

**DETERMINANTS OF YOUTH
ENTREPRENEURSHIP IN KATHMANDU**

A Thesis

Submitted to the

Central Department of Economics

Faculty of Humanity and Social Sciences, Tribhuvan University

in Partial Fulfillment of the Requirements for the

MASTER OF ARTS

in

ECONOMICS

By

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DECLARATION

I, SHIWANI MAHAT, declare that this thesis entitled “DETERMINANTS OF YOUTH ENTREPRENEURSHIP IN KATHMANDU” submitted to Central Department of Economics, Faculty of Humanities and Social Sciences,

Tribhuvan University is my own original work unless otherwise indicated or acknowledged in the thesis. The thesis does not contain materials which have been accepted or submitted for any other degree at the University or other institution. All sources of information have been specifically acknowledged by reference to the author or institution.

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LETTER OF RECOMMENDATION

This thesis entitled “**DETERMINANTS OF YOUTH ENTREPRENEURSHIP IN KATHMANDU**” has been prepared by **Ms. Shiwani Mahat** under my guidance and supervision. I, hereby, recommend it in partial fulfillment of the requirements for the Degree of **MASTER OF ARTS in ECONOMICS** for final examination.

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APPROVAL LETTER

We certify that this thesis entitled “**DETERMINANTS OF YOUTH ENTREPRENEURSHIP IN KATHMANDU**” submitted by **MS. SHIWANI MAHAT** to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the degree of **MASTER OF ARTS in ECONOMICS** have been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the Degree.

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ACKNOWLEDGEMENT

This thesis entitled “**DETERMINANTS OF YOUTH ENTREPRENEURSHIP IN KATHMANDU**” has been prepared for partial fulfillment of the requirements for the Degree of Masters of Arts in Economics.

I’m heartily grateful to my teachers from the department of economics, Tribhuvan University, whose encouragement, guidance and support in the initial towards the final level enabled me to build up an awareness of the subject.

I am highly grateful to my thesis Supervisor Associate Professor Naveen Adhikari, Central Department of Economics, Tribhuvan University, for his continuous guidance and support in the preparation of this thesis.

I also feel privileged to express my gratitude to all the faculty and non-teaching staff of the Central Department of Economics for their good response to my queries.

I am heartily indebted to my family members, and all other relatives for their eternal love and support.

I take sole responsibility for any errors and discrepancies that might have occurred in this Study.

Lastly, I offer my regards and benefits to any or all individuals who supported me throughout the completing the work.

Shiwani Mahat

August 2023

ABSTRACT

The purpose of this study is to explore the primary techniques of attracting young people to the growth of entrepreneurial activities using motivational variables. As youth entrepreneurship is a critical strategy to cut unemployment rates in the future in a country where employability is expected to become a worry in the next ten years, this study focused on youth groups to assist them in starting their own firms.

Nepal's young unemployment rate is 22.32% in 2021. Youth entrepreneurship has grown in popularity in many nations in recent years as a means of increasing job possibilities. Surprisingly, the globe has accepted entrepreneurship as a strategic way to increase young economic involvement. It helps them build confidence, attain economic independence, and overcome inherited poverty. It also generates job opportunities and promotes economic progress.

The objective of this study was to investigate the status and determinants of young people in Kathmandu. This study adopted a descriptive research design. This study's sample size is 75 people. Questionnaires were used to collect main data, and the researcher personally handed them to study participants. Only 60 of the 75 questionnaires were given by participants, and only 50 were approved for analysis as 10 questionnaires were incomplete. The study's goals were achieved, and the results were presented in tables, bars, and pie charts. It was discovered that Kathmandu's youth aspire to work in business. Young entrepreneurs in Kathmandu lack access to business support services like financing, coaching, and incubators, but that won't stop today's young from starting their own businesses. Another finding of this study is that, as opposed to employment, entrepreneurship was thought to be the best alternative for economic engagement. The current study revealed that most important determinants of young entrepreneurs include; owning a company and being in a reputation of handling a company is a different feeling, mentors, role models and entrepreneurial ambassadors could also motivate opportunity-driven entrepreneurship and most importantly it is the opportunity to learn important skills such as teamwork, networking, problem-solving, critical thinking, innovation and self-discipline

Keywords: Youth, Entrepreneurship, Status, Determinants, Youth entrepreneurship Development, Kathmandu

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ACRONYMS

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

CHAPTER: I

INTRODUCTION

1.1 Background of the study

Youth is the period of time in one's life between childhood and adulthood when one is young. It can also be described as the youth, vitality, and spirit of a person. A youth in Nepal is defined as a person between the ages of 16 and 40 (National Youth Policy, 2072). A nation's progress and overall development are closely tied to the presence of a healthy young population. Conversely, a nation with a significant elderly population and a limited youth demographic confronts numerous challenges that can hinder its progress (Minola, et al. 2014).

Youth employment is currently a global policy issue: youth employment increases economic growth; promotes political and social stability; positively affects progress toward the Sustainable Development Goals (SDGs) and poverty reduction (Bastien and Holmarsdottir, 2017). As youth have the ability to take risks and chances to innovate, there is a strong association between youth and entrepreneurship. The relationship between youth and entrepreneurship is marked by a growing trend of young people choosing entrepreneurship as a career path. They are increasingly recognized as a force for job creation, innovation, and technological advancement. Many countries have implemented initiatives to support young entrepreneurs, including mentorship and funding programs, and educational institutions are offering entrepreneurship education (An and Jeon, 2006). While young entrepreneurs face unique challenges, they often demonstrate a strong commitment to social impact and are drawn to emerging industries, contributing to global economic growth and sustainability efforts.

The relationship between youth and entrepreneurship has an implication for the economy too. Youth entrepreneurship carries significant economic implications for a nation's development. Firstly, it serves as a potent engine for job creation, particularly reducing youth unemployment rates while fostering innovation and technological advancements (Gwajja, et al. 2014). Further, they posit that entrepreneurship has increasingly gained traction and wider acceptance among the youth as a way of creating jobs, sustainable livelihoods and economic independence. Likewise, young entrepreneurs often pioneer disruptive technologies, fueling economic growth and

diversifying industries (Zaremohzzabieh, et al. 2016). Their startups contribute to increased productivity and international market access, potentially boosting exports and economic resilience. Furthermore, entrepreneurship education equips youth with valuable skills, enhancing overall human capital and employability (Fatoki and Chindoga, 2011). By generating income and wealth, youth entrepreneurs stimulate consumer spending and investments, further contributing to economic vitality. Lastly, they play a crucial role in rural development and inclusive growth, providing opportunities for marginalized groups and underserved regions (Varsha and Ramachandran, 2023).

Therefore, understanding youth entrepreneurship is crucial for economic development because it taps into the boundless potential and innovative spirit of the younger generation, which can be a powerful driver of economic growth. Entrepreneurship has been adopted as a strategy to promote economic activities among young people. By nurturing and supporting young entrepreneurs, a nation can harness their fresh perspectives, tech-savvy skills, and motivation to create jobs, drive innovation, and diversify the economy. This not only reduces youth unemployment but also promotes economic resilience, fosters the development of new industries, and enhances overall productivity. Additionally, youth entrepreneurship contributes to human capital development, leading to a more skilled and adaptable workforce, and can play a pivotal role in addressing societal challenges while fostering inclusive growth, ultimately paving the way for sustained and equitable economic progress.

1.2 Statement of the Problems

Young people in Nepal face economic hardships due to a variety of factors such as political instability and others. Youth Entrepreneurship gives job chances for young individuals as well as other young people. This helps to reintegrate young people into the labor force and address some of the socio-psychological issues that result from unemployment. Youth Entrepreneurship also assists youth in developing new skills and experiences, as well as promoting young ingenuity and resilience.

Nepal's youth unemployment rate was estimated to be at 1.14%, a 0.06% increase from 2018. Nepal unemployment rate for 2018 was 1.35%, a 0.05% decline from 2017 (NRB, 2020) which is evidence of the huge challenges that Nepal has been facing as far as young people are concerned. Entrepreneurship and small companies, like in any

other developing country, are key sources of new jobs and economic dynamism to improve young lives and economic independence. In recent years, entrepreneurship development in Nepal has been predominantly centered on youngsters in technical training institutes, but has since expanded to include universities. The programs are designed to expose kids to entrepreneurship education in order to get them thinking about entrepreneurship and the role of business entrepreneurs in economic development. They also have the opportunity to assess Nepal's tough labor condition and are urged to explore self-employment as a career option. Entrepreneurship and business development are considered as a developing alternative for young people, who frequently confront job market challenges. According to reports, more young people in Nepal are attempting to launch their own enterprises, and much is being learned about how the chances of success can be increased through different types of aid and the creation of a supportive environment.

Many initiatives have been launched by various groups to help businesses nowadays, but we are still lagging in this field due to long periods of political insecurity. It is a pressing issue in today's world. If we prioritize this issue, we will be able to simply obtain our intended result. Many of them have begun training and awareness efforts for this product line. Many young people are driven to start their own businesses and give back to their communities. Youths' interest for new initiatives or businesses has surged. The ownership and status that comes with owning a business affects people differently. Now-a-days, people's attitude and behavior towards the person who has started his/her business seems very delighted rather than the ones who have 9-5 job timings. Today's generation has lots to do and lots to give. This generation has technology, new ideas and most importantly a zeal of doing it.

This data underscores that Nepal is on its way to poverty, which may be why many young people are looking for work abroad. In comparison to the past, the government has placed a greater emphasis on SMEs, which directly contribute to job development. Many manufacturing organizations can relate to us. The agricultural industry has given way to the manufacturing sector, which has benefited many people. It has better chances, yet youth opt to migrate for a variety of reasons, one of which is brain drain. In this circumstance, just a few young people want to stay and make their own way. Only a few people assume the risks that come with being an entrepreneur.

Looking back in history, we can see a decline in Nepal's self-employment. Moving from agriculture to manufacturing and taking use of economies of scale in production by big businesses boosted prospects in many nations during various stages of development. Furthermore, rising real wages increase the opportunity cost of self-employment in terms of return, causing marginal entrepreneurs to become employees. Because of globalization and the opportunities available in industrialized countries, the tendency of migration and brain drain has slowed in Nepal. In this atmosphere, a large number of people are willing to take the risk of being an entrepreneur.

Nepalese are extremely impoverished financially; only a few elite sectors of society have better lives, and the bulk of citizens struggle to meet basic demands. Youth are unemployed, dissatisfied, and addicted to drugs. To meet their drug cravings, these young people engaged in burglary and robbery. These young people are capable of working, but they lack the right guidance to put their skills and energy to use. The government's youth empowerment measures are lacking. Effective mentors may help individuals get on the correct course, realize their own skills, and become their own boss by conducting business in their own neighborhood using local resources.

Many initiatives have been launched by various groups to help businesses nowadays, but we are still lagging in this field due to long periods of political insecurity. Despite this, many schools and universities have taught and stated the value of "entrepreneurship," but it remains confined in textbooks and theories. It will not be able to meet its declared goal. It is a pressing issue in today's world. If we prioritize this issue, we will be able to simply obtain our intended result. Many of them have begun training and awareness efforts for this product line. As a result, education teaches students how to seek employment rather than how to create jobs.

Governments are examining frameworks and tactics for creating new jobs and raising employment rates. However, policymakers must focus their attention primarily on youth unemployment and related challenges. Youth entrepreneurship is recognized as a promising alternative in some nations and is actively pushed by various organizations. Young entrepreneurship, if actively fostered, can assist sustain developing economies, integrate youngsters into the workforce, and contribute to the overall development of society.

We also know that globalization has provided opportunities for gulf countries such as Qatar, Malaysia, Dubai, and others. People's perceptions of migration have shifted, and the term "remittance economy" has a positive impact on them, particularly young people. As a result, the concept of entrepreneurship is strongly discouraged. People travel abroad in search of better chances, but instead find a dearth of opportunities for money generation, work, and a decent standard of living in their home nation.

Entrepreneurs have a significant role in the industrial and economic growth processes. They might contribute to opening up job opportunities, increasing income levels, and ending the cycle of poverty. Additionally, it is believed that entrepreneurship is one of the most strategic approaches to reducing unemployment, which can result in poverty, criminal activity, reliance on government assistance, and other negative outcomes. As a result, Nepal's government has implemented some business development programmes targeted at enhancing the business environment since the implementation of liberalization and privatization policies in the early 1990s, particularly among the youth.

1.3 Research questions

This study aims to address the following research questions.

- i. What is the status of youth entrepreneurship in Kathmandu?
- ii. What are the determinants of youth entrepreneurship?

1.4 Objectives of the study

The general objective of the thesis is to gain insights on the status and choice of entrepreneurship taking a case of Kathmandu district in Nepal. The specific objectives are:

- i. To analyze the status of the youth entrepreneurship in Kathmandu.
- ii. To find out the determinants of youth entrepreneurship.

1.5 Significance of the study

Youth in some places have been viewed as a burden to society due to their low socioeconomic position and a history of involvement with crime and drugs. Rather than seeing adolescents as potential assets or investments, society sees them as part of the problem. Fortunately, in recent years, this attitude has shifted, and members of

their communities now perceive adolescents positively as contributors to their societies. In a city like Kathmandu, where youths are seen as burdens due to a variety of factors, the importance of young entrepreneurship cannot be overstated. In this way, encouraging and giving resources for young people to develop their entrepreneurial talents might improve their sense of efficiency in their local communities.

Various studies have focused on the examination of youth socioeconomic conditions and difficulties, but research on the factors of successful youth entrepreneurship and their economic impact is exceedingly scarce. The factors that contribute to successful young entrepreneurs in varied contexts are mostly unexplored. As a result, the outcomes of this study will provide light on the factors that influence young entrepreneurship in Kathmandu.

1.6 Limitations of the study

- i. This research is limited to Kathmandu. As a result, generalizing the findings of this study on the factors of adolescent entrepreneurship to a larger segment of Nepalese society may be difficult.
- ii. In absence of the population frame, this study relies on the judgmental sampling technique; therefore, this study does not aim to draw the inference.
- iii. This study is based on descriptive analysis only. Though the objective with regard to finding out determinants of youth entrepreneurship demands an inferential regression technique, the study relies on the cross tabulation and simple descriptive statistics to answer this question.

1.7 Organization of the study

There are five chapters in this work. The introduction, which is the first chapter, offers information about the study's background, a summary of its challenges, goals, relevance, limitations, and organizational structure. The second chapter deals with a review of the literature in a similar way. The third chapter, which also discusses research technique, covers how to choose a basic research approach, as well as how data are obtained and whether or not they are relevant. Finally, the fifth chapter contains recommendations for the study that are based on the findings. It is similar to the fourth chapter in that it discusses and provides data that was collected from respondents. Finally, the study's suggestions, which are based on its findings, are presented in the fifth chapter.

CHAPTER: II

LITERATURE REVIEW

This section presents a comprehensive overview of the related literature on entrepreneurship, particularly youth entrepreneurship. The discussion begins with a conceptual review of entrepreneurship, followed by an analysis of international and national evidence concerning the factors that contribute to successful entrepreneurship. The literature reviewed draws upon relevant studies from a variety of sources, including research reports, working papers, and journal articles.

2.1 Entrepreneurship: Conceptual Overview

“Entrepreneurship is an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets process and raw material through organizing efforts that previously had not existed” (Venkataraman 1997). “Entrepreneurship is an important process by which new knowledge is converted into products and services” (Shane and Venkataraman 2000). Entrepreneurship is the process where an entrepreneur’s forms a venture by seeing the opportunity in the market, undertaking the risk by the help of an effective innovative idea or process and collecting profit from the business. Numerous researchers in entrepreneurship have not come up with a single and unanimously acceptable definition for entrepreneurship (Gwija 2014). (Nafukho, Kobia et al. 2010) argue that the reason for not having a universal definition is because entrepreneurship has been studied in many disciplines, resulting in many opinions regarding its meaning.

For this study, the chosen definition of entrepreneurship is that of Nieman and Nieuwenhuizen, (2009), who define an entrepreneur as a person who spots a business opportunity, gets the required funding, and launches or grows a business to answer societal needs or address social issues. Entrepreneurs assume all of the risks involved in starting and operating the firms, and they also receive all of the rewards if those businesses are successful. “Entrepreneurship has played an important role in economic growth, innovation, and competitiveness, and it may also play a role over time in poverty alleviation” (Landes 1998). According to Lingelbach et al. (2005) studies explains that “academic interest in entrepreneurs in developing countries began in the

wake of decolonization, with interest until recently concentrating mainly on small-scale industrialization.

“Entrepreneurship is meant the function of seeing investment and production opportunities, organizing enterprise to undertake a new production process, raising capital, hiring labor, arranging for the supply of raw materials, finding a site and combining these factors of production into a going concern, introducing new techniques and selecting top managers for day to day operation” (KC 2004). “The entrepreneur is the individual who lies at the heart of the entrepreneurial process, that is, the manager who drives the whole process forward” (Wickham 2006). Entrepreneur does not always mean a single person, who tries to change the process or product through innovative manner but it is also a group of people as a single unit “team” or “entrepreneurial team”. For the study, entrepreneurs can be defined as a person who sees the opportunities in the market, gathers the required resources and creates and expands the venture to mitigate the society’s problem (Shane and Venkataraman 2000). Entrepreneurs start and manage their ventures with an intention of making profit, accepting challenges by initiating something new, which is very challenging to do (Gwija 2014). Thus, entrepreneurs play an important role for discovery of opportunities, gathering resources and managing teams. They help to invent the technology and strategies for the entrepreneurial process. Some personality traits that differentiate entrepreneurs from the business manager are creativity, innovation, risk bearing, tolerance, independence, need for achievement, internal locus of control, self confidence and so on. (Carland and Hoy 2002). As a result, entrepreneurs are mostly linked with starting and growing businesses.

2.1.1 Difference Between Running Your Own Business and Working for One

As a result, entrepreneurs must remember to be cautious and prudent about their ventures because failure means that they must accept responsibility, and unlike employees, who can find other jobs, entrepreneurs must calculate the risk and avoid a bad credit history, which leads to a lack of financing from institutions. Of course, all of this occurs when the entrepreneur launches his or her business, and before that, the chore of getting financing is so daunting that many potential entrepreneurs fail at this stage. The key to attracting venture capitalists and angel investors is to have a captivating and original idea as well as a well-thought-out business strategy. Even in this modern society many people think that having a reputed job or doing a 9 to 5 job

is more prestigious than owning an own business but Another fun fact about owning a business is you could have that top most feeling of being an owner and that satisfaction you get by providing a job to a person hits differently. You enter a business when you're interested in that desired field so this brings out a positive result on your profit as well as the nation's economy.

2.2 Youth Entrepreneurship

Cornell (2001) says that “youth entrepreneurship is the opportunity that has to be seized. Youth has a natural disposition for innovation and change on which we can capitalize, as long as we are clear that successfully launching a new enterprise - however small - is a process of innovation”.

According to Stevenson and Sahlman's (1989) definition of youth entrepreneurship, “it is the process whereby individuals become aware of business ownership as an option or viable alternative, develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiation and development of business”.

Governments and worldwide multilateral organizations are beginning to understand the importance of youth entrepreneurship as a means of integrating young people into the labor market and solving the problem of unemployment. (Murithii 2013).

The worldwide labor market is in disarray as a result of the eurozone economic crisis that followed the 2008 global financial crisis that was first revealed in the USA. It was discovered at the most recent G20 conference that the majority of the nations are dealing with the same unemployment issue. The young unemployment rate (ages 15 to 24) increased significantly in the majority of G20 nations as a result of the global financial and economic crises (Bridge and O'Neill 2012). Even the G20 countries place encouraging young people to start businesses in order to give them a better start. Entrepreneurship may be the most effective strategy in this time of crisis for increasing employment chances and eradicating social exclusion (Agarwal and Upadhyay 2009).

Governments are concentrating their efforts on developing frameworks and strategies for creating new jobs and raising employment rates. However, policymakers must focus their attention primarily on youth unemployment and related challenges. Youth entrepreneurship is recognized as a promising alternative in some nations and is actively pushed by various organizations. Young entrepreneurship, if actively

fostered, can assist sustain developing economies, integrate youngsters into the workforce, and contribute to the overall development of society.

The growth of society's social, cultural, and economic systems is impacted by youth entrepreneurship. The execution of comprehensive policies and engagement at many levels, including the government, industry, political, social, and educational sectors, are required to create an environment that fosters creativity and provides opportunities for entrepreneurship.

Future leaders with entrepreneurial talents and mindsets will be necessary for economic innovation and prosperity. Unfortunately, Nepal's youth are not utilizing this opportunity for self-employment. Nevertheless, despite having a weak business history, Nepal has seen numerous extraordinary entrepreneurial growths of some enormous indigenous ventures (KC 2004).

Working on youth entrepreneurship projects can assist in resolving and avoiding many of the issues that nations are currently facing, paving the way for a better future and more progressive societies all over the world.

2.2.1 Importance and significance of Youth Entrepreneurship

Youth-run businesses also contribute worthwhile goods and services to society, particularly to the neighborhood (Chigunta 2002). This causes the neighborhood to be revitalized. Additionally, it has been noted that new small businesses have a tendency to increase the level of competition in the product market, which benefits consumers (Curtain 2000).

2.2.2 Different types of Youth Entrepreneurship

As a result of the establishment of the Youth Employment Network, a joint project of the United Nations, the International Labor Organization, and the World Bank, the year 2001 will go down in history as having made the most significant contribution to YE. The Millennium Summit's resolution to establish and offer adequate employment opportunities for young people around the world led to the creation of YEN. Through a network of development organizations, governments, business and economic communities, youth organizations, and NGOs, YEN offers a platform for international exchange of concepts, strategies, and frameworks to enhance job prospects for young people. The four goal posts for advancing youth employment have been established

by YEN as Employability, Equal Opportunities for Young Men and Women, Entrepreneurship, and Employment Creation.

The first step towards comprehending youth entrepreneurship is to list and describe the various types of youth entrepreneurship. Even though this list is far from complete, some academics have categorized youth entrepreneurship as Economic, Social, Public Entrepreneurship, and Intrapreneurship. Based on recent studies and differentiation in behavior and attitudes, duties, functions, industry, and many other crucial elements, researchers have proposed a new category of youth entrepreneurship.

Further Classifications of Youth Entrepreneurship

Entrepreneurship is the result of various variables such as beliefs, values, attitudes, intrinsic spirit, leadership, and the effect of environment, family, skills, and many others. As a result, Youth Entrepreneurs can be divided into numerous groups based on a variety of characteristics. Business entrepreneurship, which is further divided into business, trading, industrial, corporate, agricultural, retail, service, and social entrepreneurs, is one of the most significant and dominant groupings.

2.2.3 Youth perception towards Entrepreneurship

Discrimination (i.e., negative sentiments against inexperienced young workers) is one of the most powerful of these impediments to employment possibilities for many young people, according to the African Economic Outlook (2016).

This is justified, according to Kaburi, by ideas that youth is just a stage in life and that wisdom only comes with experience. Youth are also viewed by society as reckless and troublemakers, which may make it more difficult for them to get credit.

2.3 Determinants of Youth Entrepreneurship

According to a number of studies, the installation, motivation, risk, endurance, stamina, behavior plan in the event of failure, competition, and other psychological traits all affect how well economic activity is conducted. The presence or absence of these traits determines a person's potential for entrepreneurship. These findings imply that the identified and psychological requirements for a successful firm go beyond simple economic competence in describing the phenomenon of entrepreneurship.

Engaging young people in entrepreneurship is essential for the development of the nation's economy, as well as for job creation and the eradication of a number of socioeconomic issues. In today's world, being young in business offers various benefits.

The most daring and creative people in tomorrow's society are probably the young people of today who have a good level of education, clear organizational abilities, motivation, personal and professional growth, and a willingness to take chances. Future societal advancement is influenced by the degree to which young people are encouraged to start their own businesses. The study's primary objective in this regard is to look into how motivated or determined young people are.

A person may decide to start their own business for a variety of reasons (Nieman and Nieuwenhuizen 2009). They are categorized by these authors as pull (opportunity) and push (necessity) forces. The influence that leads to entrepreneurship is shown in the image below.

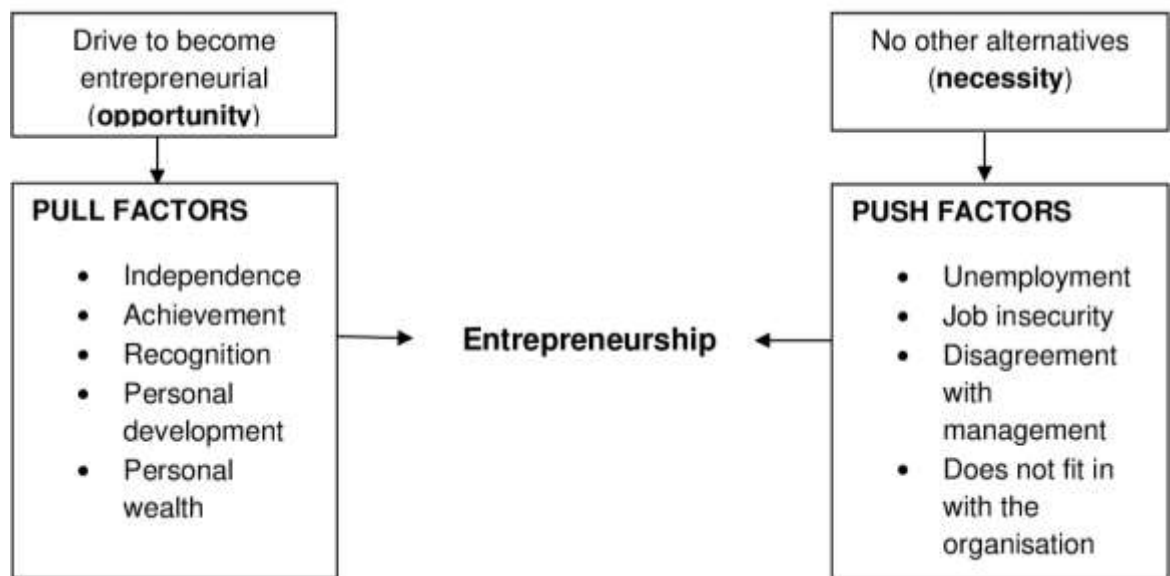


Figure 2.1: Entrepreneurship's push and pull elements (Nieman and Nieuwenhuizen 2009)

Desire to start a business (Opportunity)

PULL FACTORS - Recognition - Independence-Achievement-Personal development -Personal wealth

No other alternative (Necessity)

PUSH FACTORS include job uncertainty, unemployment, disagreement, dissatisfaction, and a lack of other options.

Unhappiness with traditional jobs

2.3.1 Necessity (Push) factors

These are the elements involved with taking advantage of business chances when necessary. They include unfavorable factors like layoffs, unemployment, job insecurity, dissatisfaction with prior employment, promotion opportunities, boredom, the effects of the "glass ceiling," the need to make a decent living, the inability to strike a balance between work and life, and conflict with management (Vaillant and Lafuente 2007). Additionally, according to Nieman and Nieuwenhuizen (2009), discontent with prior job is a push element in the beginning of new ventures. This is predicated on the underlying presumption that become self-employed can help someone who is unhappy with their work. According to research, adopting an entrepreneurial profession in Nepal and starting a new business have both been shown to be significantly influenced by job satisfaction (Agarwal and Upadhyay 2009).

(Reynolds, Bygrave et al. 2004) According to GEM, a nation's level of necessity-driven entrepreneurship is correlated with elements such as low tax revenue as a percentage of GDP, lower participation rates in secondary and tertiary education, high levels of income disparity, and low levels of social security. Young people are therefore more likely to engage in business due to a need for income, particularly in developing and low-income nations (Chigunta 2002; Reynolds, Bygrave et al. 2004).

The prevalence of entrepreneurship motivated by necessity is typically significantly higher in developing nations like Nepal. As a result of the foregoing argument, GEM data, for instance, consistently demonstrates that factor-motivated economies are thought to have higher levels of necessity-driven entrepreneurship than efficiency- and innovation-motivated economies. Here, factor-driven economies refer to fundamental factors like low-cost labor and unprocessed natural resources as the main source of competitive advantage, while efficiency-driven economies focus on producing more advanced goods and services, making significant investments in efficient infrastructure, having a business-friendly government, having access to capital for investments, and increasing productivity. Similar to this, innovation-

driven economies refer to the production of novel goods and services using cutting-edge tools and techniques. This conclusion is reinforced by Llisterri et al. (2006), who demonstrate that entrepreneurs may be. Llisterri et al. (2006), who discovered that entrepreneurs may be more likely to be found among the poor and those with lesser levels of education, support this finding. Since there are typically few or no incentives to formalize in the setting they are involved in, necessity-driven entrepreneurs will fare better in the informal sector (Llisterri, Kantis et al. 2006).

2.3.2 Opportunity (Pull) factors

“Entrepreneurs who start their business venture because they saw and seized an opportunity in the market are referred to as opportunity entrepreneurs” (Nieman and Nieuwenhuizen 2009). Due to prior technical and industry experience, opportunity factors frequently have motivating impacts related to detecting an opportunity within the current working environment that could be utilized. Experience in finance, independence for decision-making and risk assessment, experience in product and service development, knowledge of distribution channels, achievement through recognition for creating and managing a successful business venture, perceived financial gain, job satisfaction and flexibility, personal development through freedom, and the desire to create and realize one's full potential have all been identified as factors that can draw people into an organization.

According to Nieman and Nieuwenhuizen (2009), there is a stronger correlation between the push and pull variables and entry into entrepreneurial endeavors. He believes that if these factors are powerful enough, the nation would see a number of entrepreneurial endeavors. Entrepreneurship that is motivated by a desire to seize an opportunity, as opposed to doing so because it is the only way to make a living, is referred to as opportunity driven entrepreneurship. When a person voluntarily leaves his/her paid job to set up a business, we classify this person as an opportunity entrepreneur. Finding an entrepreneurial opportunity attracts this person to entrepreneurship (Llisterri, Kantis, et al. 2006). The belief that one has the necessary skills to launch a business, knowing someone who has recently done so, looking around for potential future business opportunities, and engaging in business investment and support activities are all associated with opportunity driven entrepreneurship (Reynolds, Bygrave et al. 2004). As a result, it may be claimed that opportunity-driven entrepreneurship appears to be more prevalent in highly

developed economies. According to an analysis of GEM data, opportunity-driven entrepreneurship is probably more common in developed countries due to perceptions of future business opportunities as being higher, people's confidence in their ability to start and run a business, and other infrastructure and financial support available to entrepreneurs (Schoof 2006). Llisterri et al.'s (2006) argument that opportunity-driven entrepreneurship is more likely to have a higher degree of education and that it typically thrives in middle- and upper-class backgrounds supports this as well. Additionally, chance-driven entrepreneurs are typically found in more affluent or middle-class nations where access to education and economic advantage is relatively easy.

2.4 Factors responsible for the emergence of entrepreneurship

i. Family role: Role models play an important role because they function as carriers of value, emotions and experiences towards self-employment. The study reveals that the children of self employed parents are more likely to continue in an entrepreneurial career than those who do not have their parents in self employment. Thus, those young people whose parents own their own business ventures may influence entrepreneurial attitudes for young people who live together in the same environment (Nieman and Nieuwenhuizen 2009).

ii. Financial condition: The financial conditions of a person, whether favorable or adverse, can pull or push them to start-up a new entrepreneurial venture for a variety of reasons (Pillania, Lall et al. 2009). To survive and expand in business, entrepreneurs must have access to both internal and external capital.

iii. Need for achievement: McClelland (1965) argued that it is likely that people highly in need of achievement will be more likely to pursue entrepreneurial jobs than other types of roles. High need for achievement is one of the important motivational factors, which can motivate an entrepreneur to start-up and advance in his entrepreneurial venture.

iv. Need for independence: The entrepreneur undertakes the responsibility himself for pursuing an opportunity, and secondly, individuals may pursue an entrepreneurial career because they desire independence. In addition, there is some existing empirical evidence which suggests that entrepreneurs may be higher in independence than other individuals (Shane, Locke et al. 2003).

v. Business environment: A supportive business environment where government business policies are investment friendly, business regulatory mechanism is efficient, legal parameters are relaxed, bureaucratic system is viable and efficient, business advice, counseling, mentoring, widely available incubators, widely accessible financing systems, vocational training and good infrastructure, the emergence of entrepreneurship is likely to occur (Gwija 2014).

vi. Social status: If an entrepreneur's business is profitable and successful, and other residents of the community start to look up to him or her as a role model, then his or her social standing and way of life may alter.

2.5 Theories related to entrepreneurship

Many ideas are put out by researchers in order to learn more about the topic of entrepreneurship. Some attempts to construct a multidimensional approach to entrepreneurship look at the issues primarily through the lenses of the well-established disciplines described above (Virtanen, 1997).

2.5.1 Entrepreneurial success components theory

Gibb and Ritchie, (1982) used a qualitative method to develop the fundamental components of startup success. In this viewpoint, innovation is viewed as a social process. This is because ideas and ambitions emerge in a social setting. Even if it is impossible to conclude that entrepreneurs can be fully developed, this concept contends that they can be assisted in building successful and long-term enterprises. While a person's personality is important, caste structure, familial impact, social difficulties, schooling, job route, experience, and contemporary lifestyle can all have an impact on their career. This hypothesis illustrates that contextual factors can influence an individual's life in the direction of starting a new business without having genetic elements, and an individual's life in the direction of creating a successful business. The first stage in beginning a successful business is to define your reasons or commitments for doing so. After acquiring such incentives, the next stage is to come up with a viable idea. This concept must be appealing and tested to see if it can meet the needs of a client. The next step is to locate the necessary materials, such as resources, funding, and trusted vendors. The final step is to put the notion into action by launching a firm and establishing an expert network. There are four basic success components in this paradigm (Maryam & Thomas, 2015).

2.5.2 The financial capital/liquidity theory of resource-based entrepreneurship

According to the resource-based notion of endowment, founder availability is a key forecast for opportunity-based entrepreneurship and the expansion of new businesses (Yadav & Pradh, 2016). This concept highlights the importance of financial, social, and human capital in improving the founder's capacity to recognize and capitalize on opportunities. Three theories are included in the resource-based entrepreneurship theory: financial, social, and human capital. The most basic requirement for business development is financial resources. People commonly start new firms when they have access to financial money. According to this concept, persons with financial riches are better suited to acquire resources and establish a business in order to capitalize on entrepreneurial opportunities. However, the findings of Aldrich (1999), Rauch and Frese (2000), Alvarez and Busenitz (2001) studies contradict this theory, arguing that many innovators start new enterprises with little finance and that finance is not related to the likelihood of being successful entrepreneurs. In this light, consider the potential of starting a business without a huge sum of money.

2.5.3 Human Capital Entrepreneurship Theory

The human capital hypothesis was established to evaluate the distribution of employee revenue from their human capital investments (Larsson, Hedelin, & Gärling, 2003). There is a substantial body of directly relevant research as a result of the theory's adoption by entrepreneurship researchers" e.g (Lee, Lee, & Pennings, 2001), (Honig & Karlsson, 2004), (Hunter, 1986) even more studies that incorporate human capital into their method for estimating the success of entrepreneurs. The foundation of the human capital entrepreneurship theory is made up of two elements: education and experience. Understanding differences in the identification and exploitation of opportunities depends on the heterogeneously dispersed reservoir of knowledge acquired through education and experience (Judge, Heller, & Mount, 2002).

2.5.4 The theory of opportunity identification

The identification of social networks and prior knowledge of entrepreneurs as indicators of business success awareness is linked to the idea of opportunity identification and growth, which is a necessary prerequisite for opportunity identification success. Some academics feel that entrepreneurs' networks are crucial

for identifying opportunities (Kalleberg & Leicht, 1991). Some academics feel that entrepreneurs' networks are crucial for identifying opportunities (Judd, Taylor, & Powell, 1985). According to some, social networks are one of the most important components of opportunity recognition, which leads to opportunity identification (Mot, 2010). Identifying and selecting the correct possibilities, particularly the right market climate, sufficient financing, and the right market for new firms, are among an entrepreneur's most crucial qualities (Stevenson, Roberts, & Grousbeck, 1985).

2.6 National Context

“Youth entrepreneurship is defined as the “practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work environment (either in self employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture” (Chigunta 2002).

Numerous young businesspeople in Kathmandu, Nepal, are fostering economic expansion through their individual initiatives. The Human Development Report provides a general picture of Nepal's level of development. These draw attention to the nation's underdeveloped state overall. Out of 189 nations, Nepal is ranked 147th with a Human Development Index (HDI) of 0.579 (HDI 2019).

According to current estimates, young people in Asia create close to half of new small firms, and in many cases, these companies grow employment more quickly than the national statistics of their respective nations (Thapa 2004). As a least developed nation, Nepal has a poverty rate of about 25,2 percent. In July 2020, Nepal's GDP Per Capita increased to 1,084.955 USD from 1,038.873 USD in July 2019 (CBS). As a result, Nepal has been struggling with severe underemployment and unemployment (NRB). As a result, entrepreneurs have a crucial part to play in both industrial and economic development. They could contribute to reducing unemployment, increasing income, and ending the cycle of poverty. It is exceedingly challenging to make an exact estimate of the current number of young business owners in Nepal due to the lack of current data.

By the end of the 15th periodic plan, which is the fiscal year 2023–2024, the government projects that Nepal's per capita income will reach \$1,400. The per capita income is predicted to reach \$12,100 at the end of the fiscal year 2042–2043.

Additionally, the administration intends to lower the current 11.4 percent unemployment rate by three percentage points. It also intended to lower the multidimensional poverty index, which now stands at 28.6%, by five percentage points. According to the government, Nepal will pass the threshold from being a least developed country to the league of developing countries by 2022 and to a middle-income country by 2030.

The government in Nepal has prioritized the promotion of SMEs in order to quicken the pace of growth. History reveals a steady fall in Nepal's rate of self-employment. In many civilizations, economies of scale in production by large corporations during the various stages of growth and the transition from agricultural to manufacturing provided better chances. Additionally, as real wages rise, marginal entrepreneurs are compelled to leave self-employment in favor of employment due to the multiplied opportunity cost relative to return. Even in 2020, there are still numerous opportunities for entrepreneurship, and I believe that young people are the heart of the country and can make a significant contribution to its development.

Because the tools to enact the Act were lacking due to our nation's decade-long violent insurgency and general political instability, youth did not benefit significantly from the law. In Nepal, youth-focused entrepreneurship is typically considered as separate from the generation of jobs, and current laws and programs are solely geared toward emigrating migrant labor rather than returning citizens. As a result, there is no public or private organization helping young people who have returned to society find employment.

25.2 percent of Nepal's youth, the majority, are below the poverty line, which may have an adverse effect on their and their families' level of living. This possibility could encourage criminal activity and low self-esteem in young people. James (2012) contends that since there is widespread high unemployment and traditional sectors are hesitant to hire recent graduates, encouraging youth entrepreneurship may be a more effective option. Any nation's economic development, job creation, and social welfare are all impacted by entrepreneurship (Atherton 2007).

Youth development is a necessity for country building because the strength of a nation's future development fully depends on it. Future predictions are frequently made based on a country's present youth labor force. A civilization that has a young

workforce that is ineffective and unemployed is not far from suffering severe, irreparable harm.(2004) Reynolds, Bygrave, et al.

There is a lengthy history of migration in Nepal. People migrate to foreign countries in pursuit of a better life and more money. However, they are unaware of the impact that their equivalent contribution here in Nepal might have. The hard work people put in there, as well as the money they pay to travel to foreign nations, might lead to a variety of outcomes here in Nepal. We are in 2022, and there has been even less effort put into being an entrepreneur here. It could be for a variety of causes. Practically every economic sector could have negative effects from this tendency. Given this, expanding the small and medium-sized business sector can be seen as an efficient tool for the growth of large corporations and, as a result, for the improvement of the entire national economy (Jahanshahi, Nawaser et al. 2011).

As a result, entrepreneurs are essential to the growth of both the industrial and economic sectors. They might contribute to giving young people job opportunities, raising their income, and breaking the cycle of poverty. Neglecting the youth unemployment issue and the propensity of young people to migrate abroad in search of employment not only results in widespread social unrest and youth misery in Nepal, but also has severe economic and social repercussions. Through entrepreneurship, young people's economic potential can be released.

Fostering youth entrepreneurship may be a better approach to addressing the issue of unemployment in the nation given the severity of youth unemployment in Nepal at the moment and the resistance of many traditional sectors to hire recent graduates (James, 2012).

Entrepreneurs create jobs, pay taxes, generate demand for their products, which creates jobs for other firms, introduce new technologies to the market, and stimulate the economy by instilling confidence in people. These are the most prevalent reasons why entrepreneurship is essential for any country. The number of potential entrepreneurs produced by a country during a given time period is directly tied to the country's sustainable economy. Because of easy access to finance, smart technology, and good knowledge in a developed economy, it is very simple to launch a start-up. However, there are numerous barriers to new businesses and innovation in poor

countries. Several reasons are to blame for this intricacy, yet there are also criteria that lead to becoming a successful person and this research studies them.

Youth Vision – 2025 And Ten-Year Strategic Plan, Nepal Government Ministry of Youth and Sports (Singh Durbar, Kathmandu) According to a global indicator of youth development, Nepal is ranked 145th. The young development index of Nepal appears to be the weakest even when compared to South Asian nations. The percentage of youth in Nepal who are entirely unemployed is only 2.3% according to government statistics, but the percentage of youth who are semi-employed is close to 36%. The International Labor Organization (ILO) estimates that the completely unemployment rate is 19.2% while the semi-unemployed rate is 28.3%. Almost 36% of Nepal's youth labor force is unemployed and not involved in economic output or skilled labor. Youth who are physically challenged, from marginalized groups, or who are members of minorities experience greater rates of unemployment. The survival of about half of the young labor force still depends on agriculture. 7% of the 500,000 youth who leave the country each year in search of work abroad are unskilled. The employment ratio has declined in the industrial sector even though it appears to be slightly higher. Only a relatively little portion of remittances, which account for 29% of domestic production, has been allocated to the productive sector.

2.7 Research Gap

Several international studies on youth entrepreneurship have been conducted. Entrepreneurship concentrating on youth is perceived in isolation from job creation. Currently, the majority of current laws and initiatives are geared towards migrant workers who are leaving, with little thought given to those who are returning. As a result, no government or commercial institution is supporting young returnees in finding work.

As a result, emerging countries like Nepal must investigate and establish the value of youth entrepreneurship, which will ultimately help to attain higher economic growth. The research gap is due to a fresh perspective on career development for young entrepreneurs. The thesis seeks to obtain fresh insights into young entrepreneurial behavior and the drivers of youth entrepreneurship in Kathmandu.

The research gap can be attributed to a new perspective on professional development for young entrepreneurs. The thesis aims to get new insights into youthful

entrepreneurial behavior and the factors that contribute to determinants of youth entrepreneurship in Kathmandu.

CHAPTER: III

RESEARCH METHODOLOGY

This chapter describes the research methods used in the study, which aims to close a research gap on the factors of youth entrepreneurship in Kathmandu. This chapter's important sub-sections include research design, data nature and source, sample time, model formulation, and data analysis method.

3.1. Research Design: Conceptual Overview

The first half of this thesis is exploratory in the sense that it tries to target and examine the under-researched subject of how young entrepreneurs in Kathmandu decide to become entrepreneurs. This is accomplished through gathering qualitative data in Kathmandu. The focus on young entrepreneurs is important because little has been published about this demographic or how they recognize prospects for entrepreneurship. The second half of the thesis is descriptive, beginning with the analysis and discussion.

Additionally, quantitative research concentrates on the analysis of numerical data and is conducted through the use of questionnaires, case studies, and surveys. This study uses an exploratory and descriptive research design.

3.2 Population

Youth business owners working in the Kathmandu valley who were officially registered with the Federation of Nepal Chambers and Commerce (FNCCI) and the Nepalese Young Entrepreneur Forum (NYEF) comprised the research population for this thesis. This paper excludes young enterprises that are not registered with the FNCCI and NYEF. There are 75 individuals in this study, and they all have characteristics in common. On the premise that they would have a wealth of knowledge about the subject, this cohort was selected for the study. This demographic was chosen for a number of reasons, including the fact that these business owners represent various social classes and are registered with the FNCCI, an organization that encourages and supports entrepreneurship among young people in the region. Only a tiny sample may be used because reaching some people is so challenging. Economic or scheduling restrictions may make something inaccessible. A sample was chosen

instead of the entire population of this thesis because of things like the cost of data collecting and the time needed to complete the study.

3.3 Sample size

A judgmental sampling technique is applied as the population frame was not available. The list of possible respondents was obtained through FNCCI and NYFE. These persons are Kathmandu-based youth entrepreneurs who have registered with FNCCI and NYEF. This study initially targeted 75 individuals. The selection of this sample size was decided based on the discussion with FNCCI and NYEF in view of the possible number of the respondents for the survey. The final sample size used for analysis is 50.

3.4 Data Collection Methods and Data

3.4.1 Sources of Data

The main data forms the foundation of this investigation. In this study, a uniform and standardized questionnaire was employed for every respondent. The questionnaire's main objective is to pinpoint the variables that affect young people's entrepreneurialism, notably in Kathmandu. A letter stating the purpose of the investigation was the first step. While each respondent's information contribution to the study was significant, it is made plain in the questionnaire that their participation was completely optional. Positive feedback was received because many of them were eager to hear other people's opinions.

3.4.3 The Questionnaire

This research took around 7 months (January - mid July) in the year 2022. The questionnaire asks for a variety of details regarding young business people. The directions for the questionnaire were simple. The researcher used both a 5-point Likert Scale and closed-ended questions with "Yes" or "No" answers. The questions were designed in such a way that they could be answered. The questions were written in such a way that they answered the study topic while also attempting to elicit sincere responses and information from respondents. The structured questionnaire was chosen for this study because of its simplicity and potential to yield useful data quickly.

Three sections make up the questionnaire. Questions on their gender, age, education level, and other factors are asked in the first section of the questionnaire, which is titled "General Key Profile of the Youth Entrepreneur." The second section includes a question about company details, and the third segment asks the entrepreneur questions using a 5-point Likert scale and "Yes/No" response options.

3.4.4 Pre-test of the Questionnaire and Field Play

The research study's objectives were firmly kept in mind as the questions were formulated, and they were based on theoretical reviews and earlier studies that were already in the public domain. In order to further refine the questions and to gather feedback from 10 small- and medium-sized young entrepreneurs in Kathmandu, the questionnaires were pretested with them. The major goal of such a pre-test was to eliminate any unclear, irrelevant, or superfluous words or statements and to prevent repetition. The questionnaire has been examined and closely scrutinized using the responses that were provided by the respondents. Successful ideas from the responders were properly included.

3.4.5 Method of Analysis

A descriptive research approach was used for the study, which aimed to define the existing status, patterns, and structure of young entrepreneurs in Nepal. The primary topics of the study include how they start their companies, what motivated them to enter the field, and what factors determine whether an endeavor is successful or not. Young people may enter the workforce as a result of encouraging policies, personal dedication and initiative, or familial influences. The responses collected from the questionnaire were coded specific to the one that were collected in an open-ended form. Themes were identified based on the answers provided by the respondent, and a tabulation was made. The analysis mainly includes the tabulation of the responses presented in terms of proportion, mean, and count of the data. Some of the observations were taken from the responses and have been used in analyzing the data.

CHAPTER IV

PRESENTATION AND DISCUSSION

The chapter presents the data and discusses the analysis. The first section of this chapter provides a discussion on socioeconomic profile and current situation of the Kathmandu valley's youth entrepreneurs/respondents in this chapter. The second part of this chapter discusses the factors affecting the determinants of youth entrepreneurship in the Kathmandu valley.

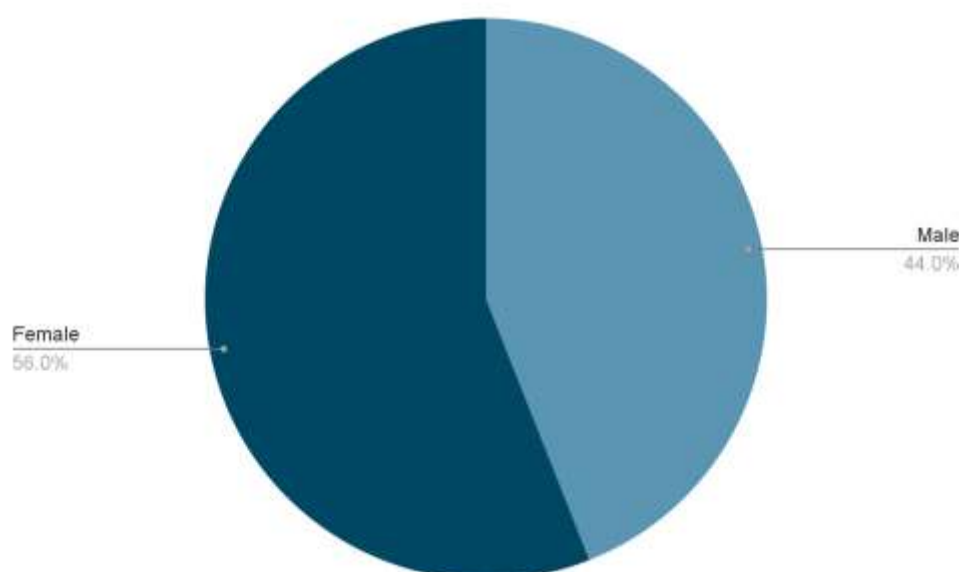
The data are presented as frequency tables and pie charts, with textual interpretation of the charts.

4.1 Socio-economic profile of the respondents

4.1.1 Data presentation based on the gender of respondents:

According to the findings of this study, the majority of respondents are female. Furthermore, over the last decade or so, Nepal has prioritized women's education and training. Education and awareness have played a significant influence in women's access to possibilities. Furthermore, many young women in Nepal nowadays are aware that not only males but also women have equal rights and possibilities in many fields.

Figure 4.1: Gender of Youth Entrepreneur



Source: Field Survey, 2022

Figure 4.1, shows that there are more female entrepreneurs accounting for 56% of the total respondents. The male respondents therefore consist of only 44% according to the survey.

4.1.2 The age of respondents:

According to this study, age is simply a number. Young people are motivated to start their own businesses from an early age. The table below shows the age categories of Kathmandu's youth entrepreneurs who took part in this study.

Table 4.1: Age group of Respondents

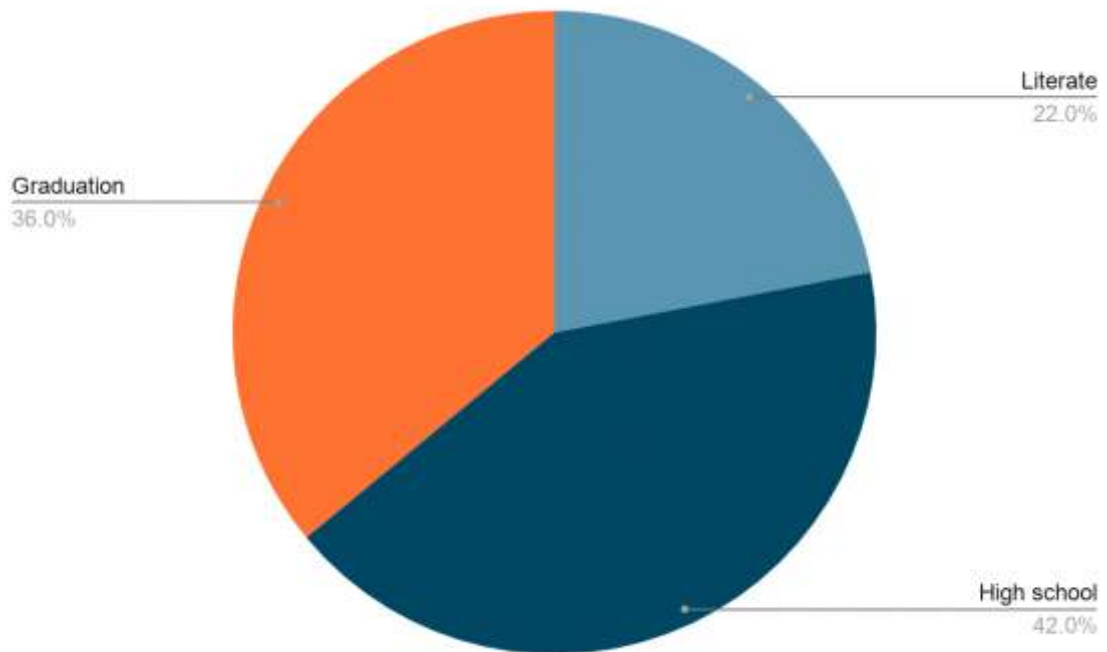
Age group	Frequency	Percentage
21-25	10	20
26-30	18	36
31-35	22	44
Total	50	100

Source: Field survey, 2022

The age group of respondents is represented in Table 4.1. According to the replies, 10 are between the ages of 21 and 25, 18 are between the ages of 26 and 30, and 22 are between the ages of 31 and 35. This demonstrates that the majority are between the ages of 31 and 35. This could be due to the knowledge and expertise they have gained. During the survey, ten respondents aged 21 to 25 were still pursuing their bachelor's degrees. This encourages young individuals to create businesses even at an early stage. It is possible to balance your academics with your startup. Respondents, on the other hand, are limited at this point because they are still in college. Many programs are currently being run throughout the valley to promote entrepreneurship.

4.1.3 Educational background of respondents:

Figure 4.2 : Educational Background



Source: Field survey, 2022

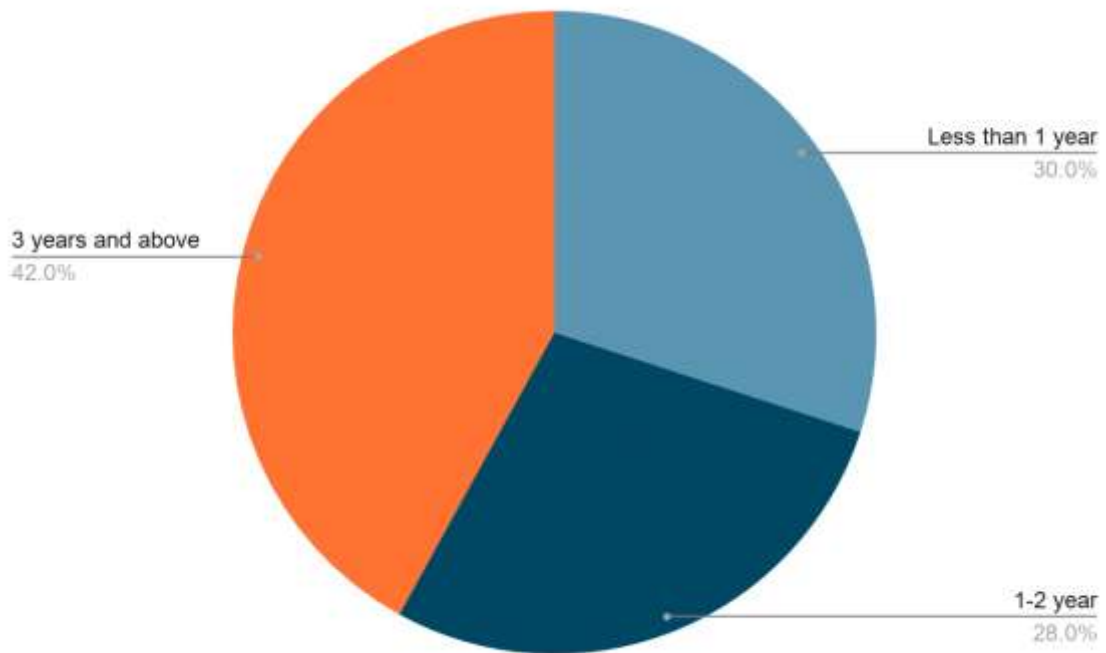
Young people's educational backgrounds are shown in Figure 4.2. Here, the survey reveals that 22% of young people are literate, followed by 36% of graduates, and the greatest percentage is 42% for high school. This demonstrates emphatically that the drive is created at a young age when people believe they can accomplish great things. This can undoubtedly inspire startups.

4.2 Business operation related information:

4.2.1 Duration of Business Operation of Respondents

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

Figure 4.3: Duration of business operation



Source: Field survey, 2022

The length of young people's business operations is explained in Figure 4.3. A maximum of 21 respondents claimed to have been in operation for three years or more. Of the respondents, 15 stated they had created their companies in less than a year, while 14 said they had been in operation for one to two years.

According to the survey, the majority of young people who have launched firms have been operating for three years or longer, although some businesses have only recently entered the market but already have very innovative and valuable ideas and methods. According to the survey, people who have been in business for a while and those who are just getting started use distinct marketing strategies. Young individuals may find this to be yet another source of inspiration and a place to develop fresh company concepts. Thus, it is abundantly evident that innovation and fresh ideas are more important than longevity.

4.2.2 Number of employees:

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

Table 4.2: Number of Employees Employed

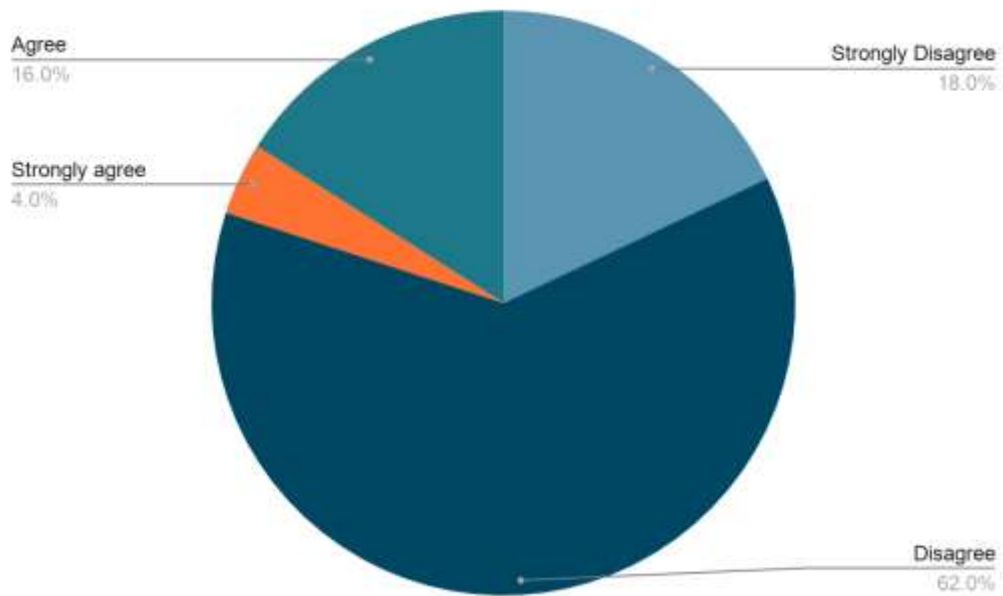
Current no. of employees	Frequency	Percentage
1-10	41	82
10-25	5	10
25 and above	4	8
Total	50	100

Source: Field survey, 2022

The present workforce of the respondents' venture is shown in Table 4.2. Different businesses have unique ideas and innovations, which is exceptional in today's world. As previously stated, fresh thoughts, creations, and breakthroughs have been submerged in such a unique method. Previously, the notion was an office, the number of employees, the workload, and the hierarchy structure, but this survey is completely different and extremely amazing. The concept of a healthy work atmosphere, with no divide and rule games, but rather a friendly and helpful environment. This has a favorable effect on the ecosystem and aids in its growth. Helping nature and living in a nice environment makes a person more dedicated to his or her work, which leads to great results.

4.2.3 Process of Business registration:

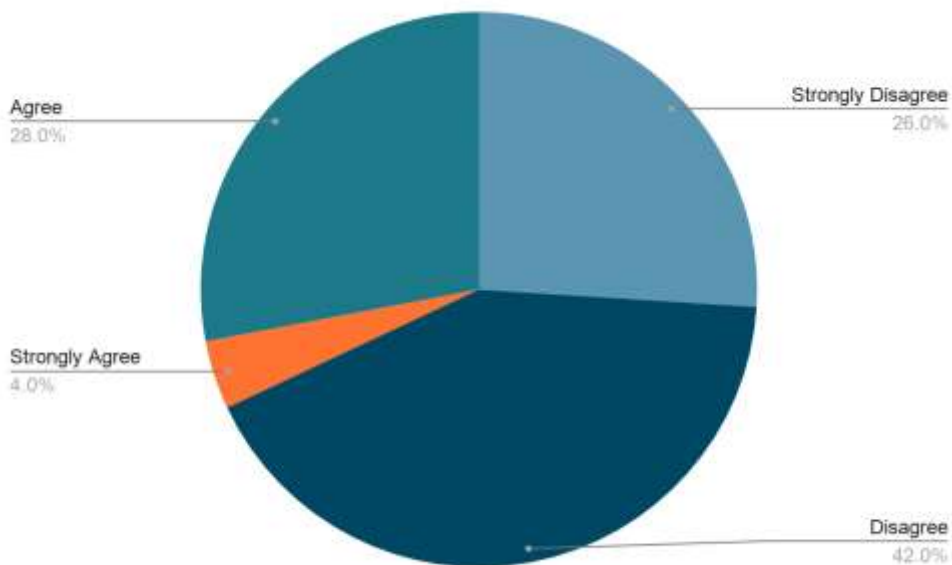
Figure 4.4 : Business Registration Process



Source: Field survey, 2022

4.2.4 Cost of business registration

Figure 4.5: Cost of Business Registration Affordable



Source: Field survey, 2022

According to the findings shown in figure 4.5, the majority of research participants thought the cost of registering a business was high.

4.2.5 Technology application in company operations:

The percentage of survey participants who agreed or disagreed that young people conduct their businesses using current technology is shown in the table below.

Table 4.3: Use of Modern Technologies in the Operation of Daily Business

Response categories	Frequency	Percentage
Strongly agree	25	50
Agree	21	42
Disagree	4	8
Total	50	100

Source: Field survey, 2022

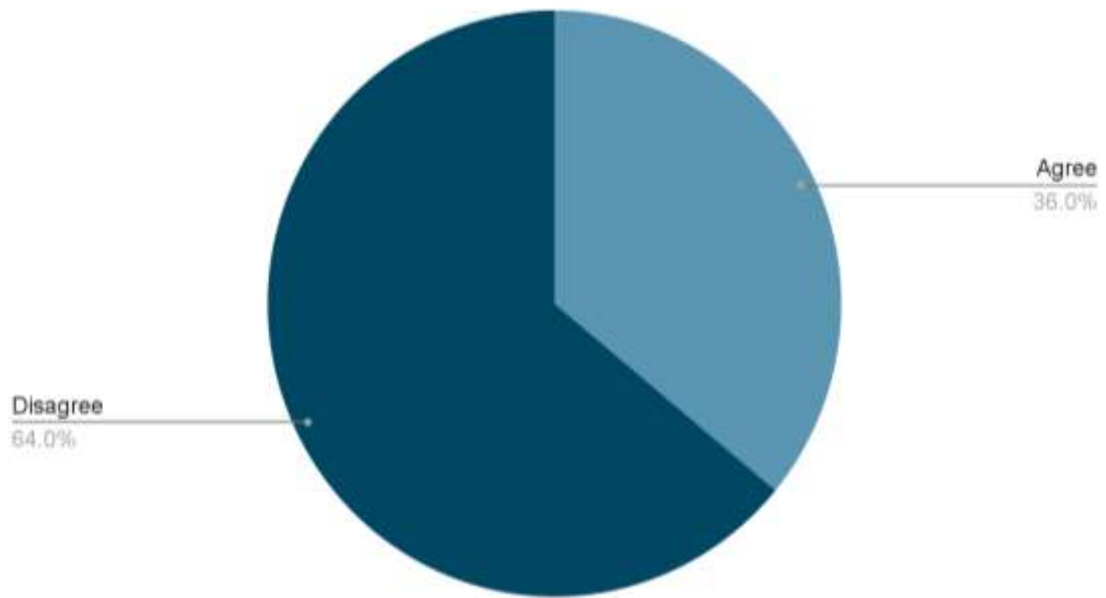
The table above shows how technologies have aided and supported them throughout the course of their company operations. Machinery, equipment, and technology have made our lives and work much easier and more efficient. Similarly, technological equipment has become an integral component of company operations. We can easily claim that 50% of the overall poll respondents strongly agreed, 42% agreed, and 8% disagreed since they did not use much technology in their business operations.

4.3 Status of youth entrepreneurship

4.3.1 Support structure of youth owned business:

This shows the degree to which the study's participants agreed or disagreed that young businesspeople in Kathmandu are aware of various support systems besides FNCCI.

Figure 4.6: Youth Entrepreneurs in the Existing Support Structures



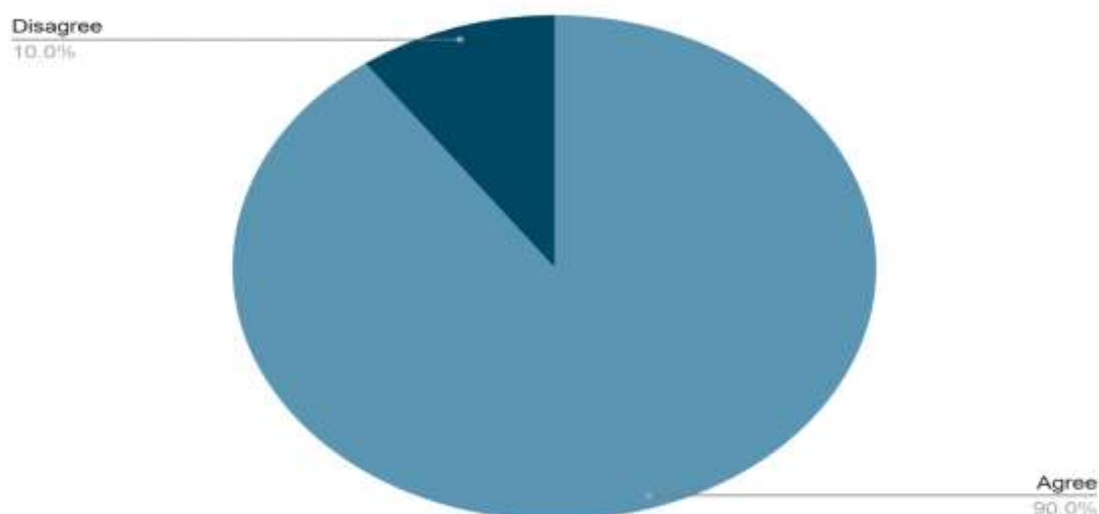
Source: Field survey, 2022

36% agreed with the assertion.

The majority of the participants admitted to not knowing anything about the support system for young entrepreneurs, according to the study's findings. This could be as a result of youth entrepreneurship support systems' unsuccessful initiatives. If this is the case in Kathmandu, then new marketing strategies are needed to spread the word about the services that these young entrepreneurship support groups provide. Although numerous government agencies, NGOs, and outside organizations are funding numerous efforts and programs to promote and They have failed to promote the benefits of these support systems to aspiring entrepreneurs while fostering entrepreneurial initiatives.

4.3.2 Growth in youth entrepreneurs in Kathmandu:

Figure 4.7: Number of Young Entrepreneurs Increasing in Kathmandu



Source: Filed survey, 2022

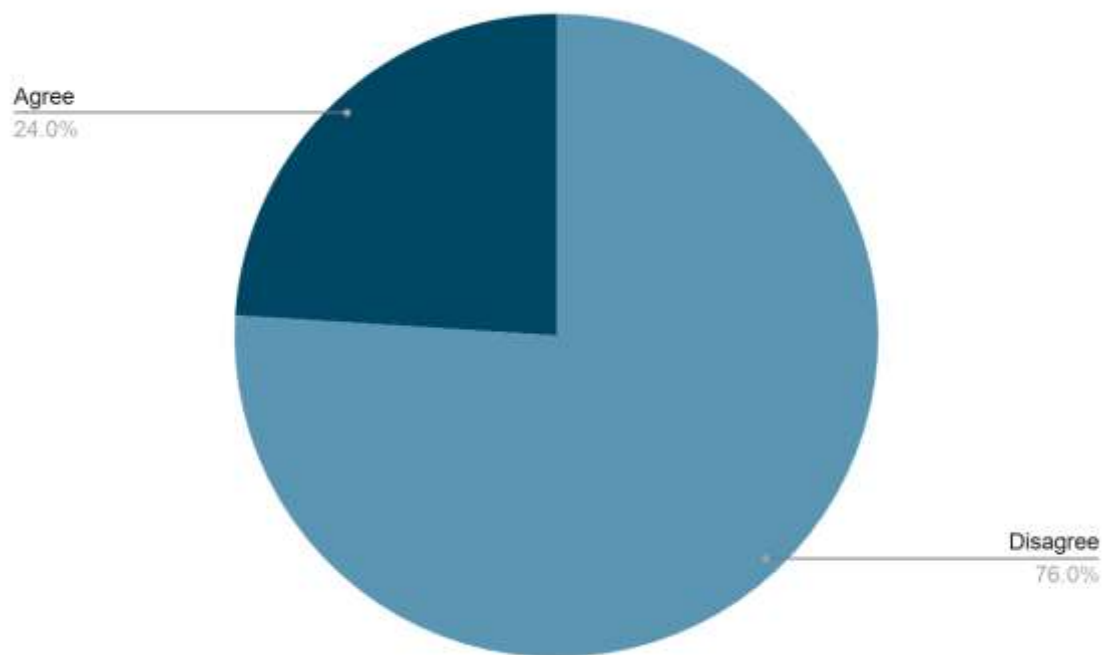
The graph above plainly demonstrates that 90% of respondents thought there were more young entrepreneurs in Kathmandu than there were, with 10% disagreeing.

Young people are starting new firms in Kathmandu that range from outsourcing to agro-business. Entrepreneurship's importance is progressively coming to light.

4.3.3 Public institutions and initiatives that encourage young people to start businesses:

The following graph illustrates how many respondents to this study agreed or disagreed that Kathmandu's young entrepreneurship is supported by Nepal's government policies and programs.

Figure 4.8: Government Support and Programme:



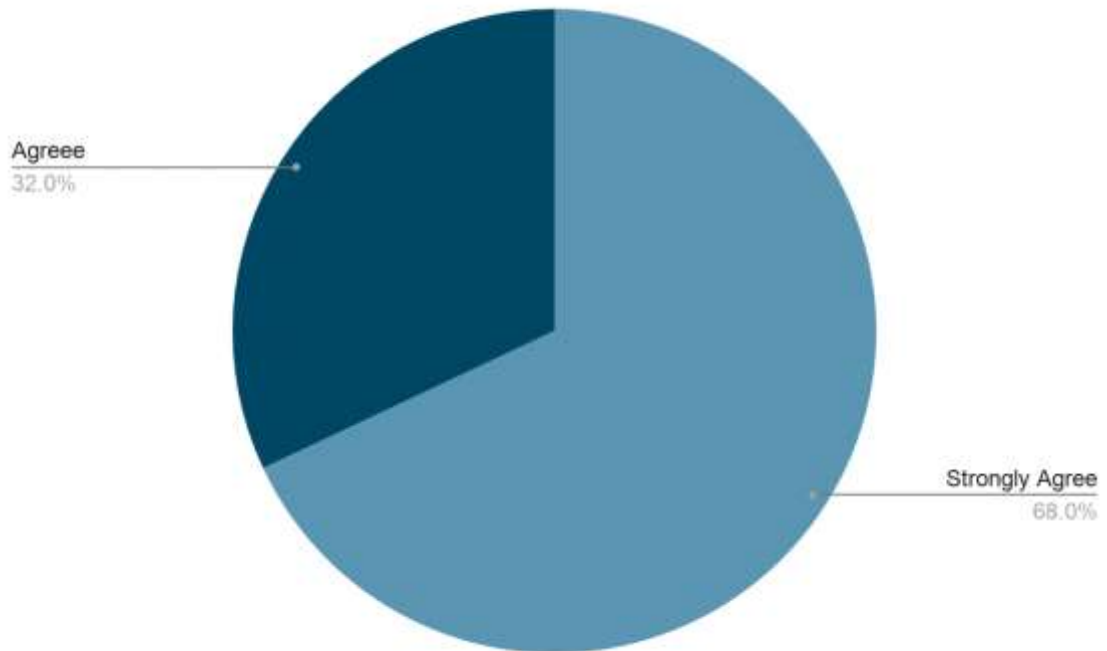
Source: Field survey, 2022

According to the figure, 76% of youths disagree that there is government support and programmes for young entrepreneurship in Kathmandu. Youths did not receive as much as they expected from the government.

Even though numerous government organizations, non-governmental organizations, and outside organizations provide numerous initiatives and programs to promote and foster entrepreneurial ventures, they have failed to inform aspiring entrepreneurs of the benefits of these support systems.

4.3.4 Family business background:

Figure 4.9: Participation in family business lays a solid foundation for entrepreneurship



Source: Field survey, 2022

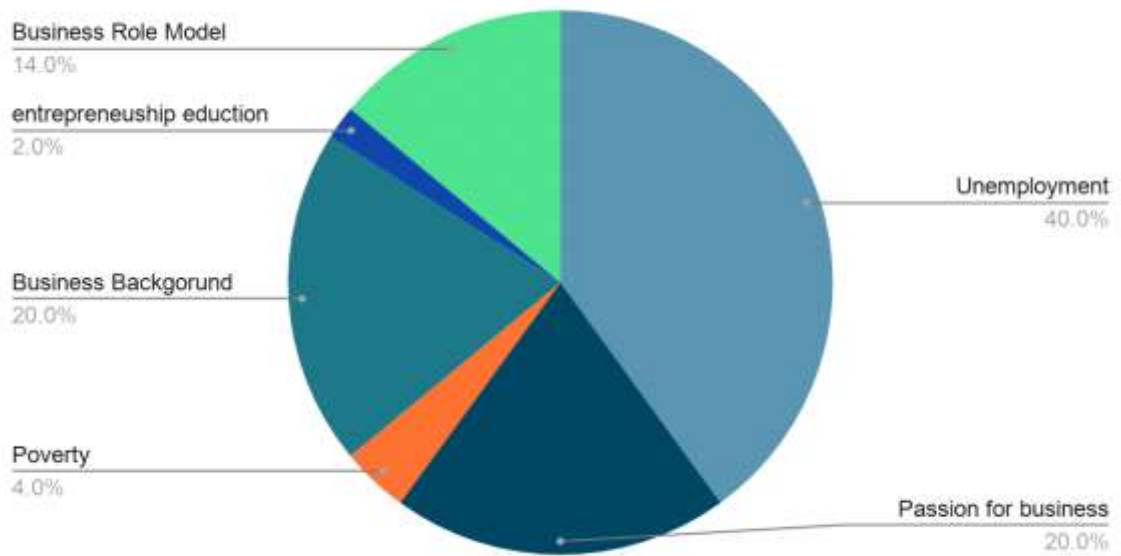
Participating in a family business will provide a great entrepreneurial foundation for persons who want to establish their own business, according to the majority of respondents in this poll (68%) and the remaining 32%.

4.4 Determinants of youth entrepreneurship:

4.4.1 Motivation to start a business:

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

Figure 4.10: Motivation to Start a Business



Source: Filed survey, 2022

There are different motivations for a startup. It depends on the person. First and foremost would be unemployment. In his study, Gawel (2010) states that a person's pay threshold will decrease the longer they are jobless and actively looking for work. When the projected income from being hired labor is less than the expected income from entrepreneurship, an unemployed person decides to cease looking for work and start their own business. Therefore, financial stress on themselves and their families, skills gained from prior jobs, and starting a firm as a test for self-employment are some reasons why unemployed people embark on entrepreneurial endeavors. The enthusiasm for business comes next. One other feeling that a person seeks is owning a business and having a reputation for managing one. Being able to run a company independently and sell their goods in a market is a self-satisfying experience. So, this might direct someone to a startup.

Lack of sufficient material resources or money to meet one's basic necessities is known as poverty. Social, economic, and political factors can all contribute to poverty. This may be yet another factor that encourages people to become entrepreneurs. One of the most crucial routes out of poverty for low-income people is through entrepreneurship.

About 20% of young people are motivated to become entrepreneurs by the business background in their families. They provide them with knowledge and inspiration, which helps them grow more interested in launching a business. They derive their passion and ambition from the environment they live in.

Few young business owners in this survey had received entrepreneurship training or schooling before starting their businesses. This could be the reason why entrepreneurship is not prioritized in high school and university curricula according to the nation's education policy.

Seven of the 50 young people had successful startups, according to their role models. In this study, the names of Jeff Bezos, Bill Gates, Mark Zuckerberg, and several local business owners like Binod Chaudary, Deepak Malhotra, etc. were mentioned by the majority of respondents. For startups, motivation does play a significant role.

4.4.2 Entrepreneurial zeal among young people in Kathmandu:

Table 4.4: Entrepreneurial Zeal Among Young People in Kathmandu

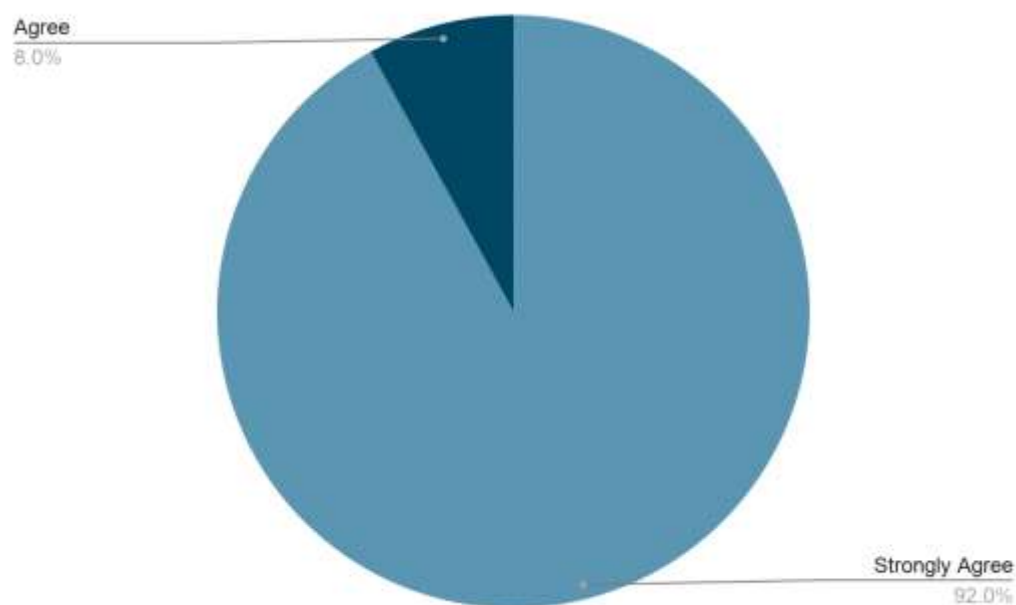
Response categories	Frequency	Percentage
YES	50	100
NO	0	0

Source: Field survey, 2022

Surprisingly, all of the respondents—50 in total—stated that Kathmandu's youth are showing increasing interest in business. Some of these business owners noted the fact that young individuals kept signing up with the FNCCI. Some of them also said that these young business people often attended meetings and participated in workshops on entrepreneurship. Despite this, some young business owners voiced their concern about the pressing need for youth business development in Kathmandu. Also stated was the determination of Kathmandu's young businesspeople to participate in development initiatives. Therefore, as the number of young business owners increases, their visibility in terms of business sector leadership and contribution to long-term economic development will gradually change.

4.4.3 Best option for economic participation:

Figure 4.11: Best option of Economic Participation

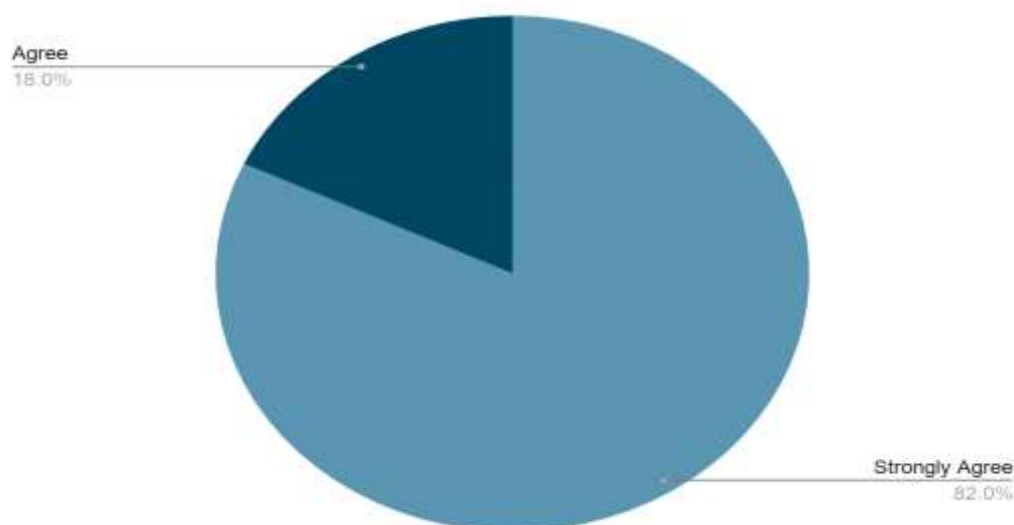


Source: Field survey, 2022

By offering cutting-edge technologies, goods, and services, entrepreneurs stimulate economic growth. Existing businesses are forced to become more competitive due to increased entrepreneurship competition. Long-term and short-term job prospects are both created by entrepreneurs. Entrepreneurs establish businesses that provide jobs for millions of people. They transform raw materials into functional goods and services. They raise the level of living for citizens of a nation through producing commodities and services. In actuality, they produce wealth. According to the survey, 92% of young people strongly think that starting a business is a viable alternative for engaging in the economy, as seen in the above graph.

4.4.4 Entrepreneurial skills a success of business:

Figure 4.12: Entrepreneurial Skills Boosts the Chances of Success in Business



Source: Field survey, 2022

The fact that young people think that entrepreneurial skill is a necessary component of company success is clearly illustrated in Figure 4.12. Entrepreneurs should concentrate on enhancing their business and entrepreneurial abilities in order to achieve entrepreneurial performance, according to Van Rensburg (2010).

4.4.5 Entrepreneurship education and training in the business success:

The degree to which the study's participants agreed or disagreed that entrepreneurship education and training can have a significant impact in the success of business initiatives is shown in the following table.

Table 4.5: Entrepreneurship related Education and Training helps in business:

Categories	Frequency	Percentage
Agree	15	30
Strongly agree	35	70
Disagree	0	0
Strongly Disagree	0	0
Total	50	100

Source: Field survey, 2022

The majority of study participants (70%) strongly agreed with the statement that entrepreneurship education and training can be a significant role in the success of any organization, and the remaining participants (27.7%) also agreed with the statement, as shown in Table 4.5. According to Isaacs and Friedrich (2007), entrepreneurship education is the intentional intervention made by a teacher in a learner's life through the teaching of entrepreneurial values and abilities that will help the learner survive the complexities of the business world.

The researcher discovered through analysis of the aforementioned data that attitudes toward young people starting businesses had changed in many industries. The findings were mostly examined in light of the previously provided study questions. Frequency tables and pie charts were used to illustrate the results. The findings showed that young company owners in Kathmandu are driven to succeed in their ventures and appear to encounter few challenges in doing so. A startup has been offered motivational support in this study.

On the other hand, the expansion of young people's entrepreneurial zeal in this community is encouraging for the possibilities of youth entrepreneurship development in the Kathmandu area. These findings imply that the national government should exert more effort to maintain the growth of young entrepreneurship in Kathmandu. This emphasizes the necessity of taking initiative to improve the business climate in this neighborhood that is conducive to youth entrepreneurship.

CHAPTER: V

MAJOR FINDING, CONCLUSIONS AND RECOMMENDATIONS

5.1 Major Finding

The main objective of this study was to examine the status of youth entrepreneurship and the determinants of youth entrepreneurship.

According to this study, Kathmandu's youth entrepreneurship development programs were taken into account. Similarly, the significance of services for encouraging young people to start businesses was growing in the city. Despite not knowing about business development services like business counseling, coaching, and incubators, young entrepreneurs in Kathmandu have a remarkable desire and drive for starting their own businesses.

One of the main paths for the growth of small business in Kathmandu is youth entrepreneurship. In any society, entrepreneurship, and especially entrepreneurship among young people, is a sign of advancement. The study's objective was to investigate the elements that influence young people in Kathmandu to become business owners. The survey's major focus was on youth organizations that represented various age ranges. Entrepreneurship has been identified during the study as one of the most successful methods for accelerating the country's transition to an innovative manner of development, particularly in the economy and socio-oriented sectors of modern Kathmandu. Creativeness, inventive thinking, social responsibility, innovation, independence, and education are emerging as the modern era's fundamental necessities. These are qualitatively new traits of the youthful business community.

The economy is significantly impacted by youth entrepreneurship, particularly when new employment is created. The findings show that the majority of respondents support starting their own business. Self-realization, independence, and the prospect of earning more money are some of the most significant motivators.

Entrepreneurship is attributed to four factors, according to research:

- i. Risk taking: the entrepreneur should be prepared to assess the risk that threatens its business activities and take it for themselves. Taking risks also confirms the fact to start a new activity. The reward for the risk is its revenue.

- ii. Identification of market opportunities: the entrepreneur must be able to perceive and realize personal capabilities that were previously unnoticed by others.
- iii. Implementation of innovation: the introduction of new ideas, products or services, the management process to be developed in business models and introduced on the market.
- iv. Finding and making use of resources: the identification of potential and effective use of available key resources (financial, social and human) will allow the entrepreneur to create competitive advantages in the market.

The study came to the conclusion that the current stage of development of desire to engage youth entrepreneurship is characterized by a focus on the identification of socio-cultural and socioeconomic elements contributing to the successful implementation of this process. The concept of youth motivation to engage in commercial activities is demonstrated in the socio-cultural context, which is mentioned on three complementary levels: family and relatives, government and public, and lastly education and academics. In conclusion, it is logical to assume that in order to educate students for entrepreneurial activity, colleges and universities first provide the necessary social and cultural environments. This model allows for the empirical study of the educational management of the process of young people's motivation formation to engage in entrepreneurial activity. Modern education is thus seen as an essential tool for actualizing a young person's capacity to concentrate on entrepreneurial and creative sources that offer the potential to discover uniqueness, spiritual freedom, and creative freedom.

In conclusion, the study's goals were achieved because the research questions were thoroughly examined. This study demonstrated that young entrepreneurship has a considerable positive influence on the economy, especially when new jobs are created. The youth of today are becoming more committed to entrepreneurship, which has a direct impact on the development of the Nepalese economy.

5.2 Conclusion

This study found that Kathmandu youth had a strong interest in developing their businesses. A growing number of young people are showing an interest in entrepreneurship. In Kathmandu, young entrepreneurs are becoming more prevalent, according to 90% of respondents (Figure 4.7). Youth entrepreneurial development

programs and urban development went hand in hand. Young entrepreneurs in Kathmandu lack access to business support services like financing, coaching, and incubators, but that won't stop today's young from starting their own businesses. It is possible to say that Kathmandu's underdeveloped youth entrepreneurship growth is a result of a lack of awareness and the inaccessibility of entrepreneurship support systems and activities. Other than FNCCI, our study discovered that there was little information available about the support networks for young entrepreneurs in Kathmandu. The development of youthful entrepreneurship in the Kathmandu region is negatively impacted by the absence of youth entrepreneurship support structures. Due to this, there may be less opportunities for entrepreneurial companies to grow. Other than a few NGOs, INGOs, and donor organizations, it was determined that the Nepalese government's business support programs were ineffective for fostering entrepreneurship in Kathmandu. The Government's goals for the growth of youth entrepreneurship are not outlined in a broad policy framework. The bulk of financial institutions were reluctant to approve loans for business development and required a performance history of at least five years before they would even consider it. Young businesspeople should therefore devise strategies for overcoming this obstacle. The majority of Kathmandu's entrepreneurial enterprises, according to the report, employ no more than 10 people (Table 4.2). This could be a sign that most youth-owned enterprises are modest in scale, but this could be a plus for the young people as it demonstrates that work can be done on a small scale with the fewest number of employees via perseverance and trust with each other.

The establishment and operation of entrepreneurial operations in a region like Kathmandu presents a number of interesting hurdles, but there are also a number of promising future opportunities. The majority of participants said that the number of young people owning businesses is increasing daily (Figure 4.7). Young people are launching new businesses in a variety of industries, including outsourcing and agro business. Entrepreneurship's significance is progressively coming to light. Additionally, Kathmandu's youth are showing an increasing amount of enthusiasm for and interest in entrepreneurship. These entrepreneurs will significantly contribute to the nation's much-needed reform and progress, especially in its frontier economies. All parties involved should pay attention to the issue of preserving and cultivating young people's enthusiasm because this shows a growing interest in youth entrepreneurship.

A large majority of participants voiced concern over how well these company regulations will be understood by these young business owners. Thus, although being vague, the legislative regulations that govern small businesses were understood to a significant extent by Kathmandu's young entrepreneurs. Another finding of this study is that, as opposed to employment, entrepreneurship was thought to be the best alternative for economic engagement (Figure 4.11). Understanding the benefits of entrepreneurship could be a deciding factor in this situation. On the other hand, it is also observed that a person's attitude toward starting their own business can be influenced by both pull and push forces working together. Additionally, it was discovered that having entrepreneurial abilities will increase their enterprises' chances of success (Figure 4.12).

5.3 Recommendations

One of the biggest advantages of getting started with entrepreneurship at a young age is the opportunity to learn important skills such as teamwork, networking, problem-solving, critical thinking, innovation and self-discipline.

The following recommendations are provided to enhance the youths for entrepreneurship in Kathmandu.

- i. Female youth number has been increasing. This is a positive response to equality. It brings out the confidence even in the female for a competition. It also brings new ideas and the emotions of equal rights.
- ii. Owning a company and being in a reputation of handling a company is a different feeling that a person desires. Being in a position of operating a business solely and selling their products in a market is a self satisfying thing.
- iii. Today's youths are the bright future of tomorrow, entrepreneurship can directly affect the positivity of economy in our country (Figure 4.11)
- iv. On the other hand, the prospects of youth entrepreneurship development in Kathmandu area are encouraged by growth of entrepreneurial zeal by young people in this community. (Table 4.4). These results suggest that the country's government should do more to ensure the sustainability of the youth entrepreneurship development in Kathmandu community.

- v. Mentors, role models and entrepreneurial ambassadors could also motivate opportunity-driven entrepreneurship.
- vi. Entrepreneurship not only gives them money but it also gives them skills to become a better person in life. Entrepreneurship makes you learn about practical aspects of life. It gives you confidence to face the obstacles and problems in the real world.
- vii. Involvement in a family business would provide a good entrepreneurial foundation for those who want to establish their own business. (Figure 4.9)
- viii. Use of modern technologies and new inventions have played a vital role in the field of entrepreneurship. Youths of today can make a great change out of these. (Table 4.3)

5.4 Area of recommendations for future researchers

This innovative idea of Kathmandu's young people starting businesses can inspire ideas for further research into youth entrepreneurship. The report also recommends that further studies be conducted in other cities that seem to share some of Kathmandu's characteristics in Nepal in order to better understand their particular needs. The government of the nation could suggest specific plans, policies, strategies, and procedures for intervention depending on the distinctive qualities of each city or town. Future studies could similarly examine the many traits of youth-owned businesses.

Although a significant limitation of the study is the relatively small number of participants in terms of data and findings interpretation, this offers up a wide field for future research into this emerging phenomena.

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LETTER FOR QUESTIONNAIRE

Respected Sir/ Madam,

This is Shiwani Mahat, a student of Master in Economics, TU. I am currently doing my thesis and would highly appreciate your participation in the survey being conducted through a questionnaire for the thesis entitled “Determinants of a successful Youth entrepreneurship in Nepal, case of Kathmandu valley”.

The survey is being conducted to collect feedback from the youths for their views regarding this topic. Along with the feedback from you all, it will provide data that assists the researcher (me) to actually know the scenario of the youths here in Kathmandu valley.

Here I have attached a questionnaire. This is what you need to fill up. The survey should take around 15 minutes to complete.

Participation in this survey is highly valued, but voluntary. You are free to withdraw consent at any time. We will protect your anonymity and the confidentiality of your response to the fullest.

Thank you for considering your involvement in this survey. I wish you all the best in your work.

Sincerely,

Shiwani Mahat

APPENDIX 1: Research Questionnaires

Section I: Demographic Information

Kindly tick the responses to your answer, or provide your answer in space provided.

1. Name _____
2. Gender. Male Female
3. Kindly indicate your age group
18-21 Years 22 – 25 Years 26 – 29 Years 30 – 35 Years
4. How long have you been an entrepreneur?
0-3 Months
4 – 6 Months
7 – 9 Months
10 – 12 Months
1 – 2 Years
3 Years & Above
5. Level of education Graduation
High School
Literate
No formal education
6. Area of entrepreneurship

Section II: Business Information:

1. Business Type: _____ write the name _____
2. How long have you been operating business? [write in yeas] _____
3. How many employees do you currently have? [write in numbers] _____
4. Why did you choose to start a business rather than a job?
[Give note] _____
5. What was your dream job at the beginning? (why if your dream job was not an entrepreneur, what changed your job orientation?
Write as a note _____
6. What motivated you to start your business?
Write as a note _____

7. What is the future for young people who want to create their own company? issues?

Write as a note _____

8. Do you think graduates are more able to create their own start ups than before?

Write as a note _____

9. Encouragement/push young people. How?

Write as a note _____

Section III: Tick the following:

Strongly agree Agree Uncertain disagree Strongly disagree

1. Registration of business in kathmandu is quick
2. Cost of business in kathmandu is expensive
3. Use of modern technology
4. Nepalese Government support
5. Number of youth entrepreneurs is increasing
6. Trainings for youth start ups
7. Entrepreneurship is the best option for economic participation rather than being employed.
8. Skills/trainings on this area is important
9. Education requirement
- 10.Obstacles then (if yes)
- 11.Obstacles now (if yes)

The End

Thanks you for your participation

APPENDIX 2: Statistical Analysis

Gender

Gender	Respondents	Percentage
Male	22	44
Female	28	56
Total	50	100

Age group of the youth entrepreneurs/respondents

Age group	Frequency	Percentage
21-25	10	20
26-30	18	36
31-35	22	44
Total	50	100

Level of Education

Level of education	Frequency	Percentage
Graduation	18	36
High School	21	42
Literate	11	22
Total	50	100

How long have you been operating your business?

Duration	Frequency	Percentage
Less than 1 year	15	30
1-2 year	14	28
3 years and above	21	42
Total	50	100

No of employees

Current no. of employees	Frequency	Percentage
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1-10	41	82
10-25	5	10
25 and above	4	8
Total	50	100

The process of registering a business in Kathmandu is quick

	Frequency	Percentage
Strongly disagree	9	16
Disagree	31	4
Strongly agree	2	18
Agree	8	62
Total	50	

Cost of business Registration of business

	Frequency	Percentage
Strongly disagree	13	26
Disagree	21	42
Strongly agree	2	4
Agree	14	28
Total	50	100

Technologies used

Response categories	Frequency	Percentage
Strongly agree	25	50
Agree	21	42
Disagree	4	8
Total	50	100

Aware of existing support structures for youth entrepreneurship development

Response categories	Frequency	Percentage
Agree	18	32
Disagree	32	64
Total	50	100

The number of youth entrepreneurs in Kathmandu is increasing

Response categories	Frequency	Percentage
Agree	45	90
Disagree	5	10
Total	50	100

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

Response categories	Frequency	Percentage
Agree	12	24
Disagree	38	76
Total	50	100

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

	Frequency	Percentage
Strongly Agree	34	68
Agree	16	32
Total	50	100

Motivation to start a business

Factors	Frequency	Percentage
Unemployment	20	40
Passion for business	10	20
	58	

Poverty	2	4
Business background	10	20
Entrepreneurship education and training	1	2
Business role model	7	14
Total	50	100

Zeal

Response categories	Frequency	Percentage
YES	50	100

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

Response categories	Frequency	Percentage
Strongly agree	46	92
Agree	4	8
Total	50	100

Entrepreneurship education and training in the business success

Response categories	Frequency	Percentage
Agree	15	30
Strongly agree	35	70
Total	50	100