

Factors Affecting
Women Entrepreneurship in
Small and Cottage Industries in Nepal
Opportunities and Constraints

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Foreword

The Project

This project for the promotion of entrepreneurship among women in small and cottage industries (RAS/92/M12/SWC) is funded by the Swedish International Development Cooperation Agency (Sida) and executed by the South Asia Multidisciplinary Advisory Team of the International Labour Organization, ILO-SAAT, based in New Delhi.

Country Papers

One of the key activities undertaken under this project has been to commission country studies to assess the status — barriers and constraints, as well as opportunities and support mechanisms — of women's entrepreneurship in each of the five participating countries, viz. India, Nepal, Philippines, Sri Lanka and Thailand. This paper is the second in this series and is published by ILO-SAAT. The report has been authored by Dr. Jyoti Tuladhar in accordance with terms of reference provided.

Nepal Paper

This report brings together a large amount of information on various entrepreneurship and women's development programmes which have been formulated in Nepal. It also assesses the extent and the quality of women's participation in these programmes. The situation is updated by providing an assessment of the current position of women entrepreneurs in Nepal, as well as of the existing support programmes and mechanisms. The paper looks at the socio-cultural, educational and legal barriers to women's entrepreneurship in Nepal. In addition, there is a valuable overview of the personality traits essential for successful entrepreneurship, with consideration given to distinctions between female and male entrepreneurs. The report also analyses supply-side economic opportunities, such as credit and marketing support, for women to establish their own enterprises. This section includes useful profiles of most of the key agencies involved in promoting women's entrepreneurship in Nepal. While presenting a comprehensive overview of the status of women entrepreneurs in Nepal, the report goes a stage further by providing policy-makers with recommendations aimed at enhancing the economic empowerment of women throughout the country.

Questions and Answers

A document such as this may raise as many questions as it provides answers. This can be due to the paucity of well-researched published material, both in Nepal and elsewhere, on this important topic. It may also result from underlying biases — both formal and informal — which tend to play down the significance of women's entrepreneurship in many countries. The Government of Nepal

and key international agencies — such as United Nations Development Programme and other UN specialist agencies like ILO itself — as well as major bilateral agencies (such as Sida), are giving more prominence to programmes of poverty alleviation and employment creation, with a focus on women. Although many of them promote income-generation and small enterprise development as a means of achieving their objectives, there is a general lack of awareness of the significant factors which impact upon the enterprise development process, particularly in the case of women entrepreneurs.

Programme of Action

Many pertinent questions are posed about the efficacy of existing support strategies and programmes. This paper should enable policy-makers and programme planners alike to have a greater awareness of key issues. The report provides recommendations which could usefully be incorporated into a programme of action for the development of women entrepreneurs in Nepal. The author also provides practical recommendations aimed at exploiting existing supply-side economic opportunities, specifically in the fields of credit provision, marketing support, technology improvement, and effective policy level interventions.

An Ongoing Process

This study documents many of the general and specific support activities available for women entrepreneurs. The effectiveness, including the cost-effectiveness and impact, of these programmes in addressing the needs of women entrepreneurs in Nepal is an area worthy of further research. Where women-specific organisations and projects exist, their formal and informal roles, as well as their support programmes and member activities, will require further documentation. It should be helpful to profile a cross-section of women entrepreneurs, including members of women-specific groups, partly to provide greater visibility for women's entrepreneurship, and partly to provide role models for potential women entrepreneurs — particularly for young women entering the labour market for the first time. As the problems of running a small enterprise can be very different from those encountered at the start-up stage, it would also be worthwhile to undertake studies into the factors which encourage or inhibit the growth of women's enterprises in Nepal. Once available, this information should prove to be most useful for Government, donor organizations, NGOs, women's support organizations, and indeed for the women entrepreneurs themselves.

As the executing agency for this Project, ILO-SAAT is eager to receive comments, suggestions or additional information relating to the theme of this paper. As well as being involved in projects such as this, ILO is the designated UN agency responsible for Employment issues, and it has a special focus on issues relating to women workers. In addition, ILO has been working in the fields of entrepreneurship, small enterprise and informal sector development, for more than 20 years. For more information on any of these matters, please contact the ILO's South Asia Multidisciplinary Advisory Team, ILO-SAAT, based in New Delhi. Contact numbers and addresses are provided in this document.

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List of Abbreviations

ACP	Association for Craft Producers
ACB/N	Agriculture Development Bank of Nepal
BVTP	Basic Vocational Training Project
CCORDER	Centre for Community Development and Research
CECI	Canadian Centre for International Studies and Cooperation
CEDA	Centre for Economic Development and Administration
CPP	Ceramics Project
CSD	Centre for Self-Help Development
CSI	Cottage and Small Industries
CWD	Centre for Women and Development
DWET	Developing Women's Entrepreneurship in Tourism
FBPWN	Federation of Business and Professional Women/Nepal
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
IEDC	Industrial Enterprise Development Centre
IESC	International Executives Services Corps
IIDS	Institute of Integrated Development Studies
ILO	International Labour Organization
INGO	International Non-Governmental Organization
IRIS	Institutional Reform and the Informal Sector
NBL	Nepal Bank Ltd.
NGO	Non-Governmental Organization
PEC	Personal Entrepreneurial Characteristics
PCRW	Production Credit for Rural Women
RBB	Rastriya Banijya Bank
SBPP	Small Business Promotion Project (now IEDP)
SRDPP	Self-Reliant Development of the Poor by the Poor
TRE	Training for Rural Employment
TRUGA	Training for Rural Gainful Activities
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
UMN	United Mission to Nepal
USAID	United States Agency for International Development
WDP	Womens Development Programme
WEAN	Women Entrepreneurs Association of Nepal

Introduction

1.1 Setting the Context

WOMEN entrepreneurship, in a formalized sense, is a relatively new phenomenon in Nepal. Although certain ethnic communities in the country, especially the Newars and Tibeto-Burman Highland Groups such as the Sherpas, Gurungs, Thakalis are known to have a long tradition of women being involved in small business enterprises (CEDA, 1981), it is only within the last ten years that the concept of women entrepreneurship has progressively gained some acceptance in the overall dominant majority within the Nepalese society. With the growing recognition that women have unique talents which could be harnessed for development, and for creating employment opportunities for others who are not suited to an entrepreneurial career, developing women as entrepreneurs has become an important part of national development planning and strategies.

Gender equality and economic development go hand in hand. Since the early 1980s, the policy-makers and planners have become acutely aware of the economic significance of women's productive activities and the nature of their contribution to income generation. It has been firmly established that women in Nepal are vital and productive contributors to the national economy but their access to knowledge, skills, resources, opportunities and power still remain rather low (Shtrii Shakti, 1995).

Although women constitute a little over one half of Nepal's population (Annex: Tables I:1-2), they rank lower than men in almost every social indicator in the country. Within the increasing tides of poverty in Nepal, women are the poorest of the poor, a relatively more deprived segment even from among the poor (World Bank, 1991).

Forty-five percent of women aged 10 and above are listed as economically active, while the corresponding figure for men is 68% (Census, 1991). The growth rate in the female labour force exceeded that of males between 1981-1991, but they are still confined to a few activities indicating their disadvantaged position in reaping the benefits of diversification in many areas of employment (see Annex: Tables I:3-11 for specific details).

Over the past fifteen years women's participation in economic activities has also moved beyond agriculture into the local market economy. In search for wage employment, women are moving into small business and self employment ventures thereby creating many formal and informal opportunities for work. Women are increasingly migrating to urban areas for employment in a range of cottage industries, such as carpet weaving, textiles and handicrafts.

Some 82% of working women are self-employed and 12% are wage-employed, as compared to 69% and 27% in the case of men. More than 4% of women are unpaid family workers, the only category where women have outnumbered men. Less than 1% of the working women hold the status

of "employer". Women's participation in the informal sectors has increased significantly in both urban and rural areas. Vending, petty trade, liquor making, and vegetable selling are some of the more common employment ventures undertaken by women (Census, 1991).

Full-scale unemployment in Nepal is relatively low, but the extent of under-employment is markedly high. The proportion of household under-employed by net workdays is estimated at 46.4% for urban and 33.3% for rural areas. Under-employment rates for males and females are estimated at 41.8% and 51.1% respectively. For urban Nepal, this is estimated at 23.8% for males and 46.6% for females. An estimate of 0.2 million persons are entering the labour market every year. By 1996, 2.65 million additional jobs will have to be created to achieve full employment.

The vicious circle of backwardness and poverty can be eliminated by transforming the agrarian economy into a dynamic one through industrialization. The contribution of industry to national income in Nepal is about 6% of GDP; besides organized industries in the country, there is a large number of microenterprises operating on a small cottage basis which contribute about 4% of GDP.

The major industrial strategies employed in Nepal are both import substitution and export promotion. In these circumstances, one major way to achieve the goal of industrial development could be through establishment of small-scale enterprises. For this to happen, it is recognised that entrepreneurship development can be the key to raising the prospects for increasing the share of small-scale and cottage industries in the national income (Aryal, 1992). (Annex: Tables I:12-13)

It is against this backdrop of industrial development and women's role and participation in the national economy that one must critically view the emerging needs of and scope for women entrepreneurial development. The history of entrepreneurship development programmes in Nepal is quite recent. While Nepal has been interested in the development of small-scale and micro-enterprises since the late '70s, issues and questions relating to the promotion of women entrepreneurs have only been raised more recently (UNIDO, 1988). The number of women who come under the category of entrepreneurs in a formal sense is still negligible. The representation is somewhat better in the informal sector with a higher percentage of women applying for loans for cottage industry enterprises. However, this does not necessarily mean that these women intend to enter the economy as entrepreneurs. They may simply remain self-employed and limit the scale of their enterprise to meet the requirements of household consumption (Annex: Tables I:14-15).

Therefore, some of the fundamental questions that need to be explored in connection with women and entrepreneurship are:

- What kinds of factors restrain or obstruct women from entering the entrepreneurial field in a fully-fledged manner?
- Are women less entrepreneurial than men?
- Is their entrepreneurial talent different from that of men?
- Should they adopt the same skills that men have?
- Why are there not more capable women operating small enterprises?
- Should entrepreneurship development be promoted for women, and if so how?
- Would this require a women-specific approach and methodology, or is women entrepreneurship development a gradual dynamic growth that will come, following on from the increased empowerment of women?

There is not an extensive body of work in the entrepreneurial research arena in Nepal and the topic of women entrepreneurs virtually remains untouched, with the exception of a few studies carried out within the last five years which have merely scratched the surface. The need for more substantial research, especially an exploration into the gender perspectives of this issue cannot be over emphasized, especially in view of the fact that a fair degree of awareness has already been raised, particularly among the urban elite, about entrepreneurial ventures, challenges and scope in small and cottage industries in Nepal.

1.2 Objectives of the Study

The overall objective of the study, therefore, is to examine the gender issues involved in entrepreneurship development for women, and to examine the gender differences that inhibit restrain and obstruct women from advancing in the field of entrepreneurship or availing of the opportunities which promote it.

The factors affecting women entrepreneurship development are to be studied within three broad categories, as demarcated by the specific objectives below:

- (i) To examine and assess the socio-cultural/educational and legal barriers to women's entry into enterprise, as well as performance and growth in entrepreneurship;
- (ii) To identify and examine personality traits vis-a-vis entrepreneurial functions;
- (iii) To examine and assess women's access to economic opportunities and formal inputs which promote entrepreneurship development; and
- (iv) To provide recommendations on how to promote and strengthen the potential for enhancing women entrepreneurship in Nepal.

1.3 Methodology and Scope of Work

This study is based entirely on secondary sources. The basic methodology has been to review the relevant literature on small and micro enterprises, entrepreneurship, education, training and credit; meet with the representatives of the concerned agencies and institutions for additional and new or updated information; explore any other data sources available, and analyze the gender-related factors on the basis of information thus generated.

The present study had no scope for primary research or in-depth examination or assessment of any one particular issue. Therefore, the analysis is more of an overview based on the existing work on women entrepreneurship in Nepal, but with an added analytical dimension on gender issues. Given the time constraints and the specified scope of work, this endeavour is intended to be neither exhaustive nor comprehensive, but a modest step in the direction of pinpointing the importance and need for examining the opportunities and constraints facing women entrepreneurs through a gender perspective.

1.4 Organization of the Report

The study is divided into five chapters.

- (i) Chapter One sets the national context introduces the subject matter of investigation, and specifies the methodology and scope of this work.

- (ii) Chapter Two includes a brief conceptual framework, and an analysis of the socio-cultural-educational and legal barriers to entrepreneurship for women.
- (iii) Chapter Three examines the personality traits of women vis-a-vis entrepreneurial functions.
- (iv) Chapter Four is concerned with access to resources and other inputs critical to the women entrepreneurship development process.
- (v) Chapter Five presents a summary of findings, major observations and a set of recommendations on how to promote and strengthen the potential of women entrepreneurs in Nepal.

Barriers to Women Entrepreneurship in Nepal

FIRSTLY, it is worthwhile to briefly outline the various schools of thought on what constitutes an entrepreneur as relevant to promoting women emerging in this field. Later an analysis will be undertaken of the socio-cultural factors which facilitate or work against the making of a woman entrepreneur and we will examine her access to various educational and training resources, as well as assess the legal constraints which impede her entry into entrepreneurship.

2.1 Conceptual Framework

Theories on entrepreneurship development are still evolving since the concept of entrepreneurship itself is of relatively recent origin. An entrepreneur has been defined in numerous ways as "someone who innovates, and whose function is to carry out new combinations called enterprises" (Schumpeter, 1934); or as "an individual who conceives the idea of business, designs the organization of the firm, accumulates capital, recruits labour, establishes relations with suppliers, customers and the government and converts the conception into a functioning organization" (Hagen, 1962).

Characteristics and traits essential for entrepreneurship as recognized by experts are as follows:

Characteristics	Traits
Self-confidence	<ul style="list-style-type: none"> — Confidence — Independence — Optimism — Individuality
Task-result oriented	<ul style="list-style-type: none"> — Need for achievement — Profit-oriented — Persistence — Perseverance — Determination — Hard work, drive, energy — Initiative
Risk taker	<ul style="list-style-type: none"> — Risk-taking ability — Likes challenge

Leadership

- Leadership behaviour
 - Flexible (openness of mind)
 - Resourceful
 - Knowledgeable
 - Versatile
-

Workshop on Entrepreneurship, Honolulu, 1977.

This school of thought focussing on the individual entrepreneur's traits, motives, knowledge, skills, attitudes and strategies implicitly puts forward the theory of strategic choice - that is, the entrepreneur is the most decisive factor in the success of his/her enterprise. The underlying assumption is that one can develop entrepreneurship by developing the characteristic traits and motives in individuals.

An alternative set of assumptions is held by other experts who are dissatisfied with the "trait and motivation" theory. They propound the existence of "environmental determinism" which controls the success or failure of an enterprise. The "task environment" consists of factors that have a specific impact on business activities, such as supply of materials, labour, capital and government regulations, while the "general environment" consists of the economic, legal-political, socio-cultural, and educational aspects (Lamont, 1972; Vesper, 1980).

The present study puts forward a broader conceptualization of factors affecting entrepreneurship with particular reference to women. While the two prominent theories summarized above could be argued for and against, the factors affecting women entrepreneurship in Nepal cannot be captured within a single paradigm. The socio-cultural milieu in which Nepalese women live is a complex conglomeration of various factors which affect every aspect of their lives and govern the personality traits, their education and training, the gender outlook and attitude of the entire society (including planners and policy makers), and their access to and control of all resources and critical inputs.

Therefore, from an operational point of view, a broad gender-based conceptual framework is adopted in this study which incorporates an exploration into various aspects — principally the socio-cultural, educational, and legal aspects — which to a large extent determine personality and motivation traits. Gender disparities in terms of access to supply-side economic opportunities are also investigated. It is contended that working exclusively with an isolated set of these categories does not produce a conducive environment for the growth of entrepreneurship among women in Nepal.

Hence, a modest attempt is made to study the following:

- (a) Social and family values or attitudes conducive or non-conducive to women's role as entrepreneurs.
- (b) The education and training system that impacts upon entrepreneurship and whether it is gender neutral or not.
- (c) The legal framework of a country (e.g. laws governing inheritance, property rights, contracts, access to assistance from facilitating institutions, etc.) which creates difficulties for potential women entrepreneurs.
- (d) Predominant personality traits and motivations of Nepalese women.

- (e) Access to critical inputs, such as capital, raw materials, and technology, and the role and performance of agencies providing supply-side support for promoting women entrepreneurship.

2.2 Socio-cultural Norms Governing Male/Female Behaviour

Nepalese society (with the exception of certain ethnic communities of the Tibeto-Burman group) is predominantly patriarchal, patri-lineal and patri-local. Three fundamental features characterizing patriarchy are the patri-lineal inheritance system, controls over women's sexuality and bodies, and restrictions over women's mobility. Women are given a subordinate position at all levels: economic; control and power over body and movement, and power of family lineage. Thus, at the most intrinsically basic level, women are reduced to a position of secondary importance. All forms of discrimination and inequity ensue from this. Therefore, patriarchy as operationalized through the family system needs to be carefully analyzed, understood and addressed if gender differences in behaviour between men and women are to be clearly distinguished.

It is this basic patriarchal predominance which negatively affects women's esteem, confidence and decision-making ability in both direct and indirect ways. If we examine a woman's life through the various phases of her life cycle, it becomes crystal clear how this societal structure and the concomitant value system has affected women's psyche, attitudes and psychological health, right from conception to old age.

2.2.1 Socialization Pattern

The entire socialization pattern in the Nepalese society is such that the young boys are prepared for the world of productive work and decision-making, while girls are trained to be effective housewives, mothers and service providers. From a very early age it is instilled into girls' minds that their duty lies in providing services to their family. Domestic chores, sibling care and assisting the mother in household responsibilities, prepare her for the world of care-taking of future generations.

Self-denial, putting others before oneself, self-effacement, gentleness, sacrifice, soft-spokenness and other feminine qualities are encouraged in her upbringing. Decision-making, strength of expression, articulateness, opinion formation, thinking of one's own needs and interests, future career planning, etc., are not qualities which are promoted to develop her in her socialization process. Furthermore, she is for the most part confined to an inside world, and not permitted to interact with the outside world of information, knowledge, and accessing various resources.

The cumulative psychological effect of this kind of socialization process becomes evident later in life in her low level of confidence and inability to demand for her own rights.

Chastity and the protection and preservation of female sexuality is highly valued in the socialization patterns in the mainstream Nepali culture. Chastity is a complex concept from which emerge various constraints and restrictions which are placed on women in the socialization process — restricted mobility, need for social acceptability and prestige or "izzat", need for male protection, high value attached to gentleness, submissiveness and conservative outlook, and lack of

encouragement for initiative and risk-taking. These values imbibed through years of socialization in the male and female psyche in the Nepalese society, constitute the strongest psycho-social barrier to the strengthening of women's status.

Furthermore, "the son preference and daughter neglect" syndrome has an extensive and deep-rooted physical and mental impact on the daughters who are discriminated against. It adversely affects their self-esteem and socializes them into putting themselves last on occasions such as when the distribution of food and other household resources takes place. This habit becomes so entrenched that, even when opportunities are available, they may not be able to take advantage of them for themselves.

2.2.2 Gender Division of Labour

Gender division of labour leading to gender stereotyping of jobs is a traditional feature of Nepalese society. Women's working hours tend to be very long and strenuous. In the rural setting, household chores such as cooking and washing, fetching water and firewood, combined with agriculture-related activities, engage them for more than ten to twelve hours. In the urban setting, most working women face double responsibilities of household work as well as the professional demands of their jobs. A high level of stress and irritation has been expressed by many of these women who end up trying to be "super women". Trying to cope with, and even excel, in both the inside and the outside worlds, often leads to psychological trauma.

With regard to Women's Work and Responsibilities in the Home, women's work burden seems to have increased over the past fourteen years from 10.8 hours per day (CEDA, 1981) to the current average of 10.9 hours (SHTRI SHAKTI, 1995). On the other hand, men's input is 7.8 hours per day, which remains 3.1 hours lower than that of women. Thus the economic contribution of women in terms of hours of work is much higher than that of men. In fact, women still continue to contribute more time and income to the total household production, even if we do not ascribe a value to women's wage income accrued from the "invisible labour" involved in household chores.

The 1981 study by CEDA on the Status of Women showed a strong relationship between women's level of input in the outside economy and decision-making processes within the households. The recent updated study by SHTRI SHAKTI (1995) revealed a surprising downward trend in decision-making for women. Despite a total improvement in the household income as a result of development interventions (such as credit facilities and subsidy programmes, irrigation facilities, new technology, etc.), personal decision-making for women has decreased considerably. It may be that women are showing more disagreement with the choices and decisions made by men, thus making them more aware of their lower decision-making power.

2.2.3 Attitude to Outside Work

Regarding the community's attitude to work outside the household, this tends to be viewed as degrading to the family status. Working women have to bear with a double work burden which does not attribute any higher status to them. Therefore, most women choose to stay at home, unless there is a dire economic need or if there is no other bread-earner in the family. Women working purely for professional fulfilment are very few among the urban elite. However, working women enjoy the advantage of having greater control over their own labour and some degree of social and spatial mobility.

Real needs at the subsistence level, allied to an increasing desire for commercial commodities, have brought about major changes in the economic activities of women. While these activities have resulted in augmenting household incomes, they do not lead to an automatic improvement in women's lives. There are many instances of cash being appropriated by men and used in ways that are opposed to women's interest and well-being. This constitutes a social reality which must be given serious consideration in any endeavour to promote entrepreneurship for women (CWD, 1989).

Thus, many socio-cultural factors have confined women to traditionally prescribed and socially acceptable roles; and without male approval, women's so-called decisions become non-functional. Putting aside the few cases of fortunate urban, elite women, the deep-rooted gender stereotyping in the patterns and role models resulting from the socialization process has consistently inhibited women from coming out of their traditional cocoons.

2.3 Impact of Socio-cultural Norms on Entrepreneurial Behaviour

The socio-cultural constraints are clearly visible as seen in a study conducted recently by Ranabhat (1995) with two target groups — 18 potential women entrepreneurs who were trained in business creation courses but had not started their businesses, and 68 currently functioning women entrepreneurs from different parts of Nepal (such as Kathmandu, Lalitpur, Bhaktapur, Nepalgunj, Pokhara, Syangja and Palpa). The study's findings, as summarised below, seem to corroborate the points highlighted above.

2.3.1 Low Level of Confidence

One of the most cited problems among women entrepreneurs is their low level of confidence as demonstrated in the sample survey of the personal entrepreneurial characteristic (PEC) self-rating questions administered during this study. A comparative study of entrepreneurial characteristics of men and women in developing countries (ILO, 1987) also shows a high level of self-confidence in men, and a medium level of confidence among women. To measure the entrepreneurial qualities of the Nepalese women entrepreneurs the PEC Scale — a self-rating questionnaire developed by McBer and Company — was used in Ranabhat's study (1995). The results show that Nepalese women entrepreneurs are more concerned about the high quality of work and efficiency, but they were found to be weak in self-confidence, persuasion and assertiveness in comparison to male entrepreneurs. Women entrepreneurs think that being hard-working is a characteristic of a successful entrepreneur.

It was found that the family also lacks confidence in women's capability, whether it is related to their mobility outside home or to mortgage as collateral to obtain loans from banks. Such lack of confidence in women's capabilities is evident, not only in the family circle, but also in the supporting agencies such as banks. Lack of family confidence and the negative social perception towards women have had a disabling impact on building up women's confidence (Ranabhat, 1995).

2.3.2 Double Roles and Responsibilities

Women's primary role is traditionally perceived as and expected to be in the house, as a housewife or a mother, and men are supposed to be involved in outside activities including income

generation. Pregnancy, child-bearing and rearing are purely female functions. Mothers are found to be more capable than fathers in understanding when a crying baby is hungry, wet or feels pain. The nurturing skills related to child-rearing also require more time and involvement in household activities. These factors limit women's responsibilities and involvement in activities outside of the household. Role conflict or balancing time between these different roles is found to be a problem for many aspiring women entrepreneurs.

2.3.3 Social Attitudes towards Women

Women are viewed as weak, passive, obedient or submissive. Furthermore, dominant religious beliefs and traditions do not favour women being involved in outside activities. In some cases society considers it a weakness in a man if his wife is working outside. In business, women have to deal with many people, and sometimes they have to travel away from their homes. Such things are not well accepted by society, and therefore constitute a major problem for women entrepreneurs.

2.3.4 Low Value Attached to Women's Work

Another problem associated with social values, culture and practice is the low value given to women's work. Whatever tasks women perform, they are frequently not even considered as work. If it is work, then it is not seen as worthwhile work — it is only supplementary, part-time, ad hoc and frivolous work. These are the general comments women entrepreneurs have to put up with, and what better boosters of entrepreneurship could there be for women entrepreneurs' morale in undertaking entrepreneurial activities! Thus, these prevailing social values, culture and perception tend to work as a restraint on the growth of women entrepreneurs in the Nepalese society.

Other social factors, such as marital status, age and family background, which support or hinder the creation and operation of business were also considered in this study. Among the entrepreneurs interviewed 70.6% were married, 25% unmarried and the remaining 4.4% were divorced/separated or widows. These figures may indicate that married women are potentially more entrepreneurial than others. But on the other hand, out of the other group of 18 non-entrepreneurs, 83.3% were married women and had not started their businesses even after completing their training programme in New Business Creation. Based on this comparative figure, one can infer that marital status alone does not make any considerable difference.

Family support, on the other hand, was found to be more crucial to becoming an entrepreneur. The majority of women entrepreneurs in Ranabhat's study (70.6%) live in a joint family, and 51.5% of the entrepreneurs have trade and industry as their family background.

In another study by Hada and Shrestha (1992), out of the total women entrepreneurs interviewed, 71.43% belonged to joint family. It clearly indicates and verifies the common belief that the joint family can be supportive to women who want to start their own business. Furthermore, it was easier for women to go into business if their family had business as the principal family occupation, for they would often be trained in and familiar with the business environment.

In response to a question to non-entrepreneurs to identify the reason for not starting a business, 27.7% of the women said that they lacked capital for investment, and another 22% stated that their family did not support them in starting up their businesses (Ranabhat, 1995). On the other hand, among the entrepreneurial group, 35% said that family support was the crucial factor in becoming an entrepreneur. Thus, family support was found to be one of the influencing factors in business creation and operation for women entrepreneurs.

2.4 Lack of Education and Training

Only one-fourth of the Nepalese women aged 6 years and over are literate, as compared to 54% literacy among the male population of the corresponding age-group. 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-fifths of them are devoid of formal education beyond the primary level. Female participation in the education system declines as the level of schooling goes up, indicating a higher tendency of drop-out or discontinuance among girls. The curriculum is also not in line with the real life situation of women and girls; as a result they do not feel empowered through education.

The steady increase in overall total literacy rate from 14.3% in 1971, to 23.5% in 1981, to 39.6% in 1991, shows notable growth and improvement in education. However, women have ranked very low in the educational profile throughout — 3.7% female vs. 24.7% male in 1971; 11.5% female vs. 34.9% male in 1981; and 25.0% female vs. 54.5% male in 1991 (Census Records, 1991).

Furthermore, the proportion of girls decreases as the level of schooling goes up - down from 37% at the primary to 31% at the lower secondary and 29% at the secondary schools. This has prevented women from improving their access to successful occupations, career development, and higher level vocational and technical training.

Perhaps due to urban concentration, women's access is slightly better in the case of higher education. Female students account for 23% of the total, ranging from 49% in medicine and 33% in humanities, to a low of 8% in agriculture. Likewise, the overall proportion of female teachers is 19%, varying from a peak of 53% in medicine to a low of 4% in engineering.

It is important to mention here that there are a number of innovative programmes being implemented to increase and enhance equal access of women and girls to education, but the existing infrastructure is still inadequate to meet the special needs of women and girls. The domestic work burden for girls is too great; they are also subject to poor health and nutrition, as well as an early marriage; schools are often too far away, and there are very few economic opportunities open to women.

Therefore, there is a serious need to explore factors which could encourage girls to attend school as well as to introduce proactive and innovative measures (e.g. flexibility in school timing, sensitization of teachers to the need of girl's education, elimination of gender bias from the curriculum, and the use of non-formal conduits as entry to formal education).

2.4.1 Areas to Development Training

The condition of social deprivation among women is not only a consequence of poverty, but it is most directly connected to an unequal gender-based distribution of power and resources in the family and community. Most development training (e.g. on livestock management, forestry, use of agricultural inputs, etc.) has been targeted primarily towards men in the rural areas where they are considered as the producers and providers for their families. Some skills training, such as sewing, knitting and weaving, has been traditionally imparted to women, but the economic value from this training is quite insignificant in relation to household subsistence.

Ranabhat's study shows that formal education is not a prerequisite for becoming an entrepreneur. Many illiterate men and women are to be found as entrepreneurs. However, education plays an important role in managing the business. Ranabhat's research shows that 58.3% of women entrepreneurs have an education level below the School Leaving Certificate (SLC) or 10th grade. However, the percentage of totally illiterate women is only 4.4%. These entrepreneurs were located mainly in hilly areas and were operating micro businesses. In the case of the group of non-trained entrepreneurs, no-one in the survey was illiterate. The reason for this was that they were all trained, and to participate in the training programme required literacy.

In the study by Hada and Shrestha (1992), the education profile of women entrepreneurs revealed the following:

2.4.2 Areas to Education

Educational Level	Number	Percentage
Degree	3	14.28
Diploma	16	76.19
Intermediate	1	4.76
SLC	1	4.76
Below SLC	0	0.00
	21	100.00

The above data shows that most of the women entrepreneurs (90%) had higher academic qualifications, such as a degree or a diploma. Most of the diplomas were in the skill-oriented courses such as fashion design, beauty care, fine arts, textile, hair dressing, textile designing, secretarial services etc. It is evident from this that women having the benefit of specific training courses are quite likely to utilize their skills in the economic ventures.

It may be conversely argued, however, that lack of education acts as a deterrent to successful entrepreneurship. In a country which suffers from severe illiteracy, such as Nepal, without widespread education as the basic corner-stone of empowerment, women's opportunities for becoming successful entrepreneurs would be severely limited.

Profile of Women Entrepreneurs

Personal

Age Mean	33.3% Yrs
Married	70.6%
Education: below SLC	58.8%
Joint Family	70.6%
Motivation: Financially independent	41.2%
Average Working Hours	8 hrs a day
Preferred Trainers: Mixed (Men and Women)	88.4%

Business

Investment size: below Rs. 25000	51.5%
Self Finance	47%
Use of Bank Loans	30.9%
Loan from Informal Sectors	22%
Business: Garments and hosiery	54.4%

Psychographical

The main motivation to become an entrepreneur is to be financially independent. In terms of their entrepreneurial qualities, they are more concerned about the high quality of work and efficiency, but they are comparatively weak in self-confidence, persuasion and assertiveness.

Source: Ranabhat, B. (1995)

2.5 Legal Barriers

The Nepalese laws operate within the confines of the joint family system, with patriarchal transmission of landed property and outdated concepts on the role of women. However, the legal position of women can be viewed on the basis of two broad areas of law, i.e. public sector laws and family laws.

On the public sector laws, important measures have been taken to improve the status of women, e.g. legislation on minimum wages for industrial workers which states that "male and female workers shall be paid equal wages for equal work". The Nepal Factories and Factory Workers Act (1959) contains numerous provisions aimed at improving conditions for factory workers, such as maternity leave, child-care facilities, separate latrines, restricted hours of work etc. Unfortunately, such protective legislation has not been enforced effectively.

In relation to *family law*, the Sixth Amendment of the Civil Code in 1976 greatly enhanced the cause of equal rights for women by amending laws governing marriage, divorce, property rights, and inheritance. Laws in Nepal allow only males to inherit property, and although widows do inherit the property of their husbands and enjoy the right to dispose of them subject to some

restrictions, the property passes automatically to the male lineage after the widow's death. Following on the Sixth Amendment, a daughter (after the age of 35 if she remains unmarried) gets an equal share with the son in ancestral property. Apart from this, unlike the male who is provided much greater control of his ancestral property, the female in a similar situation is still under male control — whether it be father, brother or son. Similarly, while the husband is free to dispose of up to 56% of the joint family property without consultation, and with or without consent of his wife, the wife's potential share may be reduced as a result of his financial misdeeds.

Women's right to property depends on the social condition of marriage, and it is here that we see women's legal status as being severely dependent on the norms governing proper marital behaviour.

A woman can also have her own private property in the form of "daijo" and "pewa". "Daijo" or dowry consists of property given to a woman on the occasion of her marriage, or in the capacity of a bride, by relatives from her parents' side, her mother's parents' side, or by friends and neighbours. This property will not be included in the ancestral property to be shared by the husband's family. Theoretically, the woman has control over her own "daijo". "pewa" is any property that a woman owns as a direct, legal gift from her husband, father, or brothers, or that she has earned herself. She enjoys full ownership over her "pewa". However, these are the only two categories of property over which a woman may have full independent control.

Women are therefore denied a resource base which could have enabled them to exercise autonomy and independence with particular reference to enterprise creation. As a consequence their access to capital investment is almost non-existent, except through alternative channels. Thus, deprived of access to and control over resources — be it education, training, assets, ownership, prestige, political power, land, equipment, income and basic needs — women undoubtedly constitute the poorest and the most disadvantaged group in the country.

However, there are many non-Hindu ethnic communities of Tibeto-Burman origin in Nepal, such as the Newar, Gurung, Tamang, Sherpa, Limbu and Rai, who have divergent practices regarding women's property rights. The Sherpa family system, for instance, has separate but equal property shares for both sons and daughters. Among the Tamangs, daughters also inherit family property. The Newars initially enjoyed a system of ensuring property rights for daughters too.

Thus, the enforcement of Hindu assumptions about gender and property, as reflected in family law, control the social and economic rights of women. Women's rights in Nepal, both in family membership and in property, are organized around the core primary rights assigned to their fathers or husbands. Not only are the women's rights to property inherently fragile, but whatever rights she does have are limited by the prior and dominant interests of the men in her family, both in the natal as well as affinal households.

In promoting entrepreneurship among women, their lack of capital and inability to furnish collateral are directly linked to women being deprived of inheritance rights. Economically, women are not independent entities. This severely limits their capacity in operating enterprises as self-reliant, risk-taking and competitive entrepreneurs.

Personality Traits Essential for Entrepreneurship

AS entrepreneurship development involves a process in which the interplay between the personal traits of the actor and the socio-economic situation of the environment is highly critical, the individual traits and motivation levels of women entrepreneurs in Nepal deserve serious examination. The supportive social system, the dominant cultural values and the legal structure combine to provide the framework within which the female entrepreneur has to function (Guthier, 1992; Karki, 1993).

In Nepal no comprehensive study has been carried out in respect of women entrepreneurs in terms of what factors actually drive them into businesses. However, four studies have been conducted by the Small Business Promotion Project (SBPP), and one undertaken by the Centre for Women and Development (CWD) for ILO/FNCCI, all of which provide substantial information regarding the aspirations and motivations of Nepali women entrepreneurs, attitudes towards entrepreneurship in Nepal, biographical and psychographical profiles of Nepali entrepreneurs, and recommendations for mechanisms to strengthen women's entrepreneurial development in Nepal. Based on these exhaustive studies, an attempt will be made to assess women's personality traits and business behaviour, as well as the problems faced during the initial stages of their businesses.

From the study carried out by Hada and Shrestha (1992) on the biographical, business and psychographical profiles of Nepali women entrepreneurs, a number of findings have emerged. (For this study 30 women entrepreneurs were identified and approached in Kathmandu valley, of which 21 participated in the survey.)

3.1 Personal Entrepreneurial Traits

A set of Personal Entrepreneurial Characteristics (PECs) developed by Spencer and Mensfield was used to prepare the profile of the entrepreneurial characteristics of women entrepreneurs.

The above table shows that the women entrepreneurs have higher scores on efficiency orientation, information seeking, commitment to work contract, persistence, and concern for high quality of work respectively. The women entrepreneurs were weak in taking initiative, seeing and acting on opportunities, persuasion, self-confidence, systematic planning, use of influencing strategy, assertiveness, and problem-solving. This finding confirms the conclusions made in a workshop on Women Entrepreneurship conducted by the Small Business Promotion Project (Nepal) and Approtech Asia (Philippines) in 1990. The workshop concluded that women's general weaknesses were lack of self-confidence, taking initiative and problem-solving.

Even though there is not enough comparative data on the personal trait differentials between men and women, a superficial comparison between the responses given by the women in this study and the responses of a group of predominantly male Nepali entrepreneurs, in a similar study by Bhawuk and Udas (1991) shows that Nepali entrepreneurs are strongest in efficiency orientation, information-seeking, concern for high quality of work, commitment to work contract and persistence, while the weaknesses displayed were exactly the same as in the Hada and Shrestha study.

Sample Mean Score of Personal Entrepreneurship Characteristics' of the Women Entrepreneurs

Characteristics	Score	Std. Dev.	Var
Efficiency Orientation	19.80	2.40	5.76
Information Seeking	18.70	2.26	5.11
Commitment to work contract	18.45	2.18	4.75
Persistence	18.30	2.51	6.31
Concern for high quality	18.15	3.40	11.53
Problem solving	17.40	3.73	13.94
Assertiveness	17.25	3.48	12.09
Use of influencing strategy	16.85	3.47	12.03
Systematic Planning	16.55	2.44	5.95
Self-confidence	16.35	3.00	9.03
Persuasion	16.30	2.90	8.41
Sees and Acts on opportunity	16.20	3.04	9.26
Initiative	15.55	2.78	7.75

Source: Hada & Shrestha (1992)

Characteristics	Sample Mean Score	
	NBC*	Control
Efficiency Orientation	20.25	19.91
Information Seeking	20.08	19.39
Concern for High Quality of Work	19.73	19.26
Commitment to Work Contract	19.28	18.53
Persistence	19.13	18.51
Use of Influence Strategies	18.79	17.91
Problem-Solving	18.07	17.38
Systematic Planning	17.67	17.33
Initiative	16.79	16.60
Assertiveness	16.58	16.42
Self-Confidence	16.46	16.22
Sees and Acts on Opportunities	16.26	15.57
Persuasion	15.97	15.83

Source: Bhawuk, D.P.S., *Biographical and Psychographical Profile of Nepali Entrepreneurs: A Study on Entrepreneurship in Nepal*, SBPP, Kathmandu, 1991.

* NBC = New Business Creation

12.03
TFA
NPL

The questions that may be raised here is, do men and women entrepreneurs in Nepal exhibit the same personality traits as shown in the two studies? Do these traits have more to do with the stage of entrepreneurial experience rather than the personal characteristics of the entrepreneurs? The sample is not representative enough to answer these questions satisfactorily. Perhaps, it is the degree or extent of each of these personal traits that varies between men and women, rather than the presence or absence of the traits themselves.

Mere observations of the behaviour patterns of men and women entrepreneurs in Nepal indicate how they differ in risk-taking, efficiency, and self-confidence, as well as in persuasion. But these observable differences have not been reflected in the studies mentioned above. Therefore, more substantive research is needed to arrive at the true differentials.

3.2 Motivational Factors

As regards the Motivational Factors that have driven them into entrepreneurial activities, Hada and Shrestha's study revealed that almost all the entrepreneurs were self-inspired women, interested in using their skills and experiences. They either got full family cooperation or they managed their time to effectively carry out business and household activities simultaneously.

They sometimes expressed their feelings about the discrimination and disfavour which they experienced as a woman engaged in business activities. Most of the women entrepreneurs chose a particular business project which enabled them to use their skills and experience. They initially faced general problems such as financial problems, marketing, and the problems related to banking and registration procedures.

3.2.1 Situational Motivational Factors

According to Hada and Shrestha's study, out of the total responses, 58.95% of problems were job-related dissatisfaction, of which majority have said that intellectual frustration (20.5%), inadequate salary (15.4%) and partiality in the job (15.4%) were the main reasons for dissatisfaction. Economic compulsion inspired 15.38%, a further 10.25% by political displacement, and another 10.25% by social displacement. The remaining 5.12% of the responses related to partnership displacement.

In 52.9% of the cases, respondents said that their family inspired them to start the business. Likewise, the offer of financial support from the family also inspired 23.5% of the respondents to start business. The remaining 11.7% were inspired by a partnership offer; 8.8% by the help offered by the previous employer, and 2.9% by entrepreneurship training.

3.3 Business Behaviour

Generally it is believed that most of the women entrepreneurs operate feminine type of businesses. For example, in India the highest percentage of women (35%) are involved in garments. In Philippines the higher percentages are in the food-processing and handicrafts sectors which make up 60% and 30% respectively (Akhouri, 1990). Nepal is not an exception to this. The survey results (Ranabhai, 1995) show that garments and hosiery make up 54% of women's enterprises. This figure rises to 65.5%; if preparing woollen thread and carpet-weaving are taken into account.

Most of the women entrepreneurs were engaged and successful in feminine types of businesses, such as dress material, beauty parlour, handicrafts, management and travel services, mostly owned on a proprietorship basis and initially at the cottage industry level (i.e. with investment up to five lakhs of rupees and employing less than 20 labourers).

Hada and Shrestha's study also shows that dress material businesses in which women entrepreneurs were involved include boutiques, Dhaka clothes, hosiery, textiles, silk clothes and garments. The handicrafts sector included dolls, knot-crafts, and wood-crafts. Metal construction materials were for suspension bridges and metal window frames, and management and travel services includes services like advertising consultancy, secretarial management and travel agencies. Sixtysix percent of the women entrepreneurs were in manufacturing businesses and 33.3% in service businesses.

It has been seen elsewhere that the smaller the size of the business reached by a development project, the larger the portion of women business owners. This seems true in the case of Nepalese women entrepreneurs too. Findings in Ranabhat (1995) show that 51.5% of the businesses were started by investing below Rs. 25,000. Furthermore, 73% of all the businesses were started by investing less than Rs. 100,000. Those with a larger investment in the range of Rs. 300,000 to 500,000 comprised only 4.4%. The size of urban women-run enterprises is comparatively bigger than those in rural market centres.

Ranabhat's research further shows that 47% of the women have financed their businesses by themselves. Only 30.9% of the women entrepreneurs have used bank loans, and 22% borrowed from the informal sector. It was learnt during the interviews that, among those who have borrowed from the informal sector some have to pay up to 36% in annual interest. The major problem faced during the business start-up phase was managing finance (33.8%). Also, 23.5% of women faced difficulties in marketing their products.

In terms of employment creation, 63% of the businesses employed below 5 persons, with an average of 2.5 persons in the complete sample. Sixty percent of the women do not calculate their salary in the business, but they take money from the business for their own use. Earnings made from business are spent in three ways - on the business itself, on the household, and for their personal matters.

3.3.1 Type of Ownership and Range of Investment

According to Hada and Shrestha (1992), the majority of the women entrepreneurs' businesses were under sole proprietorship (71.43%) and the remainder were partnerships or private limited companies.

Proprietorship and partnership type of businesses were mainly handicrafts, beauty parlours, textiles, garments, hosiery, dolls, secretarial management and boutiques. The private limited company of business included metal construction materials, advertising and travel enterprises.

The initial investment range did not show much difference from one type of ownership to another. As seen from the above information, the range of the investment was from less than one to up to five lakhs of rupees. This type of investment pattern falls under the category of cottage-level business.

3.3.2 *Employment Range*

As many as 47.6% of the women's businesses employ 3 to 10 employees. If we relate ownership and investment range to employment we could say that women entrepreneurs normally venture into cottage-level businesses, initially with a moderate size of investment and a low level of employment.

In summary, it is clear from the studies mentioned above that women entrepreneurship development entails a close interaction between individuals and the environment. Since the entrepreneurial qualities of the actors, the supportive social values and culture, and the economic opportunities available in the community, are all crucial factors for entrepreneurial success, the situation of women in this field needs to be closely scrutinized within these parameters. Despite many problems pertinent to women entrepreneurship development, women's hard-working nature, dedication, commitment and honesty are positive attributes which can be effectively tapped to promote more women as successful entrepreneurs.