

Women in Micro Entrepreneurships: Determinants and Status in Kavre District

Abstract

The paper aims to explore the detrimental factors of micro-enterprises among the women in Kavre districts. Further, the paper concentrates on investigating the status of enterprises in terms of investment, net-profit earning, and employment generation. I employed quantitative dominant sequential mixed method research design. As the dictum of this research tradition, I surveyed women micro-entrepreneurs in Kavre district by employing random sampling procedure. Further, I selected additional four women micro-entrepreneurs purposefully to understand their perspectives on their engagement in entrepreneurship. The numeric data were analyzed by using descriptive and inferential statistics using SPSS software.

The major findings of the paper shows that skill and knowledge, access to financial services, demonstration effects and formal education are the major detrimental to the entrepreneurship. The paper concluded that the micro enterprises are playing significant role to mitigate the rural poverty by contributing employment generation and increase in economic activities. The role of formal education is not significant to the micro entrepreneurship development rather than the skills and knowledge gained by informal education. I so doing I employed human capital theory to deal the major detrimental factors of women enterprises.

Background

Entrepreneurship is foundation of sustainable economic prosperity for nations, societies, regions, corporations, small firms and individuals (Carsrud & Brannback, 2007). The business activities through it is essential to create job and other opportunities for the people to enhance their economic status in the society. According to European Commission (2013), the small firms create 75% to 80% of new jobs in respective sectors. In this regard, entrepreneurship is backbone of economic growth. Micro-entrepreneurship is

also a form of entrepreneurship (Manimala, Shepherd, Peters, & Shepherd, 2013). The investment and person involved in business activities are main criteria to define micro-enterprises. The owner of this enterprise is micro entrepreneur. In the context of Nepal, the enterprise is to be called as micro enterprise which has not more than NRS 2, 00,000/- fixed capital investment, out of land, and including entrepreneur up to nine employees (Government of Nepal, 2013). The target group of micro-entrepreneurship development program of Nepal is Women, Schedule caste, Ethnic people, Madhesi people and young people in between age of 16 to 40. Out of these groups, the women covers 70% importance in program which is highest percentage among the target group (Government of Nepal, 2013). It seems that the micro-entrepreneurship development of the government is highly conscious to develop the women micro entrepreneurs over the country because the policies and programs have been formulated and implemented in the different phases with the help of Australian government, UNDP through the micro-enterprises development programs in order to up lift the socio-economic status of marginalized and disadvantaged people particularly, the women.

Women development is the key development agenda of this epoch. Development intervention in Nepal has largely focused on empowering rural women. The Census data 2011 published by Central Bureau of Statistics (CBS) shows majority of female population (i.e. 51.5%). Out of this, 43.1% females are living in rural area and data also shows that 25.2% females are the sole bread winners for their family. They are the only source to look after their family and to pay tribute to this. It is also seen that micro entrepreneurship development program for rural women are practiced in different phases from government and non-government side to uplift their livelihood. The policy makers believe that the micro entrepreneurship development is a means of human capital as it enhanced the skills and knowledge and makes able to carry out the different business and non-business activities

effectively and efficiently which has the positive effects on socio-economic transformation of participants. In this context, the major concern of this paper is to explore the determinants of being rural micro entrepreneurs. In addition, the paper demonstrates the status of micro-entrepreneurships in terms of investment, profit making, and income generation.

The study has been divided into different sections. The first section pertains to the introductory part that briefly acclimatizes the reader for what is being studied and what could be the possible findings from the study. The second section deals with the review of literature and provides idea about previous researches and studies being done in relation to the topic of this study. The third section summarizes the methods and approaches followed for the research. The fourth section discusses on the findings obtained through the research and the final chapter summarizes whole report and draws conclusions. These major sections are followed by references, appendices, acronyms and annexes related to the study

Entrepreneurship and micro-entrepreneur

Entrepreneurship was considered in scholars' view when Schympter defined it in 1934 on Theory of Economic Development (Schympter, 1934). Then, it was popular having multiple meanings in academia. In this line Drucker (1985) defined it as innovative act, which advocates endowing existing resources for new wealth producing capacity. Entrepreneurship particularly, micro -entrepreneurship in Nepal has been seen not only a powerful means of rural development but also proper utilize the available resources and covert those resources into economic resources. In the context of Nepal, Micro Enterprises Development Programme (MEDEP) in Nepal has been working to develop innovation of women entrepreneurship. MEDEP's programmes are based on various characteristics those can be applied to form organization in community level.

Henry (2007) defines; entrepreneurship is setting up a new business or stimulating old to take new opportunities. In this line MEDP's initiation helps to create job opportunity

for women and contributes to enhance economic growth (Air, 2013) where women are engaging in the micro-enterprises in different program districts of MEDP. Usually it is believed that the economic activities are the core elements of economic development of the society. However, there is questioning in the expansion and growth of such enterprise due to lack of access to financial services. Entrepreneurship helps to increase the different enterprises which provide different opportunity to make available demanded goods and services with full of creating value in socio-economic system. MEDAP is also doing in same way by enhancing entrepreneurship to increase the number of micro enterprises. Through micro entrepreneurship, the rural women micro entrepreneurs outline the economy by creating new wealth and jobs with the help of inventing new product. The rural micro entrepreneurs are producing different goods and services which are demanded and designed through their own creation. Entrepreneurship is dynamic process in which the creating incremental wealth is central theme. Ronstadt (1984) stated that the wealth is created by individuals who take risk. MEDAP's different training on micro enterprise encourages rural women to take risk and create value of their outcomes. The risk and entrepreneurship both have interrelationship in terms of equity, time and career commitments. The product and services might or might not be new or unique but the value created by entrepreneur with skills and resources are necessary. Therefore, entrepreneurship includes creation process, creating something new of values, devotion of time and effort with high risk (Kuratko, 1990).

Determinants of entrepreneurship and Human Capital

Different determinants have been identified by many researches of different places in being entrepreneurs. Praag, Vijverberg, & Sluis (2008) found the significant relationship on impact of education on selection into entrepreneurship. At the time of pilot study, the rural women micro entrepreneurs also stressed the importance of education to manage their accounting system even they are illiterate. It means that the particular skills and knowledge

also plays the significant role to become an entrepreneur. On the other hand the access to financial services also the major determinant of entrepreneurship. According to Rajman (2001), the impact of easy access to financial services on entrepreneurship development is positive. When talked to respondent in pilot study, they highly appreciated to MEDAP intervention to make them as an entrepreneur by providing easy access to fund. It seemed that such access to fund encourages people to become an entrepreneur in society. It was found that about 80 percent people have been getting economic and technical supports for the establishment of micro-enterprises. Likewise, the study states that the demonstration effect of role model in business is influencing factor to motivate and de-motivate people to start the business. Some of respondents clearly identified the demonstration of their peer group encourage them to become a micro-entrepreneur. The lifestyle and economic freedom of peer encourage them to participate in MEDAP programme. The social capital is also identified as influencing factor of the enterprise development. Zhang & Fung (2006) states that the social capital reduces transaction costs enhance cooperation and facilitate entrepreneurship formation in the society. This research also opines that it is essential to get market access. There is positive relationship between the market access and creation of platforms for participation in the economy and new institutional arrangements (Mair & Marti, 2007). Access to market motivates to expand the business and it also attract the new entrepreneurs to enter in business world. Entrepreneurship matters for achieving higher profit (Bosma, Praag, & Wit, 2000). The study also indicates that the income as a determinants of new business entity establishment. Another family background determinant is identified by Morris & Lewis (1995). The study found, entrepreneurial behavior is affected by family background. If family has any entrepreneurship experiences, it leads family member to start business. Such family background motivates members to establish new business entity. The different literatures also show the intervention made by the government and development

partners also play the vital role to enhance people to establish their own enterprise. Such interventions related to the establishment of micro enterprises. In Nepalese perspective, the Nepal government and Australian Development Aid's joint program is one major intervention of establishing micro-enterprises from poor target group of Women, Schedule caste, Ethnic people, Madhesi people and young people in between age of 16 to 40 (Government of Nepal, 2013). The success stories of the rural women micro-entrepreneurs indicates that the role of such governmental and non-governmental organization is key determinant of their being micro-entrepreneur. The numbers of micro-enterprises have been increased with the implementation of MEDEP basically, in the rural communities. Change in social status of women in sub-Saharan Africa is mostly depend on their work and independent enterprise (Amine & Staub, 2009). When I talked to my respondent, the social status was core concern to become micro entrepreneur of MEDAP participants. One of the participant of pilot study said social network is one of the determinant of being micro-entrepreneurs. Roy & Wheeler (2006) opined that the personal interest of having own enterprise lead person to make them entrepreneur and they try to establish successful enterprises. I also found in pilot study, the participants' voice was personal interest led them becoming micro entrepreneur. Based on above literatures and the notion of Human Capital Development Theory, I have guided to understand this issue by human capital theory.

The human capital theory was emerged to calculate employees' income distribution from their investment in human capital (Sweetland, 1996). The investment made in human capital development elements such as education, training, skills, knowledge and other to maximize economic benefits. The MEDAP's and entrepreneurs' investment on rural women micro-entrepreneurship is seen as being micro entrepreneurs with economic benefits.

Purpose of the study

The purpose of this study is to carry out the research on rural women micro entrepreneurship.

This study mainly focused on the status of rural women micro entrepreneurship of Kavre district and its determinants.

Research Questions

To fulfill the purpose of the study, the following two research questions have been designed.

1. What is the status of the rural women micro entrepreneurship in Kavre district of Nepal?
2. What are the determinants of women micro entrepreneurship?

Significance of the study

Micro entrepreneurship is one of the key development interventions of rural development. The social inclusion and equity perspective is another serious concern of development. To contribute on MDGs, the women development through micro entrepreneurship development helps to enhance equity in participation on economic activities. Therefore, this study is significant to the study of rural women development in rural area. The objectives of this study contribute to understand the status of rural women and to find out the most significant determinants to become the micro entrepreneurs. Based on its findings, the policy makers get the information to derive policy on micro-entrepreneurship development. This will ultimately contribute in the socio-economic empowerment of the marginalized communities. Moreover, this study has become equally significant for academia for further in-depth and inclusive studies particularly in the field of rural women micro entrepreneurship.

Methodology

I adopted integrated research process of both quantitative and qualitative methods for collecting numeric data by using structured questionnaire and narrative text data by using an open interview schedule.

This paper is based on mixed method research approach under interpretative paradigm with ontological belief on multiple subjective realities. I employed mixed method research design to explore the measurable and believable realities of the participants. In this regard, I drew my respondents using the random sampling method to gather the quantitative information. To serve my interest of exploring the belief system of research participants I used purposive sampling to generate qualitative information to find subjective realities. The qualitative data generated after identifying the significant determinants from quantitative analysis. It fulfills my intentions to explore the belief systems of women about entrepreneurship of women of Kavre. The interpretative paradigm guided the study to explore of meaning of entrepreneurship of women.

I began my field work by selecting participants randomly for generating quantitative data. I conducted survey to sixty participants. Then, I purposefully select the additional four participants for generating qualitative data. I conducted in-depth interviews with these four women micro entrepreneurs to understand their perception on significant variables. I tried to dig out the issue in terms of their being entrepreneur. Further, I observed their living standard through their consumption of goods and services and properties. At the time of data analysis and interpretation, first, I recorded the interviews of participants. Then, I transcribed the core data. I employed sequential process of coding, categorizing and themetizing to analyze the subjective data. On the other hand, the numeric data was managed by quantitative data management system such as editing, coding, and decoding process manually. Then, the Statistical Package for Social Scientist (SPSS) programme was used to data processing and analysis. After that the data was tabulated and presented with the help of descriptive statistics. To inference, regression analysis was used from inferential statistics.

Study Area or Study Site

I selected Kavre, District as study site because the MEDAP data showed the high involvement rate of rural women in micro enterprise rather than other districts of programme implemented. MEDAP officials advised me that the sustained rural micro entrepreneurs can be found in kavere. On the other hand, that area was also easy access to me from Kathmandu. Due to time and cost effectiveness, I found Kavre was the appropriate area to study on my research issue.

Tools and Pilot testing

I was aware about the importance of “road test” the prototype before conducting the survey. Simon (2006) stated that the unanticipated problems or interpretational difficulties should be ironed out. Therefore, after construction of tools, I conducted a small pilot survey for pretesting the questionnaire employing systematic sampling procedure (Sullivan, 2001). For this task, out of rural women micro entrepreneurs, 10 micro entrepreneurs were sampled. After evaluating the appropriateness and effectiveness (Baker, 1999) of questionnaire, I made necessary correction. For qualitative data generation, I developed the literature based idea and designed open interview schedule.

Status of Rural Women Micro Entrepreneurship

In this section, I have attempted to deal the first research question “What is the status of the rural women micro entrepreneurship in Kavre district of Nepal?”. In response this question, general information of respondent, basic information of enterprises including types of enterprise, source of invested capital financial status, operation time have discussed with qualitative and quantitative information.

Table: 4.1 General Information of Respondents

Caste	Percent	Education	Percent	Land holding Status	
Brahmin/Chettri	40.47	Literate	15.5	Minimum	0
Janajati	42.85	Below SLC	50	Maximum	12
Dalit	16.66	Above SLC	34.5	Average	3.1

Source: Households Survey, 2014

The general information of respondents also included caste, education level and economic status of the family. Respondents interviewed were of varied groups'. The table depicts only 16.6 percent respondents was found from the dalit community which is low compared to Brahmin/Chettri and janajati communities. However, respondents from Brahmin and Chettri were found similar. Correspondingly, 15.5 percent respondents were found to have able to read and write in general. About 8 percent respondents did not have land however about 10 percent respondents had 12 ropnai land.

Micro- enterprises in Kavre

Different forms of micro-enterprises were found that were carried out by the respondents. Out of 60 respondents, 37.2 percent of respondent was found to have engaged in agro-based enterprise. Agro-based enterprise was found in different form; Vegetable farming, vegetable shops, horticulture and apiculture were found to have established and under operation by the 37.2 percent of respondents. Among them, about 53 percent of respondents established the vegetable farming that was found higher compared with others.

Correspondingly, about 12 percent respondents was found the forest based micro enterprise. Among them, about 45 percent of respondents were found engaged in bamboo basket and furniture. Paper and paper products based micro enterprise was found more possibilities as lokta is the major source for raw materials and forest of Kavere district has high potentialities of lokta. Likewise, about 35.7 percent respondents conducted the artisan based micro - enterprise. Beauty care, crystal jewelries, sliparies and shoes were found in the form of artisan based micro-enterprise and among them 52 percent respondents were found to have

engaged in beauty care and about 35.7 percent respondent was found to have engaged in service based enterprise.

4.2 Basic Information of Micro-Enterprise

Micro –Enterprise	Percent	Source of invested capital	Percent
Agro –Based	37.2	Loan	40.5
Forest Based	11.9	Self	40.5
Artisan Based	14.3	Grants	19
Service Based	35.7	Employment Status	
Time of Operation	Percent	Maximum	14
Throughout Year	78	Minimum	3
Seasonal	22	Average	4

Source: Household Survey, 2014

The table depicts that the two types of micro-enterprise were observed in term of time of operation. About 78 percent of enterprise was found to have run throughout the year and 22 percent of enterprise was found to have run seasonally. Mostly, the agro-based and forest based micro-enterprises were found to have run seasonally. When concerning the source of invested capital, three types of source of invested capital were found. About 41 percent of respondent invested capital through the loan. Banks, co-operatives, financial company were found source of loan of respondents. Among them, about 43 percent respondents received the loan from the co-operative organization. Co-operative organization was found as the major source of loan for rural people. Correspondingly, 40.5 percent of respondents were found to invest the capital micro-entrepreneurs themselves. Among 40.5 percent respondents, 67 percent respondents invested capital by requesting their family members particularly, husband, 14 percent respondents was found to have managed the capital from their services and remaining 19 percent respondents managed the invested capital through the selling properties mostly land. Likewise, about 19 percent of respondent was observed to have obtained the grants to operate the business.

Financial Status of Micro enterprises

In terms of financial status of micro enterprises, the amount of initial investment was found varied among studied micro - enterprises. It was found that minimum initial investment was 0.019 million, maximum initial investment was found 0.02 million and average investment was 0.075 million. Correspondingly, the annual transaction was found minimum 0.08 million, maximum 1.2 million and the average was found 0.54 million. The table depicts that the minimum annual operating cost made by women micro entrepreneurs was 0.02 million and maximum 0.78 million to obtaining minimum net profit of 0.4 million to maximum 0.52 million respectively.

Table: 4.3 Financial Status of Women Micro -Microenterprise

(Rs. in Million)

	Minimum	Maximum	Mean
Investment	0.019	0.2	0.075
Operating Cost	0.02	0.78	0.4
Annual Transaction	0.08	1.2	0.54
Net Profit	0.04	0.52	0.121

Source: Households Survey, 2014

In addition the direct economic benefit from the enterprises, many others benefit had been found such as one enterprise has been providing the employment opportunity to at least three people to maximum 14 people. Agro-based enterprise had supported in the development of agriculture sector. Furthermore, micro-enterprises supported to mobilize the different resources like human, capital and other resources like natural resource.

Driving Factors of Women Micro-Entrepreneur/entrepreneurship

In this section, I have discussed the second research question i.e *what are the determinants of Women Micro- Entrepreneurship?* To response of this question, quantitative information had been collected from sixty respondents and four respondents having lived and long experiences regarding micro-enterprises were taken in-depth-interview for qualitative information and one focused group discussion was also conducted for the additional

information. Likewise logistic regression analysis had been done to understand the relation between level of education, types of enterprises, and land holding status with performance of micro-enterprises.

Varied forms of determinants were observed. It was found that different people had perceived differently about determinants of the micro entrepreneur. Caste, economic backgrounds of the family, accessibility of services of financial service providers, economic active members of family and quantity and quality of land were found major influencing factors of determinants.

Table: 4.4 Driving Factors of being Women Micro-Entrepreneur/ Entrepreneurship

Determinants	Percent
Education	25.2
Skills and Knowledge	56.4
Access to financial services i.e loan and saving	36.9
Demonstration effects	36.9
Social Capital	35.7
Market Access	35.7
High Income	33.3
Family Background	18.6
Personal Interest	37.1

Source: Household survey-2014

Logistic Regression Analysis of economic performance of Women-Micro-Enterprises

The goal of logistic regression is to correctly predict the category of outcome for individual cases using the most parsimonious model. To accomplish this goal, a model is created that includes all predictor variables that are useful in predicting the response variable. Logistic regression calculates the probability of success over the probability of failure; the

results of the analysis are in the form of an odds ratio. The odds ratio is a measure of effect size (Hosmer & Lemeshow, 2004), describing the strength of association or non-independence between two binary data values. It is used as a descriptive statistics, and plays an important role in ‘logistic regression’. Unlike other measures of association for paired binary data such as the relative scores, the odds ratio treats the two variable being compared symmetrically, and can be estimated using some type of non-random samples

Here I have considered business performance of women micro - enterprises as dependent variable whereas educational level, types of micro - enterprise and land holding status of entrepreneurs are independent variables.

Table: 5 Logistic Regression Analysis of Performance of Women Micro Enterprises

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I for Exp B	
							Lower	Upper
Education Level (Below_SLC)	1.008	0.402	10.508	1	0.015	1.354	1.514	4.959
Types_of_Micro_Enterprise			15.350	2	0.035			
Types_Enterprise_agrobased	0.808	0.345	10.335	1	0.012	1.97	1.395	3.611
Types_Enterprise_others	0.483	0.235	5.015	1	0.085	0.654	0.752	2.352
Land_holding_status				2				
> 3 ropani	0.732	0.315	6.352	1	0.009	0.974	1.215	3.245
< 3 ropani	0.658	0.251	4.35	1	0.035	0.756	0.953	2.756
Constant	1.079	0.157	63.44		0.000	1.567		

The Wald statistic and the corresponding significance level test, the significance of each of the covariate and dummy independent variables in the model are shown in the above table. If the Wald statistic is significant (i.e., less than 0.05) then the parameter is significant in the model. Of the independent variables, land holding status between respondents having below 3 ropani and respondent more than 3 ropani was not found much significant differences in the economic performance of enterprises. It means that there is no significant relationship between land holding status and performance of micro-enterprises, whereas level of education and types of micro -enterprise have significantly affected the economic

performance of the micro - enterprises. The economic performance of micro -enterprises conducted by entrepreneurs having academic qualification below SLC is 1.354 times higher than that of the performance of enterprises conducted by entrepreneurs having qualification above SLC. As far as types of enterprises is concerned, it can be seen that, the performance of agro-based micro- enterprise is approximately 2 times better than other micro-enterprises such as artisan, service and forest based.

Skills and Knowledge gained from informal education

The above table depicts that skills and knowledge is the major driving factor of being WME as about 56.4 percent respondents were found to have considered skills and knowledge as the major determinants of being WME. By and large, the skills and knowledge was obtained and enhanced from the different training provided by the MEDP, Nepal government and others organizations. In the connection of this issue, Pradhan (2006) stated in the study "Micro enterprises and its driving factors" that the skills and knowledge is crucial feature of being entrepreneur. Further, he stated that skills and knowledge built up the confident level.

In the parallel premise, one of the respondents Ms. Rita Poudel says; *the foremost basis of being entrepreneur is skills and knowledge. Further she added if we had required skills and knowledge, the risk and uncertainties of the business can be minimized and it also supported for the expansion of business and encouraged to invest the more capital as far as possible.*

Correspondingly, Ms. Sanju Bohara, a micro entrepreneur who making shoes and sandle through the micro - enterprise says:

"I did not have any skills and knowledge before when I got the training on "Shoes making" provided by MEDP in some days ago. Training enhanced my knowledge and skills and increased my confident to start business of shoes. I used to work in the Banepa but since 2009, I have been producing the sandals and shoes from my own enterprises and 4 people

are getting employment opportunity from my business. If I did not receive the training, might be I could not carry out such business. Although, I have completed higher education".

Both of Entrepreneurs were found to have experienced same i.e skills and knowledge gained from informal education as major determinants of WME. According to Ms Bohara, there is not significant relation of formal education for the being WME like skills and knowledge. Neupane (2010) states that education of Nepal does not reduce the employment problems but it plays as role of catalyst in the case of employment problems as there are no such subjects that provide and enhance the required skills and knowledge for the becoming entrepreneur.

Access to Financial services i.e loan, saving

Finance is the life blood of business. Sharma (2012) states that the development and expansion of micro -enterprise largely depends upon the accessibility of financial services i.e loan and saving. In the same line, Gautam & Bhattarai (2008) states that access to financial services is one of the major determinants of the being micro - entrepreneur. About 36.9 percent of respondents were found to have taken access to financial services as the major determinants of being micro- entrepreneur. Dhakal (2005) states that micro enterprise is the major means to drag out the marginalized and disadvantaged people particularly women from the victim of poverty. In this issue,

Sabita Tamang says: I lived in Pachakhal, Kavere. There were not any financial service providers around ten years ago. Here were not any financial institutions like banks, financial company and co- operatives. If we needed money, we would depend upon other people mostly mukhiya. We had to pay high interest rate. We did not prefer to invest on enterprise by taking loan at high interest rate. After the establishment of co-operatives, we got chances to obtain loan at low interest rate compared to people. My enterprise also was

established by taking loan from the co-operatives. The interest rate paid in co-operatives. It is still high. Similalry, we do not get required amount on time from that co-operative."

Above text data reflects that accessibility of financial services is the major determinants of being entrepreneur as she had plan to set up the business before ten years but she could not because of lack of finance. Still there are not sufficient numbers of financial service provider to provide the services. However, the co-operatives have been fulfilling the demands of loan in some extent. People have been experiencing as high interest rate. If financial services are more accessible, proper promotion and development of micro-enterprise can be taken place. The proper development and promotion of micro - enterprise generate the employment opportunity in the local level which can check the youth migration in some extent as well as increased the economic status of the community.

Likewise, a member of focused group discussion says: *The number of micro-enterprises increased with the establishment of co-operatives. However, the demand of loan among the entrepreneurs is high but such demand has not been fulfilled from the existing financial service providers.*

The text data presented that financial service provider is the foundation of development of entrepreneurs. However, as per the view of a member of focused group discussion, the existing financial service providers have not been addressed the demand of credit claimed by the micro- entrepreneur at the study area. This is not only the problem of this community but also throughout the nation particularly, in rural community (Bhattarai, 2007).

Demonstration Effects

Demonstration effect was considered as the major driving factor by about 37 percent. Beck (2008) pointed up that demonstration effects in terms of institutional development, increased competition, and possibly influencing macroeconomic policies that can lead to

broader financial deepening by fostering innovation and replication of good practice. Ms. Narayani B.K says: *There were not any ideas regarding this business. Once I had got an opportunity to visit the one micro - enterprise involving the sandal and shoes production. I saw good amount earning by that micro-enterprise. That micro-enterprise motivated me to involve in such type of business. After some months back (since 2009), I set up the business by investing twenty thousands.*

The above presented text depicted that demonstration effects can motivate people to involve in the micro - enterprise. When people observed in the field then the people may believe on it. There is one saying seeing and believing. It means that many people have been found to have set up the business through the demonstration effects (Kayode, 2012).

Formal Education

The table above displays that formal education was not found significant factor of being micro - entrepreneur. About only 25.2 percent respondents considered formal education as major driving factor of being micro-entrepreneur which is lowest compared with other factors. Why the people not to consider formal education as the major driving factors of being entrepreneur? was put the question in focus group discussion, majority of the people say: *To carry out the business activities, it requires special the skills and knowledge which can be obtained from the existing education. In our community, the people having low qualification are doing better rather than the people having high qualification. The training has enhanced their skills and confident in their business.*

The above text depicts that the knowledge and skill gained from the informal education is more useful instead of *knowledge* and skill gained from the formal education. In the same issue, Mathema (2007) writes in "Crisis of education and future challenges in Nepal" that present education system and curriculum can't produce the skillful resources and can't fulfill the demand of skilled human resources of the country. The text of Mathema and

reality of the field had been found similar. *At the same time, Saru a member of FGD around age of 24, express his experiences as the same things have been faced by me. I have completed master degree but I have no skills and knowledge required for carrying out the business activities. I am unemployed but my friends who have just completed SLC are conducting the good micro-enterprise.*

Problem faced by Saru has been faced by almost the student. The government has not provided the employment opportunity to all of them on one hand and other people themselves unable to set up any economic activities due to the lack of skills and knowledge. This situation has made the almost students frustrate and sometime we heard the case of suicide due to lack of employment.

Social capital, access to market, personal interest, high income and family background were also found as the driving factors of being WME. About 35.7 percent of people said social capital is the major driving factors. Singh (2007) states that promotion and development of micro-enterprise have close relationship because if the people have good relation with people, there is high to be successful. The research data has showed that people having good social network found good performance rather than those who do not. Access to market, personal interest, high income and family background have been taken the major driving factors by 35.7, 37.1, 33.3, and 18.6 percent respondents respectively.

Discussion

Different determinants have been identified by many researches of different places in being entrepreneurs. Praag, Vijverberg, & Sluis (2008) found the significant relationship on impact of education on selection into entrepreneurship. At the time of pilot study, the rural women micro entrepreneurs also stressed the importance of education to manage their accounting system even they are illiterate. It means that the particular skills and knowledge also plays the significant role to become an entrepreneur. On the other hand the access to

financial services also the major determinant of entrepreneurship. According to Raijman (2001), the impact of easy access to financial services on entrepreneurship development is positive. When talked to respondent in pilot study, they highly appreciated to MEDEP intervention to make them as an entrepreneur by providing easy access to fund. It seemed that such access to fund encourages people to become an entrepreneur in society. Such determining factors in the study may help to frame the human capital. The investment made in human capital development elements such as education, training, skills, knowledge and other to maximize economic benefits.

It is not only the human capital but it increases the social capital, access to market, personal interest, high income and family backgrounds were also found as the driving factors of being WME. About 35.7 percent of people said social capital is the major driving factors. Singh (2007) states that promotion and development of micro-enterprise have close relationship because if the people have good relation with people, there is high to be successful. The research data has showed that people having good social network found good performance rather than those who do not. Access to market, personal interest, high income and family background have been taken the major driving factors by 35.7, 37.1, 33.3, and 18.6 percent respondents respectively.

Likewise, the study states that the demonstration effect of role model in business is influencing factor to motivate and de-motivate people to start the business. Some of respondents clearly identified the demonstration of their peer group encourage them to become a micro-entrepreneur. The lifestyle and economic freedom of peer encourage them to participate in entrepreneurs programmers. The social capital is also identified as influencing factor of the enterprise development. Zhang & Fung (2006) states that the social capital reduces transaction costs enhance cooperation and facilitate entrepreneurship formation in the society. This research also opines that it is essential to get market access. There is positive

relationship between the market access and creation of platforms for participation in the economy and new institutional arrangements (Mair & Marti, 2007). Access to market motivates to expand the business and it also attracts the new entrepreneurs to enter in business world. Entrepreneurship matters for achieving higher profit (Bosma, Praag, & Wit, 2000). The study also indicates that the income as a determinant of new business entity establishment. Another family background determinant is identified by Morris & Lewis (1995). The study found, entrepreneurial behavior is affected by family background. If family has any entrepreneurship experiences, it leads family member to start business. Such family background motivates members to establish new business entity. The different literatures also show the intervention made by the government and development partners also play the vital role to enhance people to establish their own enterprise. Such interventions related to the establishment of micro enterprises. In Nepalese perspective, the Nepal government and Australian Development Aid's joint program is one major intervention of establishing micro-enterprises from poor target group of Women, Schedule caste, Ethnic people.

Conclusion

Based on the above discussion and findings of two research question, I have come to conclude that the economic status of women micro-entrepreneurs was found satisfactory however, the performance of agro-based micro-enterprise was found better compared to others because the required raw materials for agro-based enterprise was found from local level. I realized that there are high possibilities and potentialities to develop the agro-based micro enterprise in rural communities of Nepal. The Seventy eight percent of enterprises operating throughout the year whereas maximum 14 and in an average 4 people are getting employment opportunity throughout the year. The minimum investment was found 0.019 million and maximum investment was found 0.2 million. Currently, studied micro - entrepreneurs are earning minimum 0.04 million up to 0.052 million rupees annually.

There could be various forms of determinants of the being of micro - entrepreneurs which can influence directly or indirectly. With the help of factor analysis and frequency table shows that skills and knowledge gained from informal education, access to financial services, i.e loan and savings, demonstration effects and social capital were found the major determinates of being micro - entrepreneur. However, formal education did not find the more significant relation with micro-enterprises development. Micro-enterprise is one of the means to foster the economic and social status of marginalized and disadvantaged people particularly, women in rural and remote community of Nepal. However, access to financial resources and access to market had brought constraints for the proper promotion, development and expansion of micro - enterprises. Micro-enterprise has enhanced skills and knowledge which has played a significant role in formation of human capital.

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