventures that provide goods and services to people, creates jobs as well as enhance the economic growth of any country.

“The entrepreneur is the individual who lies at the heart of the entrepreneurial process, that is, the manager who drives the whole process forward”(Wickham 2006). Entrepreneur is not always meant a single person, who tries to change the process or product through innovative manner but it is also a group of people as a single unit “team” or “entrepreneurial team”. For the purpose of the study, entrepreneurs can be defines as a person who, sees the opportunities in the market, gather the required resources, create and expand the venture to mitigate the society’s problem(Shane and Venkataraman 2000). Entrepreneurs start and manage their ventures with an intention of making profit, accepting challenges by initiating something new, which is very challenging to do (Gwija 2014). Thus, entrepreneurs play an important role for discovery of opportunities, gathering resources and managing team. They help to invent the technology and strategies for the entrepreneurial process.

Some personality traits that differentiate entrepreneur from the business manager are creativity, innovation, risk bearing, tolerance, independence, need for achievement, internal locus of control, self confidence so on.....(Carland and Hoy 2002). Therefore, entrepreneurs are mainly associated with starting up and expanding business. However, entrepreneurs can be found in different walks in life, for example, corporate entrepreneurs, street entrepreneurs, social entrepreneurs, adventure entrepreneurs and so on.

2.3 Youth Entrepreneurship

Baker (2008) argues in his paper the present challenge of youth unemployment and investigates the role that youth entrepreneurs play in solving these challenges. Youth Business International (2009) recommends that business, governments and other stakeholders in society highly perceive that supporting young entrepreneurs would results in reducing youth unemployment and encouraging growth in the economy. Youth entrepreneurship has therefore, gained more importance in recent years in many countries as a way of fostering

employment opportunities, boosting economic competitiveness and promoting regional development. Chiefly, there are two main factors that draw growing attention of young entrepreneurship in developing countries like Nepal. The first is the increased number of unemployed young people compared to the rest of the population; the second is the need for greater competitiveness and the accompanying pressures for skills development and entrepreneurship as a way of addressing the pressure of globalization and liberalization (Dash and Kaur 2012). The definition of youth entrepreneurship (Chigunta 2002) is the practical application of enterprising qualities such as initiative, motivation, creativity and risk taking into the work environment (either in self employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture. Although the literature on youth entrepreneurship is very limited, there is a evidence that young people think that working for themselves as a career option as it offers them an interesting job, freedom and autonomy, which other working atmosphere might not provide (Greene and Storey 2005).

Schoof (2006) opines that there is no unanimously agreeable definition of youth entrepreneurship. However, for the purpose of this study, a youth entrepreneur is described as any young person between the ages of 16-40 (CBS 2011), who has the ability to recognize an opportunity when it appears, and to explore it to create value and wealth by starting a new, or by expanding an existing venture in any sector (Rugimbana and Kojo Oseifuah 2010). GEM report (2012) defines that youth entrepreneurship is seen as an additional way of allowing youth into the labor market and promoting job creation.

Cornell (2001) outlines that “youth entrepreneurship is the opportunity that has to be seized. Youth has a natural disposition for innovation and change on which we can capitalize, as long as we are clear that successfully launching a new enterprise - however small - is a process of innovation”. Stevenson and Sahlman (1989) purpose the definition of youth entrepreneurship that “it is the process whereby individuals become aware of business ownership as an option or viable alternative, develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiation and development of business”. Moreover, “Youth entrepreneurship is defined as the “practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture” (Chigunta 2002).

Blanchflower and Oswald (1998) outlines that youth entrepreneurship have number of significance positive consequences; firstly, youth entrepreneurship contribute to the creation of employment to young people, both through self employment and creation of new enterprises, although, majority of job creation takes place in well established and growing firm, secondly, young people turn out to be innovative and develop new economic opportunities and trends, thirdly, the introduction of new small enterprises contribute to the overall competitiveness of local economies, fourthly, self employment might lead to increased job satisfaction among youth people. There is growing recognition among governments and international multi lateral organization that as jobs becomes scare, youth entrepreneurship becomes an important strategy for integrating youth into labor markets thereby addressing unemployment challenges (Murithii 2013).

The literature about young entrepreneurs suggest a number of characteristics that describe young entrepreneurs compared to their adult counterparts and while young people are more likely to have positive attitudes towards self employment. However, owing to limited resources, life and work experience, they face greater barriers than old counterparts (Shcoof 2206, Blanchflower & Oswald 1998).

The global financial crises 2008 unveiled in The USA and the subsequent euro zone economic crises have created a chaos in the global labor market. In the recent G20 summit it was found that mostly of the countries are combating the same problem of unemployment. As a result of the global financial and economic crises, the unemployment rate for youth (aged 15-24) rose substantially in most G20 countries (Bridge and O'Neill 2012). Promoting youth entrepreneurship for giving the young people a better start is even on the important agenda of the G20 countries. In this crises situation entrepreneurship can be a best measure for fostering employment opportunities as well as abolishing social exclusion (Agarwal and Upadhyay 2009). Thus, “A disciplined, organized and educated youth can make significant contribution to the development process by reducing unemployment and increasing social uplifts” (O'Higgins 2001)In addition, future innovation and economic growth will depend on future leaders with entrepreneurial skills and attitudes. But unfortunately the youth of Nepal taking this opportunity of self employment is not satisfactory. However, despite of having poor entrepreneurial heritage Nepal has witnessed several remarkable values adding entrepreneurial growth of some giant indigenous ventures(KC 2004). Moreover, there are thousands of pioneering examples of SME enterprises that are operating successfully in our urban and rural areas. But the growth in entrepreneurial undertakings is not enough. Nepal is badly in need of entrepreneurs not only “in numbers” but also “in quality” and “in time”.

Thus youth entrepreneurship as a key tool to develop the human capital necessary for the future, unleash the economic potential of youth, and promote sustainable growth.

2.4 Importance of youth entrepreneurship

Entrepreneurship is highly regarded as an important strategy to solve not only unemployment, but as a mechanism to respond to uncertain national landscape (Ndedi 2009). So it is an important mechanism to deal with the society's unemployment agenda. Investing in entrepreneurial ventures and educating people to start-up those ventures can be an invaluable tool to advance human resources to promote socio-economic development. Therefore youth entrepreneurs have important role to play in the process of industrial as well as economic development. They could assist to generate employment opportunities for youth, to raise income for them and to break the vicious circle of poverty (Chigunta 2002). Youth unemployment is an immense waste of human resources that could contribute to economic and social progress. Moreover, entrepreneurs are risk takers, implementers and innovators, who can bring the change in socio economic status of the society via creation, exploitation and exploration of emerging opportunities in the market (Gwija 2014). Entrepreneurs create new technologies, products and services to meet society's needs (Nicolaidis 2011).

Youth run enterprises also provide valuable goods and services to society, especially the local community (Chigunta 2002). This results in the revitalization of the local community. It has also been observed that new small firms tend to raise the degree of competition in the product market, thereby bringing gains to consumers (Curtain 2000). Furthermore, this kind of enterprises run by young people may create linkages between youth entrepreneurs and other economic factors, such as through sub contracting, franchising and so on (White and Kenyon 2001). Owing to the ongoing globalization process, youth entrepreneurship also promotes innovation as it encourages young people to find new solutions, ideas and ways of doing things through experience-based learning. In certain circumstances, young entrepreneurs may be particularly responsive to new economic opportunities and trends. In addition, it is increasingly accepted that youth entrepreneurs can present alternatives to the organization of work, the transfer of technology and new perspective to the market (White and Kenyon 2001). Entrepreneurship and self employment thus can be a source of finding new jobs and can improve youth livelihood and economic independence in developing countries like Nepal.

GEM report (2012) highlights a number of additional positive advantages to stimulating youth entrepreneurship.

- Youth entrepreneurship is an option to create employment for the youth.
- Youth entrepreneurs are more likely to hire fellow youths.
- They are particularly responsive to new economic opportunities and trends.
- They seem to be active in high growth sectors.
- Youth having entrepreneurial skills can be better employees.
- They are more innovative and often create new forms of independent work.
- Those young people, who have self- employed would have higher life satisfaction.
- Entrepreneurial experience and/or education help youth develop new skills that can be applied to other challenges in life. Non-cognitive skills, such as opportunity recognition, innovation, critical thinking, resilience, decision making, teamwork, and leadership will benefit all youth whether or not they intend to become or continue as entrepreneurs.

Similarly, Chiquita (2002) outlines the following reasons for the importance of youth entrepreneurship.

- Creating employment opportunities for self employed youth as well as the other young people they employ.
- Bringing alienated and marginalized youth back into economic mainstream and giving them a sense of meaning and belongings.
- Helping address some of the socio-psychological problem and delinquency that arises from joblessness.
- Helping youth develop new skills and experiences that can then be applied to other challenge in life.
- Promoting innovation and resilience in youth.
- Promoting the revitalization of the local community by providing valuable goods and service.

2.5 Factors responsible for the emergence of entrepreneurship

There are number of factors that motivate a young person to pursue a career in entrepreneurship. These factors can be outlined as follows:

2.5.1 Background factors

- Education: lack of education restricts youth access to opportunities, limits their abilities to negotiate the bureaucracies of finance and government, and often prevents them from effectively voicing their opinion (Bushell 2008). A person who, receive entrepreneurship education and training from the environment s/he is brought up, therefore, play a vital role in influencing his attitude towards setting up entrepreneurial ventures (Pillania, Lall et al. 2009). Entrepreneurship education is in the form of a transmission of codified knowledge and entrepreneurial skills through formal and informal education (Rahmawati, Hasyiyati et al. 2012). Iconic entrepreneur, Henry Ford says “A country’s competitiveness starts not on the factory floor or in the engineering lab, but in the classroom”. Thus, entrepreneurship education and training is important in assisting young people to develop entrepreneurial skills, attributes and behaviors as well as to develop enterprise awareness.
- Family role: Those people who reside within entrepreneurially oriented environment, more likely to take part in entrepreneurial activities in their career. Role model plays an importance role because they function as carriers of value, emotions and experiences towards self-employment. The study reveals that the children of self employed parents are more likely to continue in entrepreneurial career than those who does not have their parents in self employment. Thus, those young people whose, parents own their own business ventures may influence entrepreneurial attitudes for young people who live together in the same environment (Nieman and Nieuwenhuizen 2009).
- Financial condition: “Young people aren’t short on passion or guts, they are short on cash”(Rahmawati, Hasyiyati et al. 2012). The financial conditions of a person, whether favourable or adverse, can pull or push them to start-up a new entrepreneurial venture for a variety of reason(Pillania, Lall et al. 2009). Financial support is therefore critical for successful entrepreneurship for both man and woman. (Zimmer 1986). Entrepreneurs need to access to both internal and external finance to reduce the survival and grow in business. Depending on financial accessibility, majority of young persons who try to become entrepreneurs, have been pushed or pulled to do business (Bolton, Thompson et al. 2003).

2.5.2 Motivational factors:

- Need for achievement: The concept of need for achievement can be defined that individuals who are high need for achievement are more likely to engage in activities or tasks, require more individual skills and efforts than those who are low need for achievement (Robinson, Stimpson et al. 1991). Thus, within the research domain of personality traits and entrepreneurship, the concept of need for achievement has received much attention. McClelland (1961) argued that it is likely that people high in need for achievement will be more likely to pursue entrepreneurial jobs than other types of roles. High need for achievement is one of the important motivational factors, which can motivate an entrepreneur to start-up and advance in his entrepreneurial venture. This need for achievement leads an entrepreneur to accomplish his personal goals, teach how to use the available resources optimally and explore the creativity and innovativeness to produce better products and services for the market. (Pillania, Lall et al. 2009).
- Locus of control: Another motivational trait that has received attention is locus of control—the belief in the extent to which individuals believe that their actions or personal characteristics affect outcomes. Individuals who have an external locus of control believe that the outcome of an extent is out of their control, whereas individuals with an internal locus of control believe that their personal actions directly affect the outcome of an event (Rotter 1966). He further argued that individuals with an internal locus of control would be likely to seek entrepreneurial roles because they desire position in which their actions have direct impact on results (Scheiner 2009). There is significant relationship exists between entrepreneurship and locus of control. Internal persons appear to take more initiative and are responsible in performance situation. Internal persons seek and utilize information more efficiently and seem to be more in touch with external realities. These characteristics that were credited to internals are essential factors in enhancing achievement motivation for entrepreneurial activities.
- Need for independence: Independence entails taking the responsibility to use one's own judgment than blindly following the assertions of others (Shane, Locke et al. 2003). Many researchers have observed that the entrepreneurial role necessitates independence. Firstly, the entrepreneur undertake the responsibility self for pursuing an opportunity, and secondly, individuals may pursue entrepreneurial career because

they desire independence. In addition, there is some existing empirical evidence which suggests that entrepreneurs may be higher in independence than other individuals (Shane, Locke et al. 2003).

- Risk taking: Risk taking is another crucial factor for the emergence of entrepreneurship, which emerged from McClelland (1965) research on entrepreneurship. He further claims that individuals with high achievement needs would have moderate propensities to take risk. This claim by McClelland is especially interesting for entrepreneurship research because the entrepreneurial process always involves in the face of uncertainty. Entrepreneurs always take risk with respect to financial well-being, psychic well-being, career security and family relation (Shane, Locke et al. 2003).

2.5.3 Economic factors:

- Government policies: the importance of entrepreneurship for the improvement of economic health of the country is undeniable. Hence, every government of the world, including Nepalese government, is formulating entrepreneurship development programs and policies that promote entrepreneurial ventures in different sectors.
- Business environment: A supportive business environment where government business policies are investment friendly, business regulatory mechanism is efficient, legal parameters are relaxed, bureaucratic system is viable and efficient, business advice, counseling, mentoring, widely available incubators, widely accessible financing system, vocational training and good infrastructure, the emergence of entrepreneurship is likely to occur (Gwija 2014).
- Availability of financial assistance: It is crucial to have start-up capital, additional working capital or access to it, to expand and remain competitive, especially for the emergence of entrepreneurship development (Bushell 2008). However, in Nepal, financial institutions have been reluctant to approve loan for business development, and required a performance history of at least five years before they would even consider. As a solution to their financial issues, government micro credit as well as private micro finance programs such as Grameen Bikas Bank, Nirdhan Uthan Bank and center for self help development have been providing assistance for those young people who really want to pursue their career in entrepreneurship (Bushell 2008).

2.5.4 Rewards:

- Recognition: The success of entrepreneurial venture always depends on the entrepreneurial efforts of exploring, introducing, managing, expanding and advancing ventures successfully. Recognition is one of the crucial factors that may encourage an individual to start-up and successfully manage his or her business venture with an expectation to gain social standing in the society(Nieman and Nieuwenhuizen 2009). Social recognition would also help to boost up entrepreneur's self-esteem.
- Social status: An entrepreneur social status and life style may change, if his or her venture becomes successful and lucrative, and other people who live within the community begin to regard him/her as a role model.

2.6 Factors affecting entry to entrepreneurship

There are number of factors that can drive an individual to become an entrepreneur (Nieman and Nieuwenhuizen 2009). These authors categorize them as push (necessity) and pull (opportunity) factors. The figure below presents the influence that result in entrepreneurship.

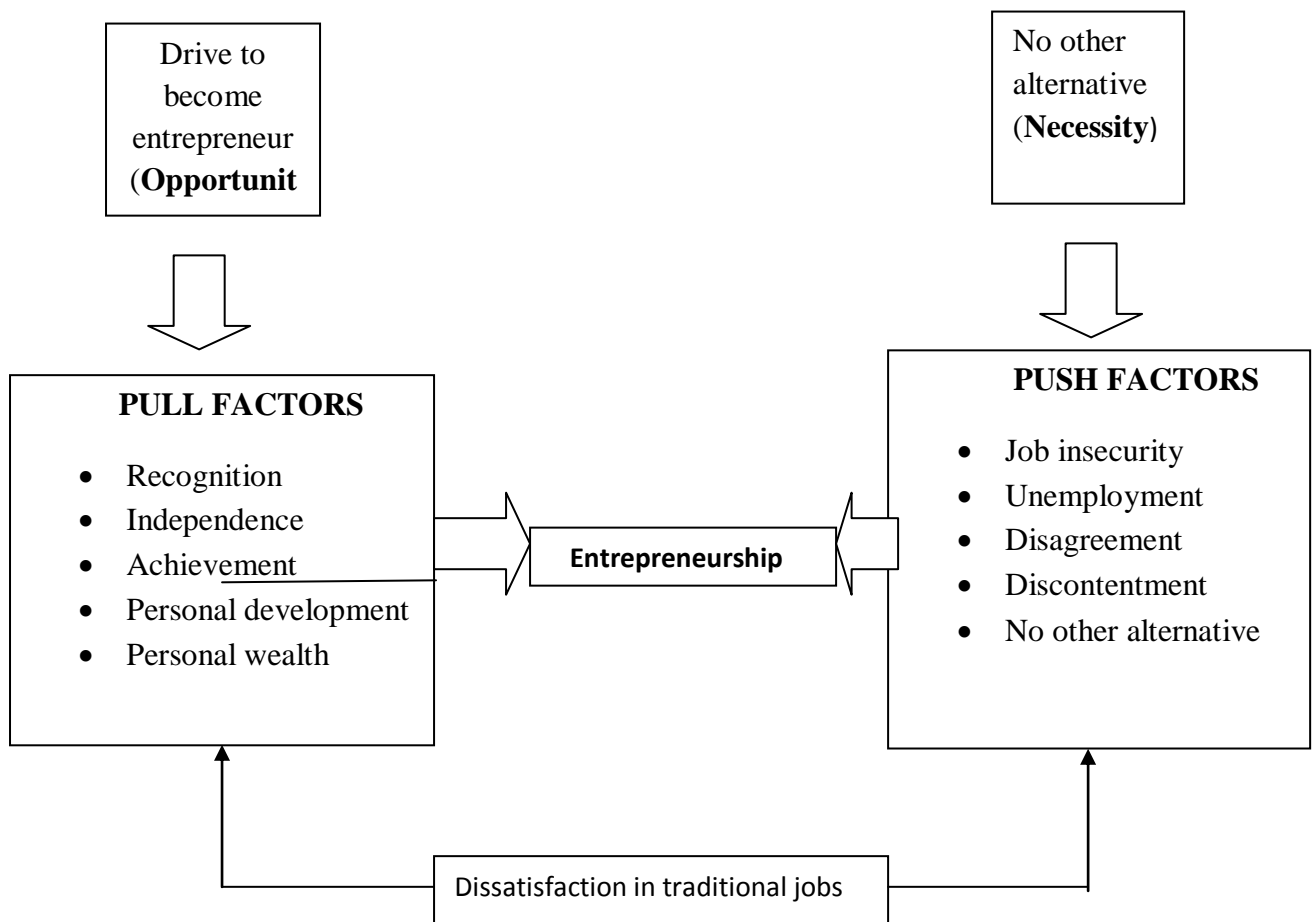


Figure 1: push and pull factors of entrepreneurship(Nieman and Nieuwenhuizen 2009).

2.6.1 Necessity (Push) factors:

These are the aspects associated with exploiting a business opportunities out of necessity. They include negative forces such as redundancy, unemployment, job insecurity, frustration with previous employment, promotional prospects, boredom, the glass ceiling effects, the need to earn reasonable living, failure to make a professional balance in life, disagreement with management(Vaillant and Lafuente 2007). In addition, dissatisfaction with previous employment is contributing push factor to new venture initiation (Nieman and Nieuwenhuizen 2009). This is based on underlying assumption that an individual can overcome job discontentment by becoming self employed. Research reveals that job satisfaction has been regarded as major factor for new venture creation and for choosing entrepreneurial career in Nepal(Agarwal and Upadhyay 2009).

According to GEM, necessity driven entrepreneurship levels in a country is associated with factors like low tax revenue as a percentage of GDP, lower levels of participation in both secondary and tertiary education as well as high levels of income disparity and low levels of social security (Reynolds, Bygrave et al. 2004). Therefore youth especially in developing and low income countries are likely to participate in business out of economic necessity (Chigunta 2002, Reynolds, Bygrave et al. 2004).

Developing countries like Nepal tend to have much higher rates of necessity driven entrepreneurship. From the above explanation, GEM data, for example, consistently shows necessity driven entrepreneurship consider to be higher in factor motivated economies than in efficiency and innovation motivated economies. Here, factor driven economies refer to basic factor condition such as low cost labor and unprocessed natural resources are the dominant basis of competitive advantage, while efficiency driven economies consist of producing more advance products and services, heavy investment in efficient infrastructure, business friendly government, access to investment capital and improvement in productivity. Likewise, innovation driven economies refer to producing innovative products and services with advance technology and methods. This finding is supported by Llisterri et al (2006), who show entrepreneurs by necessity could be more commonly found among poor people and those with lower level of education. Necessity driven entrepreneurs will do better in the informal economy as there tend to be few or no incentives to formalize in the context they involve in (Llisterri, Kantis et al. 2006)

2.6.2 Opportunity (Pull) factors:

“Entrepreneurs who start their business venture because they saw and seized an opportunity in the market are referred to as opportunity entrepreneurs” (Nieman and Nieuwenhuizen 2009). Opportunity factors have motivational effects associated with spotting an opportunity within the current working environment that could be exploited, often due to previous technical and industry experience. Experience in finance, independence for decision making and calculating risk for oneself, experience in product and service development, knowledge of distribution channel, achievement through acknowledgement for creating and managing a successful business venture, perceived financial gain, job satisfaction and flexibility, personal development through freedom and to create and reach one’s full potential have all been identified as aspect that can pull individuals into an entrepreneurial career (Vaillant and Lafuente 2007, Nieman and Nieuwenhuizen 2009).

Nieman and Nieuwenhuizen (2009), says that entry into the entrepreneurial ventures depends more on the interconnection between the push and pull factors. He opines that if these forces are strong enough, number of entrepreneurial ventures would take place in the country.

Opportunity driven entrepreneurship, therefore, refers to entrepreneurship which is happened as a result of desire to pursue a perceived opportunity, but not as a result of the only option for generating an income for living. When a person voluntarily leaves his/her paid job to set up a business, we classify this person as an opportunity entrepreneur. This person is drawn into entrepreneurship by discovering entrepreneurial opportunity (Llisterri, Kantis et al. 2006). Opportunity driven entrepreneurship is associated with a belief of having skills to start up a business, knowing someone who has recently started up the business, searching around for good business opportunity in the future, and business investment and support activities (Reynolds, Bygrave et al. 2004). Thus, it can be said that opportunity driven entrepreneurship seems to be more dominant in the highly income and economically developed countries. Based on the analysis of GEM data, opportunity driven entrepreneurship likely to be more prevailed in developed countries because of perceived higher level of future business opportunities, confidence in people’s skill to start and run a business and other infrastructure and financial support available to entrepreneurs (Schoof 2006). This is also supported by Llisterri at al. (2006), who argues that opportunity driven entrepreneurship likely to have higher level of education and this kind of entrepreneurship usually flourish in the middle and upper class background. Furthermore, opportunity driven entrepreneurs are generally found

in more privileged or middle class countries where education and economic advantage could be easily.

2.7 Skills and competencies of an entrepreneur:

It is still a topic of much debate whether entrepreneurs are born or made. While it is generally acknowledged that there are natural 'born' entrepreneurs, there are also researchers who believe that entrepreneurship is a skill that can be learned. Drucker (1985), argued that entrepreneurship is a practice and that "most of what you hear about entrepreneurship is all wrong. It's not magic; it's not mysterious; and it has nothing to do with genes. It's a discipline and, like any discipline, it can be learned." If one agrees with Drucker's concept of entrepreneurship, then it follows that education and training can play a key role in its development. In a traditional understanding, entrepreneurship was strongly associated with the creation of a business and therefore it was argued that the skills required to achieve this outcome could be developed through training. More recently entrepreneurship is being viewed as a way of thinking and behaving that is relevant to all parts of society and the economy, and such an understanding of entrepreneurship now requires a different approach to training. The educational methodology needed in today's world is one which helps to develop an individual's mindset, behavior, skills and capabilities and can be applied to create value in a range of contexts and environments from the public sector, charities, universities and social enterprises to corporate organizations and new venture start-ups. Lichtenstein and Lyons (2001) argued that it is important for service providers to recognize that entrepreneurs come to entrepreneurship with different levels of skills and therefore each entrepreneur requires a different 'game plan' for developing his or her skills.

Thus, the entrepreneurs need more than just entrepreneurial skills to manage the business successfully. Nieuwenhuizen (2009) opines that development of managerial skills, entrepreneurial skills, technical skills help entrepreneurs to achieve optimal results in their business. Having gone through the literature that has been published so far regarding the skill-sets for entrepreneurs, three skills named entrepreneurship skills, technical skills and management skills are considered to be crucial. The level of education and training required to develop each of these skills will be highly dependent upon the levels of human capital that individuals might already possess before embarking upon their entrepreneurial journey (Cooney 2012).

Kutzhanova et al. (2009) examined an Entrepreneurial Development System located in the Appalachian region of USA and identified three main dimensions of skills.

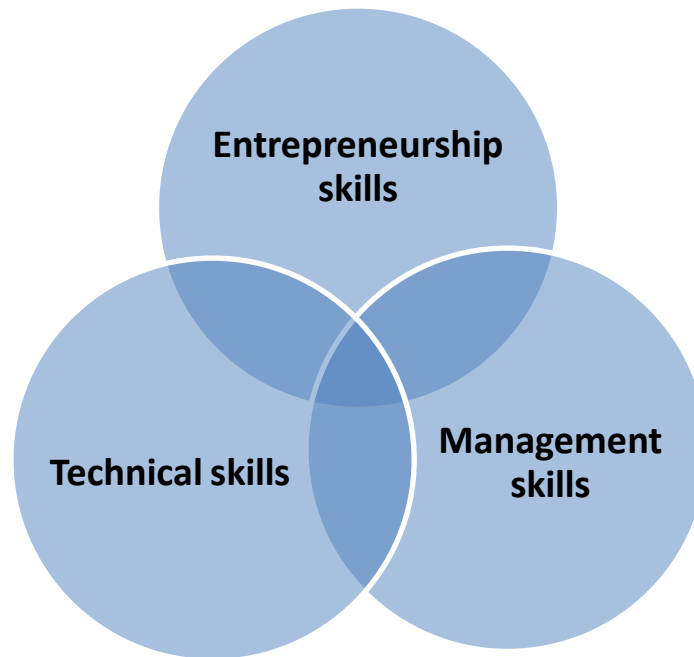


Figure 2: Entrepreneurship skills sets, adopted from Kutzhanova et al. (2009)

2.7.1 Entrepreneurship skills:

Entrepreneurship skills involve recognizing economic opportunities and acting effectively on them. McClelland (1986) acknowledged the following entrepreneurial skills to successfully start-up and advance the business ventures.

- Inner discipline
- Ability to take risk
- Innovative
- Change oriented
- Persistent
- Proactiveness
- Committed

2.7.2 Management skills:

Management skills consist of those skills which are essential for day to day operation and management skills. Even though the business venture differ in size, type and structure, generally business venture usually has marketing, finance, general management, operation, administration and external affairs functions within. An individual needs to have following management skills to be successful in entrepreneurial career.

- Planning
- Decision making
- Motivating
- Marketing
- Finance
- Selling

2.7.3 Technical skills:

In setting up new business venture, entrepreneur should decide to divide major tasks into smaller manageable projects, which require technical to plan and control entrepreneurial process. Entrepreneurs should use project management techniques to plan and control the project. An individual needs to have following technical and project management skills in order to be successfully run the business venture

- Communication
- Design
- Research and development
- Environmental observation
- Critical path method
- Work break down structure
- Quality control plan
- Organizational breakdown structure
- Configuration management
- Document control

2.8 Youth entrepreneurship in Nepal

There is no unanimously agreed upon definition for the term “youth entrepreneurship” (Schoof 2006). Therefore, in the context of this research, a youth entrepreneur is defined as any young person between the ages of 16-40 (CBS 2011). With the declaration of “International Youth Year: Participation and Peace Development” in 1985 by United Nation, with the objective to stimulate public awareness of young people, youth has received proper attention and place in development scenario (Shrestha 2009). The first initiative towards prioritizing youth in Nepal has begun during the Nine Plan, where youth was given a separate subsection, but it could not continue in Tenth Plan (Commission 2007). However, it has regained its place during interim plan in which youth has been engrossed with employment and holistic development.

According to the National Youth Policy all Nepali citizens aging 16-40 years shall be treated as youth. The youth has been categorized into different categories such as Priority group, Special Priority group, youth victim of conflict, vulnerable youth, youth with disability and youths of marginalized minority group. National youth policy has researched that youth constitutes 41 percent of total population of Nepal. More than 3 million youths are working as migrant workers except India, the number of migrant Nepalese youth working in India is even larger (CBS 2010). According to National Planning Commission (2007), about 400,000 youths hit the employment market every year. Many youth have very limited knowledge about the opportunities that are available to them. Moreover, they even don't have basic information about the skills they need to compete successfully in our 21st century economy (Shrestha 2009).

In order to understand the difficulties young people face, it is important to get a general sense of Nepal's development level through the Human Development Report. These highlight the low level of development for the country as a whole. The Human Development Index (HDI) of 0.534 ranks Nepal 142nd out of 177 countries, while the Human Poverty Index (HPI) value of 38.1 ranks Nepal 84th among 108 developing countries (HDI 2008).

It is currently estimated that, in Asia, nearly half of new small enterprises are being set up by young people, and in many cases these businesses are creating employment faster than the countries' domestic averages (Thapa 2004). Being a least developed country, around 38 percent population of Nepal lie below the poverty line and the annual per capita income is not more than US\$ 400 (CBS 2010). The industrial sector contributes around 8 percent to GDP and provides employment to about 2 percent of economically active population. Nepal,

therefore, has been experiencing unemployment and acute under-employment problem (NRB 1988). Therefore, entrepreneurs have important role to play in the process of industrial as well as economic development. They could assist to create employment opportunities, to raise the income and to break the vicious circle of poverty. It is very difficult to accurately estimate the current number of youth entrepreneurs in Nepal, due to the absence of up-to-date statistics.

In order to accelerate the pace of industrial development, the government of Nepal has given high priority to the promotion of SMEs. If we look at history, we can see a historical decline of self employment in Nepal. During the different stage of development, a shift from agriculture to manufacturing and economies of scale in production by big enterprises in many society offered better opportunities. Moreover, rising real wage multiply the opportunity cost of self employment with regard to return, inducing marginal entrepreneurs to become employees. Owing to globalization and opportunities available in developed nations, the trend to migration and brain drain has increased. In this context, fewer individuals are willing to run the risk associated with becoming an entrepreneur.

Youth entrepreneurship, therefore, has received the considerable focus after the government introduce youth self employment program (CBS 2010). A number of support structures aimed to develop entrepreneurship and the small, and micro enterprise (SMME) sector were introduced, and the youth also benefited in such intervention. However, due to the long political instability and government's unwillingness to implement the program, it has been failed to achieve its target. Moreover, several schools and colleges have been unable to acknowledge the importance role of entrepreneurship, as they have not yet introduced in their curricula. Some vocational training institutes, though, introduce entrepreneurship to foster and celebrate successes achieved by youth entrepreneurs, and to creatively market entrepreneurship among younger persons, still the result they deliver is disappointing. Nepalese younger persons have been facing an unacceptable and disappointing small and micro enterprises high failure rate, which normally occurs during their early years of operation. Similarly, Youth Business International (2013) reports that about 60 percent of these businesses in Nepal fail within their first three years of operation, with some of them failing much earlier before they can even reach execution stage. This may not be an exception for youth entrepreneurial ventures in this country, and Kathmandu in particular (CBS 2010).

While struggling to improve the lives of youth in an environment of high unemployment and political unrest over the past ten years, more and more Nepalese youth have been migrated to overseas job market. After the 1995 Beijing declaration, the government adopted youth participation policies to uplift the country's economic health and introduced various economically empowering youth policies and programs, which were legalized under the Tenth Five-Year Plan (Commission 2002). However, owing to decade long violent insurgency and overall political instability, the means to enact the legislation were unavailable, youth made few gains under the legislation. In general, in Nepal, entrepreneurship focusing on youth is seen in isolation from the creation of employment, the focus of existing policies and programs is solely on outgoing migrant workers, and not on returnees. As a result, there is no government or private institution assisting youth returnees find employment.

High unemployment facing young people all over the world, which could be a threat that may persist for decades if there is no effective measures to address it (Schoof 2006). For example, the World Bank predicts that by 2015 young people under the age of 25 will be around 25 billion worldwide. However, statistics presents a massive decline in worldwide job opportunities (Gwija 2014). Similarly, in Nepal, as already discussed, young people represents the majority of population and unemployment among them is estimated to be around 41 percent (CBS 2011). This implies that a majority of young people in Nepal live under the poverty line, comprising 38 percent, which could negatively affect them and their families' standard of living. This prospect is likely to invite criminal activities and low self esteem amongst youth. Hence, James (2012) opines that high unemployment is prevailed worldwide, and traditional industries are reluctant to offer employment for young graduates, fostering youth entrepreneurship could be a better solution. Entrepreneurship contributes the economic growth, job creation, social welfare of any country (Atherton 2007). Therefore entrepreneurship is imperative for young people, their families and society at large. However, Nepalese young people lag far behind in setting up their own business ventures owing to decade long political instability and lack of clear government policies.

Entrepreneurship has been underlined as a key strategy for poverty reduction, job creation and economic growth (Bushell 2008). This makes entrepreneurship necessary for Nepal, especially when one talk about the situation of unemployment the country has faced so far and the economic challenges the nations has to face being a bridge in between two major emerging economies India and China. Sluggish economic growth has been a major problem

in the economic development process of the country. Youth development is an unconditional posture for nation building as the strength of future development of a nation depends solely upon it. The future on any country is always predicted on its present youth productive force. A society with an inefficient and unemployed youth force is not far from an abyss of serious irreparable damage.(Reynolds, Bygrave et al. 2004).

Although the Government of Nepal (GoN) is committed in achieving Millennium Development Goals (MDGs) by reducing the level of poverty across the country and improving the living standards of its citizens, especially youth, odds are high in meeting the targets of creating employment and entrepreneurial activities by 2015 (Graner 2001, Commission 2007). Labor Force Survey 2012 reports that about 4.5 million male and female are between the age of 15 to 24 which, about one fifth of total population, and among them about 38% of youth is currently unemployed (Ministry of Youth 2012). Furthermore, approximately four hundred thousand young people enter the labor market every year and only 10% of them are absorbed in the domestic market (YES Nepal 2012). In this context, therefore, it is imperative to create job opportunities through the creation of employment and this is only possible through entrepreneurial activities especially focusing on youth.

About one fourth of young population in Nepal is economically inactive (ILO october 2008). Likewise, Nepal Labor Force Survey (2008) also reports that about one million young people are economically inactive out of which about two thirds are rural youths and remaining are urban. International migration has now become the unusual practice in the country. More than 650 Nepalese Youths leave the country each day in searching around for employment in foreign labor market. The figures started soaring up during the insurgency period. The 10 years long insurgency followed by sheer political instability has further increased the number of migrant workers when countries economy was in doldrums and employment generation was a meager. An appeal of the foreign employment still continues and the flow of Nepali migrant worker has been growing in an average rate of 20% each month even after the insurgency (CBS 2011). The Employment Promotion Boards report (NEPAL) opines that the number of Nepalese migrant workers is estimated to be around three million, mostly in Middle East and Malaysia. The pace of industrialization in Nepal has remained very slow. The industrial sector contributes around 8 percent to GDP and provides employment to about 2 percent of economically active population. Previous research on countries labor market shows that Nepal has been experiencing unemployment and acute under employment (Sharma 2006).

This trend could have a far reaching consequence in almost every sector of the economy. Taking this into account, developing the small and medium enterprises sector can be regarded as the effective tool for the development of large companies and thereby uplifting the whole economy of the nation (Jahanshahi, Nawaser et al. 2011). Therefore entrepreneurs have important role to play in the process of industrial as well as economic development. They could assist to generate employment opportunities for youth, to raise income for them and to break the vicious circle for poverty. Ignoring the youth unemployment challenge and trend to leave the country for foreign employment impose not only widespread unhappiness and social discontent among the Nepalese youth, but also carries tremendous economic and social costs. Youth unemployment is an immense waste of human resources that could contribute to economic and social progress (Coenjaerts, Ernst et al. 2009). And it could be possible through entrepreneurial activities and young people involving small and medium business enterprises, both at the local and national level. In other words, entrepreneurship can unleash the economic potential of young people.

“In Nepal, approximately 55% of the population lives less than \$1.25 in a day. Majority of the Nepali citizen are deprived of basic necessities like adequate access to finance, healthcare, education, alternative, energy, drinking water, and food security” (Commission 2007). Furthermore, Nepal has been facing different challenges like infrastructure development, education, health facility, transportation etc. Although both government sectors as well as private sectors willing to establish a market in different location, they are both unable to solve this problems due to these challenges. Airways and roadway are the only medium for transportation from one location to another. Nepal has capitalized very few energy like water and solar resources, which is not enough for the country to use in major sector. Poor transportation system creates very difficult scenario for government and private sector to identify the energy resources available inside the country. Thus it is one of the huge challenges for the country and for government as becoming one of the prime reasons for the country to be failure. Similarly low growth rate in economy has also become one of the common reasons for government to fail. Lack of infrastructure development around the country leads very small number of industries to grow. These few industries can only provide handful of employment opportunities. This is also one of the reasons for educated and skilled manpower leaving the country in search for better opportunity and secured future in developing countries. Serving the low income communities should not be seen as burden but rather as an economic opportunity. Currently private sector are reluctant to foray in the rural

areas, primary because of high sunk cost, lack of relevant human resources and various local and political risks. Thus leaving youth to solve the widely defined economic problem and grab the opportunity as younger entrepreneurs in a country. Therefore youth entrepreneurship in Nepal not only solves the existing problem of Nepalese society but it will also help to generate employment opportunity and support economy of the country.

2.9 Challenges of youth entrepreneurship in Nepal:

No doubt, entrepreneurs, all over the world, face some common constraints/ challenges. Furthermore, it is also well evidenced that both adult run enterprises and youth run enterprises face some similar kind of problems in many respect such as lack of access to capital, access to lucrative market, lack of management skills, inadequate planning, lack of new product development etc (Chigunta 2002). With this current magnitude of youth unemployment in Nepal, as well as the reluctance of several traditional industries to employ young graduates, fostering youth entrepreneurship could be a better strategy to address the issue of unemployment in the country (James 2012). Central Bureau of Statistics report (2010) argued that youth unemployment in this country can not only be addressed with singly youth policy, rather youth development in the country is everyone's responsibility, such as government, ministry of youth, private sector, civil society, NGO's and other concerned stakeholders. Therefore, the general factors that are likely to inhibit youth entrepreneurship in Nepal are outlined below.

2.9.1 Access to finance:

Access to finance is major stumbling block to youth entrepreneurship development in the country. This can compel aspirants youth entrepreneurs to use their own money or to borrow money from their families (Nieman and Nieuwenhuizen 2009). Evidence shows that SMEs are more constrained by limited access to start-up finance than larger corporation. Securing start-up finance is also often highlighted as being particularly difficult for young people to achieve due to their relatively lower securities such as, adequate credit history, collateral or guarantees, as well as lack of credibility as a result of limited experience compared to older counterparts (Bank 2008). The lack of adequate start-up finance is one of the most prominent impediments to young people seeking to create their own business. (Pretorius and Shaw 2004, Atieno 2009) research that lack of finance is one of the major constraints to the formation of new enterprises. Thus, it is very essential that entrepreneurs need to have an access of both internal and external finance to maintain the survival and reach growth. Access

to finance is also very important for every individual to achieve their business objectives, particularly for start-ups and growth.

Therefore, for potential entrepreneurs, raising adequate finance to meet the financial requirement of business opportunities is frequently highlighted as one of the most crucial entrepreneurial inhibitors (Schoof 2006). In addition, young entrepreneurs find the added burden of compliance costs and local authority charges, most difficult to manage when starting a business venture. Furthermore, raising finance can be extremely difficult for the youth who are less confident about the information they have regarding their financial needs and nature of the competitive environment they wish to enter (Johnson 2006). According to the Eurobarometer Survey (2004), young people (aged 15-24) seem to be the strongest supporters of the perception that lack of financial support is an obstacle to setting up a business. About 78% of the respondent aged 15-24, agreed to this affirmation. The lack of finance was also considered to be a more severe barrier than administrative procedures/burdens or an unfavorable economic climate.

Access to finance is most widely recognized constraints for youth business. Lack of commercial credit such as collateral requirements, loan terms and loan size are seen by the youth as major constraints to finance. High interest rates could be another reason that young entrepreneurs did not take out commercial loans. Government funding is another most commonly used source to finance start-ups. However, lack of transparency and lack of strategic focus are two main issues that significantly inhibit the effectiveness of public funding.

Schoof (2006) has outlined the following constraints to achieving start-up finance.

- Lack of personal savings and resources.
- Lack of securities and credibility (for debt financing).
- Lack of business experience and skills (for debt financing).
- Complex documentation procedures
- Long waiting periods (time needed to decide on an application for funding).
- Lack of knowledge, information, and awareness of start-up financing possibilities.
- Legal status/form of enterprises
- Lack of micro funding and seed funding.

2.9.2 Administrative and regulatory burden:

Today, young entrepreneurs face numerous administrative burden including business registration, tax administration, obtaining investment approvals and business licenses, coping with copyright and patent regulations, competition law, access to work space and long term leases, construction and building permits, customs clearances, utility hook-ups etc(La Porta, Lopez-de-Silanes et al. 1999). These issues are particularly considered to be a burden for young people who want to start-up new business venture, as young people often do not have prior or less experience in such matters. The regulatory business environment of the country may play a negative role for the emergence and nurturing of entrepreneurial ventures. This could be even worst developing countries like Nepal. Government regulations and bureaucratic formalities also are seen as one of the reason for large informal sectors in many developing countries, since the costs of formalizing are higher than the gain in productivity from entering the formal sector (Bank 2005). The regulation and bureaucratic hurdle followed by associated corruption within the system in the process of registering and documenting new business establishment may discourage young entrepreneurs as it may irritate young people in terms of cost and time (Nieman and Nieuwenhuizen 2009). Hence, ineffective government bureaucracy and red tape related to establishing and managing business ventures need urgent attention.

The overall business venture environment in Nepal is not very encouraging. The study conducted by FNCCI and World Bank (2005) identified various bottlenecks in youth business environment. It showed that firms suffer from bureaucratic burdens mainly associated with:

- Excessive red tapes
- Bureaucratic delays
- Corruption
- Unpredictable, inconsistent, unclear and poorly implemented government policies
- Poor layoff procedure of permanent labors

Creating a business environment conducive to youth entrepreneurship and enterprise creation requires a broad range of reinforcing and supportive policies. These include fiscal and monetary policies, which are essential to provide a basis for a stable macro-economic environment(Schoof 2006). They also include structural policies that determine the overall economic framework in which the business sector operates, such as those affecting labor markets, tax design, competition, financial markets and bankruptcy laws. Actually many entrepreneurs who want to follow government regulations, but the regulation itself become

the complex guidelines for potential entrepreneurs owing to ranges of requirements and the procedures.

Schoof (2006) report comes up with conclusion that, in today's world, young entrepreneurs face numbers of administrative and regulatory burdens that include from business registration to tax administration, from obtaining investment approvals to business licenses, from coping with copyright to patent regulation. In addition, customs clearances, construction and building permits, access to work space and long-term leases are some other burdens that young entrepreneurs have to encounter in the course of starting and running a business. Due to the high administrative costs and high tax levels, these barriers to set up a business can push many promising young entrepreneurs into the gray or black market. Therefore it is the perceived administrative complexity that keeps young would-be-entrepreneurs from ever getting into business.

2.9.3 Lack of interest in entrepreneurship

Entrepreneurship is not being regarded as better career option amongst youth in Nepal; rather they prefer to embrace paid work far in Middle East and Malaysia as migrant worker. Young graduates from Universities and migrant worker returnees should be encouraged to equipped to pursue career in entrepreneurship, instead of looking for a paid job (Richards 2006). Research had found that the youth's low level of economic activity is accompanied by their taking little interest in starting their own businesses. It is worth noting that the interest shown by Nepalese youth in entrepreneurship lags far behind that of their global counterparts. According to the European Commission's Eurobarometer, 28 percent of people in the European Union indicated that self employment would rather be very feasible or quite feasible within the next five years. Therefore, the aim of entrepreneurial learning should focus on developing a generation of more creative and innovative and risk taking individuals. Thus entrepreneurship must be introduced in all fields of high school and universities, and be implemented at all levels (Ndedi 2009).

2.9.4 Business assistant and support:

The chances of creating a successful and sustainable business depends on how much business assistance a young entrepreneur obtains in the start-up and new business phases. Support services, including mentors, support networks, business clubs and incubators can hold the key to transforming the start-ups into successful small and medium businesses (Schoof 2006). There are number of support structures, which are aimed at dealing with this issue. However, it seems as if they are failing to market their services to the right people at the right

time(Gwija 2014). Schoof (2006) has outlined the following key impediments youths have been facing to establishing and running a business venture.

- Lack of business development services.
- No availability of exchange services.
- Devoid of trained counselors, development workers and adequate support agencies.
- Lack of mentoring capacities.
- Lack of knowledge of available business support services.
- Lack of tailor made business training and advice for young start-ups.

In Nepalese case, in addition to above, access to markets and networking is another problem face by young entrepreneurs. Most of the youth tend to operate venture only among clients they know. Products are sold to their friends and relatives and suppliers tend to be a people they know through family, friends or other close connections. Lack of knowledge on strategic marketing has become an issue. There are very few organizations where they could learn about new ideas and trends in the market, as well as share problems and generate ideas with others. Lack of professional training organizations to run training programs for youth to upgrade their business skills has promoted the reluctances to youth to venture out.

2.9.5 Inadequate entrepreneurial skills:

There is a great deal of entrepreneurial skills shortage within the SME's sector, particularly among young people in Nepal, and this could deteriorate creativity and innovation for products and services (Gwija 2014). Therefore, discouragement of youth entrepreneurship in Nepal has been linked to lack of business skills and no access to business information (Adhikari 2008). These business skills include recognition of opportunities, innovation, creativity, determination, risk taking attitude and entrepreneurial characteristics. In order to start up business, young person must be able to access information about the necessary steps that are required to do so. Many stakeholders, particularly in the government and international development sectors, identified the need for information to be presented in one place in youth friendly manner for the successful execution of start-up by young people (Schoof 2006). Moreover, lack of education and training is also linked to poor entrepreneurial skills among the youth in Nepal. In fact the academic environment including high school to university level, should not only focus on knowledge and skills, but also develop an entrepreneurial mindsets so that they can be able to start and manage their business successfully (Mahadea, Ramroop et al. 2011).

2.9.6 Access to market:

The lack of sustainable markets for entrepreneurs' products and services are among factors that could lead to business failure (Nieman and Nieuwenhuizen 2009). Most of the youth led entrepreneurial ventures do not pay attention on marketing which ultimately lead to customer dissatisfaction, and survival of the business may not exist in the long run (Gwija 2014). In Nepal, most of the small and medium enterprises that youth owned tend to operate only among clients they know, products are sold to the relatives and friends, and suppliers tend to be the people they know through family or other close connections (Timmons 1985). Most of the youth has not been trained in participating in market place, or in tapping new markets (Bushell 2008). Entrepreneurs are responsible for delivering products and services to the market and make profit by selling them. However, prior to this, a extensive market research should be conducted to help young entrepreneurs to get know their target market, as well as their market segments (Nieman and Nieuwenhuizen 2009). Nepal as having a nascent economy, it is very challenging, especially for youths, to tap the market segments and start and manage business venture.

2.9.7 Access to formal education:

Entrepreneurship education is crucial in assisting young people to develop entrepreneurial skills, attributes and behaviors as well as to develop enterprise awareness to understand and to realize entrepreneurship as a career option, because entrepreneurship is one of the best career options for the young people (Schoof 2006). Entrepreneurship education is not only a means to develop youth entrepreneurship and self employment, but at the same time to quip young people with the attitudes and skills, necessary to handle uncertainty in today society. Enterprise education is therefore seen as a highly valuable preparation for the changing job market and economy in which young people have to operate (Gallaway, Andersson et al. 2005).

Although education and training has been given priority in Nepal over past decade, entrepreneurial education has not been incorporated in mainstream education system. The national literacy rate for woman is estimated to be around 60.1 percent and 80 percent for man (Economic 2008). Lack of literacy restricts youth access to opportunity, limits their abilities to negotiate the bureaucracy of finance and government, and often prevents them to effectively voicing their opinions (Bushell 2008).

In addition, most education systems still teach traditional values rather than independent thinking. Therefore, the teaching of entrepreneurial skills and attributes should be integrated into school curricula and taught on different educational level. Wrong learning method, lack

of trained and educated teachers, lack of career information and business possibilities, lack of business and education linkages and lack of infrastructure and capability are some important factors that hinders the youth participation in enterprise education and ultimately to starting/running business. These problems however, could be tackled with the introduction of effective and practical enterprise education.

Giving youth opportunities to learn and cultivate entrepreneurial skills at an early age can foster entrepreneurship across society. In particular, government schools should be targeted, so children can realize their potential and become motivated early in life. The curriculum must be revised and teachers trained in teaching entrepreneurial skills with due attention to the empowering youth self. Simply introducing children to businesses owned by themselves, or organizing “job shadow” experiences and mentoring in the workplace, could go a long way to changing the perception of youth, and encourage leadership by themselves from an early age.

2.9.8 Access to appropriate technology:

Technological development has been playing a significant role in the success and competitive edge for any youth led business and entrepreneurial ventures (Nieman and Nieuwenhuizen 2009). The advantages of better and efficient technology include new product development, reduction in production cost, quality product and services, efficient production, product competitiveness, economies of scale, thus technology is crucial to the success of youth owned business (Nieman and Nieuwenhuizen 2009). Information technology has drastically changed the way of doing business in the world, which makes easier for acquiring and dissemination of information. Therefore, access to modern technologies by youth entrepreneurs may be crucial in the operation of the business, as it may help to keep the business competitive in the market (Gwija 2014).

2.9.9 Social cultural constraints:

The 2006 GEM report discovered that the upbringing environment of a child influenced their career of choice, mostly believing that seeking for a paid job was a better option (Minniti, Bygrave et al. 2006). Conversely, Fatoki and Chindoga (2011) believe that these findings suggest that the existence of social-cultural constraints that are likely to negatively affect the participation of young women in entrepreneurship.

Social and cultural backgrounds have important role on an individual approach to life. They similarly influence entrepreneurial activity and enterprise culture. Culture is defined as a set of attitude, values and beliefs within a particular society or environment which ultimately impact to both enterprising behavior of common individuals and perception & aspiration of them towards self employment. Thus social and cultural attitude influence the entrepreneurial activities of a population, a country, region or ethnic group. Attitude not only come from ourselves but also from the environment in which the person was born and living around. Many young entrepreneurs become risk averse because of their social environment (Kazela 2009). Similarly many authors around the world, Llisterri et al (2006), Shane (2003), Chigunta (2001) who suggest that a more conducive environment to entrepreneurship fosters the creation of young business people. A kind of environment in which entrepreneurial activities are well promoted, highly respected and duly valued, and in which business failure is regarded and perceived as a valuable learning experience rather than source of stigma, will generally be more conducive to youth entrepreneurship development (Reynolds, Bygrave et al. 2004).

In Nepal, especially among young women, traditional cultural belief and life styles, has been regarded as one of the key determinants to slow entrepreneurship engagement (Bushell 2008). Although young woman's involvement in entrepreneurship has increased, it only increases in small percentage. It is particularly challenging to become young entrepreneur in developing country like Nepal, where women are traditionally regarded a care taker of the family, and tend to be the most impoverished in terms of education and financial capital (Bushell 2008). Moreover, Traditional stereotyping of sex roles relegates woman to being home oriented (Parasuraman and Simmers 2001).

2.10 Prospects of youth entrepreneurship in Nepal:

Prospects in the context of this study are characterized by attitudes, perception, intention, development and positive gesture towards youth entrepreneurship development in Kathmandu. As defined above, young people in Nepal face number of different challenges in terms of start-up and expansion of business ventures, young people are being enthusiastic about entrepreneurship and becoming involved in it. Despite facing acute young migration for overseas work, there is significant number of youth entrepreneurs starting up businesses. Hopefully this attitude positively applies in the Kathmandu area as well.

Nepal is facing massive out migration, with 46 percent national unemployment rate and an extreme shortage of attractive job opportunities, approximately 400,000 people-most being

youth-seek labor permits every year to work abroad (Bank 2013). Nepal's future economic growth, and social stability and near-term development strategy, therefore, will depend increasingly upon creating alternative sources of employment for young people. In this regard, the Government of Nepal has begun to acknowledge the multiple benefits of promoting entrepreneurship as part of its national economic development and post-conflict strategies- with a focus on youth. This effort could be a positive gesture to youth entrepreneurship development in the country, especially in Kathmandu. The World Bank report (2013) assets that after signing of the Comprehensive Peace Accord (2006), specific policies and programs targeting youth entrepreneurship were formulated as follows:

- Recognition of youth as a priority group in the Three-Year Plans (2007/08- 2009/10) and (2010/11- 2012/13)
- Establishment of Ministry of Youth and Sports (MoYS) in 2008
- Creation of the Youth and Small Enterprise Self-Employment Fund in 2009
- Adoption of the National Youth Policy in 2010.

These recent government actions have begun to lay the foundation for greater national engagement with youth while creating new possibilities of youth entrepreneurship and employment. The 2010 National Youth Policy targets especially group of youth, who can contribute to country's overall economy by involving entrepreneurial activities. The establishment of youth information and research center, youth employment and promotion center has further added the more prospects of youth entrepreneurship in Nepal, hopefully this policy would promote entrepreneurial ventures in Kathmandu as well. The Ministry of Labour and Employment and Ministry of Industry also conducting training in entrepreneurship as well as imparting various skills such as business and management skills (CBS 2010). Moreover, the government launched the Youth and Small Enterprise Self-Employment Fund (YSESEF) in 2009 in an attempt to reduce unemployment in the country. It is targeted mainly at unemployed youth and small business people who would be provided with collateral free, low interest loans of up to NRP 200,000 to serve as seed capital to start an enterprise. These support policies and programs has increased young people's economic participation and youth skills development as a tangible outcome.

After a less than promising start, in its "Immediate Action Plan of Economic Development and Prosperity" of October 2012, the government claimed its commitment to implementing YSESEF. This action plan has provided 50,000 youth self employment opportunities through training and concessional loans, trained applicants to YSESEF are to be provided loans

without collateral (Bank 2013). Entrepreneurship training, such as business, management, technical and entrepreneurial skill development have been providing by Ministry of Labor and Employment, Office of Cottage and Small Industries, FNCCI. Furthermore, international agencies such as GIZ, Norwegian Embassy, SWISS agency for development cooperation, UNDP, UN Habitat, USAID, World Bank have been working on towards providing vocational training and credit mechanism for entrepreneurship development, especially focusing on youth (Bank 2013). Likewise, Micro Enterprise Development Program is the key economic development strategy of the government of Nepal in Three Years plan (2010/11-2012/13). The micro enterprise development program is creating employment and income opportunities for the young entrepreneurs by:

- Skill and business training and other support for poor woman, young people and disadvantaged people to set up and run micro-enterprises.
- Helping establish business support services for micro entrepreneurs.
- Working with the government to improve the policy environment.
- Providing technical, managerial and business creating skills to the aspirant entrepreneurs and assisting them with interest free loan as seed capital.

.Although since 1990 in Nepal, a number of strategies and programs have been introduced and implemented to enhance youth development, optimum success has not yet been realized. Perhaps this recent government mentioned above will be able to improve youth entrepreneurship development in Kathmandu, and elsewhere in the country.

An education based on creative and critical thinking is the key to encouraging and advancing youth in entrepreneurial endeavors. This has been substantiated by youth focused entrepreneurial classes and champs in urban areas supported by Universities and the private sectors (Economic 2008). The results of these camps have been mentor-based relationships with business owners and the creation of youth-led business in Nepal. Technology is not only a growth sector; it also plays an important role in gathering information to support entrepreneurial pursuits regardless of location. Technological revolution felt over the past decade has tremendously promoted information to be disseminated to rural areas of sub region. Three other important growth sectors are food, water and energy. There are many opportunities for youth entrepreneurs to take advantage of and improve management of these sectors.

Even though entrepreneurship in Nepal has tremendous opportunities to resolve the economic and social problems of the country, very few numbers of young people entering into this

pursuis. In fact, young people are pursuing entrepreneurship not because of opportunity, but because of necessity. However, individuals with tertiary level of education are mostly opportunity entrepreneurs. Growing trend of opportunity based entrepreneurs has positive impact on financial resources of the owners and ultimately the poverty reduction in Nepal.

It is well know that entrepreneurs have a center role to play in the process of industrial development in the country. So motivation of entrepreneurs especially youth in the private sector is highly required. Motives, abilities and congenial environment all combine to promote youth entrepreneurship. Iit should be driven by economic necessity as there is no other alternative for income generation or making a living. It is especially important to encourage more youth to be entrepreneurs“ especially long term driven by efficiency in permanent business, rather than short term speculators driven my necessity. First of all attitudes and motives of young people to go for foreign employment must be diverted into entrepreneurial concept. This entrepreneurial concept and culture among youth could be improved by organizing entrepreneurship development program for present and potential entrepreneurs. Again, adequate institutional services and effective policy changes will help to create an environment which is conducive to induce investment. Investment friendly environment, expansion of institutional services, provision of training and education, access to fiancé and favorable government policy are some important measures to motivate youth to start/run enterprises.

Nepal has tremendous opportunity in terms of entrepreneurial resources that have been untapped so far such as agriculture, small and medium enterprises, tourism, pharmaceutical, herbs and its product and IT. Thus, country needs more honest and innovative entrepreneurs to propel the economy to achieve desired levels of prosperity. Micro Enterprise Training and Development/small-scale enterprise development has been seen as viable strategy for creating economic opportunity for youth in Nepal. Income generation activities of young people should combine with community based organizations along with local NGOs and external agencies such as local government, national agency, national or international donor. These initiatives include community based organizations and NGOs developing saving and credit schemes for emergency credit or credit for micro-enterprise and/or housing, building or housing improvement initiatives and installing some infrastructure. Making people aware of their own capacities and resources can help increase the options available to them. All these efforts could contribute towards increasing youth income through skills development and promotion of youth entrepreneurship that ultimately contribute towards increasing the level of youth participation in the mainstream economy.

2.11 Theoretical framework:

The conceptual framework explains the relationship between the independent variables and dependent variables. The former is presumed to be the cause of the changes while the former influences the latter (Kothari 2003). The following framework illustrates how the independent variables affect the successful utilization of the youth entrepreneurship development. The conceptual framework of this study will be developed based on research problem and relevant literature.

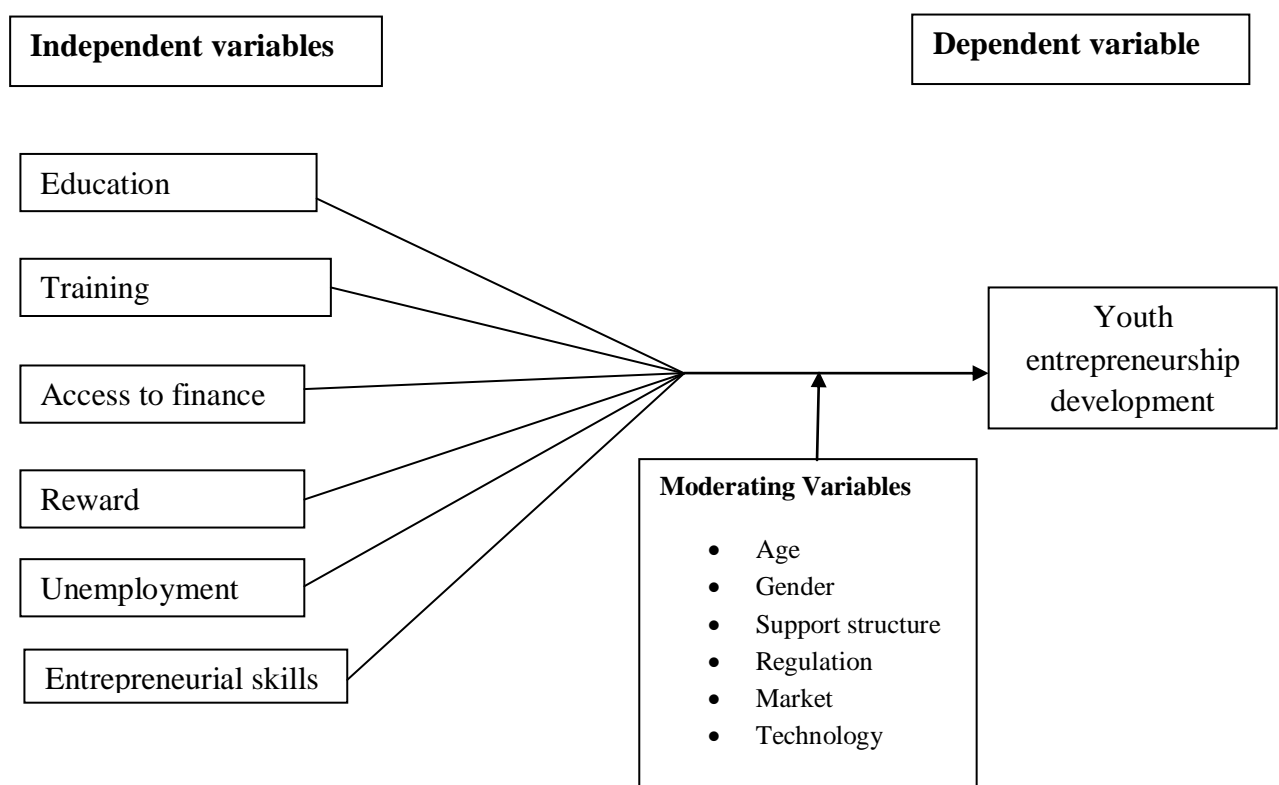


Figure 3: Conceptual frameworks for the study

2.12 Summary:

Entrepreneurship has been adopted all over the world as a better strategy to facilitate economic participation among young people (Nieman and Nieuwenhuizen 2009). This chapter was started with the definition of entrepreneurship. The entrepreneurs are the person, who identifies the business opportunity, gather resources, make an organizational team to exploit the identified opportunity and take a risk to earn profit (Shane and Venkataraman

2000). This chapter further explained about youth entrepreneurship. Chigunta (2002) defined youth entrepreneurship as the practical application of enterprising qualities such as initiative, motivation, creativity and risk taking into the work environment (either in self employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture. Entrepreneurship empowers young people to build a vision for the future. Youth will explore new opportunities, and explore career and educational aspirations, living with the skills, understanding and interest to be successful in employment and entrepreneurship. It provides unique hands-on experience for youth to turn their passion into profits and contribute to the economic power.

Nepalese government has focused on youth entrepreneurship considering its importance to transform the country's ailing economy, alleviate poverty and resolve deeply rooted unemployment problems, as it introduced National Youth Policy to aid entrepreneurship development in the country. This policy was introduced to respond to number of challenges that young people face in the country such as unemployment, migration, empowerment, crimes. Other government programs that lunched in attempting to address youth challenges in the country includes small enterprise self employment fund, youth partnership program, micro enterprise development program.

However, in spite of the introduction of these programs together with several programs, policies and strategies with regard to promoting youth entrepreneurship by numerous international agencies, NGO's working in the country, poverty alleviation, reduction of unemployment, decrease in overseas migrant worker, stopping brain drain and creation of favorable business environment for young people remain a challenge. The challenges face by young people while introducing and managing business ventures such as lack of finance, regulatory and administrative burden, lack of interest in entrepreneurship, poor business assistance and support mechanism, access to market, poor technology, social cultural constraint and inadequate entrepreneurial skills are further highlighted in this chapter. However, this may not be applicable in the case of Kathmandu.

On the other hand, this chapter put emphasis on the importance of youth entrepreneurship in Nepal. Entrepreneurs could assist to generate employment opportunities for youth, to raise income for them and to break the vicious circle of poverty (Chigunta 2002). The importance of youth entrepreneurship in the context of Nepal is even more promising to face the above stated challenges because entrepreneurship alone can improve youth livelihood and economic independence in developing countries like Nepal. Moreover, this chapter further elaborated

the factors responsible for the emergence of entrepreneurship. How background factors, economic factors, motivational factors, rewards etc motivate a young person to pursue a career in entrepreneurship has been further discussed in this chapter. The difference between necessity driven entrepreneurs and opportunity driven entrepreneurs also discussed in this chapter.

Overall, entrepreneurship and its manifestation as well as its critical role in positively shaping the socio-economic context of the society were brought to light in the study. Encouragingly, Nepal's government appears to have established good and promising policies after the comprehensive peace accord, which resulted in the establishment of a number of interventions tailored to tackle young people's demanding socio-economic issues. Nonetheless, in most cases, such government-pioneered interventions do not accomplish their targeted goals. The key issues, which existed in the early 1990s when the country adopted the national policy of privatization, liberalization, and free market economy, still continue to persist. This may be because of decade long insurgency and subsequent political instability. Among those that highly criticized are education system; unemployment and poverty alleviation, especially among the youth; creation of favourable business environment for young people, and so on. Several writers have argued in connection with the matter under investigation. Start-up and expansion capital, lack of awareness of entrepreneurial support initiatives, inadequate entrepreneurial and business skills, and so on, were among highlighted obstacles that are likely to hinder businesses in Nepal. The next chapter deals with research methodology of this study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction:

This chapter will explain about the importance of research methodology for this study. There are numbers of research methodology available to tackle the problem and find the solution on said study. In this case, the selected research process is qualitative method, and is explained why it is suitable. In fact, a research methodology is the scientific and systematic way of collecting and analyzing data in order to reach a satisfactory solution (Saunders, Saunders et al. 2011). Qualitative research is an inquiry process of understanding based on distinct methodological traditional of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting (Creswell 1998). The objectives of this thesis were to find out specific factors that discourage young people from pursuing entrepreneurship career in Kathmandu, investigate particular challenges that prevent expansion in youth entrepreneurial ventures in Kathmandu, and describe the prospects of youth entrepreneurship development in Kathmandu.

This chapter explains the research methodology that was used to get the above stated objective. It further analyzes method of data collection and how these data were collected and analyzed. In the latter part it also explains the research procedures undertake to compile this study. The research aim and research questions of the study were to understand ‘how’ rather than ‘how much’ thus it was perceived relevant to proceed with quantitative methodologies of research. Further, quantitative method was understood practical to this very study as it attempts to study new phenomena, individual’s thoughts otherwise to understand meaning and process

3.2 Research Methodology:

Research methodology is one of the important tasks in the course of writing a dissertation. It explains the scientific and systematic search for information. According to the concise Oxford definition of research as “systematic investigation into the study of materials and sources in order to establish facts and reach new conclusions.” Similarly, Redman and Mory (1923) defined research as a “systematized effort to gain new knowledge”. In conclusion research methodology refers to the process of obtaining logical and systematic information of any studies.

there are various methods in research methodology that are being applied to search the information needed for study such as descriptive vs. analytical, applied vs. fundamental, qualitative vs. quantitative, conceptual vs. empirical (Kothari 2004). According to the nature of my study, quantitative research methodology is suitable for my study and applies accordingly. As a result this thesis aims to discover the specific factors that discourage young people, investigate particular challenges that inhibit the expansion in youth entrepreneurship and possibilities of youth entrepreneurship development. Quantitative research methodology will unfold the truth pertaining to research problems and present the critical outcomes

3.3 Quantitative research methodology:

This study quantifies factors identified as contributing to the challenges and prospects of youth entrepreneurship development in Kathmandu. Quantitative data can be transposed into numbers, in a formal, objective, systematic process to obtain information and describe variables and their relationship (Burns and Grove 1993, Wood and Brink 1998).

According to Burns and Grove (1993) quantitative research is a single reality that can be defined by careful measurement. Furthermore, it describes, examines relationships, and determines causality among variables, where possible. Statistical analysis is conducted to reduce and organise data, determine significant relationships and identify differences and/or similarities within and between different categories of data. Thus, quantitative research is all about explaining phenomenon by collecting numerical data that can be analyzed using statistically based methods.

3.4 Research design:

Generally, research in relatively new fields, such as youth entrepreneurship, has to go through various phases, starting with explorative studies and moving to descriptive, explanatory, and analytical and finally, may be prescriptive studies (Jeppesen 2005). This study is designed more or less in both ways, exploratory and descriptive. Exploratory in the sense that it seeks to aim and investigate unfolded area of how young entrepreneurs develop opportunities for entrepreneurship in Kathmandu. This is done through the collection of available quantitative data in Nepalese context. Similarly, the analysis and discussion is descriptive in the sense that it describes the general situation of youth entrepreneurship on the basis of available primary and secondary data.

A research design is a blueprint, in which the data of the study is collected and analyzed in an effort to find the relevant answers for questions that are put forward by the researchers. More

specifically, in the context of this research, quantitative empirical research designed is used with the help of self-administered questionnaires. Zikmund and Babin (1997) referred to research design as the “master plan specifying the methods and procedures for collecting and analyzing the needed information”. This is essentially a framework for the research plan of action. The detailed research design should answer the overall research questions and assist in the attainment of research objectives. The importance of the research design is highlighted by (Easterby-Smith 2002), he argues that “.....research designs are about organizing research activity, including the collection of data, in a ways that are most likely to achieve the research aims”.

Based on research phenomena and the philosophical position of the study, it is not only important to select and justify particular design, but also to accept that no single study is inferior or superior to another. “No single type of study is inherently superior or inferior to others. Each does a particular job and should be selected according to the nature of issues or question to be address” (Hakim 2000). Bloomberg and Volpe (2008) states that qualitative research approach is “applied to describe conditions, investigate relationships, and study cause-effect phenomena”. Furthermore, quantitative research is conducted through administering questionnaires, case study and surveys and is more concerned with analysis of numerical data.

The intensive research design employed here consist of administering questionnaires, as well as participants observation and field notes which were made during a field trip to Kathmandu.

3.4.1 Population:

Hungler and Polit (1999) refer to the population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. Eligibility criteria specify the characteristics that people in the population must possess in order to be included in the study (Hungler and Polit 1999). Likewise, “Population as a full set of elements that may include individuals, groups, organizations, human products and events from which a sample can be drawn to generalize results for the entire population” (Welman and Kruger 2001). Thus, a research population is generally a large collection of individuals or objects that is the main focus of a scientific query. It is for the benefit of the population that research is done. A research population is also known as a well defined collection of individuals or subjects known to have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or traits. However, owing to the large sizes of populations, researchers often can not test every individual in the population because it is too

expensive and time-consuming. This is the reason why researchers rely on sampling techniques.

The research population for this thesis was youth entrepreneurs operating in business in Kathmandu valley, who had formally registered on Federation of Nepal Chambers and Commerce (FNCCI) and Nepalese Young Entrepreneur Forum (NYEF), those young businesses which were not registered under FNCCI and NYEF are not included on this paper. The population for this study consists of 150 subjects, and all of them virtually share a common set of characteristics.

Selection of the population for this study was based on the belief that these subjects would bring significance information on the subject matter. The reason for choosing this population includes; these entrepreneurs come from variety of section of the society, they are registered with FNCCI, which also promote and develop entrepreneurship among young people in this area. There are some people that are so difficult to get access to that only a sample can be used. The inaccessibility may be economic or time related. Thereof, due to the aspect such as cost of collecting data and time to complete the study, the entire population of this thesis could not be studied, and accordingly a sample was drawn.

3.4.2 Sample size:

Webster Dictionary defined sampling is a finite part of a statistical population whose properties are studied to gain information about the whole. When dealing with people, it can be defined as a set of respondents (people) selected from a larger population for the purpose of a survey. "Sampling is the process of selecting a group of subjects for a study in such a way that the individuals represent the larger group from which they were selected" (Onwuegbuzie and Leech 2005). This representative portion of a population is called a sample. In research, a sample is described as any subset of elements of the population that can scientifically and systematically be selected for the purpose of being studied (Bless, Higson-Smith et al. 2006). The aim of all quantitative sampling approaches is to draw a representative sample from the population, so that the results of studying the sample can then be generalized back to the population (Marshall 1996).

Marshall (1996) further opined that an appropriate sample size for a quantitative study is one that adequately answers the research question. For simple questions or very detailed studies, this might be in single figures; for complex questions large samples and a variety of sampling techniques might be necessary. In practice, the number of required subjects usually becomes obvious as the study progresses, as new categories, themes or explanations stop emerging

from the data. In this study, owing to the time constrain, the whole population could not be studied. A random sample of 100 subjects was therefore drawn from the population.

The researcher believes that this sample size was large enough to represent entire the population of this study, the larger the sample, the more the population of the study is represented. It means the larger sample is likely to lower the error of generalizing to the population of the study. The context of this research is Nepal; therefore, the researcher has some advantage regarding data collection since it is his home country. Besides, cultural and language similarity will also play another important role for ease of collecting information from sample. As already defined, population refers to the entire group of people, events or things of interest that a researcher wishes to investigate. It is almost impossible to include the whole population in the study. From the entire population a sample of 100 subjects of youth entrepreneurs are taken into consideration. The subjects in the population included in the sample are therefore from different SME's, income groups and both sexes.

The main advantage of making use of simple random sample is that the subjects had equal opportunity of being selected, thus reducing bias; and the main disadvantages of this method of sampling is cost of travelling to meet the participants and in most of the cases the participants do not want to complete the questionnaires, while in the beginning they agreed to participate in the investigation (Gwija 2014).

3.4.3 Units of analysis:

The unit of analysis in a study is the level of abstraction at which you look for variability. The most commonly used unit in social-behavioral research is the individual. Unit of analysis is the “who” or the “what” that are analyzing for the study and could be an individual, group or even an entire program (Trochim 2006). “In a research project, unit of analysis is the major entity, which the researcher analyzes in the study, from which different summary descriptions and explanations can be created” (William, 2006). Therefore, in the context of social science research, unit may include individuals, groups, organizations, social artifacts, geographical units and social interaction. In the current study, unit of analysis consists of group of individuals. These individuals include youth entrepreneurs from Kathmandu, who were registered on FNCCI and NYEF. Individual characteristics such as age, gender, geographical location etc in the study help to provide an aggregate picture of group of individuals being studied.

Therefore, the term “unit of analysis” can be simply defined as “the entity that is being analyzed in a scientific research”(Dolma 2010). Determining of the unit of analysis of the research has crucial role in any research endeavor. This may not seem such a serious problem at the first since most of the time the appropriate unit of analysis in the study is pretty obvious (Dolma 2010). Thus, units of analysis are essentially the things we examine in order to create summary descriptions of them and explain differences among them.

3.5 Data collection:

Data are very important evidential proof. “Formal data collection is necessary to ensure that data gathered is both defined and accurate and that subsequent decisions based on arguments embodied in the findings are valid”(Sapsford and Jupp 2006). Data collection included both primary and secondary data sources. Primary data will be collected by distributing the questionnaires to the respondents and asking them to fill up the questionnaires and the researcher will collect them after respondents fill up the response. In this approach of collecting one’s own research data gives control over both the structure of the sample and the data obtained from each respondent and gives the confidence that the data will match the study objectives (Sapsford and Jupp 2006). On the other hand, secondary data will be collected through already published sources in this area of research and another similar area discovered in past through different databases of source knowledge. Thus, both sources of collection are essential in this study in order to understand the related theories and observe the practical implication in realities.

3.5.1 Primary data:

The questionnaire is a well established tool within social science research for acquiring information on participant social characteristics, present and past behaviour, standards of behaviour or attitudes and their beliefs and reasons for action with respect to the topic under investigation (Bird 2009). Thus, questionnaires are used to collect data as a primary source, which are crucial and specific to the success of a business. It allows gathering information that is not in magazines, books or internet sources (Brace 2008). Sapsford and Jupp (2006) describe a questionnaire as a list of questions, which is compiled by a researcher on a particular investigation, either written or orally, to obtain the relevant information or answers from respondents. The information collected from this instrument is categorized in two terms- facts and opinions. It is essential for researcher to know all the phases of using questionnaire are clear and the information is sought to be done with either fact or opinion (Denscombe 2007). Moreover, with this instrument, respondents are supposed to answer

limited questions and options. Basically questionnaires are used when there is large number of respondents in various locations. It is also used when researcher wants uncontroversial and brief answer with the straightforward information. It is used when standardized data is needed from similar questions in the absence of face to face interaction and without personal required.

In this study, a standardized and identical questionnaire was used for every respondent. The basic purpose of the questionnaire is to help find out the importance of youth entrepreneurship, especially in Kathmandu. It began with a letter attached to it explaining about why this study has been carried out. The questionnaire clearly states to every respondent that although their input to this study was invaluable in terms of information, their participation is completely voluntarily. The instructions in the questionnaire were quite simple, clear and concisely written. This researcher has employed both Five-point Likert Scale and closed-ended questions. The questions were constructed in such a way to answer the research question and the questions were also constructed in an attempt to obtain honest answers and details from respondents.

The structured questionnaire was employed in this study because of its simplicity and probability to obtain relevant information within a short span of time. A total of 100 questionnaires that were distributed to the participants of the study, 68 questionnaires were returned, resulting a response rate of 68 percent. Out of the returned 68 questionnaires, 3 of them were incomplete. This left the researcher with a total of 65 questionnaires to be analyzed.

3.5.2 Secondary data:

Updated and accurate statistical data for Nepal is very difficult to obtain. Number of SMEs operating in the country, especially in Kathmandu, capital city, is far larger than that of reported in official statistics. This study only covers those SMEs registered in FNCCI and NYEF. Summaries and interviews which were conducted by different individual researchers, university researchers and both governmental and not governmental organizations were employed in this study. These serve as a useful supplement to this research as they give a picture of the current entrepreneurial development in Nepal. Likewise scientific articles from various academic disciplines were consulted in relation to the topics and presented in the literature review i.e. in chapter 2.

Thus, secondary data included a wide variety of academic sources, and employed both qualitative and quantitative data. While collecting and employing secondary data, I have also searched research materials such as published journal articles, books, internet website and materials received from the participants as they are the reliable source of understanding the concept and gathering required information about the topic.

3.6 Reliability and validity:

Research indicates that in the field of social science, there is no measurement technique that is perfect. Golafshani (2003), states that validity and reliability are two factors which any qualitative researcher should be concerned about while designing a study, analyzing results and judging the quality of the study.

3.6.1 Reliability:

Joppe (2000) defines reliability as “The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable”. Golafshani (2003) states that validity and reliability are two factors which any qualitative researcher should be concerned about while designing a study, analysing results and judging the quality of the study. Thus the reliability is associated with instrument’s ability to produce the same result in more than one trail. This relates to the concept of a good quality research when reliability is a concept to evaluate quality in quantitative study with a “purpose of explaining” while quality concept in qualitative study has the purpose of “generating understanding” (Stenbacka 2001). To ensure reliability in qualitative research, examination of trustworthiness is crucial. Seale (1999), while establishing good quality studies through reliability and validity in quantitative research, states that the “trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability”.

The study can be tested by using different methods. Generalization is one of the significance methods to test the validity and reliability of a research. According to Golafshani (2003), he asserts that generalization of findings is the most common method to test validity and reliability in the research. Similarly, he also argues that research quality depends on the generalization of the result. Moreover, another approach to test the validity and reliability of the research is triangulation approach. This method can help to test the validity and reliability of the research.

3.6.2 Validity:

Joppe (2000) defines “Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull’s eye" of your research object? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others”. Creswell & Miller (2000) suggest that the validity is affected by the researcher’s perception of validity in the study and his/her choice of paradigm assumption. As a result, many researchers have developed their own concepts of validity and have often generated or adopted what they consider to be more appropriate terms, such as, quality, rigor and trustworthiness (Lincoln and Guba 1985, Seale 1999, Stenbacka 2001, Davies and Dodd 2002). Therefore, If the issues of reliability, validity, trustworthiness, quality and rigor are meant differentiating a 'good' from 'bad' research then testing and increasing the reliability, validity, trustworthiness, quality and rigor will be important to the research in any paradigm (Golafshani 2003).

In this study, several articles have been considered as a reference. The information contains in those articles enhance my knowledge regarding the topic and also ensures that results were valid and reliable. The understanding of information was necessary to complete the study and I have tried to read as much article as I have found until I find myself clear with the information. In order to check the trustworthiness of the study, several articles and research papers have been referred. For the government and official data, it was gathered from official website and also compared with other private informants to ensure that the data are reliable enough. Similarly, only the credible sources given in the articles were used, double checking with other related authors was also considered. The research questions and instruments used in data collection were verified to determine the reliability and validity. As a result, the instrument was considered to be valid for conducting the survey.

3.7 Ethical consideration:

In the past, in social research, several unethical studies had been conducted by different researchers. Therefore, it is a researcher’s responsibility to consider whether any type of harm could occur when he/she plan their research and to ensure that mechanism are instituted to remove it. Thus, in order to prevent such harm from being occurred while conducting research, researchers are expected to have a throughout understanding of their responsibility towards participants of the research (Bless, Higson-Smith et al. 2006). Sieber and Tolich (2012) consider six broad ethical areas that need to be considered while conducting any social

and psychological research such as; voluntary participation, informed consent, confidentiality and anonymity, the potential for harm, communicating the results and more specific ethical issues. Moreover, the rights and interest of the participants should be considered as a priority. Every researcher has the responsibility to protect participants in a research study including obtaining consent, ensuring protection from harm, and protecting privacy (Sieber and Tolich 2012).

The questionnaires administration of this research clearly admitted that the participation was completely voluntary. In this study, respondents were also made sure they and their participation would be treated honestly and confidentially. Furthermore, being a pure academic research undertaken by university student, research ethical conduct in this study as delineated by University of Nordland was observed. Age restriction of 20-35 and anonymity were strictly considered. Ethical problems such as plagiarism and maintaining integrity was also considered strictly as a priority.

3.8 Summary:

The chapter provides the brief explanation of the require methodology for the research question, which was followed in the study to investigate challenges and prospects of youth entrepreneurship in Kathmandu. This chapter has proposed that the quantitative research methodology is the appropriate analytical tool for this research.

The research population of this study was restricted to youth entrepreneurs running their businesses in Kathmandu, who had formally registered their business that operate within various industries of SMEs. Simple random sampling method was undertaken in order to collect the primary data. The secondary data were cumulated by the help of journals, articles, books, newspapers etc. Similarly, the primary data were gathered by administering questionnaires. The sample size of this research consists of 100 subjects which were randomly drawn from the population of 150 subjects. The instrument to collecting primary data was questionnaires, which were personally distributed by the researcher to the participants of the study. Out of total 100 questionnaires, 68 questionnaires were returned from the participants and only 65 questionnaires were, however, qualified for data analysis. Furthermore, data analysis took place as soon as the data were collected from the participants and the obtained data were analyzed according to the best format available. The results are analyzed and presented in charts and figures in the next chapter.

CHAPTER 4: PRESENTATION AND DISCUSSION

4.1 Introduction:

The objectives of this study were to find out specific factors that discourage young people to pursue their career in entrepreneurship in Kathmandu; investigate obstacles and challenges that prevent entrepreneurial development in Kathmandu; and describe about the possibility of youth entrepreneurial development in Kathmandu. The objective of this chapter is to discuss and present the research's findings. Moreover, analysis and discussion would help the researcher to draw conclusion about youth entrepreneurship in Kathmandu and make recommendation in the next chapter.

4.2 Data Analysis:

After collecting data from participants, the SPSS software was used to present and analyze the data. This result was based on 65 responses of youth entrepreneurs from Kathmandu, who took part in this study. The result was presented in frequency tables, bar and pie charts as follows.

4.2.1 Data presentation based on the age of respondents:

The following table presents a variety of age groups for youth entrepreneurs from Kathmandu, participated in this study.

Age group	Frequency	Percentage	Cumulated percentage
21-25	9	13	13
26-30	22	34	47
31-35	34	53	100
Total	65	100	

Table 1: Age group of youth entrepreneurs (Source: field survey 2015)

Based upon the age of respondents, 9 respondents were between the age of 21-25 old, 22 respondents were between the age of 26-30 and 34 respondents were between the age of 31-35 years old. The above table also shows that the majority of Kathmandu youth entrepreneurs were between the age of 31-35, comprising 53 percentage, followed by 34 percent between the age of 26-30 and 13 percent between the age of 21-35 respectively.

The young entrepreneurs between the age of 21-25 was less in percentage compared to other age groups. This may be because of that young people in these age groups are still studying in university and collages. However, their still being young cannot hold them back from pursuing entrepreneurial ventures. This underlines the need for aggressive measures in promoting entrepreneurship as early as in high school. For example, Center for International Private Enterprise Nepal (CIPEN) has been initiating different programs to help university students explore alternative ideas for addressing Nepal’s existing problems, emphasize the value of entrepreneurship, and help aspiring entrepreneurs open their own businesses. Students gain practical entrepreneurship skills through participation in mock business competitions.

4.2.2 Data presentation based on the gender of respondents:

The following table and chart indicates the gender of respondents involved in this study.

Gender	Respondents	Percentage
Male	52	80
Female	13	20
Total	65	100

Table 2: Gender of youth entrepreneurs (Source: Field survey 2015)

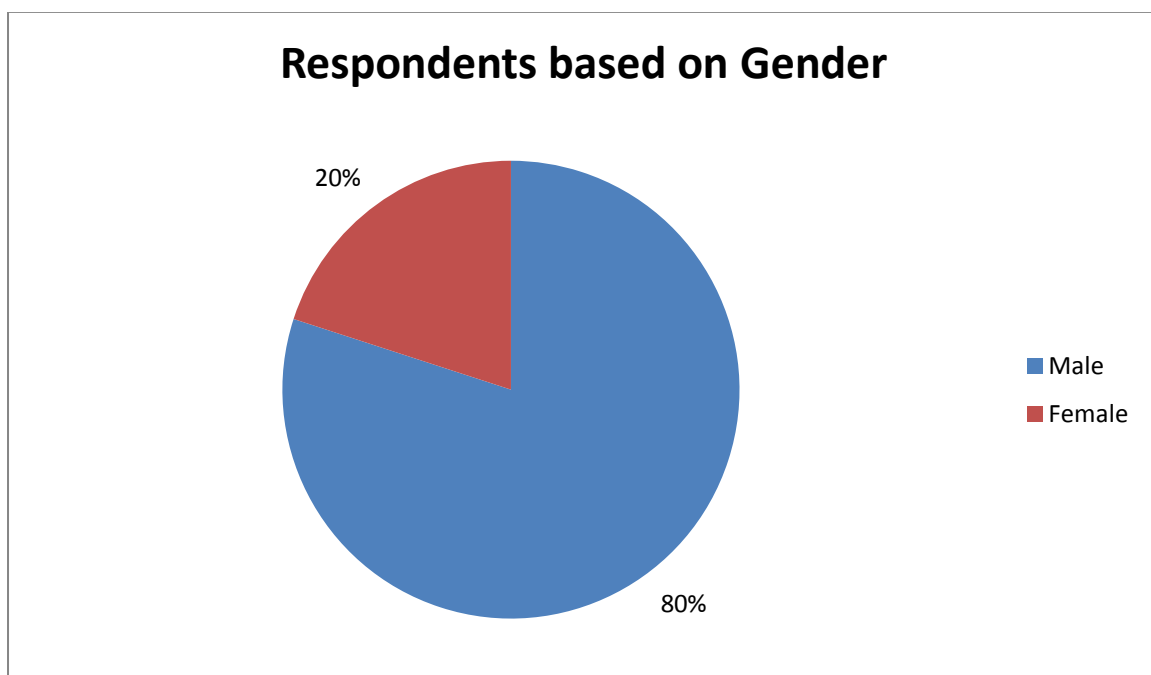


Figure 4: Gender of youth entrepreneurs

Figure 4.1 surprisingly indicates that a large percentage, comprising 80 percent respondents were male, while female consists of only 20 percent. Thus this study reveals that majority of respondents are male. These results could be related to Bushell (2008) findings that socio cultural constraints are likely to negatively affect the participation of young woman in entrepreneurial ventures. It is particularly challenging to become an entrepreneur in Nepal, where women are traditionally regarded as caretakers of the family, and tend to be the most impoverished in terms of education and financial capital. Some of them had been forced to start their own ventures owing to family financial support, some began by chance and many of them began because of “pull” factors. Apart from the entrepreneurship constraints mentioned above, these results could be related to Gwija (2014), which revealed that personal difficulties, gender discrimination, prevailing socio cultural attitudes and family responsibilities etc. have been identified as key obstacles for woman in developing countries to start-up their own ventures. In addition, although women’s education and training has been given priority over the past decade or more in Nepal, women’s literacy remains far below that of men, and this lack of literacy restricts women access to opportunities. Moreover, a lot of young women in Nepal nowadays become mothers early in their life and have babies to take care for might be the another reason in Kathmandu, which restricts the chances of being entrepreneurs.

4.2.3 Data presentation based on educational background of respondents:

The table below shows the educational background of youth entrepreneurs in Kathmandu.

Level of education	Frequency	Percentage	Cumulated percentage
Graduation	22	34	34
High School	31	48	82
Literate	12	18	100
Total	65	100	

Table 3: Educational background of youth entrepreneurs (Source: Field survey 2015)

The above table shows that most of the respondents (48%) hold high school degree, followed by 34 percent who had graduated. The small number of respondents comprising 18 percent

had managed just to be literate. Perhaps this highlights the need for education for those young people who start their career in entrepreneurial ventures. It is more likely that women do not go to school after marriage and this might be one of the reasons for low school attainment. Even in urban areas nearly half of the women cannot read and write. Nearly one-third of the literate women have never been to school while more than two-fifth of them are devoid of formal education beyond the primary level (Tuladdhar 1996). In addition, youth participation in the education system declines as the level of schooling goes up, indicating a higher tendency of drop-out or discontinuance especially among girls (Tuladdhar 1996). Lowergren (2006), thus, suggested that at high school level, entrepreneurship should be introduced in all fields of the study, because all students may require such entrepreneurial competencies.

4.2.4 Data presentation based on duration of business operation of respondents:

The chart below explains about the duration of business operation of youth entrepreneurs in Kathmandu.

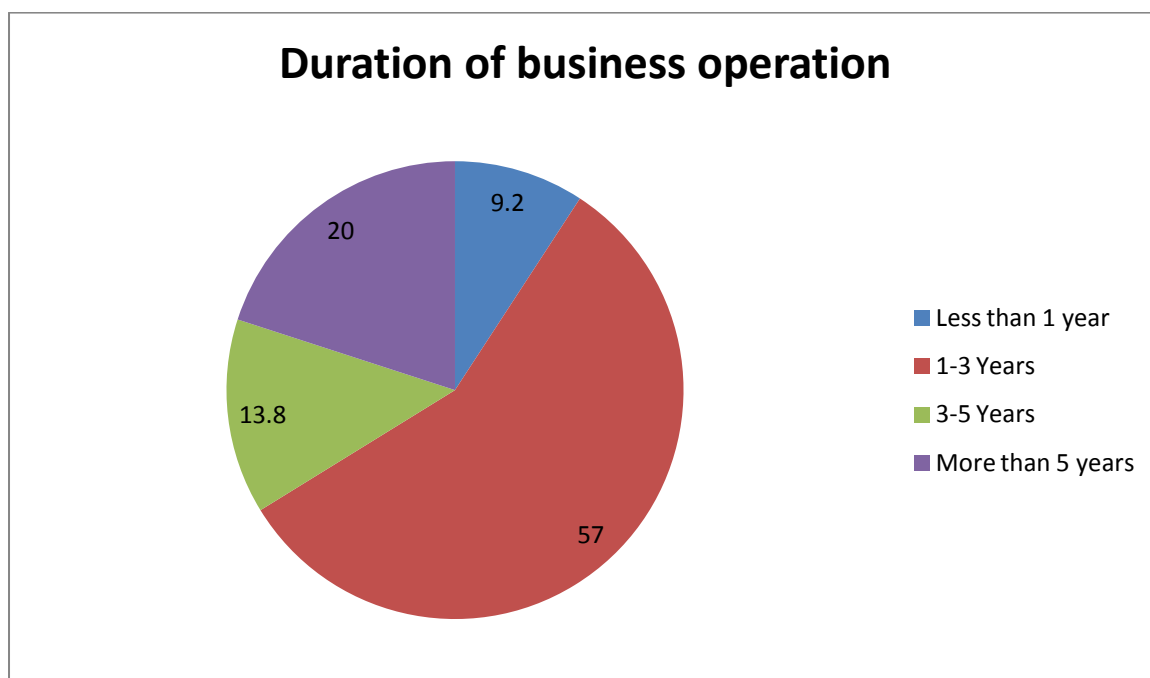


Figure 5: Duration of business operation (Source: Field survey 2015)

The above chart indicates that majority of youth owned businesses (57%) were between 1-3 years, followed by 20 percent of those who owned and run business for more than 5 years. Only 9.2 percent of those businesses which had not completed even a year. The study, thus, found out that majority of the youth owned businesses were new as they were just running 1-3 years. Research shows that majority of the business fails during the earlier period. Therefore, this could be an indication that this primary business stage is crucial to overcome.

Moreover, the majority of the youth owned business started venturing recently, less than 3 year, because of conducive business environment, as decade long violence and insurgency has come to ceasefire and the country is on the process of making constitution.

4.2.5 Data presentation based on no. of employees of respondent’s venture:

The following table shows the current number of employees that the respondents have in their respective businesses.

Current no. of employees	Frequency	Percentage	Cumulative Percentage
1-10	61	94	94
10-25	3	5	99
25 and above	1	1	100
Total	65	100	

Table 4: No. of employees employed (Source: Field survey 2015)

Table 4.4 shows that majority of youth owned businesses (i.e. 94 percent) had created employment for 1-10 employees in their respective business. Out of 61 youth owned business, only 2 business ventures had just one employee each. And surprisingly both firms are cloths sewing store. Those young enterprises who had about 10-25 employees each represented 5 percent. There was only one business venture that had been able to offer employment opportunity for more than 25 employees, and this firm falls in carpet making industry. This research explains that overwhelmingly majority of the business had created employment for 1-10 employees in their respective business, while very insignificant number of youth businesses had employed more than 10 employees. This could be an indication that majority of youth owned business is small in size and capital. Most of the youth have financed their business themselves and only few have used bank loan and borrowed money from informal sectors. Thus lack of access to business funding that is necessary to acquire the business resources and lack of access to market, which could negatively affect the growth and profitability of the business, and thereby reducing the opportunity to create more employment.

While relating ownership and investment range to employment, it could be said that youth entrepreneurs in Nepal normally venture into cottage-level businesses, initially with a moderate size of investment and low level of employment.

4.2.6 Motivation to start a business:

The following table highlights various factors that inspired participants of this study to start their own business.

Factors	Frequency	Percentage
Unemployment	21	32
Passion for business	15	23
Poverty	12	18
Business background	8	12
Entrepreneurship education & training	5	8
Business role model	3	5
Previous work experience	1	2
Total	65	100

Table 5: Motivation to start a business (Source: Filed survey 2015)

Factors that inspired participants of this study to start their own businesses are highlighted in a chronological order.

4.2.6.1 Unemployment:

Table 4.5 shows that 21 out of 65 (32 percent) participants reasoned that unemployment were the main motivating factor for them to start their own businesses. Unemployment in Nepal is largely an urban phenomenon. The survey identifies 252.8 thousand persons aged 15 years as currently unemployed in Nepal (Pokharel 2012). Connections between the situation in the labour market and entrepreneurship are of at least two kinds (Gawel 2010). He further argues that firstly, the situation on the labor market, especially connected with unemployment, is often treated as negative motivation for entrepreneurial undertakings according to recessionary push theory. Secondly, labour is one of the production factors, so paid workers influence

entrepreneurship through the possibility of enterprise growth. However, many researches are in favor of argument that there is variety of factors behind unemployment that pushed them to set-up their own business. Labour market related factors pushing people into entrepreneurship include the loss of a job or threat of losing job, which may be direct stimulus for a person to start entrepreneurial undertakings. Gawel (2010) asserts in his study that the longer a person is unemployed and in search of a job, the lower will be their wage threshold. An unemployed person then stops looking for a job and choose to become an entrepreneur when the expected income from being hired labor falls below the expected income from entrepreneurship. Thus, the motivation behind undertaking entrepreneurial venture owing to unemployment includes; financial burden of themselves and their families, skills they gain from previous employment and setting up a business as a trial for self employment.

4.2.6.2 Passion for business:

A total of 15 out of 65 (23 percent) respondents initiated business because of drive and passion for business. Passion has long been recognized as a central component of entrepreneurial motivation and success (Bird 1988, Smilor 1997). Passion is the underlying force that fuel entrepreneurs to engage in activities that interest them deeply. It fills them with energy and enables them to perform at their peak (Cardon, Wincent et al. 2005). Some youth entrepreneurs in this study were attracted by the intention to create the jobs for inhabitants and to prevent the region from degenerating any further. Many young people did this to give back something of value to their region, while some others were motivated by education, training and some special skills they posses that were gain from their environment schooling. In many cases they wanted to create value within the region instead being migrant worker in Middle East and Malaysia. Moreover, some of the young people had exposure of business early in their life in their family business which might have driven them to engage in entrepreneurial undertakings.

4.2.6.3 Poverty:

12 out of 65 (18 percent) respondents started entrepreneurial ventures, who had come from under the poverty condition. And the need for changing their and their family's economic status was inspired them to undertake the ventures of their own. High levels of poverty combined with slow economic growth in the formal sector have forced a large part of the developing world's population into self-employment and informal activities (Devi 2013). Entrepreneurship is one of the most important vehicle through which low income people can escape poverty. With limited skills and education to compete for formal sector jobs, young

people find economic opportunities in microenterprises as business owner. Hence, in this study, engagement in entrepreneurship brings the young people closer to realizing the dream of being rich. As entrepreneurs do not only come from rich context, but also emerge from poor background, and those who come from poor background are likely to be successful (Bolton, Thompson et al. 2003).

4.2.6.4 Business background:

A total of 8 out of 65 (12 percent) respondents involved in business as a result of their family business environment as an influence, which resulted in setting up their own business. A substantial number of studies find a positive correlation between the parents' entrepreneurial status and the likelihood that their children will become entrepreneurs later in life. Family influences are crucial for the development of young people's career intentions (Jodl, Michael et al. 2001), and studies suggest that parents' entrepreneurial status triggers their children's entrepreneurial intentions (Scherer, Adams et al. 1989, Matthews and Moser 1996). Moreover, self employed parents provide their children with plenty of vicarious experience, and there are several kinds of financial resources that entrepreneurial parents provide for their children. Thus, Individuals whose parents are entrepreneurs are likely to perceive that entrepreneurship is a feasible endeavour, thus triggering the development of their entrepreneurial intention.

4.2.6.5 Entrepreneurship education and training:

A total of 5 out of 65 (8 percent) respondents indicated that entrepreneurial education and training motivated them to start their career in entrepreneurial ventures. Those young people who had gained skills, knowledge and expertise during their schooling and colleges might have entered into entrepreneurial undertaking to transform the knowledge into practice. Giving the opportunities to learn and cultivate entrepreneurial skills at early age can foster entrepreneurial development in the society (Bushell 2008). Thus, in this study, few young entrepreneurs had started their business because of entrepreneurial training and education. This might be the reason that the education policy of the country has not implemented entrepreneurship as a priority in high school and university education.

4.2.6.6 Business role model:

Only 3 out of 65 (5 percent) participants expressed that successful entrepreneurs, both locally and globally, inspired them to start their own business. Role models may also enhance the desire to become an entrepreneur and the entrepreneurial self-efficacy of individuals (Van Auken, Fry et al. 2006). This may, in turn, positively influence entrepreneurial intentions and,

ultimately, entrepreneurial activity (Krueger, Reilly et al. 2000). “When role models are selected from the entrepreneur’s network (instead of distant icons) they may be ‘strong ties’ such as friends or family members or ‘weak ties’ such as acquaintances, distant relatives or (former) colleagues and superiors”(Granovetter 1973). Weak tie networks are likely to fulfill a different function for the entrepreneur than strong tie networks, because the first provide access to new information and knowledge which may help entrepreneurs to explore new horizons and eventually expand the business, and the second (strong ties) may be more useful in providing mental and practical support (mentoring). In this study, most of the respondents cited the name of Richard Branson as their role model. Some mentioned other names such as Bill gates, Carlos Slim, Dhirubhai Ambani, Lakshmi Mittal, JRD tata and some local successful business entrepreneurs such as Prabal Ggurung, Anil Shah, Min Bahadur Gurung etc. Based on the result of this study, these business role models have played influential role for some young entrepreneurs to set up their business in Kathmandu.

4.2.6.7 Previous work experience:

Just one participant out of 65 indicated that experience, knowledge, expertise and skills gained from previous work encouraged him to start his own business. Thus knowledge and experience from previous employment, as well as unsatisfactory working condition had influenced him to begin new career by establishing entrepreneurial venture. From the previous employment, as he said, he comes in touch with business networking such as suppliers and customers, gains knowledge about marketing the products, and understand the useful information about banking, credit and loans.

4.2.7 Family business background:

The following figure explains the extent to which participants agreed or disagreed that young people involvement in a family business early in their life gives a better entrepreneurial foundation to start-up their own businesses.

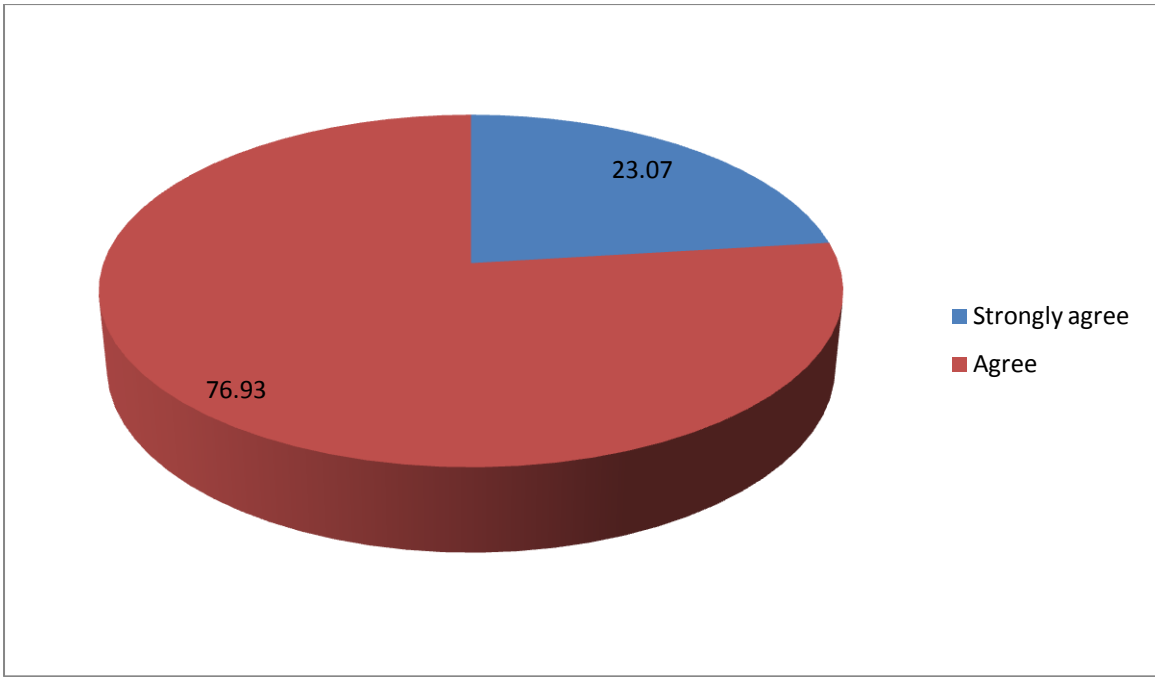


Figure 6: Involvement in a family business, as an entrepreneurial foundation (Source: Field survey 2015)

Majority of the respondents (76.9 percent) in this study clearly indicated that involvement in a family business would provide a good entrepreneurial foundation for those who want to establish their own business, while remaining 23.07 percent of respondents also strongly support this argument. A substantial number of studies find a positive correlation between the parents’ entrepreneurial status and the likelihood that their children will become entrepreneurs later in life.

4.2.8 Entrepreneurship education and training in the business success:

The following table explains the extent to which the participants of this study agreed or disagreed that entrepreneurship education and training can plan a major role in the success of business venture.

Response categories	Frequency	Percentage	Cumulative percentage
Agree	18	27.7	27.7
Strongly agree	47	72.3	100
Total	65	100	

Table 6: Role of entrepreneurship education and training in the success of business (Source: Field survey 2015)

Table 4.6 indicated that majority of the respondents in this study (72.3 percent) strongly recommended that entrepreneurship education and training can play a chief role for the successful accomplishment of any business, while remaining 27.7 percent of respondents also agreed with the statement. Isaacs and Friedrich (2007) define entrepreneurship education as the purposeful intervention that is made by an educator in the life of the learner through entrepreneurial qualities and skills teaching, which will enable the learner to survive the dynamics of the business world. (Gwijja, Eresia-Eke et al. 2014) believes that entrepreneurship education is designed to specifically support graduates, operating and aspirant entrepreneurs in the setting up/operation of their own entrepreneurial ventures rather than to seek paid employment from someone else or institutions (either public/private). Thus, the importance of promoting entrepreneurship and training to entrepreneurs, through centres and institutions, should not be taken lightly (Ndedi 2009). Most of the research suggests that university graduates and school leavers should be equipped with proper entrepreneurial skills, which will help them to create more jobs, as opposed to the seeking of paid employment. Since 1990, in Nepal, education has gained popularity. However, entrepreneurship education has not gained momentum yet in academic sector due to lack of clear policies and strategies of Ministry of Education. Private sectors and Non-governmental organizations have nevertheless done much to promote entrepreneurship education in the country.

4.2.9 Entrepreneurial skills as a success factor of business:

The following figure shows the extent to which respondents agreed or disagreed that entrepreneurial skill would boost chances of success in their business.

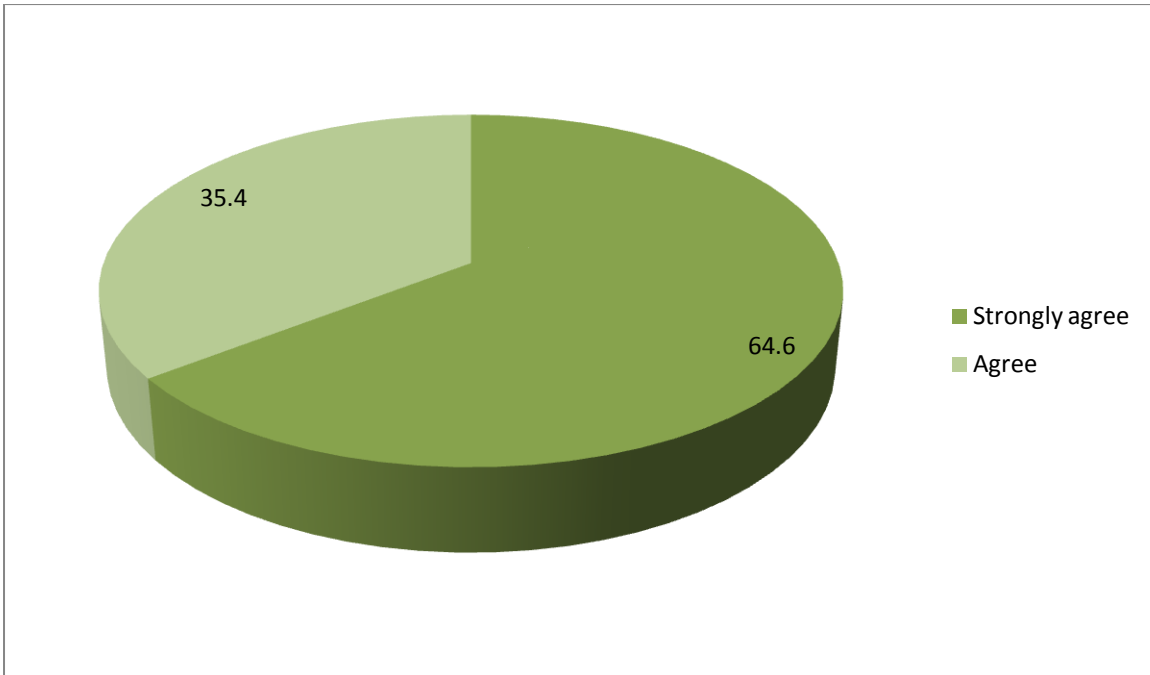


Figure 7: Entrepreneurial skills as success factor for business (Source: Field survey 2015)

Figure 4.4 explains that larger proportion of respondents (64.6) strongly agreed that entrepreneurial skills would be regard as catalyst to boost probability of success of their businesses, while remaining 35.4 percent respondents would also agree with this notion.

The result in this study indicate that all the respondents in this research agreed that entrepreneurial skills such as risk taking, persistence, innovative, change oriented and inner discipline would boost chances of success in their business. It is still a topic of much debate whether entrepreneurs are born or made. While it is generally acknowledged that there are natural ‘born’ entrepreneurs, there are also researchers who believe that entrepreneurship is a skill that can be learned. Drucker (2002) argued that entrepreneurship is a practice and that “most of what you hear about entrepreneurship is all wrong. It’s not magic; it’s not mysterious; and it has nothing to do with genes. It’s a discipline and, like any discipline, it can be learned.” Cooney (2012) believed that key skills required to be successful in entrepreneurial ventures includes; the ability to identify and exploit business opportunities, a willingness to undertake a risk, skills to organize the necessary resources to respond to opportunity. The most important is recognizing economic opportunities and acting effectively to realize them. In addition, in order to achieve entrepreneurial performance, entrepreneurs should focus on developing their business and entrepreneurial skills (Van Rensburg 2010).

4.2.10 Managerial skills as a success factor of business:

The following figure shows the extent to which the respondents of this study agreed or disagreed that business managerial skill would be regarded as a catalyst in order to successfully establish a entrepreneurial undertakings.

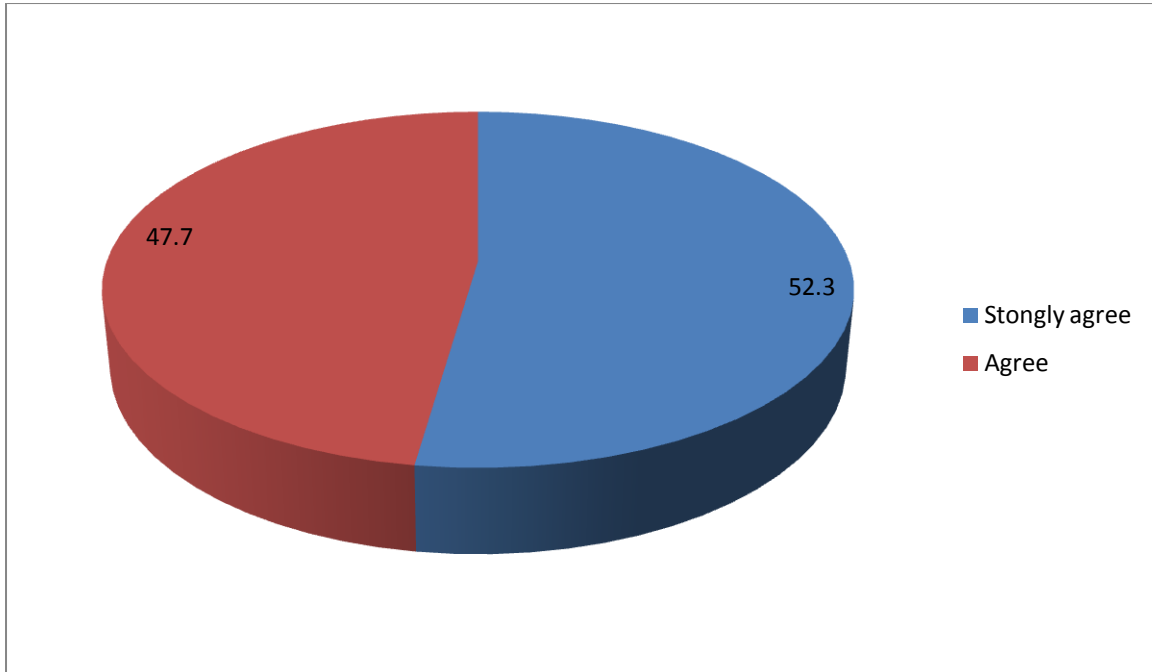


Figure 8: Managerial skills as a success factor of business (Source: Filed survey 2015)

Out of total respondents, 52.3 percent of them strongly agreed that managerial skills would increase the chances of business as a success, while remaining half also admitted with the statement.

The result of this study clearly indicates those managerial skills such as planning, decision making, financing, marketing, selling etc would increase the chances of success of their business. An entrepreneur must have essential managerial skills for day to day management and administration of the ventures. Results from various researches regarding the small enterprises revealed that, managerial skills and knowledge are needed for successful management of small enterprises. These results could also relate to the argument made by Van Rensburg (2010) that in order to achieve good entrepreneurial performance, entrepreneurs should focus on developing their business and entrepreneurial skills. In addition, entrepreneurs should consider number of managerial skills for example, project management skills, small business management skills, team building, leadership, risk management skills so on, in order to effectively manage the business. They should also

assume interpersonal role, informative role, decision making role, without considering these roles and skills, it could be difficult for young entrepreneurs to manage their business to success.

4.2.11 financial access of youth entrepreneurs:

The following table shows the extent to which the participants of this study agreed or disagreed that getting access to finance for the operation of the business like they run from the financial institution that support youth entrepreneurship.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly disagree	29	45	45
Disagree	36	55	100
Total	65	100	

Table 7: Access to finance in financial institutions that support youth entrepreneurship (Source: Field survey 2015)

Almost half of the respondents (45 percent) for this research vehemently disagreed that it is easier to access to finance in financial institution that support youth entrepreneurship, while remaining 55 percent respondents also disagreed with this notion.

The table 4.7 shows that lack of access to start-up capital accompanied with other financial support from the financial institutions was major stumbling block to youth entrepreneurship in Kathmandu. Collateral, almost always land, is necessary to obtain loan from a bank and other lending institutions in Nepal. It is crucial to have additional working capital, or access to it, to expand and remain competitive, but most financial institutions had been reluctant to approve loans for business development, and required a performance history of at least five years before they would even consider it. Lack of financial incubator, lack of business funding information center, and short of savings were among other obstacles that result in their inability to obtain finance.

4.2.12 Business registration process:

The following chart explains the extent to which respondents of this research agreed or disagreed that business registration process in Nepal is fast.

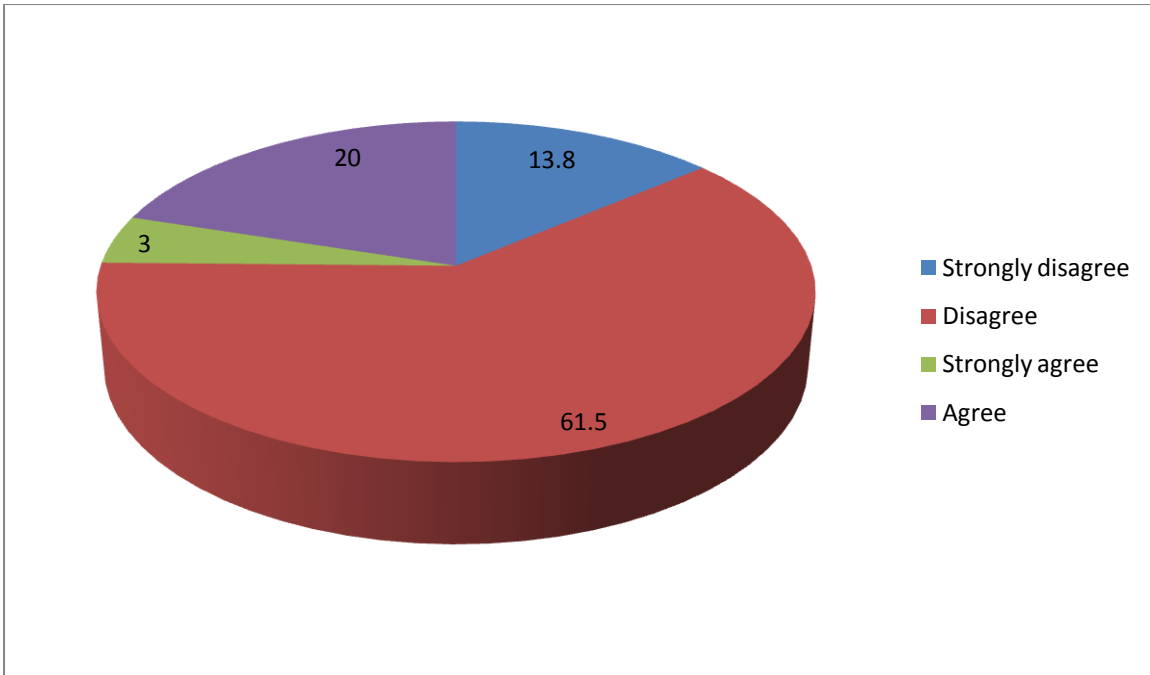


Figure 9: Speed of business registration process in Nepal (Source: Field survey 2015)

A majority of proportion of respondents (61.5 percent) disagreed that the process to register a business was not fast, and 13.8 percent respondents vehemently disagreed the statement. On the other hand, about 20.1 percent respondents agreed that the process to register a business in Nepal was quick; about 4.6 percent respondents strongly agreed the idea.

The above figure indicates that more respondents felt that the process to register the business was not quick and efficient, and some of them were against this statement. This was probably caused by the fact that all SMEs should be registered with Department of Cottage and Small Industries (DCSI) and Cottage and Small Industry Development Board (CSIDB) under Ministry of Industry, commerce and supplies (MICS). They also have to register with local government authorities (VDCs and Municipalities). However, the coordination of information and procedures among these authorities is very poor. The process of registration is too difficult and costly because of corruption. Staffs of government agencies are not friendly and always demand for extra money to speed up their registration process. Moreover, most of the youth entrepreneurs in this study felt that they made use of agents who claimed that they would speed up the registration process of their businesses.

4.2.13 Simplicity of the business registration process:

The following figure explains the extent to which the respondents of this study agreed or disagreed that process for the registration of the businesses like they operate is clear.

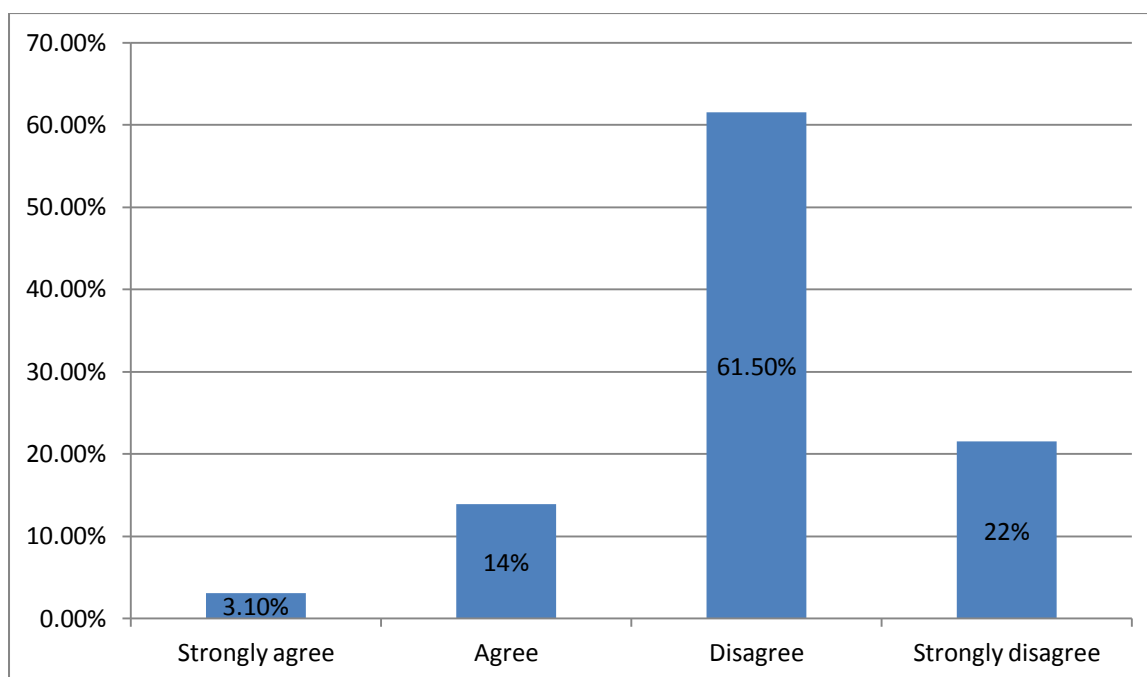


Figure 10: Clarity of the business registration process (Source: Field survey 2015)

A majority of proportion of respondents, comprising 61.5 percent, disagreed that the process to register a business was not easy to understand, while 22 percent respondents strongly support this statement. Around 14 percent respondents agreed that it was simple to understand how to register a business.

Thus the results reveal that the process to register a business like they are operating was not easy to understand. This was because of the factor like lack of access to business related information prior to the registration of business. In addition, the administration of SMEs involves a range of registration requirements and permits, which are not clearly defined. Capturing SMEs in national database is poor because central government agencies have little control over SME administration. Similarly, the steps and forms for registration and recommendations/approvals are cumbersome especially for SMEs. The valuation system used by customs is not transparent and uniform. SMEs complain about the discretionary approach employed in these systems, the time-consuming processes, and the centralization in the custom clearance and business registration procedures (Meier and Pilgrim 1994).

4.2.14 Cost of business registration:

The figure below shows the extent to which respondents of this study agreed or disagreed that the cost of business registration is not expensive.

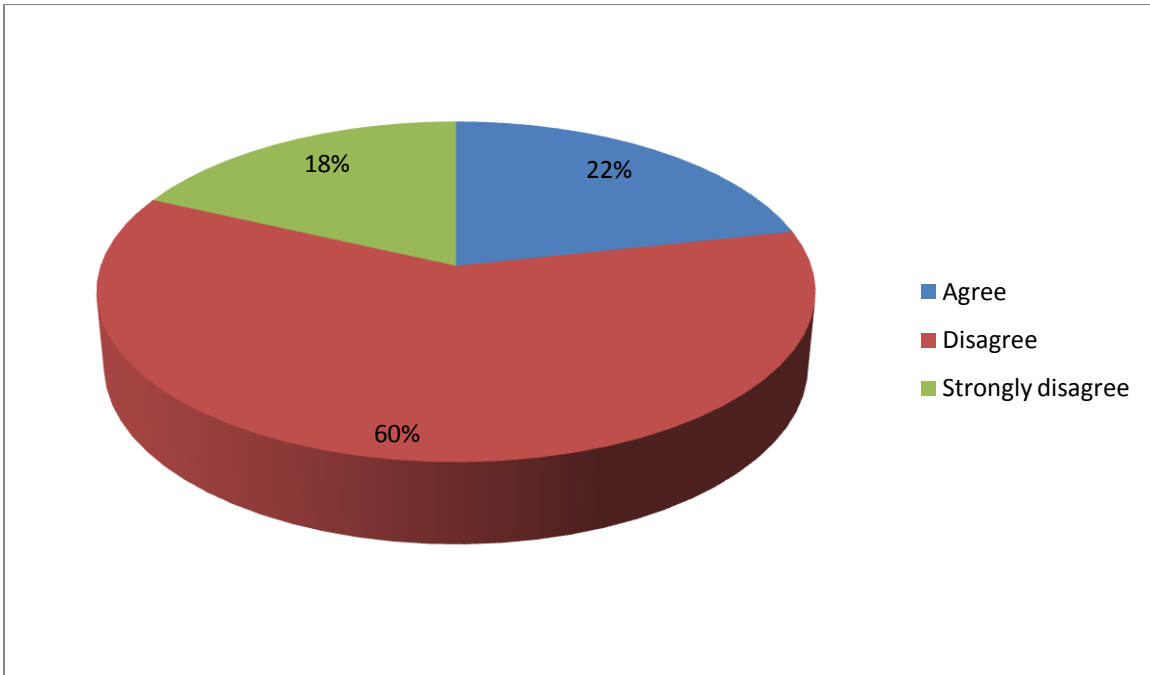


Figure 11: Cost of business registration (Source: Field survey 2015)

The results show that a majority of respondents (60 percent) disagreed that the cost of business registration is not expensive, and 18 percent of respondents strongly disagreed with this statement. However, out of 65 respondents, 22 percent of them agreed with this statement.

The results illustrate in the figure 4.8 explains that majority of the participants of this study felt that the cost of registering the business was expensive. Lack of start-up capital and additional cost charged by agents who assisted aspirants entrepreneurs in the course of business registration, might have influenced the views of some of the entrepreneurs in this regard. In addition the study found that the direct cost of compliance was higher for men than for women, mainly because men are more commonly found in higher capital and relatively larger businesses that require greater compliance standards.

4.2.15 Regulation of youth owned business:

The figure below indicates the extent to which respondents of this study agreed or disagreed that regulation of youth owned business is easy to understand.

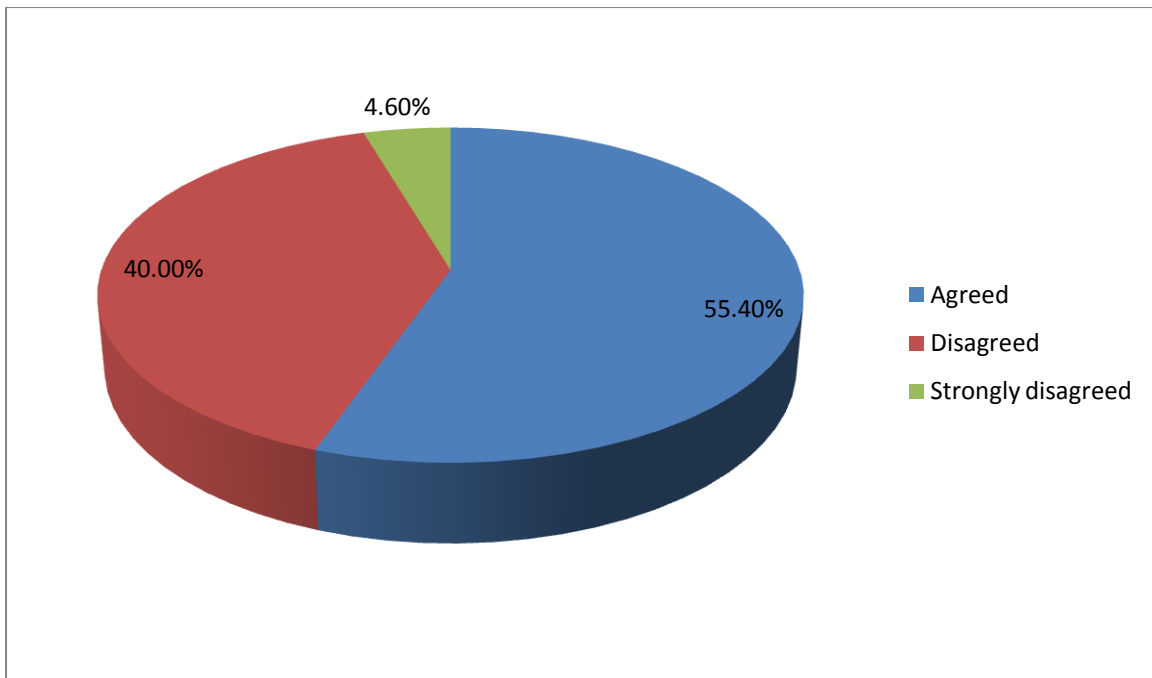


Figure 12: Understanding of regulation of youth owned business (Source: Filed survey 2015)

A majority of respondents (55.4 percent) of this study agreed that business regulations, which govern business like theirs are easy to understand. On the contrary, 40 percent of respondents disagreed with the statement, followed by remaining 4.6 percent that strongly disagreed with the utterance.

The results of this study clearly illustrate that more than half of respondents of this study felt that the degree of understanding of business regulation was simple, easy to understand. Registered enterprises such as cottage industries are exempt from the payment of Value Added Tax (VAT) and income tax. However, this exemption excludes a large proportion of SMEs including those working in trade, services and certain manufacturing sub-sectors (Shrestha 2005). On the contrary, this study reveals that most SMEs have not been able to enjoy tax incentives currently offered by the Government, and the SMEs continue to be apprehensive regarding taxation. The processes of taxation and its exemptions are cumbersome. This could be the reason that about nearly half of the respondents were disagreed on understanding of government regulation. Furthermore, local authorities currently levy property taxes. In respect to value added tax, a temporary exemption was provided up to a threshold level of two million rupees. Thus, micro enterprises with their small turnover do not come under VAT provisions. However, many small-scale enterprises are required to pay VAT (Shrestha 2005). Though the regulation mechanism of government

is clearly stated, many respondents disagreed with the notion owing to lack of transparency, vague administrative procedures and unclear tax incentive mechanism.

4.2.16 Demand for products and services:

The following table explains the extent to which respondents of this study agreed or disagreed that the demand for the products and services that they sell in the market is likely to increase.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly agree	26	40	40
Agree	39	60	100
Total	65	100	

Table 8: continued demands for products and services of youth owned business (Source: Field survey 2015)

The results illustrated in above table clearly state that the demand for the products and services of youth owned business is likely to continue in the future, which was supported by 40 percent of respondents with strong opinion. Similarly, 60 percent of respondents also agreed with the statement that the demands of the goods of their business remain increased in the days to come. Quite interestingly, almost all of the participants of this study confidently argued that the demand of the products and services of their businesses was likely to continue in the future. This is the sign of optimism, which is a defining feature of entrepreneurship. Being an import dependent economy, the entrepreneurs have enormous opportunities to market their goods and services, both for domestic consumption and export.

4.2.17 getting good employees for the business:

The following table shows the extent to which participants of this study agreed or disagreed that it is easier to get employees in the labor market for the kind of business they operate.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly agree	4	6.2	6.2
Agree	21	32.3	38.5
Disagree	40	61.5	100

Total	65	100
-------	----	-----

Table 9: Finding good employees for youth owned business (Source: Field survey 2015)

A majority of participants (61.5 percent) in this study disagreed that it is easier to get employees in the labor market for the kind of business they operate, followed by 38.5 percent that agreed, while 6.2 percent strongly agreed with the statement. In the context of this study, good employees mean an experienced, competent and skill individual who specialize in the particular field of study in the industry, for example, an accountant, a technician, a marketing representative, an electrician and so on. Therefore, for youth entrepreneurs, hiring appropriate personnel is a challenge. This relates to the argument made by Ohlhoff (2008) that hiring and retaining competent employees in this competitive and globalised labor market is a key obstacle for entrepreneurs. In the context of Nepal, the issue is even worst owing to skilled migrant workers, who prefer to work foreign labor market than home with an expectation of getting better payment and conducive working environment.

4.2.18 technological use in the operation of business:

The following table indicates the extent to which the respondents of this study agreed or disagreed that youth owned businesses make use of modern technologies in the course of operating their respective ventures.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly agree	5	7.7	7.7
Agree	42	64.6	72.3
Disagree	18	27.7	100
Total	65	100	

Table 10: the use of modern technologies in the operation of daily business (Source: Field survey 2015)

The table 4.10 illustrates that most of the participants (64.6 percent) of this study agreed that youth owned businesses operating in Kathmandu make use of modern technologies in the course of operating their businesses; while around 7 percent respondents also strongly support this position. On the other hand, 27.7 percent respondents felt that they did not make use of modern technologies in their businesses.

The above results indicated that majority of the participants of this study felt that businesses like they own make use of modern technologies in their daily operation. This is because of that young people understand the importance of technological resources in order to sustain and be competitive in the market. These modern technologies referred in this study include; computer, fax machine, telephone, internet, generator, sewing machine and other machinery equipment, depending on nature of industry in which business operate. However, some young entrepreneurs felt that due to regular load shedding and power cuts, they were being unable to use the machine on its capacity. The economies of scale have come into the question owing to this obstacle. Electricity availability from the grid is the most significant infrastructural problem faced by youth entrepreneurs. As a result, many youth owned businesses supplied their own electricity using diesel generating sets. Larger firms were relatively more likely to spend their resources on electricity generating equipment, particularly in the chemical, pharmaceutical and metal subsectors (Quader and Abdullah 2009).

4.2.19 Support structure of youth owned business:

The chart below indicates the extent to which the respondents of this study agreed or disagreed that young entrepreneurs like themselves in Kathmandu are aware of existing support structures, other than FNCCI.

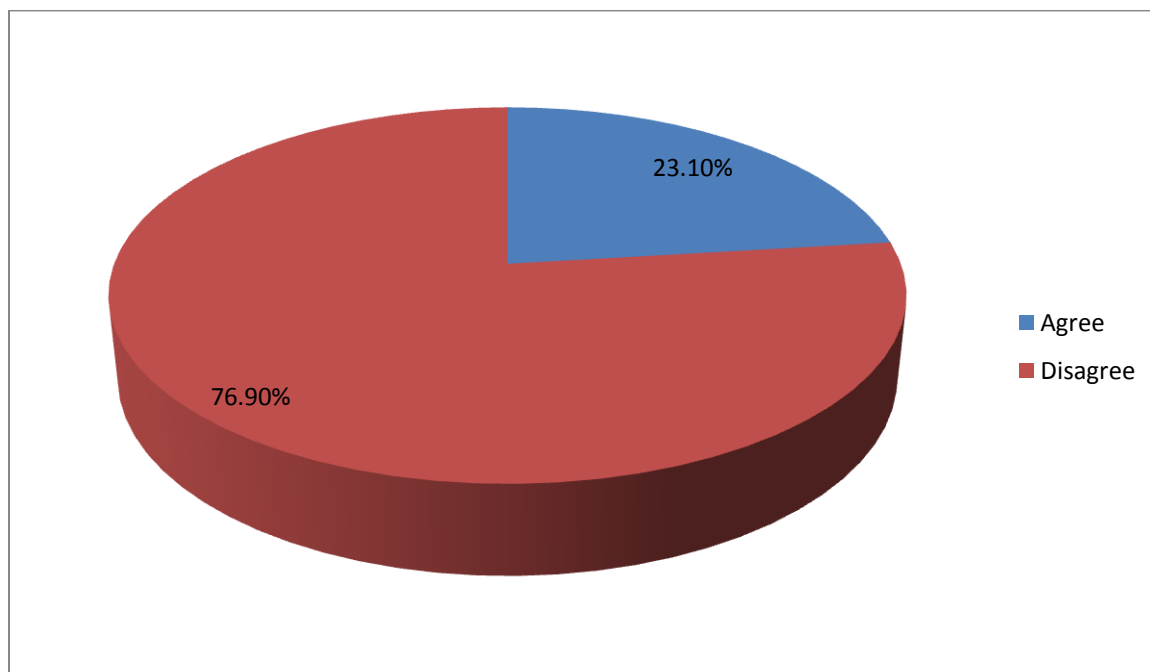


Figure 13: Awareness about existing support structures of youth entrepreneurs (Source: Field survey 2015)

The above figure indicated that majority of the respondents (76.9 percent) in this study felt that young entrepreneurs like them, who were operating businesses in Kathmandu, were not

aware of the existing support structures for youth entrepreneurship, while 23.1 percent participants agreed with the utterance.

The above results indicate that most of the participants of this study accepted having no information regarding the support structure of youth entrepreneurship. This could be the result of ineffective measures taken by youth entrepreneurship support structures. If this is the case in Kathmandu, effective marketing strategies are inevitable for such youth entrepreneurship support structures to make aware of the kind of service they offer. Though different government agencies, NGOs and external agencies are being offered different initiatives and programs to promote and develop entrepreneurial undertakings, they failed to make aspirant entrepreneurs aware of these support structures offerings.

4.2.20 Growth in youth entrepreneurs in Kathmandu:

The following chart shows the extent to which participants of this study agreed or disagreed that the number of young entrepreneurs in Kathmandu is growing.

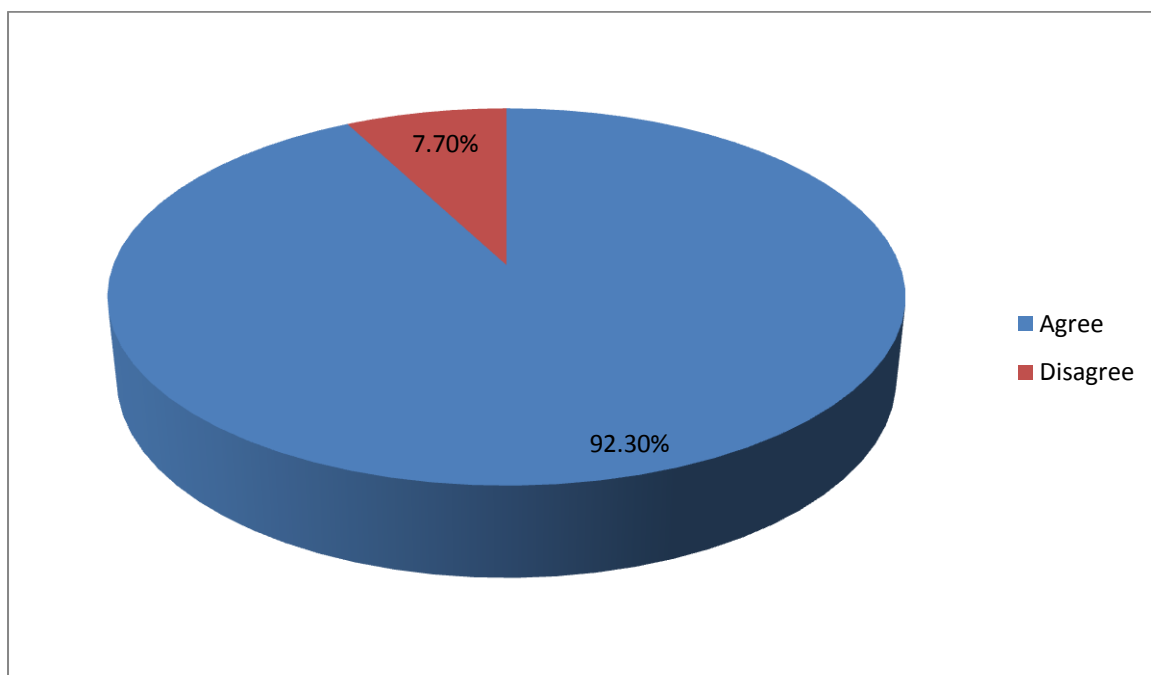


Figure 14: increase in the youth entrepreneurs in Kathmandu (Source: Filed survey 2015)

The above figure clearly indicates that more than 90 percent respondent felt that the number of young entrepreneurs in Kathmandu is increasing, while around 8 percent participants disagreed with this utterance.

Majority of respondents felt that the number of youth owned enterprises are growing daily. However, the degree of growth in their numbers cannot be measured so easily. This may be because of not all the youth owned ventures are registered in FNCCI, and even though when they were the member of FNCCI, might not come to deregister when they shut down their ventures. However, this could be the good gesture for the development of youth entrepreneurship in this area. Thus, in the context of Kathmandu, young people are starting out new ventures in various fields, from agro-business to outsourcing. The importance of entrepreneurship is slowly being recognized. These entrepreneurs are going to be a vital force in bringing about the much needed progress and change, especially in economic frontiers, in the country. This indicates a growing interest in youth entrepreneurship, the issue of sustaining and promoting their interest should be the attention of all stakeholders.

4.2.21 Entrepreneurship as the best option for economic participation:

The following chart illustrates the extent to which respondents of this study agreed or disagreed that entrepreneurship is the best option for economic participation rather than employment.

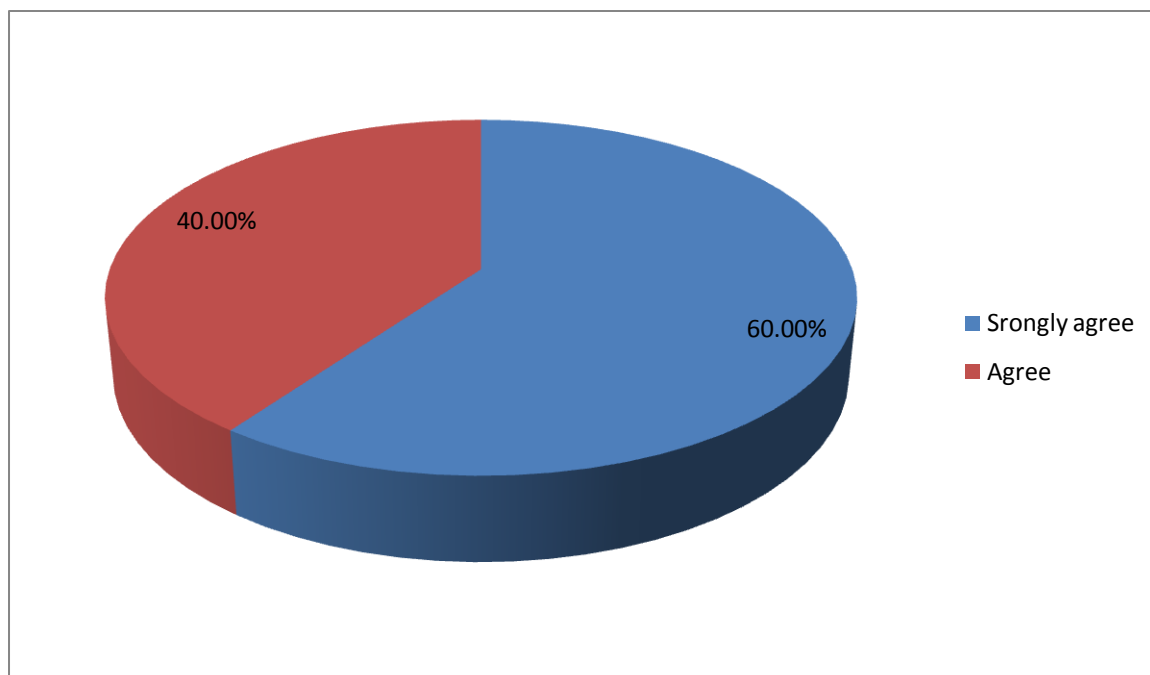


Figure 15: entrepreneurship as option for economic participation (Source: Field survey 2015)

A majority of participants (60 percent) of this study strongly agreed that entrepreneurship is the best option for economic participation rather than paid work, while 40 percent respondents also agreed with this statement.

Larger proportion of the participants in this study felt that entrepreneurship is the best available option for economic participation rather than employment. The sample survey in the research conducted by Dash and Kaur (2012) revealed that most of the young entrepreneurs even though had other occupational opportunities chose entrepreneurship as a career because they aspire to be independent and to earn more money. Similarly the research conducted on youth entrepreneurship by Gwija, Eresia-Eke et al. (2014) illustrated that 50 percent of respondents were interested to becoming entrepreneurs. Sorgner, Fritsch et al. (2014) addressed the common assertion that self-employed persons tend to earn less than paid employees does not hold true. Despite considerable heterogeneity, many but not all self-employed earn more. Moreover, many research have found that majority of entrepreneurs earn more than their employed counterparts (Åstebro and Chen 2014). This may be because of entrepreneurship literature highlighted in literature such as competitiveness, economic independence, self-esteem could be the motivating factors. Also favorable attitude towards entrepreneurship might be the reason of sheer unemployment in the country.

4.2.22 Government support structures and programs for youth entrepreneurship:

The following chart shows the extent to which the respondents of this study agreed or disagreed that support structures and programs of Nepalese government are supportive to youth entrepreneurship in Kathmandu.

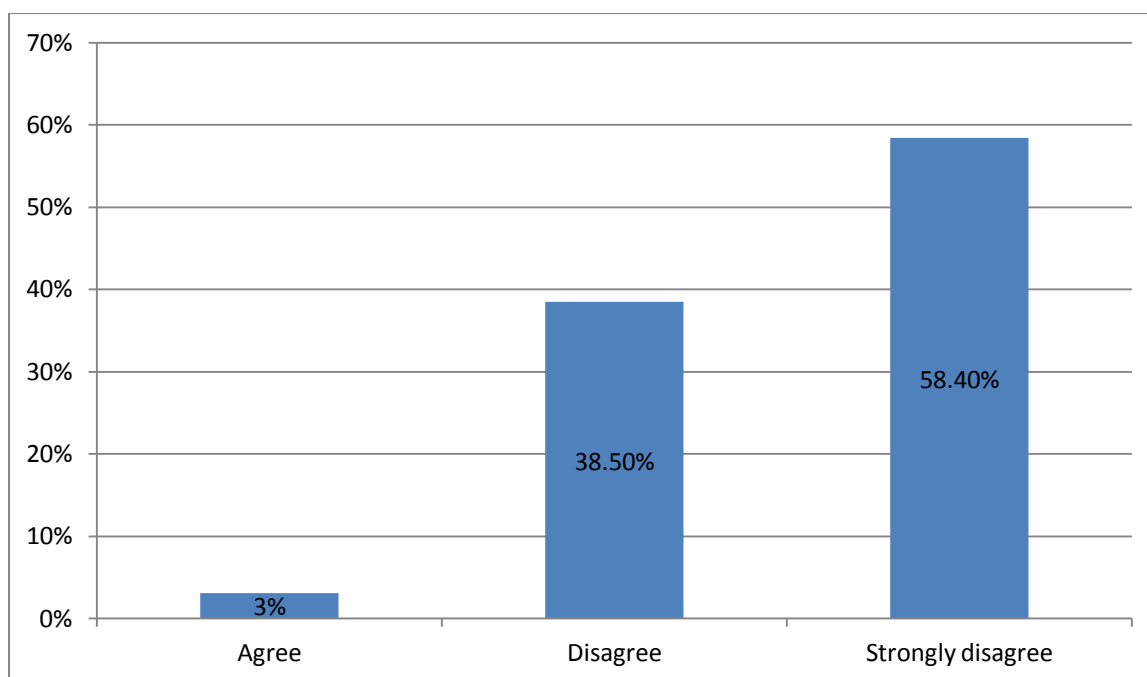


Figure 16: Government support and programs for youth entrepreneurship in Kathmandu (Source: Field survey 2015)

Majority of respondents (58.40 percent) participated in this study vehemently disagreed that Nepalese government programs and structures are supportive to youth entrepreneurship in Kathmandu, while 38.50 percent disagreed with this notion, only around 3 percent of respondents agreed.

The results showed that there was overwhelming disagreement that programs of the Nepalese government were supportive to youth entrepreneurship in Kathmandu. Currently, there is no mechanism for the collection, analysis and dissemination of information on micro enterprises in Kathmandu. There is no over-arching policy framework that describes the Government's intentions for the development of youth entrepreneurship. The national development plans and policies do not accord high priority for the development of youth entrepreneurship. Policies and programs have been established without a comprehensive information base on Nepal's youth labor market. There is no doubt that some initiatives have been introduced to assist young entrepreneurs through government programs but these are a mere drop in the ocean. Besides, majority of such initiatives are foreign funded, which affects the overall prospects of the sustainability of the programs. Most development planners and policy makers do not integrate youth into development process, and they feel their duty is done by making separate policy statement on youth. These policy statement are however, not followed with appropriate programs and strategies. The sectoral policies and programs of National Development Plans do not consider youth. Ministry of Youth and Sports and department of cottage and small industries, as a custodian of youth development in the country, have

responsibilities to facilitate youth entrepreneurship, among others. In Kathmandu's situation, this responsibility is not being discharged. In fact they are not playing role in the development of youth entrepreneurship in Kathmandu.

4.2.23 Obstacles at business start-up:

The following chart shows the extent to which the participants of this study agreed or disagreed that they faced obstacles in the course of setting up their businesses.

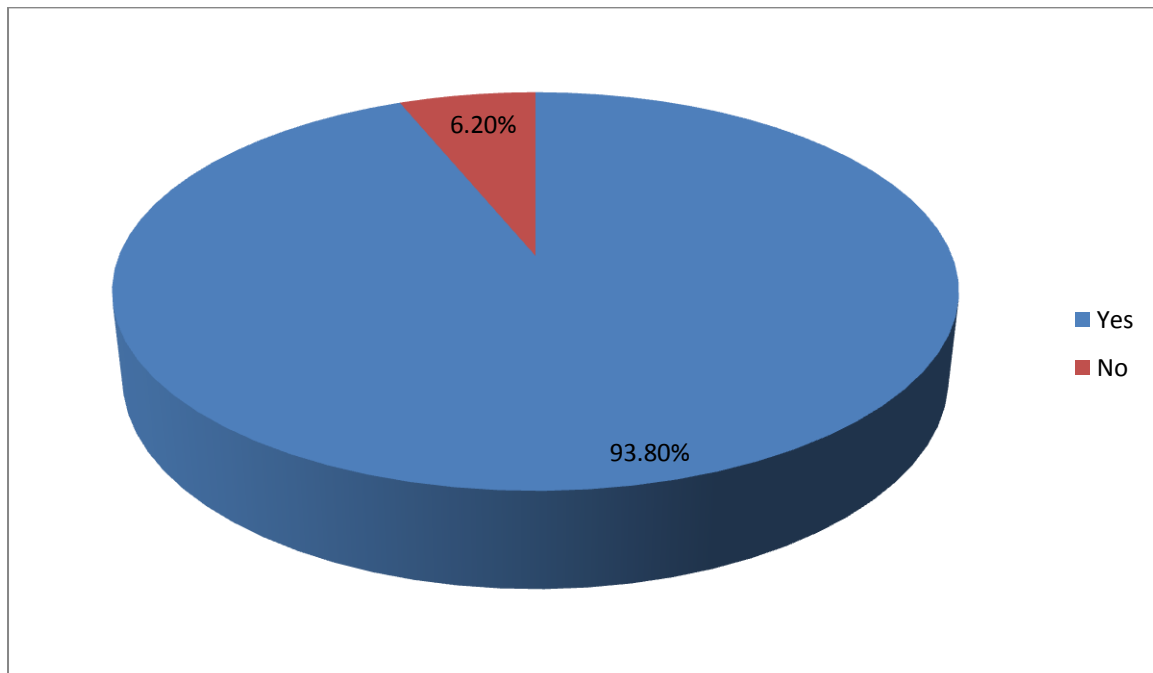


Figure 17: impediments to Kathmandu's youth entrepreneurs in starting-up business (Source: Field survey 2015)

Surprisingly, almost all of the respondents (93.8 percent) agreed that they had encountered certain obstacles in the course of setting up their businesses, while only around 6 percent participants disagreed.

The results from this study reveal that almost all of the participants admitted to having encountered certain obstacles in the course of starting-up the business ventures. This may be because of creating conducive business environment for young people to participate in the economy remains a challenge in the country. Furthermore, this could also be the reason about why Nepalese youth lag far behind in starting-up own business, rather choose to pursue their career as migrant workers far off in Middle East and Malaysia (Chalise 2014).

4.2.24 Obstacles when setting up business:

This study found that there were some key obstacles that youth entrepreneurs in Kathmandu encountered when setting up their own businesses. The table below illustrates such obstacles.

Factors	Respondent number	Respondent percentage
Lack of start- up capital	54	83.07
Lack of business management experience	41	63.07
Lack of government support services	32	49.3
Lack of savings and collateral	18	27.7
Regulatory red tape	10	15.4
Lack of business networks	8	12.3
Lack of information	6	9.2
Cost of business resources	5	7.7

Table 11: Obstacles in setting up business (Source: Field survey 2015)

4.2.24.1 Lack of start-up capital

The result of this study indicates that 83.07 percent of respondents (54 out of 65) express that lack of capital was key obstacle in the course of setting up their business ventures. This corresponds with the findings shown in Table 4.7, which indicates that access to finance was major stumbling block for these young people. Moreover, various young entrepreneurs workshop have shown that more than 50 percent of their problems relate to the inadequacy of start-up capital (UNDP 1988). This could be related to the argument made by Schoof (2006) that “Young people aren’t short on passion or guts, they’re short on cash”.

4.2.24.2 Lack of business management experience

The result of this study illustrates that 63 percent participant (41 out of 65) expressed that devoid of business management experience was another major obstacle for setting up and developing their businesses. Thus inexperience management during the initial stage of

business operation can have dire consequences in terms of sustenance and growth of business. Gompers, Kovner et al. (2006) revealed in their research paper that the success rate of entrepreneurs in their later ventures is higher than the success rate of first time entrepreneurs. Similarly, Van Rensburg (2010) compared entrepreneurship with golf. He further opines that “you can read the books, speak to the pros.....the only way you can truly master the game is by getting on the course and playing over and over again”.

4.2.24.3 Lack of government support services

A total of 49.30 percent of participants (32 of 65) expressed that lack of government support structures and initiatives contributed negatively to the development of youth entrepreneurship in Kathmandu. This result relates with this study findings shown in Figure 4.10 & 4.13 respectively, which suggest that government support to the development of youth entrepreneurship was virtually non-existent in Kathmandu.

4.2.24.4 Lack of savings and collateral

A total of 18 out of 65 (27.7 percent) respondents expressed that they did not bear any savings or collateral to get business funding when they started business. Normally young people in Nepal have no rights to ancestral inheritance. Thus the families hesitate to provide a mortgage as collateral to the banks. And even if they do, normally banks will ask for guarantees from guardians. Lack of knowledge in the banking processes, lengthy procedures, and selection of competitive business, lack of savings, inability to compile a proper business plan, among other things, have created difficulties for youth obtaining loans from formal sectors or banks. Similarly, married women have no rights to ancestral inheritance (Tuladdhar 1996). She further explained that women can not claim any property from their husbands before 15 years of marriage, and even then they must be at least 35 years of age. This system of women’s property rights leaves them with no capital of their own. Further unmarried women are given less preference, even in the women-related programs. Thus, lack of collateral and savings for business funding has been cited as one of the key obstacle for youth entrepreneurship development in Kathmandu.

4.2.24.5 Regulatory red tape

A total of 10 out of 65 (15.4 percent) respondents participated in this study concerned that red tape associated with setting up of new business was another discouraging factor to fostering youth entrepreneurship development in Kathmandu. These results align with the study findings shown in figure 4.6, 4.7, 4.8, and 4.9 in which most of the participants were concerned for slow business registration process, ambiguity in business registration process,

and high cost involvement in business registration process due to the involvement of agents, who claims to facilitate the registration process for aspirant entrepreneurs. Some of them also expressed their concerned that aspects such as income tax exemption, exemption in VAT for SMEs based on investment capital and tax incentives, which regulate SMEs, were not easily understandable. Moreover, the process of taxation and its exemption is cumbersome. Most of the youth entrepreneurs in this study claim to suffer from bureaucratic burdens mainly associated with excessive red tape; bureaucratic delays; middleman commission; corruption; and unpredictable, unclear, inconsistent and poorly implemented government policies.

4.2.24.6 Lack of business networks

8 of 65 (12.30 percent) respondents of this study expressed that business networks for development and expansion of business ventures for these young entrepreneurs was one of the obstacles in setting up their businesses. The business networks for these young entrepreneurs tend to be based on face to face communication among dealers and customers who promote their products by convincing others to try them. For support these young entrepreneurs emphasized the need for a network where they could learn about new ideas, as well as share problems and generate ideas with others. In this modern days, the know-who seems to work better than know-how, thus if these entrepreneurs do not have access to right business networking who can increase value to development and sustenance of their businesses, then the probability of having succeeded in their business may be limited (Gwija, Eresia-Eke et al. 2014)

4.2.24.7 Lack of information

A total of 6 out of 65 respondents (9.2 percent) stated that lack of information, about available business support structures as well as services and facilities they are likely to enjoy, was another obstacles for these youth entrepreneurs in Kathmandu when setting up their ventures. Owing to lack of government support structure to youth entrepreneurship development, getting access to business related information is very hard for aspirant entrepreneurs. The support structures of the government which has been created to assist with start-up and nurturing of business should be widely accessible and well informed to the aspirant youth entrepreneurs. It is important, therefore, for the government to conduct informational campaign and disseminate information through business organizations.

4.2.24.8 Cost of business resources

5 out of 65 (7.7 percent) participants expressed their concern over high cost of business resources such machinery and equipment, new technology, skilled human resource and raw material. Access to reliable and affordable electricity is vital for businesses. To counter weak electricity supply, many firms in Nepal have to rely on self-supply, often at a prohibitively high cost (Mundial 2015). Few participants perceived factors such as inflation, economic recession, which also might have influenced negatively on high cost of business resources.

4.2.25 Obstacle for business operation for Kathmandu youth entrepreneurs:

The following chart shows the extent to which the respondents of this study agreed or disagreed that they are currently encountering obstacles in the course of operating their respective ventures.

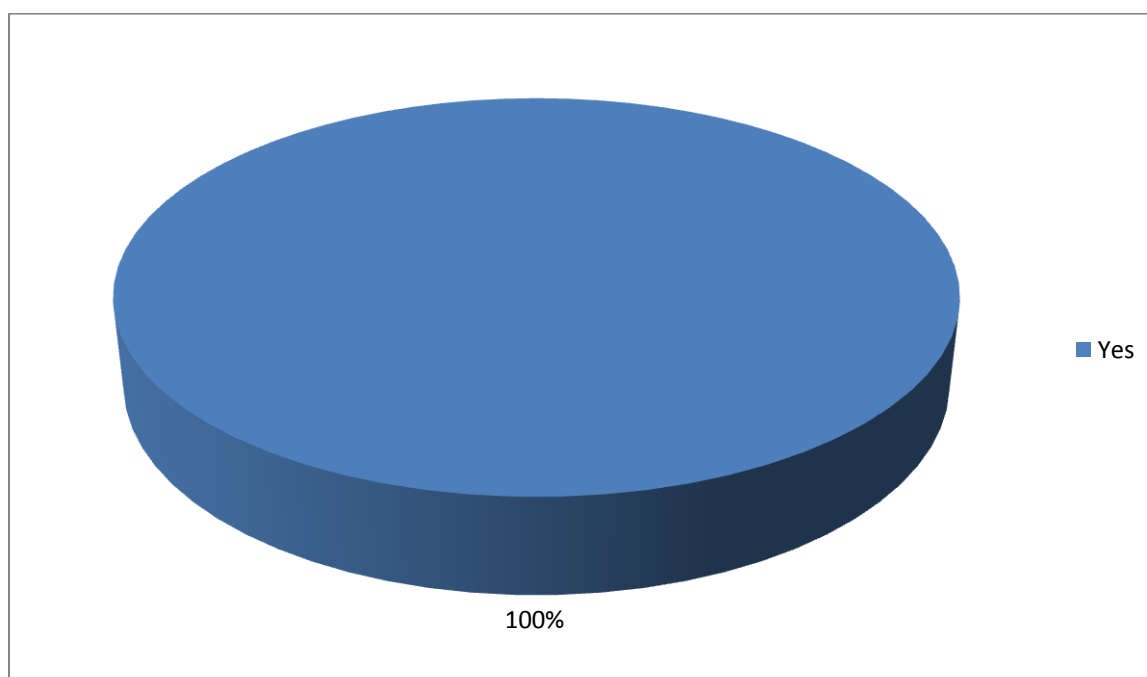


Figure 18: present obstacle in business operation (Source: Field survey 2015)

The above figure illustrates the result that all the respondents (100 percent) participated in this study replied unanimously that currently they were encountering obstacles in the course of operating their respective businesses. The problems that these young entrepreneurs encountered in running business have been discussed here under.

4.2.26 Current obstacles for youth entrepreneurs in Kathmandu

The following table shows the main obstacles that are being encountered by young entrepreneurs in their business operation in Kathmandu.

Factors	Respondents number	Respondents percentage
Lack of expansion capital	38	58.5
Lack of business resources	26	40
Lack of business support	18	27.7
Lack of business management skill	15	23.1
Rigid business regulation	9	13.9
Getting right employees	6	9.2
Lack of access to business information	4	6.2

Table 12: Obstacles for business operation (Source: Filed survey 2015)

4.2.26.1 Lack of expansion capital

A total of 38 out of 65 (58.5 percent) respondents of this study stated that lack of expansion capital was the main inhibiting factor for these young entrepreneurs, which affect the growth of their business ventures. Due to lack of capital many young entrepreneurs have been unable to expand their businesses. There is always a question mark of how to solve the capital problem of youth entrepreneurs who have no collateral. The problem can be solved only if the young people can have the same property right as adults. These results could be associated with the findings highlighted by Bushell (2008) that most financial institutions had been reluctant to approve loans for business expansion, and required a performance history of at least 5 years before they would even consider it. Thus the youth in this study felt constraint by lack of available capital to expand and develop.

4.2.26.2 Lack of business resources

A total of 26 of 65 (40 percent) respondents participated in this study felt that lack of business resources was another hindering factor for their business growth. Most of the youth in this study mentioned the resources such as modern technologies, machinery and equipment, vehicle, land and building, raw materials, skilled employees, location, amenities available at that location, securities and so on; lack of access to them had hindered the growth in their business. To the contrary, however, without business capital, good business resources

will be difficult to obtain. Dollinger (2005) highlighted six types of resources namely, physical, reputational, organizational, financial, intellectual/human and technological to remain competitive in the market for entrepreneurial ventures. Access to some of these resources would be assistance for the growth and sustainability of youth entrepreneurial ventures.

4.2.26.3 Lack of business support

A total of 18 out of 65 (27.7 percent) respondents participated in this research indicated that lack of business support in services such as business advice, mentoring and financial assistance for youth entrepreneurs in Kathmandu is lacking from government. These results correspond to the findings shown in section 4.2.19 and figure 4.10 and 4.13, which explain that government support structure to assist youth entrepreneurs to expand their business, were not accessible to most of the youth entrepreneurs in Kathmandu. These results highlight the need for policies and strategies to make accessible to SMEs and entrepreneurship development services from government in Kathmandu area.

4.2.26.4 Lack of business management skills

A total of 15 out of 65 (23.1 percent) respondents participated in this study expressed that lack of business management skills such as finance, marketing, human resource, managerial, entrepreneurial skills was an impediments to the success of their business. These skills were needed not only for setting up business ventures, rather it still remains challenge in the current operations of their businesses as well. Some of the youth entrepreneurs in Kathmandu argued that educational training was essential not just to start businesses but rather to be capable of operating their businesses. However, unfortunately, most of the entrepreneurs had no formal entrepreneurial education and training to prepare them for business environment.

4.2.26.5 Rigid business regulation

A total of 9 out of 65 (13.9 percent) respondents participated in this study felt that strict business regulation, issues such as ambiguity in income tax exemption, VAT, unclear tax incentives, high cost of tendering were also among obstacles against growth and success of their businesses. These results align with the study findings shown in section 4.2.24.8 and figures 4.6, 4.7, 4.8, and 4.9 in which most of the participants were concerned for slow business registration process, ambiguity in business registration process, and high cost involvement in business registration process due to the involvement of agents, who claims to facilitate the registration process for aspirant entrepreneurs. These results suggest that problematic business regulations continue as the business grows further. Most of the youth

entrepreneurs in this study admitted that they encountered bureaucratic burdens mainly associated with excessive red tape; bureaucratic delays; middleman commission; corruption; and unpredictable, unclear, inconsistent and poorly implemented government policies in the course of operating their businesses.

4.2.26.6 Getting right employees

A total of 6 out of 65 (9.2 percent) respondents participated in this study suggested that getting the right employees was another obstacle they encountered in the course of operating their businesses. Few young entrepreneurs admitted that getting talented and experienced employees was a real challenge. This result relates to the literature discussed in this study that getting talented and competent employees is one of the impediment encountered by number of entrepreneurial ventures. Longenecker, Petty et al. (2011) assert that a small company’s employees can easily make or break the business. Thus, without appropriate human resources, a business venture will not have products or services to deliver in the market.

4.2.26.7 Lack of access to business information

A total of 4 out of 65 (6.2 percent) respondents participated in this study felt that lack of access to business information was another obstacle to the success and growth of their businesses. Entrepreneurial undertakings cannot be flourished without proper information about entrepreneurship initiatives. This result relates to findings in section 4.2.19 and figure 4.10, which explain that lack of available support structures, other than FNCCI, was discouraging for the development of youth entrepreneurship in Kathmandu.

4.2.27 Entrepreneurial zeal among young people in Kathmandu

The following table illustrates the extent to which young entrepreneurs in Kathmandu participated in this study agreed or disagreed with the notion that young people in Kathmandu are becoming more enthusiastic about entrepreneurship.

Response categories	Frequency	Percentage	Cumulative Percentage
YES	65	100	100

Table 13: entrepreneurial zeal among young people in Kathmandu (Source: Field survey 2015)

Surprisingly, all the respondents (65 out of 65) expressed that young people in Kathmandu are becoming more and more enthusiastic about entrepreneurship. A few of these

entrepreneurs cited that young people continue to register with DCSM, CSIDB and FNCCI. Some of them also indicated that these young entrepreneurs took part in entrepreneurship workshops regularly, underwent business management training, and attended meeting regularly. Moreover, some entrepreneurs felt that entrepreneurial education which equips the youth with the type of skills which enable them successfully to run an enterprise is of paramount importance. Despite this some of youth entrepreneurs expressed their concern over urgent need for youth entrepreneurship nurturing in Kathmandu area. It was also expressed that Kathmandu youth entrepreneurs are also determined to taking part in development projects that usually happen in their community such as urban renewal, urban river sanitation, building parks and shopping complex and so on. Thus as the number of youth entrepreneurs grows, their visibility in terms of leadership of the business sector and contribution towards sustained economic development, will gradually evolve.

4.3 Summary

This chapter discussed results, which are based on research study findings. The findings were mainly discussed according to the research questions, which were presented and analyzed with the help of SPSS software, where applicable. The results were illustrated in frequency tables, bar and pie charts. The results explored that youth entrepreneurs in Kathmandu encounter number of obstacles in their businesses, most of them are identical to the ones that they face while starting-up their business ventures. These included lack of access to finance, lack of expansion capital, lack of business resources, lack of government support structures, lack of business management skills, lack of entrepreneurial skills, lack of business management experience, rigid business regulation and so on. On the other hand, the prospects of youth entrepreneurship development in Kathmandu area are encouraged by growth of entrepreneurial zeal by young people in this community. These results suggest that country's government should do more to ensure the sustainability of the youth entrepreneurship development in Kathmandu community. Thus, this underlines the need for aggressive measures to be taken to uplift the unsupportive and unfavorable business environment for youth entrepreneurship in this community. In order to conclude this study, the results and recommendations are dealt with in next chapter.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objectives of this study was to investigate the obstacles that young people encounter when setting-up their businesses; the current obstacles that prevent the expansion of their entrepreneurial ventures; as well as the prospects for youth entrepreneurship development in this community. This chapter addresses answers to the research questions and conclusions were drawn from the findings of this study, and recommendations are put forward accordingly.

5.2 Conclusions

This research indicated that youth entrepreneurship development initiatives were lacking in Kathmandu valley. Likewise youth entrepreneurship development services were also lacking in the city. Young entrepreneurs in Kathmandu are devoid of business development services such as business counseling, finance, mentoring, and incubators. Absence of youth support structures was another impediment young entrepreneurs are encountering in this area. Since Dallago and Blokker (2012) opine that creating a favorable business environment to youth entrepreneurship development would convince more youth to exploit business opportunities in the market. Therefore, it can be said that immature youth entrepreneurship development in Kathmandu valley is because of lack of awareness and inaccessibility of entrepreneurship support structures and initiatives.

This study found that there was no information regarding the support structures for youth entrepreneurship development in Kathmandu, other than FNCCI (Figure 4.10). The absence of youth entrepreneurship support structures in Kathmandu area plays a negative role on the development of youth entrepreneurship in the community. This may inhibit the chances of expansions in the development of entrepreneurial ventures. The Nepalese government business support programs, other than some NGOs, INGOs and donor agencies, were not found to be effective to entrepreneurial ventures in Kathmandu. . There is no over-arching policy framework that describes the Government's intentions for the development of youth entrepreneurship (Figure 4.13).

Lack of start-up capital was perceived to be key obstacle at starting business up (Table 4.11). Lack of access to start-up capital accompanied with other financial support from financial

institutions was major stumbling block to youth entrepreneurship development in Kathmandu (Table 4.7). Most financial institutions had been reluctant to approve loans for business development, and required a performance history of at least five years before they would even consider it. Thus, most of their businesses start with funds which were largely provided by their friends, family members and their own savings. Similarly, lack of expansion capital (Table 4.12) was the main inhibiting factor for these young entrepreneurs, which affect the growth of their business ventures. Due to lack of this capital many young entrepreneurs in Kathmandu have been unable to expand their businesses. Therefore, it is paramount important that expansion capital is crucial for any business that needs to explore growth and seize the opportunities.

The process for registration of business (Figure 4.6) for aspirant entrepreneurs in Kathmandu was not quick and efficient. Also, the process of registration is too difficult and costly because of corruption. Moreover, the cost of business registration was perceived to be expensive by many participants (Figure 4.8). These results suggest that measures that speed up registration process and provisions that lower down the cost of business registration should be established. If these issues are not to be taken into consideration, young aspirant entrepreneurs may be discouraged from pursuing entrepreneurial career in area such as Kathmandu.

Similarly, a lack of business management experience (Table 4.11) was also considered to be one of the major obstacles in setting-up of youth entrepreneurial ventures in Kathmandu valley. Inexperience management during the initial stage of business operation can have dire consequences in terms of sustenance and growth of business. Thus, young entrepreneurs should find the ways to overcome this challenge.

This research also found that most of the entrepreneurial ventures in Kathmandu had not more than 10 employees in their respective businesses (Table 4.4). This could be an indication that majority of youth owned business is small in size and capital. Thus lack of access to business funding that is necessary to acquire the business resources and lack of access to market, which could negatively affect the growth and profitability of the business, and thereby reducing the opportunity to create more employment.

Another obstacle that youth entrepreneurs in Kathmandu encountered was difficulty to retain good employees in their businesses (Table 4.9). This finding agreed with the results discovered by Ohlhoff (2008) that one of the key obstacles, which face the today's business is attracting and retaining talented and competent workforce.

Thus, most important obstacles that Kathmandu's young entrepreneurs encounter while setting up their businesses, and subsequently operating their businesses include; lack of support structures, ineffective programs of Nepalese government to support entrepreneurial development in the region, lack of business funding and start-up capital, high cost involvement and unclear business registration process, lack of business management skills, lack of business resources and so on.

Interestingly, despite having so many challenges found by this study in the course of establishing and running entrepreneurial ventures in the area such as Kathmandu, some good prospect also emerged. Majority of respondents felt that the number of youth owned enterprises are growing daily (Figure 4.11). Young people are starting out new ventures in various fields, from agro-business to outsourcing. The importance of entrepreneurship is slowly being recognized. Moreover, Table 4.13 illustrates that young people in Kathmandu are becoming more and more enthusiastic and interested about entrepreneurship. These entrepreneurs are going to be a vital force in bringing about the much needed progress and change, especially in economic frontiers, in the country. This indicates a growing interest in youth entrepreneurship, the issue of sustaining and promoting their interest should be the attention of all stakeholders.

The degree of understanding of business regulation was simple, easy to understand (Figure 4.9). Majority of participants expressed their concern that these business regulations are understandable to these young entrepreneurs. Thus with regard to understanding regulatory provision that govern small business, despite being ambiguous, the degree of understanding it was quite substantial for Kathmandu youth entrepreneurs.

Another finding of this research is that entrepreneurship was considered to be a best option for economic participation rather than employment (Figure 4.12). This finding support the results highlighted by Sorgner, Fritsch et al. (2014) that self employed person tend to earn less than paid employees does not hold true. Awareness about the advantages of entrepreneurship could be determining factor in this regard. Conversely, it is also noted that both pull and push factors (Table 4.5) together can contribute an individual's attitude towards becoming entrepreneurs. Also it was found that entrepreneurial skills would boost chance of success in their businesses (Figure 4.4). In addition, managerial skills of entrepreneurs also would be regarded as a catalyst in order to successfully establish a entrepreneurial undertakings (Figure 4.5).

To sum up, the objectives of this study were met, as the research questions of this study were carefully addressed. This study highlighted that it was not that young people in Kathmandu,

who did not want to pursue career in entrepreneurship, rather youth entrepreneurship development was lacking in this community.

5.3 Recommendations

The following recommendations are provided to counter the major obstacles faced by youth entrepreneurs in Kathmandu.

- Since lack of access to credit stands as the major constraints confronting youth entrepreneurs, Nepal government should simplify the banking procedures and loans should be sanctioned after not more than two visits by clients. Also, the government should support in all stages of business development, including helping in expansion capital. This kind of funding help young entrepreneurs to obtain more resources to expand their businesses and eventually create more jobs. This study also found that majority of youth owned business in Kathmandu employed not more than 10 employees in their respective ventures (Table 4.4). This could be an indication that majority of youth owned businesses are slow in growth and small in size and capital. Thus, this ongoing slow growth in youth entrepreneurship development in Kathmandu could be addressed by focusing more on easy and widely accessible credit, collateral free loans and expansion capital. More attention should be given to make easy access with regard to business funding for youth entrepreneurs, who have convincing business plan but short of start-up capital to materialize the ventures.
- Nepalese government should focus on youth entrepreneurship development initiatives. Such initiatives should offer business development services that are tailored to nurture business ventures. These may include business advice, counseling, training, finance, mentoring and incubators. For these business development services, support from NGOs, International NGOs, technical collages and government of Nepal should be collaborated to foster sustainable business development as well as growth in youth owned businesses. The effective and efficient support structure of government to nurture business development should be established in the heart of Kathmandu.
- The country's government should amend the legal procedures by reducing the cost of business registration for young people, as well as speed of business registration process. The coordination of information and procedures among those authorities should be effective and transparent. Staffs of government agencies should be friendly

and stayed away from corruption. The country's government should take strong action immediately against those who involve as commission agents claiming to speed up and help in the course of business registration process by charging extra money to applicants. This could encourage more and more young aspirant entrepreneurs to come forward and execute their entrepreneurial ventures and hence contribute significantly to the economy of this country. Regarding business regulation, registration requirements and permits should be clearly defined and tax exemption of those ventures that are less than one year old should be considered as that money generated from tax amnesty could play a big role in nurturing their business ventures.

- The curriculum must be revised and teachers trained in teaching entrepreneurial skills so children can realize their potential and become motivated in entrepreneurship early in life. Also universities should include business incubators and mentors to promote aspiring as well as other entrepreneurs within the academic environment, and offer entrepreneurship courses in their curriculum.
- The purposed government youth entrepreneurship support structure should coordinate with private entrepreneurship promoting organizations (for example FNCCI) in a campaign that teach and train all the school learners and university graduates with a idea that entrepreneurship as a best option for economic participation. Youth entrepreneurs could also share their past experience with these school learners and university graduates with the aim of developing entrepreneurship mindsets. It may help to build networks amongst learners, support structures and existing entrepreneurs. Similarly, more donor agencies should be encouraged to assist youth entrepreneurship activities. Also, mass media and communication should be used to create awareness about issues and problems encountered in youth entrepreneurship development.
- The country's government should create conducive environment for business development. Business support services must be accessible to young people. This would strengthen the enthusiasm amongst young entrepreneurs as well as aspiring entrepreneurs in entrepreneurial activities. Thus, the country's government should introduce different entrepreneurial strategies coordinating with different stakeholders and be correctly implemented.
- Private institutions such as banks and other micro finance institutions should introduce youth entrepreneurship funding as a part of their services. And they should

not take advantage by imposing high cost of capital in their offerings. A special credit program should be started for youth entrepreneurship in urban area. As there are substantial markets and facilities in urban area like Kathmandu, so there is more potentiality to introduce new youth owned ventures.

- Private organizations should welcome learners who need exposures and experience in their businesses by providing services such as internships, in-service training, leadership development and other voluntary participation for skill enhancement and experience. Learners in school and collage should be equipped with entrepreneurial and managerial skills and their attitude should be more influenced towards pursuing entrepreneurship.
- It is highly advisable that those parents and grand- parents, who have been running business for years, should expose/place their children in their businesses. This will ensure that continuation of entrepreneurial culture will carry one to the next generation.
- Even though most of the young entrepreneurs in this study felt that the demand of goods and services of their businesses is satisfactory, frequently changing business environment may not support their demand in the future. Therefore, in order to remain competitive in the market, youth entrepreneurs in Kathmandu need to have entrepreneurial skills such as creativity, innovation, new product development, new marketing strategies and networking. A collective and collaborative marketing system amongst youth entrepreneurs in Kathmandu is highly advisable because it will help youth to remain competitive against that unfair practice of buying or selling which was commonly found in Kathmandu.
- Promotion of youth entrepreneurship is an integral part of micro/small industry promotion. Therefore, promotion of youth entrepreneurship should also be linked in the context of the requirements of small industry development as well as government policies and programs. Issues such as access to credit, creating conducive business environment, technical assistance, skills trainings, business development support structures, incubators, wage policies, taxation etc. are critical issues affecting youth entrepreneurship development, just as they are for small industry promotion. Furthermore, technical skills and management models should be designed and coordinated by various institutions and organizations relevant to youths need, and most importantly, training should be made widely accessible and inexpensive.

- Interacting with more experienced entrepreneurs (could be both youths and adults) within in the same business industry and other entrepreneurship support structures for business know-how is strongly recommended.

5.4 Limitation of the study and the area of recommendations for future researchers

As already mentioned in chapter one of this research, the major limitation of this study is that it was only conducted among youth entrepreneurs who are strictly registered with FNCCI and NYEF, in Kathmandu, Nepal. Therefore, generalization of this study regarding challenges and prospects of youth entrepreneurship to the larger section of society in Nepal may not be applicable. As context of youth entrepreneurship development may differ in other places than that of Kathmandu.

This new concept of youth entrepreneurship in Kathmandu city can provide supportive idea for future exploration in youth entrepreneurship. The study also recommends that future study in other city, which seem to have identical characteristics as Kathmandu in Nepal should be conducted, to explore better understanding of their special needs. Country's government customized plans, policies, strategies and intervention mechanism could be purposed on the basis of unique characteristics of each city or town. Similarly, future research can investigate the different attributes of youth owned businesses.

REFERENCES

- Adhikari, C. (2008). "The role of land reform in reducing poverty across Nepal."
- Agarwal, K. K. and R. K. Upadhyay (2009). "Attitude of Youth Towards Entrepreneurship: A Case Study of Varanasi." IUP Journal of Entrepreneurship Development 6(2): 49.
- Åstebro, T. and J. Chen (2014). "The entrepreneurial earnings puzzle: Mismeasurement or real?" Journal of Business Venturing 29(1): 88-105.
- Atherton, A. (2007). "Preparing for business start-up: "pre-start" activities in the new venture creation dynamic." Journal of Small Business and enterprise development 14(3): 404-417.
- Atieno, R. (2009). Linkages, access to finance and the performance of small-scale enterprises in Kenya, Research paper/UNU-WIDER.
- Bank, W. (2005). " "Doing business in 2006 – Creating jobs". Annual Report, Washington D.C."
- Bank, W. (2008). " "Youth entrepreneurship: Measures to overcome the barriers facing youth", Volume II, Number 6."
- Bank, W. (2013). "Migration and Entrepreneurship in Nepal with a focus on Youth: An Initial Analysis, ."
- Bird, B. (1988). "Implementing entrepreneurial ideas: The case for intention." Academy of management Review 13(3): 442-453.
- Bird, D. K. (2009). "The use of questionnaires for acquiring information on public perception of natural hazards and risk mitigation—a review of current knowledge and practice." Natural Hazards and Earth System Science 9(4): 1307-1325.
- Bless, C., C. Higson-Smith and A. Kagee (2006). Fundamentals of social research methods: An African perspective, Juta and Company Ltd.
- Bolton, B. K., J. Thompson and J. L. Thompson (2003). The entrepreneur in focus: achieve your potential, Cengage Learning EMEA.
- Brace, I. (2008). Questionnaire design: How to plan, structure and write survey material for effective market research, Kogan Page Publishers.
- Bridge, S. and K. O'Neill (2012). Understanding enterprise: entrepreneurship and small business, Palgrave Macmillan.
- Burns, N. and S. Grove (1993). "The practice of nursing." WB Saunders. Philadelphia, Usa.
- Bushell, B. (2008). "Women entrepreneurs in Nepal: what prevents them from leading the sector?" Gender & Development 16(3): 549-564.
- Cardon, M. S., J. Wincent, J. Singh and M. Drnovsek (2005). ENTREPRENEURIAL PASSION: THE NATURE OF EMOTIONS IN ENTREPRENEURSHIP. Academy of Management Proceedings, Academy of Management.
- Carland, J. W. and Hoy (2002). "Who is an entrepreneur? Is a question worth asking." Entrepreneurship: Critical Perspectives on Business and Management 2: 178.
- CBS (2010). National Youth Policy.
- CBS (2011). National Population and Housing Census 2011. Kathmandu, Nepal, Central Bureau of Statistics Nepal.
- Chalise, B. (2014). "Remittance and its Effect on Entrepreneurial Activities: A Case Study from Kandebas Village Development Committee, Nepal." IZMIR REVIEW OF SOCIAL SCIENCES 2(1).
- Chigunta, F. (2002). Youth entrepreneurship: Meeting the key policy challenges, Education Development Center.
- Chimucheka, T. (2012). "Impediments to youth entrepreneurship in rural areas of Zimbabwe." African Journal of Business Management 6(38): 10389-10395.
- Coenjaerts, C., C. Ernst, M. Fortuny, D. Rei and I. M. Pilgrim (2009). "Youth employment." Promoting propoor growth: Employment: 119-131.

- Commission, E. (2003). "The Commission's Green Paper: Entrepreneurship in Europe."
- Commission, N. P. (2002). "The tenth plan." Government of Nepal, Kathmandu.
- Commission, N. P. (2007). "Three year interim plan." Government of Nepal.
- Cooney, T. M. (2012). Entrepreneurship Skills for Growth-Orientated Businesses, Dublin Institute of Technology.
- Cornell, R. (2001). Putting the Young in Business: Policy Challenges for Youth Entrepreneurship. Territorial Development. LEED Notebook No. 29, ERIC.
- Creswell, J. W. (1998). Qualitative inquiry and research design: Choosing among five designs, Thousand Oaks, CA: Sage.
- Creswell, J. W. and D. L. Miller (2000). "Determining validity in qualitative inquiry." Theory into practice **39**(3): 124-130.
- Curtain, R. (2000). "Concept paper: identifying the basis for a youth employment strategy aimed at transition and developing economies." United Nations Department of Economic and Social Affairs, Division for Social Policy and Development, New York, www.un.org/esa/socdev/youthemployment/1-curtain.pdf.
- Dash, M. and K. Kaur (2012). "Youth entrepreneurship as a way of boosting Indian economic competitiveness: a study of Orissa." International Review of Management and Marketing **2**(1): 10-21.
- Davies, D. and J. Dodd (2002). "Qualitative research and the question of rigor." Qualitative health research **12**(2): 279-289.
- Denscombe, M. (2007). The Good Research Guide. Berkshire, CA: Open University Press.
- Devi, R. U. (2013). "An Impact Study of Micro Finance System on the Enterpreneurial Development of Andhra Pradesh, India." International Journal of Innovative Research and Development **2**(4): 656-689.
- Dollinger, M. J. (2005). strategies and Resources, Singapore: Pearson's Educational.
- Dolma, S. (2010). "The central role of the unit of analysis concept in research design." Journal of the School of Business Administration, Istanbul University **39**(1): 169-174.
- Drucker, P. F. (1985). "Innovative and Entrepreneurship, Practice and Principles." New York: Harper & Row. Retrieved April 7: 2013.
- Drucker, P. F. (2002). "The discipline of innovation. 1985." Harvard business review **80**(8): 95-100, 102, 148.
- Easterby-Smith, M. T. (2002). "R. and Lowe, A.(2002)." Management research: an introduction: 342.
- Economic, U. N. D. o. (2008). The Millennium Development Goals Report 2008, United Nations Publications.
- Fatoki, O. C., L. (2011). "An Investigation into the Obstacles to Youth Entrepreneurship in South Africa. International Business Research :161-169,."
- Gallaway, L., M. Andersson, W. Brown and G. Whittam (2005). "The Impact of Entrepreneurship Education in Higher Education." Report for Business Education Support Team, School of Management and Languages, Heriot-Watt University, Edinburgh.
- Gaweł, A. (2010). "The Relationship between Entrepreneurship and Unemployment in the Business Cycle." Journal of International Studies **3**(1): 59-69.
- Golafshani, N. (2003). "Understanding reliability and validity in qualitative research." The qualitative report **8**(4): 597-606.
- Graner, E. (2001). "Labor Markets and Migration in Nepal: The case of workers in Kathmandu valley carpet manufactories." Mountain Research and Development **21**(3): 253-259.
- Granovetter, M. S. (1973). "The strength of weak ties." American journal of sociology: 1360-1380.

- Greene, F. J. and D. Storey (2005). Evaluating youth entrepreneurship: the case of The Prince's Trust, Centre for Small and Medium Sized Enterprises, Warwick Business School.
- Gurung, G. (2002). "Patterns in Foreign Employment and Vulnerability of Migrant Workers (Kathmandu: Nepal Institute of Development Studies, 2002).".
- Gwija, S. A. (2014). Challenges and prospects of youth entrepreneurship in Khayelitsha, Western Cape.
- Gwija, S. A., C. Eresia-Eke and C. G. Iwu (2014). "Challenges and Prospects of Youth Entrepreneurship Development in a Designated Community in the Western Cape, South Africa."
- Gwija, S. A., C. Eresia-Eke and C. G. Iwu (2014). "The Link between Entrepreneurship Education and Business Success: Evidence from Youth Entrepreneurs in South Africa."
- Hakim, C. (2000). Work-Lifestyle Choices in the 21st Century: Preference Theory: Preference Theory, Oxford University Press.
- HDI. (2008). "United Nation Development Programme/Nepal."
- Hungler, B. and D. Polit (1999). "Nursing research principles and methods."
- ILO (october 2008). "Global Employment Trends for Youth."
- International, Y. B. (2009). "Youth entrepreneurship, Recommendations for action." from <http://www.youthbusiness.org/wp-content/uploads/2012/08/RecommendationsforAction.pdf>.
- Isaacs, E. V. and K. Friedrich "C. & Brijal, P.(2007). 'Entrepreneurship education and training at the Further Education and Training (FET) level in South Africa'." South African Journal of Education 27(4): 613-629.
- Jahanshahi, A. A., K. Nawaser, S. M. Sadeq Khaksar and A. R. Kamalian (2011). "The relationship between government policy and the growth of entrepreneurship in the micro, small & medium enterprises of India." Journal of technology management & innovation 6(1): 66-76.
- James, W. (2012). Youth entrepreneurship is the key to future growth.
- Jeppesen, S. (2005). "Enhancing competitiveness and securing equitable development: Can small, micro, and medium-sized enterprises (SMEs) do the trick?" Development in practice 15(3-4): 463-474.
- Jodl, K. M., A. Michael, O. Malanchuk, J. S. Eccles and A. Sameroff (2001). "Parents' roles in shaping early adolescents' occupational aspirations." Child development: 1247-1265.
- Johnson, A. (2006). "The effects of FDI inflows on host country economic growth." The Royal Institute of technology. Centre of Excellence for studies in Science and Innovation http://www.infra.kth.se/cesis/research/publications/working_papers.
- Joppe, M. (2000). The Research Process. Retrieved February 25, 1998.
- Kazela, N. (2009). The roadmap of youth entrepreneurship (MDGs), Research paper Jeunes Entrepreneurs Congolais.
- KC, F. B. (2004). ENTREPRENURES IN NEPAL: An Empirical Study, Kathmandu: Tribhuwan University Nepal.
- Kelley, D. J., S. Singer and M. Herrington (2012). "The global entrepreneurship monitor." 2011 Global Report, GEM 2011 7.
- Kothari, C. (2003). "Research Methodology–Methods & Techniques, Wishawa Prakashan, New Delhi."
- Kothari, C. (2004). Research methodology: Methods and techniques, New Age International.
- Krueger, N. F., M. D. Reilly and A. L. Carsrud (2000). "Competing models of entrepreneurial intentions." Journal of business venturing 15(5): 411-432.
- Kumar, S. and P. Phrommathed (2005). Research methodology, Springer.
- Kutzhanova, N., T. S. Lyons and G. A. Lichtenstein (2009). "Skill-based development of entrepreneurs and the role of personal and peer group coaching in enterprise development." Economic Development Quarterly 23(3): 193-210.

- L., M. (2001). "Enabling environment for women enterprises, "challenges and ways", Social Finance Units, International Labour Office, Geneva."
- La Porta, R., F. Lopez-de-Silanes, A. Shleifer and R. Vishny (1999). "The quality of government." Journal of Law, Economics, and organization **15**(1): 222-279.
- Landes, D. S. (1998). "The wealth and poverty of nations: why some countries are so rich and some so poor." New York, NY: WW Norton.
- Lichtenstein, G. A. and T. S. Lyons (2001). "The entrepreneurial development system: Transforming business talent and community economies." Economic Development Quarterly **15**(1): 3-20.
- Lincoln, Y. S. and E. G. Guba (1985). Naturalistic inquiry, Sage.
- Lingelbach, D. C., L. De La Vina and P. Asel (2005). "What's distinctive about growth-oriented entrepreneurship in developing countries?" UTSA College of Business Center for Global Entrepreneurship Working Paper(1).
- Llisterri, J. J., H. Kantis, P. Angelelli and L. Tejerina (2006). Is Youth Entrepreneurship a Necessity or an Opportunity?: A first exploration of household and new enterprise surveys in Latin America, Inter-American Development Bank.
- Lowergren, M. (2006). Entrepreneurship Education: Developing Project-based learning. National Council for Graduate Entrepreneurship, Working Paper 0151/2006. December.
- Mahadea, D., S. Ramroop and T. Zewotir (2011). "Assessing entrepreneurship perceptions of high school learners in Pietermaritzburg, Kwazulu-Natal." South African Journal of Economic and Management Sciences **14**(1): 66-79.
- Marshall, M. N. (1996). "Sampling for qualitative research." Family practice **13**(6): 522-526.
- Matthews, C. H. and S. B. Moser (1996). "A Longitudinal Investigation of the Impact of Family Bac." Journal of Business Management; Apr **34**: 2.
- McClelland, D. C. (1965). "N achievement and entrepreneurship: A longitudinal study." Journal of personality and Social Psychology **1**(4): 389.
- Meier and Pilgrim (1994). "Policy-induced constraints on small enterprise development in Asian developing countries." Small Enterprise Development **5**(2): 32-38.
- Minniti, M., W. D. Bygrave and E. Autio (2006). GEM Global Entrepreneurship Monitor: 2005 Executive Report, London Business School.
- Mundial, B. (2015). Doing Business 2015: Going Beyond Efficiency, Washington: The World Bank.
- Murithii, C. (2013). "Youth Polytechnics Education and Entrepreneurship in Kenya;(Are We Promoting Entrepreneurs?)." International Journal of Academic Research in Business and Social Sciences **3**(5): 491.
- Nafukho, F., M. Kobia and D. Sikalieh (2010). "Towards a search for the meaning of entrepreneurship." Journal of European industrial training **34**(2): 110-127.
- Ndedi, A. (2009). "Entrepreneurship training and job creation in South Africa: are tertiary institutions filling the gap?" Journal of contemporary management: 441-462.
- Nicolaides, A. (2011). "Entrepreneurship-the role of higher education in South Africa." Educational Research **2**(4): 1043-1050.
- Nieman, G. and C. Nieuwenhuizen (2009). Entrepreneurship: A South African Perspective, Van Schaik.
- Nieman, G. H., J. & Nieuwenhuizen, C. (2003). "Entrepreneurship – A South African perspective. Pretoria: Van Schaik Publishers."
- Nieman, G. N., C. (2009). "Entrepreneurship. A South African Perspective. 2nd Ed. Cape Town: Interpak Books."
- NRB (1988). Multipurpose Household Budget Survey, Nepal Rastra Bank, Kathmandu.
- O'Higgins, N. (2001). "Youth unemployment and employment policy: A global perspective."

- Ohlhoff, J. (2008). "The Relationship between Employer-Of-Choice Status And Employer Branding." Journal of business and management dynamics **8**.
- Onwuegbuzie, A. J. and N. L. Leech (2005). "Taking the "Q" out of research: Teaching research methodology courses without the divide between quantitative and qualitative paradigms." Quality and Quantity **39**(3): 267-295.
- Parasuraman, S. and C. A. Simmers (2001). "Type of employment, work–family conflict and well- being: a comparative study." Journal of Organizational Behavior **22**(5): 551-568.
- Peter De Schepper, B. R. P. (2010). "Generation in Dialogues, Youth in Politics: ." youth initiatives: 5.
- Pillania, R. K., M. Lall and S. Sahai (2009). "Motives for starting business: Indian women entrepreneurs perspectives." International Journal of Indian Culture and Business Management **3**(1): 48-67.
- Pokharel, C. (2012). Promoting Employment: Challenges and Opportunities in Nepal. National Labour and Employment Conference, Kathmandu.
- Pretorius, M. and G. Shaw (2004). "Business plans in bank decision-making when financing new ventures in South Africa." South African Journal of Economic and Management Sciences= Suid-Afrikaanse Tydskrif vir Ekonomiese en Bestuurswetenskappe **7**(2): p. 221-241.
- Quader, S. M. and M. N. Abdullah (2009). "Constraints to SMEs: A rotated factor analysis approach." A Research Journal of South Asian Studies **24**(2): 334-350.
- Rahmawati, F., A. Hasyiyati and H. L. Yusran (2012). The obstacles to be Young Entrepreneur. Proceedings of the international conference on business and management, Phuket, Thailand.
- Reynolds, P. D., W. D. Bygrave, E. Autio, P. Arenius and G. E. Monitor (2004). GEM 2003 global report, Babson College.
- Richards, A. D. (2006). Sustainable micro-entrepreneurship to ensure positive economic growth in the Western Cape.
- Robinson, P. B., D. V. Stimpson, J. C. Huefner and H. K. Hunt (1991). "An attitude approach to the prediction of entrepreneurship." Entrepreneurship theory and practice **15**(4): 13-31.
- Rotter, J. B. (1966). "Generalized expectancies for internal versus external control of reinforcement." Psychological monographs: General and applied **80**(1): 1.
- Rugimbana, R. and E. Kojo Oseifuah (2010). "Financial literacy and youth entrepreneurship in South Africa." African journal of Economic and management studies **1**(2): 164-182.
- Sapsford, R. and V. Jupp (2006). Data collection and analysis, Sage.
- Saunders, M. N., M. Saunders, P. Lewis and A. Thornhill (2011). Research methods for business students, 5/e, Pearson Education India.
- Scheiner, C. W. (2009). Fundamental determinants of entrepreneurial behaviour, Springer.
- Scherer, R. F., J. S. Adams, S. Carley and F. A. Wiebe (1989). "Role model performance effects on development of entrepreneurial career preference."
- Schoof, U. (2006). Stimulating Youth Entrepreneurship: Barriers and incentives to enterprise start-ups by young people, International Labour Organization.
- Seale, C. (1999). "Quality in qualitative research." Qualitative inquiry **5**(4): 465-478.
- Shane, S., E. A. Locke and C. J. Collins (2003). "Entrepreneurial motivation." Human resource management review **13**(2): 257-279.
- Shane, S. and S. Venkataraman (2000). "The promise of entrepreneurship as a field of research." Academy of management review **25**(1): 217-226.
- Sharma, K. (2006). "The political economy of civil war in Nepal." World Development **34**(7): 1237-1253.

- Shepherd, D. A., H. Patzelt and J. M. Haynie (2010). "Entrepreneurial Spirals: Deviation- Amplifying Loops of an Entrepreneurial Mindset and Organizational Culture." Entrepreneurship theory and practice **34**(1): 59-82.
- Shrestha, B. K. (2005). "SME Promotion Strategies and Poverty Alleviation in Nepal." Private Sector Development and Poverty Reduction: Experiences from Developing Countries. SEPT Working Paper(20): 34-43.
- Shrestha, S. K. (2009). "Youth empowerment through youth entrepreneurship in Nepal'."
- Sieber, J. E. and M. B. Tolich (2012). Planning ethically responsible research, Sage Publications.
- Smilor, R. W. (1997). "Entrepreneurship: Reflections on a subversive activity." Journal of Business Venturing **12**(5): 341-346.
- Sorgner, A., M. Fritsch and A. Kritikos (2014). "Do entrepreneurs really earn less?"
- Stenbacka, C. (2001). "Qualitative research requires quality concepts of its own." Management decision **39**(7): 551-556.
- Stevenson, H. H. and W. A. Sahlman (1989). "The entrepreneurial process." Small business and entrepreneurship: 94-157.
- Thapa, A. (2004). "on women's enterprise and regional cooperation in SARRC." 19-25.
- Timmons, J. A. (1985). New Venture Creation 7E, Tata McGraw-Hill Education.
- Trochim, W. M. (2006). "Qualitative measures."
- Tuladhar, J. (1996). Factors Affecting Women Entrepreneurship in Small and Cottage Industries in Nepal, ILO.
- UNDP, D. (1988). "ILO and UNIDO 1988." Development of Rural Small Industrial Enterprises.
- Vaillant, Y. and E. Lafuente (2007). "Do different institutional frameworks condition the influence of local fear of failure and entrepreneurial examples over entrepreneurial activity?" Entrepreneurship and Regional Development **19**(4): 313-337.
- Van Auken, H., F. L. Fry and P. Stephens (2006). "The influence of role models on entrepreneurial intentions." Journal of Developmental Entrepreneurship **11**(02): 157-167.
- Van Rensburg, L. (2010). National Report into the state of entrepreneurship. Can entrepreneurship be taught/learned?
- Venkataraman, S. (1997). The distinctive domain of entrepreneurship research. *In Advances in entrepreneurship, firm emergence and growth*, 3. 119-138. JAI Press Inc.
- Welman, J. C. and S. J. Kruger (2001). Research methodology for the business and administrative sciences, Oxford University Press.
- White, S. and P. Kenyon (2001). Enterprise-based youth employment policies, strategies and programmes: initiatives for the development of enterprise action and strategies, International Labour Organization.
- Wickham, P. A. (2006). Strategic entrepreneurship, Pearson Education.
- Wood, M. J. and P. Brink (1998). "Correlational designs." Advanced design in nursing research **2**.
- Zimmer, C. (1986). "Entrepreneurship through social networks." The art and science of entrepreneurship. Ballinger, Cambridge, MA: 3-23.

Appendix 1: Research Questionnaires

The translated version of research questionnaires into English, which was initially constructed in Nepalese language, for the purpose of this study was here under.

Please mark the sing X in the appropriate box below

Demographic information

- 1 Age group 21-25 26-30 31-35 36-40
- 2 Gender Male Female
- 3 Level of education:
Graduation High School Literate No formal education

Information with regard to Business

- 4 How long have you been operating business?
Less than one year 1-3 years 3-5 years More than 5 years

- 5 How many employees do you currently employ?
1-10 10-25 25 above

- 6 What motivated you to start your business?

- 7 Please mark the sing X in the appropriate box to which you agree or disagree with the following regarding the challenges and prospects of youth entrepreneurship.

Statements	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
7.1 Participation in a family business early in life provides a good entrepreneurial foundation for those who want to start a business.					
7.2 Entrepreneurship education and training encourage me to start-up my business.					
7.3 Entrepreneurial skills encouraged me to involve into setting up a business venture.					
7.4 Obtaining funding from financial institutions that support youth entrepreneurship is easy.					
7.5 The process of registering business in Kathmandu is quick.					
7.6 The process of registration of a business like mine is easy to understand.					
7.7 The cost of registration of a business like mine is not expensive.					
7.8 An entrepreneur with managerial skills could run a business better than those who do not have such a skill.					
7.9 The regulation of a business like mine in Kathmandu is simple to understand.					

7.10 Demand for my products and services in the market will be increasing in the days to come.

7.11 Getting good employees for the business like mine is easy in the labour market.

7.12 Business like mine makes use of modern technology.

7.13 Entrepreneurs like me in Kathmandu are aware of existing support structures for youth entrepreneurs other than FNCCI.

7.14 The number of youth entrepreneurs in Kathmandu is increasing.

7.15 Entrepreneurship is the best option for economic participation rather than being employed.

7.16 Nepalese government support programs for youth entrepreneurship development are supportive in Kathmandu.

8 Did you face any obstacles in the course of starting-up your business venture?

Yes

No

9 If the answer to question 8 is yes, could you please briefly explain the main obstacles that you encountered.

Yes

No

Could you please briefly explain the reasons for your either answer.

Appendix 2: Statistical Analysis

Age Group

Age group	Frequency	percentage	Cumulated percentage
21-25	9	13	13
26-30	22	34	47
31-35	34	53	100
Total	65	100	

Gender

Gender	Respondents	Percentage	Cumulative percentage
Male	52	80	80
Female	13	20	100
Total	65	100	

Level of Education

Level of education	Frequency	Percentage	Cumulated percentage
Graduation	22	34	34
High School	31	48	82
Literate	12	18	100

Total	65	100
-------	----	-----

How long have you been operating your business?

	Frequency	Percentage	Cumulative Percentage
Less than 1 year	6	9.2	9.2
1-3 years	37	57	66.2
3-5 years	9	13.8	80
More than 5 years	13	20	100
Total	65	100	

How many employees do you employ currently?

Current no. of employees	Frequency	Percentage	Cumulative Percentage
1-10	61	94	94
10-25	3	5	99
25 and above	1	1	100
Total	65	100	

Involvement in a family business gives a good entrepreneurial foundation for those who want to set up a business.

	Frequency	Percentage	Cumulative Percentage
Strongly Agree	15	23.07	23.07
Agree	50	76.93	100
	65	100	

Entrepreneurial education and training encouraged me to set up of my business.

	Frequency	Percentage	Cumulative percentage
Agree	18	27.7	27.7
Strongly agree	47	72.3	100
Total	65	100	

Entrepreneurial skills would increase the chances of success in my business

	Frequency	Percentage	Cumulative percentage
Strongly agree	42	64.6	64.6
Agree	23	35.4	100
	65	100	

An entrepreneur with managerial skills could run his/her business better than those who do not have such skills.

	Frequency	Percentage	Cumulative percentage
Strongly agree	34	52.3	52.3
Agree	31	47.7	100
Total	65	100	

Obtaining business funding from financial institution that supports youth entrepreneurship is easy.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly disagree	29	45	45

Disagree	36	55	100
Total	65	100	

The process of registering a business in Kathmandu is quick.

	Frequency	Percentage	Cumulative percentage
Strongly disagree	9	13.8	13.8
Disagree	40	61.5	75.3
Strongly agree	3	4.6	79.9
Agree	13	20.1	100
Total		100	

Registration of a business like mine is easy to understand.

	Frequency	Percentage	Cumulative percentage
Strongly disagree	14	21.5	21.5
Disagree	40	61.5	83
Strongly agree	2	3.1	86.1
Agree	9	13.9	100
Total	65	100	

Registration of business like mine is not expensive.

	Frequency	Percentage	Cumulative percentage
Agree	14	21.5	21.5
Disagree	39	60	81.5

Strongly disagree	12	18.5	100
Total	65	100	

Regulation of business like mine is easy to understand.

	Frequency	Percentage	Cumulative percentage
Agree	36	55.4	55.4
Disagree	26	40.0	95.4
Strongly disagree	3	4.6	100
Total	65	100	

Demand for my products and services in the market are likely to continue in the days to come.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly agree	26	40	40
Agree	39	60	100
Total	65	100	

It is easier to get employees in the labor market for the kind of business that I operate.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly agree	4	6.2	6.2
Agree	21	32.3	38.5
Disagree	40	61.5	100
Total	65	100	

Business like one that I own, make use of modern technologies in their daily operation.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly agree	5	7.7	7.7
Agree	42	64.6	72.3
Disagree	18	27.7	100
Total	65	100	

Entrepreneurs like me in Kathmandu are aware of existing support structures for youth entrepreneurship development.

Response categories	Frequency	Percentage	Cumulative percentage
Agree	15	23.1	23.1
Disagree	50	76.9	100
Total	65	100	

The number of youth entrepreneurs in Kathmandu is increasing.

Response categories	Frequency	Percentage	Cumulative percentage
Agree	60	92.3	92.3
Disagree	5	7.7	100
Total	65	100	

Entrepreneurship is the best option for economic participation rather than being employed.

Response categories	Frequency	Percentage	Cumulative percentage
Strongly agree	39	60	60

Agree	26	40	100
Total	65	100	

The programs of Nepalese government for youth entrepreneurship development in Kathmandu are supportive.

Response categories	Frequency	Percentage	Cumulative percentage
Agree	2	3.1	3.1
Disagree	25	38.5	41.6
Strongly disagree	38	58.4	100
Total	65	100	

Did you face any obstacles while setting up your business?

Response categories	Frequency	Percentage	Cumulative percentage
Yes	61	93.8	93.8
No	4	6.2	100
Total	65	100	

Do you encounter any obstacles currently, in operating your business?

Response categories	Frequency	Percentage	Cumulative percentage
Yes	65	100	100
Total	65	100	

Are young people in Kathmandu are being enthusiastic about entrepreneurship?

Response categories	Frequency	Percentage	Cumulative Percentage
YES	65	100	100

