

EMPOWERING LIVES IN RURAL NEPAL

A local perspective on female entrepreneurship



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**EMPOWERING LIVES IN RURAL NEPAL:
A local perspective on female entrepreneurship**

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* *Sati* means *friend* in Nepali language

EXECUTIVE SUMMARY

Research Background

Nepal is one of the poorest countries in South Asia and it is, after Afghanistan, the second least developed country in Asia with a Human Development Index ranking 157 out of 187 (UNDP, 2011). It is a society where socio-cultural patriarchic values are still deeply rooted in Nepali behaviors and perceptions. Women, particularly in rural areas, lack choices and opportunities to improve their living standards and to play as economic agents with potential to contribute to local development. They are restricted by poverty, cultural stereotypes, and poor access to education and health care services. These strong socio-cultural restrictions perpetuate gender discriminations. However, women are aware of their potential and are stepping into improved livelihoods for the future through entrepreneurship.

Although the economy of Nepal is still strongly dependent on agriculture, land is not available to everyone, particularly the very poor families, and farm and livestock activities are no longer profitable enough to improve living standards in rural areas. Moreover, women are becoming freer from traditional burdens and are willing to work towards their economic independence. Therefore, the rural non-farm economy is growing hand in hand with women entrepreneurs committed to non-farm activities and thus, playing an important role in economic local development.

It is widely recognized that the involvement in income-generating activities by means of female entrepreneurship is a valuable precondition for economic growth, household-level poverty alleviation and women's empowerment. Nevertheless, given personal conditions and external environments, not all non-farm women entrepreneurs are able to achieve the same extent of business success.

Therefore, this research aims to get insight on what key factors are influencing the success of recently started or strengthened ongoing microenterprises of rural women engaged in non-farm income generating activities, in Makwanpur district, Nepal. Subsequently, the research aims to address the contribution of female entrepreneurship to women's economic empowerment.

Research Design

This research took place from February to May 2013 in Basamadi and Handikhola village development committees, which are located in Makwanpur district, in the Terai region of Nepal. The field research was conducted in collaboration with Plan Nepal. The research is a combination of the livelihood approach and the narrative of female entrepreneurship across the developing world, so one can better understand the context specific conditions under which rural non-farm women are able to become entrepreneurs. Furthermore, the empowerment concept is also part of the theoretical framework of this research in light of entrepreneurial activities that may potentially empower women to reshape their lives. Special focus is placed on women economic empowerment.

For the purpose of this study, 90 respondents were interviewed in household questionnaires. Of the group of respondents, 70 women were members of cooperatives and made use of savings and/or loans to finance their businesses, while 20 women were “lone” entrepreneurs with no financial support from any financial institution. In addition, 10 in-depth interviews were conducted among non-farm women entrepreneurs and 2 focus group discussions were organized. Lastly, several key informants from the institutional and local background were interviewed and existing projects, data and studies on the research areas were consulted. For this reason, the research methodology is the result of a combination of quantitative and qualitative methods as the mix-method approach ensures data triangulation and greater reliability of information.

Research Main Findings

The ability to strengthen an economic activity lies in a multidimensional web of factors, perceptions and attitudes. Therefore, it seems relevant to track down not only factors that are constraining women entrepreneurs, but also those factors and motivations contributing to the economic success of non-farm self-employed women. Most of the women experiencing an increase in business profits over time are engaged in a specific activity for a period between one to five years.

Although a wide gap between the number of women managing personal businesses and the extent of their access to business information still remains largely to be addressed, the study shows that one of the most important conditions that stands out as a valuable asset during the entrepreneurial process is the support provided by consistent business development services (BDS) and professional networks. A woman that has access to professional guidance at any given moment of her professional life is most likely to be surrounded by an enabling environment for success as she benefits from distinctive contacts, programs and business-related information. Nevertheless, it is acknowledged that the potential of professional networks cannot be totally independent of the broad context and women’s multidimensional life.

Women who are self-confident and strongly driven by an economic goal and self-independence gather personal characteristics identified as potentially leading to economic success. These are the motivations and attitudes towards business that positively influence economic performance over time. In addition, social and familiar networks are an important source of informal education and information. As the large majority of women lack access to professional support, it is considered that family and friends are then women’s main source of information and support when business-related problems, doubts or knowledge are at stake. This observation is particularly noticeable during the ongoing phase of women’s non-farm microenterprises. Lastly, the access to daily cash flows and to larger volumes of financial capital is perceived as one of the major challenges to strengthen economic activities, rather than the initial access to distinctive sources of business financing.

Women's Economic Empowerment

Within the scope of the research, the entrepreneurial involvement of women in the non-farm sector demonstrated substantial improvements in women's lives: women have greater control over assets, play a major and growing economic role within the household economic life and they have experienced increased power in decision making.

Due to non-farm economic activities, women are economically independent, more confident and feel more respected and recognized by their families and, in particular, by their husbands. Furthermore, it was confirmed that the achievement of economic independence has the potential to reinforce women's self-confidence and status, not only within the household but also in the community.

A personal non-farm business is, in itself, the greatest opportunity for Nepali rural women to develop both their entrepreneurial needs and wishes, and to ensure sustainable livelihoods. Considering women's own perceptions, there are several benefits accruing from being self-employed in the off-farm sector such as increased spatial mobility, the need to develop communicational skills and to acquire new technical knowledge.

Overall, the non-farm business is the underlying cause of general better living conditions. Once non-farm economic activities enable women to achieve economic independence, self-confidence and improved livelihood, businesses then become women's most regarded asset.

Conclusions

A woman can be successful regardless of caste, religion or business in which she is involved. To gather the right conditions to start-up an in-demand and profitable activity within the non-farm sector is not an easy task for rural women lacking financial, physical and human capital. Nevertheless, when women in general become involved in non-farm income-generating activities one can notice improved self-confidence and economic participation, and enhanced living standards. Thus, women become more empowered players in society.

The combination of the livelihood approach, the female entrepreneurship debate and its potential to *empower* rural women in Nepal has been able to provide a more holistic understanding of the context-specific drivers and constraints of rural women when contributing as economic agents to the local rural non-farm economy.

Overall, the research provides insights on what key factors influence the economic performance of rural non-farm businesses managed by women and what services can effectively strengthen the status of women entrepreneurs and their economic activities for the future. Additionally, in light of the findings the research supports the positive relation between non-farm female entrepreneurship and women's economic empowerment, not as an end in itself but as an evolving process in which gender has to be given particular attention.

Key words: *female entrepreneurship, income-generating activities, non-farm sector, women's economic empowerment, livelihood, Nepal*

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ANPF	All Nepal Peasants Federation
BDS	Business Development Services
CIA	Central Intelligence Agency
DFID	Department for International Development
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
IDS	International Development Studies
IFAD	International Fund for Agricultural Development
IGA	Income Generating Activities
ILO	International Labour Organization
GDI	Gender Development Index
GEM	Gender Empowerment Measure
GOE	Growth-Oriented Entrepreneurs
HDI	Human Development Index
LOE	Livelihood-Oriented Entrepreneurs
MFIs	Microfinance Institutions
MGDs	Millennium Development Goals
MSEs	Micro and Small Enterprises
NGOs	Non-Governmental Organizations
RNFE	Rural Non-Farm Economy
RWSC	Rural Women Services Center
SLA	Sustainable Livelihood
UNIFEM	United Nations Development Fund for Women
VDC	Village Development Committee
WEAN	Women Entrepreneurs Association of Nepal
WEP	Women Empowerment Project

Currency Conversion

Euros to Nepali Rupees, February 10th 2013
(Nepal Rastra Bank – The Central Bank of Nepal)
1€ = 112, 95 (buying); 113,02 (selling)

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INTRODUCTION

“If poor people are to be assisted in overcoming poverty, it is vital to recognize the importance of means by which they can find their own solutions.”

- Banerjee & Duflo, 2011-

Women in Asia are an increasingly significant entrepreneurial force and strongly contributing to local, regional and national economy as they represent the majority of informal traders in most developing countries. However, women still remain the largest under-represented group in terms of visibility as entrepreneurs and micro-enterprises owners.

Particularly in South Asia, the entrepreneurial process still mirrors several constraints and vulnerabilities that might confine to traditional patterns people willing to take the risk and invest on their own. The self-employment status and women in entrepreneurship have been growing in less developed economies, as a form of livelihood for women themselves and usually to help support their families. Nevertheless, the entrepreneurial process is exceptionally critical for rural women as they face deep embedded structural and socio-cultural constraints, such as female seclusion and gender segregation, which strongly limit women's abilities to lead prosperous and profitable businesses. Many studies have shown that rural women have limited access to household decision-making, physical and financial assets, they are overloaded with work and are generally restricted in terms of mobility. Additionally, women have insufficient skills and knowledge, thus being highly vulnerable to male dominance in any social sphere. Therefore, due to gender discrimination, women tend to be granted an inferior status over time in nearly every aspect of life.

During the 90s, micro- and small enterprise development targeting women was promoted under three core justifications: economic growth, poverty alleviation and employment creation and economic, social and political empowerment of women themselves. Women tend to be Livelihood Oriented Entrepreneurs (LOE), while men usually manage business on a Growth-Oriented entrepreneurial (GOE) basis as informal household enterprises owned by women are generally smaller and more survival oriented. For women entrepreneurs, the enterprise activity is part of a broader livelihood strategy where it seems difficult to separate production and reproduction, as well as market and non-market work. In light of this external environment, women's autonomy to develop and expand successful enterprises is seriously constrained by inequalities in resources and power within the household and in markets.

With regard to human poverty, one should define it as being much more than income poverty. People are poor not only because of low income, but also because of their low access to opportunities or their participation in them. Therefore, apart from the effort to facilitate financial access to the poorest of the pyramid, there is also a need to change traditions and ensure equal and greater social, political and economic opportunities for poor women, so they can fully make use of female potential in contributing to household livelihood, local development and societal participation.

When mentioning local development, a distinctive approach has been discussed over the last decade, namely the rural non-farm economy. There is a steep trend across rural areas in which integrated farm-non-farm households are a common sight in developing countries. Therefore, promoting the generation of non-farm income-earning opportunities and enhancing the access of the rural poor to these sources of income is, therefore, an exceptionally important dimension of this approach to rural development.

As a livelihood strategy, an increasing number of Nepali women are now part of local rural non-farm economies through entrepreneurial processes and businesses. Living in such a patriarchal society with an estimated unemployment rate of 46 per cent and facing major multidimensional discriminations and restrictions, it is worth mentioning that rural women have decided to step into their own sustainable future through involvement in owned non-farm economic activities. This action enables them to contribute to meet basic household needs and to guarantee living conditions for their children, thus increasing their status and role in the decision-making process. When economic independence and/or access to self-generated income are major concerns, it is widely recognized that involvement in income-generating activities can effectively empower rural women to reshape their lives. Subsequently, female entrepreneurship in general is often seen as a potential way out of poverty and a march towards gender equity with the potential to empower lives of women on a multidimensional basis.

This observation appears especially accurate if one considers Nepal as being one of the most gender unequal and poorest countries in South Asia. Although the Nepalese Constitution of 1990 guarantees basic human rights on an equal basis for all citizens and the government is committed to eradicate gender inequalities across society, in practice Nepali women still face deep-rooted restrictions, which perpetuate gender discriminations over time. In order to overcome the gender biased scenario, the government has adopted the rhetoric of women's participation and introduced various gender-based initiatives, increased microfinance support systems and created an opening for the introduction of gender policies and programs in many government bodies and NGOs.

Therefore, as the idea of women in business has only recently become more common and socially accepted across the country, it is not surprising that encouragement and recognition of women in the private sector have increased over the last decade, backed by growth in the microfinance sector. In this sense, while struggling to improve their lives in an environment of high unemployment and political unrest over the past ten years, more Nepalese women have entered into private enterprise. In 2008, it was estimated that over 7,000 women entrepreneurs were registered and more than 500,000 were involved in business activities countrywide. Nevertheless, and as mentioned before, women entrepreneurs remain the largest under-represented group in terms of potential and visibility.

Given this background, in order to empower rural women to realize their full potential as independent economic actors in the non-farm sector, it seems relevant to address the struggles faced by rural women and to understand the different needs that women in the private sector have along the entrepreneurial process. However, instead of looking exclusively at what is still preventing women from increasing income and expanding ongoing microenterprises, it is important to emphasize what kind of strengths have enabled women to achieve success and contribute to improved livelihoods across rural

landscapes. For this purpose, a field research was conducted in Makwanpur District, Nepal in order to get insight into opportunities, constraints and key factors influencing the success of microenterprises of rural women involved in non-farm sector, and to assess how female entrepreneurship contributes to women economic empowerment. Then, the guiding question of this research is:

What are the drivers and constraints for female entrepreneurship in the non-farm sector in Makwanpur?

To answer this question, field research was conducted in collaboration with Plan Nepal covering two Village Development Committees (VDCs), namely Basamadi and Handikhola in the district of Makwanpur, Nepal. The research methodology is the result of a combination of quantitative and qualitative methods as the mix-method approach ensures data triangulation and greater reliability of information.

This study is divided into theoretical and research contextual framework (Chapters I, II and III) and the empirical section of the research results (Chapters IV, V and VI).

First, the theoretical framework provides an overview of the available literature on the topic of female entrepreneurship and empowerment, and it presents the global context in which rural women entrepreneurs work by elaborating on the importance of the growing rural non-farm economy as an approach to rural development. This situation is depicted within the livelihood approach by means of women's access to and contribution of a distinctive set of assets for better living conditions. Next, it is crucial to have regional and national background information where special focus is given to the socio-economic context of both research areas, which is illustrated on the second chapter. The third chapter regards the methodology designed and implemented for this research in which the main research question and the four following sub-questions, as well as the operationalization of the main concepts and the conceptual model are described. Also, the research methods and the limitations of this research are covered in the chapter.

The following chapters comprise the empirical analysis and the results of the research. Chapter IV outlines the characteristics of research population and its work, as well as the reasons behind the involvement of women entrepreneurs in the non-farm sector and in a specific activity. Next, Chapter V examines what key factors are crucial to enable the economic success of women entrepreneurs and illustrates the variations in business profits and the group of respondents that had been successful by the time the fieldwork was conducted. Chapter VI then focuses on the assessment of female entrepreneurship towards women economic empowerment by measuring ownership and control over assets, economic participation of women in household economic life and women's power in the decision making process. Finally, Chapter VII embodies the discussion and conclusion of this research followed by practical recommendations and suggestions for further research.

CHAPTER I: LITERATURE REVIEW

In this study the focus is on constraints and key factors influencing the success of rural women entrepreneurs involved in non-farm income generating activities and how does female entrepreneurship contribute to women's economic empowerment. This chapter aims to give an overview of the relevant existing literature on the topic. Therefore, it starts by contextualizing the topic within the multidimensional and sustainable livelihood approach as a insightful theory to analyze the access to and the resources that poor people can or can not make use of, by drawing particular attention to rural household diversification as the main livelihood strategies. Next, in light of diversification strategy into increasingly non-farm activities the concept of rural non-farm economy is explained as well as its implications and benefits for local and developing economies. Furthermore, a strong link is established between non-farm income generating activities and the gender role as a pathway towards gender equity and poverty alleviation. Thus, female entrepreneurship, microenterprise development and its potential to step into rural development are illustrated. Several studies are described to provide insight on the extent of literature on female entrepreneurship in developing countries. Lastly, the concept of women's empowerment and its increasing importance in the development debate is analyzed.

1.1. Sustainable Livelihood Approach

The IFAD frames sustainable livelihood approach (SLA) as a way to improve understanding of livelihoods of poor people. The SL framework places particularly rural poor people at the center of a web of inter-related factors that influences how these people create a livelihood for themselves and their households. DFID's definition follows the one developed by IDS and which in turn is a modified version of the original definition elaborated by Chambers and Conway (1992):

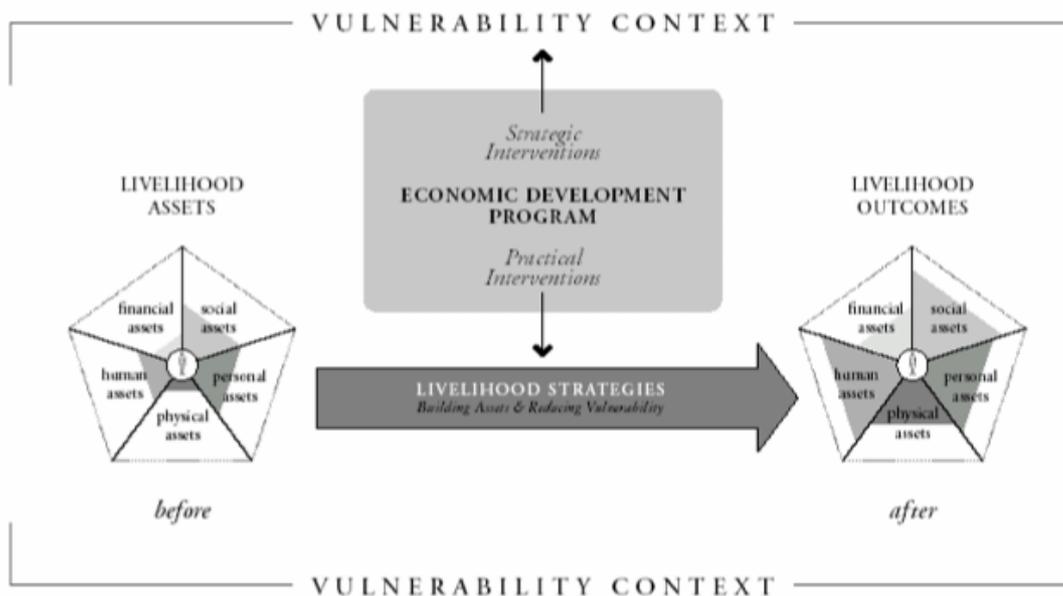
A livelihood comprises the capabilities, assets (including both material and social resources), and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

Of the several components of a livelihood, the most complex is the portfolio of assets out of which people construct their living, which includes both tangible assets and resources, and intangible assets such as achievements and access to, (Krantz, 2001). By drawing attention to the multiplicity of assets that people make use of when constructing their livelihoods, the SLA provides a more holistic view on what resources, or combination of resources, are important to the poor, including not only physical, financial and natural resources, but also their social and human capital.

When referring to livelihood sustainability, it is argued in the literature the need to analyze the extent of households' access to several assets in relation to their vulnerable context, which takes account of distinctive trends (economic, political), shocks (natural disasters, civil strife) and seasonality (prices,

production). Access is also influenced by the prevailing social and institutional environment, which affects the ways in which people combine and use available assets to achieve their goals.

Figure 1. Sustainable Livelihood Framework



Source: DFID

Most of the debate on SL so far has focused on rural areas and situations where people are farmers and tend to make a living from any kind of primary self-managed production, (Krantz, 2001). Thereafter, there is a need to emphasize sustainable rural livelihoods within a broader scope of analysis by taking also into consideration the rural non-farm economy (RNFE). According to DFID's, the framework to analyze sustainable rural livelihoods has three elements: institutional processes and organizational structures, livelihood resources (the five capitals) and livelihood strategies.

SLA is then used to identify the underlying causes of poverty on a multilevel basis and the main constraints and opportunities faced by poor people, as expressed by themselves.

1.1.1 Livelihood Strategies

Diversification is the norm rather than the exception. Very few people accumulate the total income from any one source, hold all their wealth in the form of any single asset, or use their assets in just one activity. Multiple motives prompt households and individuals to diversify assets, incomes, and activities,

In light of SLA, the available literature places diversification as one of the main livelihood strategy of rural households, which has the potential to alleviate rural poverty across low-income developing countries. Livelihood diversification is defined as the process by which rural families constructs a diverse portfolio of activities and social support capabilities in order to survive and to improve their standards of living, (Ellis, 2000). Diversification may occur either as a deliberate household strategy (Stark, 1991) or as

an involuntary response to crisis [Davies, 1996]. It can act both as a safety controller for the rural poor (Zoomers and Kleinpenning, 1996) and as a means of accumulation for the rural rich (Hart, 1994).

The process of diversification appears coupled with the fact that non-farm activities are becoming central to rural livelihoods, as livelihoods and poverty are becoming de-linked from land (and from farming), especially in the global South (Rigg, 2006).

There is a large literature studying the determinants of rural income diversification by analyzing rural livelihoods in terms of causes and consequences of diversification, which are in turn differentiated in practice by location, assets, income, opportunity and social relations, (Micevska, 2008). Taking into consideration the importance of resources and assets through which one makes a living, Bebbington (1999) highlights the need of rural livelihoods framework conceptualize assets as vehicles for instrumental action (making a living), hermeneutic action (making living meaningful) and emancipatory action (challenging the structures under which one makes a living). Precise attention is drawn on the importance of social capital as an asset through which people are able to broaden their access to resources and other actors. Indeed, access to other actors is conceptually prior to access to material resources in the determination of livelihood strategies. Therefore, social institutions are critical for decoding the constraints and options of individuals and families distinguished by gender, income, wealth and access.

What is distinctive about diversification across the developing world is its ubiquitous and enduring character. It is ubiquitous in the sense that this is not just an isolated or scattered phenomenon regarding particular types of farm families in specific locations; it is a widespread and growing phenomenon. It is enduring in the sense that it is not just a transient phenomenon, caused by lags in the adjustment of resources used between equilibrium stages, so that it will quickly disappear with further economic growth and change. In this sense, it is widely recognized that “*diversification has positive attributes for livelihood security that outweigh negative connotations it may possess. Diverse rural livelihoods are less vulnerable than undiversified ones*”, (Ellis, 2000).

As available in literature, Ellis had developed a framework of distinguished factors of rural livelihoods that drive households into nonfarm activities and to adopt multiple livelihood strategies, which is systematized as (i) seasonality, (ii) risk strategies, (iii) labor markets, (iv) credit market failures, (v) assets strategies, and (vi) coping behavior and adaptation.

(i) seasonality: The cyclical levels of activity implied by seasonality apply as much to landless rural families that depend on agricultural labor markets for survival, as for farm families. For this reason an important motive for income diversification associated with seasonality is to reduce seasonal income variability. This requires income earning opportunities, the seasonal cycles of which are not synchronized with the farm’s own seasons.

(ii) risk strategies: the social unit diversifies its portfolio of activities in order to anticipate the threat to its welfare in case of failure in individual activities (Alderman and Paxson, 1992). Whether or not risk spreading involves a fall in income, one of the critical motives of livelihood diversification for risk motives is the accomplishment of an income portfolio with low fluctuation risk between its components.

(iii) *labor markets*: seasonality and risk point to the role of labor markets in reducing cyclical and insecurity threats to the sustainability of rural livelihoods. Though, labor markets also offer non-farm opportunities to income generation differentiated by education, skills, location and gender.

(iv) *credit market failures*: In rural Asia, private moneylending exists, but tends to be associated with personalized transactions in interlocked markets that can place the borrower in a permanent state of obligation to the lender (Bhaduri, 1986). In order to overcome these market failures, rural households might diversify to use cash funds generated outside agriculture to purchase agricultural inputs.

(v) *assets strategies*: the livelihood approach to rural poverty reduction (e.g. Scoones, 1998) tends to identify five main asset categories (natural, physical, financial, human and social capitals) that jointly define the asset status and livelihood strength of household strategies. The distinctive aspect of asset strategies as a motive for diversification is their inter-temporal nature. The process is one of diversifying in order to achieve greater livelihood security over time.

(vi) *coping behavior and adaptation*: Coping refers to the methods used by households to survive when confronted with unexpected livelihood failure. Livelihood adaptation has been defined as the continuous process of “*changes to livelihoods which either enhance existing security and wealth or try to reduce vulnerability and poverty*” (Davies and Hossain, 1997).

It is the maintenance and continuous adaptation of a highly diverse portfolio of activities in order to secure survival that is a peculiar feature of rural livelihood strategies in contemporary poor countries.

Diversification can refer to an increasing mix or multiplicity of activities, regardless of sector, or it can refer to a shift away from traditional rural sectors, such as agriculture, to non-traditional, often non-agricultural activities associated with the growth of the RNFE. This study focuses on the latter interpretation of diversification. The poor seek out opportunities in the rural non-farm economy, not only to raise income levels but also to stabilize household income over time. As a result, non-farm earnings constitute an important safety net function.

1.1.2 Rural Non-Farm Economy

A widely accepted idea within the development debate is that, in the process of structural economic transformation that accompanies economic development, the farm sector as a share of the country's GDP will decline as a country's GDP grows (Chenery and Syrquin, 1975). In rural areas, this implies that a shrinking agricultural sector and expanding rural non-farm (RNF) activities, as well as a changing definition of rural itself should be viewed as likely features of economic development. The rural non-farm sector has traditionally been considered as a low-productivity sector, which produces low quality goods. However, there has been a shift away from this perspective towards recognition of rural non-farm activities as contributors to economic growth, rural employment, poverty reduction, and a more spatially balanced population distribution.

For most rural people in developing and transitional economies, rural non-farm activities are part of a diversified livelihood portfolio. Therefore, over the last decade the rural non-farm economy (RNFE) had gained prominence in debates on rural development and rural household strategies had often been

increasingly diversified. Evidence from most continents implies that the share of household income from non-farm sources is continuously growing: in Asia the RNFE accounts for about 30 per cent of full-time rural employment; and, surveys suggest that non-farm sources account for 30-40 per cent in South Asia, with the majority of this coming from local rural sources rather than urban migration (Barrett et al., 2001; Bryceson and Jamal, 1997; Reardon, 1997; Reardon et al., 2001; Lanjouw and Shariff, 2001).

What is the Rural Non-Farm Economy? 'Rural' is a spatial definition and includes small rural towns, growth centers and their industries. Often these are where the largest share of the RNFE is situated.

The RNFE comprises all those non-agricultural activities that generate income to rural households (including income in-kind and remittances), either through waged work or self-employment, (Reardon, 2009). RNFE is a very diverse sector: highly lucrative at the top end with mainly formal wage employment and modern capitalized enterprises, but very basic at the bottom end where traditional artisanal skills and poorly paid manual labor prevail. Often, access to these opportunities reflects existing patterns of power, gender, class and race.

In order to better understand the concept of RNFE it seems important to first distinguish between the existing farm/non-farm categories of activities and income sources. Farm activities include all those activities in the agriculture sector, regardless of location or function. Farm income includes livestock as well as crop income and comprises both consumption-in-kind of own farm output and cash income from output sold. Off-farm category refers to all activities away from one's own property, regardless of sectorial or functional classification; can be wage or self-employment. Non-farm activities are those activities undertaken outside the agricultural sector and its income refers to all non-agricultural income sources, regardless location or function. For the purposes of this study the non-farm economy is considered to include all economic activities other than the production of primary agricultural commodities, regardless location or function.

There are several reasons why the promotion of RNF activity can be of great interest for developing countries. First, the evidence shows that RNFE is of great importance due to its production linkages and employment effects, while the earnings it provides to rural households represents a considerable share of rural incomes. This source of income may also prevent rapid or excessive urbanization as well as natural resource degradation through overexploitation. Hence, there is evidence that these contributions are becoming increasingly significant for food security, poverty alleviation and farm sectors competitiveness and productivity, (Davis, 2003).

However, it is also argued the need to address prevailing constraints resulting from the rise of RNFE. Taking into consideration non-farm employment and activities, sectorial businesses often remain confined to low-productivity and low-growth market sections, which offer insufficient pathways out of poverty, simply a means of survival. Gender, caste, and social status likewise restrict access by the poor to the most lucrative non-farm activities in some settings; many lack the information, mobility, technical skills and financial capital necessary to effectively manage and expand a business.

Decisions made by rural households concerning the extent of their involvement in RNF activities, either starting enterprises or entering the wage labor market, generally depend on two main factors: the

incentives offered, such as the relative profitability and risk of farm and RNF activities; and, the household's capacity (determined by education, income and assets and access to credit) to undertake such activities, (Hazell and Reardon, 2009).

Typically, self-employment accounts for about 25 per cent of rural non-farm employment. Indeed, in many settings, a majority of non-farm businesses are one-person firm with no employees. But management difficulties, weak credit markets, and highly seasonal business activities lead to heavy turnover, with high enterprise birth rates and correspondingly high closure rates. As suggested by available studies, rural non-farm employment holds special importance for women. Women account for about one-quarter of the total full-time RNFE workforce in most parts of the developing world, (Davis, 2004). Gender dynamics add significant insight into rural poverty and livelihood issues and it has emerged as an important factor influencing participation patterns and trends in the RNFE.

This research identifies *women entrepreneurs* as the basic unit of analysis so to overcome potentially constraints in the context of SL approach and in order to cover as much as possible the specific contribution of female entrepreneurial work to the RNFE. In the literature, one potentially significant constraint of the SLA is that it tends to take the household as the basic unit analysis. Therefore, there is a risk that intra-household inequalities in interests, opportunities, economic control over resources and power's distribution along the decision-making process, which often have gender as basis, are not given sufficient attention thus, possibly leading to an uncompleted environment when assessing women's potential and role within the non-farm sector.

Once the study is in line with a responsive and participatory approach through which poor people themselves must be the key actors in identifying and addressing livelihood priorities at the same time that they take action to improve and shape their own lives, the following section considers the engagement of rural women in self-income generating activities by means of entrepreneurship.

1.1.2.1 Income Generating Activities

In the 1990s there was a quick growth of female entrepreneurship in response to the changes in the global economic and local socio-political environments. For example, by means of self-income generating activities, entrepreneurship is considered to be one of the most important factors contributing to empowering rural women in Bangladesh, (Sinha, 2005).

A large number of poor people throughout the world are engaged in income-generating activities in order to make ends meet for themselves and their families. In particular, resilient and resourceful rural women contribute in a multitude of ways through different livelihood strategies to support their families, their communities, and themselves through contributing to food and nutrition security. They work as unpaid and own-account or on-farm and non-farm laborers for others in agriculture and agro-industry; as entrepreneurs, traders, and services providers; as leaders; and as caretakers of children and the elderly.

Evidence shows that rural women's primary asset is their own labor. Despite many of rural women's activities are not recognized as "economically active employment" in national accounts, women are

essential to the well-being of their households, (FAO, 2011). For this reason, one of the keys to achieve the Millennium Development Goals (MDGs), particularly MDG1 “*Eradicate Extreme Poverty and Hunger*”, is to guarantee greater opportunities for more and better rural employment – whether self-employed in small or micro-enterprise or waged employment, (Fontana and Paciello, 2010).

Income Generating Activities (IGA) are conceptualized within the economic development debate as all the activities undertaken by women which guarantees them income through women’s own efforts and work. The purpose of engaging in IGA is to provide women opportunities not only for economic independence but also to ensure social, economic and personal development in the longer-term. When economic independence or access to self-generated income are major concerns, involvement in IG activities can effectively empower rural women to enjoy their ability to reshape their lives, (Islam, 2011).

However, finding income generating activities is not an easy task in rural areas throughout the developing world and special attention must be given to poor women. When rural women aim to work, to take one step further into their future and do something by themselves, their potential to do so is reduced by diverse and several constraints and by deep-rooted structural gender inequalities that prevent these women from enjoying their economic potential, as identified by Roomi & Parrot’s (2008) study - “*women entrepreneurs do not enjoy the same opportunities as men due to a number of deep-rooted discriminatory socio-cultural values and traditions*”.

Considering the availability of non-farm activities, it is widely recognized in the literature that women face numerous entry and further business growth barriers, such as the lack of capital, resources, education, adequate skills, knowledge about the marketing process and, in general, support from their family and community to engage in IGA, (Hill, 2011; Islam, 2011; Jamali, 2009; ILO, 2009).

Among the above listed factors, the gender gap regarding access of men and women to education and financial services still remains largely untapped when potential business opportunities arise, which severely restricts the availability of occupational and economic opportunities accessible to women.

Firstly, without access to credit, rural women often lack the capacity to cope with risk and the costs associated with innovation such as starting-up or strengthening a rural enterprise or improving its productivity. Women may be more disadvantaged than men in starting up enterprises, as they may be less able to afford long and expensive registration procedures either because of financial and/or time costs (United Nations, 2009). Through financial service access, women *can* become economically empowered through using credit, savings, and insurance to promote their own economic activities, as well as create and protect their assets, enter or strengthen their links to markets, and diversify their economic activities (World Bank and IFAD, 2009).

Secondly, access to education is perceived as having a major impact on rural women’s potential to access productive, income-generating opportunities and more decent work, because of their increased confidence and skills to be able to negotiate for better conditions and organize with others to do so. Thus, education is a key source of human capital, which offers a potentially important route into higher-return nonfarm opportunities, (Hill, 2011). This is why more educated people tend to seek off-farm employment. However, a distinction is made regarding the type of off-farm activities undertaken by rural populations. Some studies pay close attention to schooling years and relate those to wage- versus self- nonfarm

employment, for example the study of Ecuador by Elbers and Lanjouw (2001), which shows that the least educated do low-paying nonfarm labor in manufactures or services, those with basic education manage small enterprises mainly in manufactures, and those with more education tend to work in the higher paying wage jobs like teaching or to have larger local enterprises. Additionally, evidence from a study of Mexico by Janvry and Sadoulet (2001) also emphasizes strong positive relations between education and both nonagricultural wage employment and self-employment within the non-farm sector.

In order to decrease such cultural and social constraints, IG programs are designed to organize rural women into groups with potential to act as powerful channels to provide information and services to the most deprived women. Through several activities such as microfinance schemes, vocational and skill trainings, micro enterprise promotion, gender awareness and resource mobilization, these female groups aim to bridge the gaps across the interlinked levels of human, economic and social capital by ensuring income generation and wealth-being on a sustainable basis.

1.1.3 Female Entrepreneurship Narrative

Over the last decade, there has been an increase in interest in the role that women entrepreneurs play in the economic development process. It is so due to the recognition given to female entrepreneurship as an essential way to fight against poverty and gender inequity across societies and its strength to promote empowerment and leadership for women (UNIFEM, 2000). Not only does female entrepreneurship contribute to economic growth and employment creation, but it also enhances the multiplicity of entrepreneurship in any economic system. Evidence shows that female-led micro and small enterprises (MSEs) can have a more significant impact on overall household welfare and consumption than male-led MSEs, (Minniti and Naudé, 2010). In light of these reasons, supporting and promoting women entrepreneurs as become a meaningful objective both to empower women, on social, economic and personal dimensions, and to reduce poverty throughout the developing world.

What is important however, is not only the expansion in absolute terms of women entrepreneurs, but the conditions in which they operate their businesses and the degree to which they benefit from economic activities. The majority of poor women begin their enterprises to cope with costs of household subsistence and inadequate male contributions to family survival. These women are locked into low investment, low growth and low profit activities, not only because of limited markets and enterprise opportunities in poor economies, but also due to gender inequalities in access to resources, skills, markets and labor.

As some literature suggests, entrepreneurship is not only related to the level of economic development as it is also embedded in a specific national economic context. In this sense, the bases of female entrepreneurship lie in an inter-related web of micro (individual competences), meso (organizational processes and practices), and macro (social, economic & institutional) dimensions (Jamali, 2009). However, it is not always possible to make clear assessments on the extension of increasingly

female entrepreneurship as the predominance of “surrogate entrepreneurship”¹ or “surrogate ownership” noted by some authors, makes the task of accurately capturing women entrepreneurs particularly difficult, (Sinha, 2005).

A focus on women’s entrepreneurship has been particularly strong in low-income countries since the Micro-Credit Summit in Washington in 1997. Starting with the first papers in the early 1970s, research on female entrepreneurship has expanded to a multiplicity of disciplines, methods and countries. Yet, female entrepreneurship potential and contribution to local economic development remains largely untapped in many different and specific contexts, (Baughn, 2006).

To properly understand entrepreneurship it is important to address its terminology and functions (see box 1) as well as the underlying causes for women to become self-employed. The large majority of available literature draws systematic attention to the causes of pursuing entrepreneurship referring to gender inequality as a “push factor” identified in both developed and developing economies (Aidis et al, 2007). Thereafter, women entrepreneurs are systematized into three categories, as suggested by Roomi & Parrot (2008): (i) personal freedom seekers, who made a conscious decision to enter business in order to benefit from more flexibility or were induced by personal challenge, (ii) personal security seekers, who need to maintain or improve their personal as well as their family’s socio-economic status, which decision was driven by need, and (iii) personal satisfaction seekers, women who were no longer comfortable with their role as homemakers and aim to achieve a more independent status.

BOX 1. Entrepreneurship & MSEs: Terminology and Functions (Mayoux, 2001)
TERMINOLOGY
<ul style="list-style-type: none"> * Small business/enterprises * Micro-enterprises * Informal sector enterprises * Self-employed workers * Women-owned businesses * Co- entrepreneurs
FUNCTIONS OF ENTREPRENEURSHIP
<ul style="list-style-type: none"> * Ownership of productive resources * Obtaining raw material supplies and other necessary inputs * Management and supervision of labor * Marketing * Functions involved in business planning, credit and investment

Evidence shows that significantly fewer women than men own and manage businesses worldwide (Kim, 2007; Georgellis and Wall, 2005); that women’s businesses tend to be smaller and to grow less than those owned by men (Coleman, 2007; DuReitz and Henrekson, 2000); and, women’s businesses tend to be less profitable than those of men (Robb and Wolken, 2002). Likewise, some studies also highlight higher rates of female entrepreneurship in developing than in developed countries. One can justify rates’ differential by the fact that in developing economies women face more barriers to entry in the formal labor market and

¹ Ganesan (2003) describes surrogate owners as a category of women entrepreneurs wherein the business is registered in the name of the women but men were operating it. The women who have lent their names have done so either for their husbands or their fathers. Most of these men were in full time salaried employment and were not allowed to enter into business.

have to recourse to entrepreneurship as a way out of unemployment and out of poverty, (Minniti, 2006). Considering these results, to be gender sensitive appears as crucial factor in understanding livelihood strategies and the entrepreneurial process in particular. Once development initiatives take into consideration people-centered and participatory approaches, the rationale for the focus on female entrepreneurship is that it reflects the challenge faced by women to step into their own sustainable future by making use of the few available resources and by embracing entrepreneurship as the pool to improve the well-being of their families and communities.

For the purpose of the study *entrepreneurship* is considered as the process of using private initiative to transform a business concept into a new venture or to grow or diversify an existing venture or enterprise, either by necessity because of the lack of wage employment or poverty, or by choice in order to exploit some perceived 'opportunity', (Tambunan, 2009). Moreover, *entrepreneurs* are defined as those who 'undertake the organization and management of an enterprise involving innovativeness, independence and risk, as well as the opportunity for profit' (Timmons and Spinelli 2006, 10).

Extant literature and studies provide information on the profile of women entrepreneurs, descriptions about motivational dynamics, the obstacles they face and the strategies they employ to overcome these, the extent of access to capital as well a focus on drawing comparisons between male and female entrepreneurs. These studies have focused on female entrepreneurs both in developed and developing countries and, across less developed countries studies have mainly highlighted the role of entrepreneurship in urban and semi-urban areas. However, as female entrepreneurship is embedded in specific national, regional and local contexts, this study was conducted to provide greater insight on positive deviance and its relational influencing factors between rural female entrepreneurs in the researched area of Makwanpur District, Nepal. It seems relevant to address why some self-employed women in the non-farm sector perform better than other apparently under the same context and environment.

Becoming an entrepreneur can be seen as an endless journey, depicted by an array of positive and negative inputs, which need to be interpreted in a time-dependent cultural, societal and personal dimensions.

A qualitative study on women entrepreneurs in Lebanon conducted from a multidimensional perspective revealed that women entrepreneurs have identified work experience in the same sector or personal aspirations influenced by friends/relatives as the mechanism to spot business opportunities. The majority leveraged differentiated stocks of human capital as reflected in relevant educational qualifications and industry experience. When questioned about performance, women expressed satisfaction with business performance, despite the various constraints faced along the way. All respondents expressed concern about striking a balance between family and business life as the main constraint, followed by societal attitudes and restricted access to capital. Additionally, macro-level constraints also mentioned comprised the lack of access to networks and the lack of government support, (Jamali, 2009).

A study by Roomi and Parrott (2008) on development of women entrepreneurs in Pakistan showed that nearly half of the women have expressed the need to maintain or improve personal as well as their family's socio-economic status as the main driver to engage in entrepreneurship. Regarding the challenges faced by women, many of them identified spatial mobility as the most challenging factor when starting a business followed by a structural lack of networks enabling women to exchange important information, to discuss issues and to seek advice on common topics.

An ILO report on the findings of a survey conducted in 2000/2001 on a "Start Your Business" training programme in Vietnam by Barwa (2003) revealed interesting findings on the background information of the Vietnamese women entrepreneurs. Forty percent of the women said that their main reason for starting a business was to supplement an existing family income. Twenty-eight percent said that they had a business idea, which prompted them to go into business. Many of them were engaged in more than one business activity.

In studying women entrepreneurs in Bangladesh, Karim's (2001) report state that considering educational levels, forty-two percent of the female entrepreneurs have less than 10 years of schooling (below the secondary school level). Additionally, the study found that the family background and environment influences the entrepreneurial process. Fifty-eight percent of the women entrepreneurs' spouses were independent workers and fifty-seven percent of them had self-employed fathers. Furthermore, the majority of the female entrepreneurs rank desire to supplement family income as the primary reason for starting the enterprise followed by earning an income and doing family chores simultaneously and pursuing a hobby.

A study by Maysami (1999) on female business owners in Singapore revealed that the five main motivational factors of Singaporean female business owners were: i) business opportunity identification; ii) the desire to put knowledge and skills into use; iii) the need for freedom and flexibility; iv) the desire to achieve personal growth and recognition; and v) the need to make more money for financial independence. Teo (1996) as cited in Maysami (1999) found that most of the female Singaporean business owners had at least 10 years of schooling, while thirty-five percent held first or postgraduate degrees, fifteen percent had professional or polytechnic qualifications and fifty percent had completed secondary-level education. The most common problems faced by female business owners were lack of a start-up capital, lack of confidence in female business owners' abilities on the part of banks and suppliers, as well as family issues. Factors that Singaporean business women cite as having contributed to their success are product and service qualities, quality of personnel, adequate knowledge of products and services, and customer loyalty.

According to a study of Indian entrepreneurs conducted by Nafziger and Terrell (1996), formal education often does not contribute to entrepreneurial ability², as the authors found that new firms established by formally well-educated entrepreneurs are less likely to survive because their founders face better opportunities in wage-employment and rent-seeking. Additionally, experience is also an important asset that can compensate for education as, according to the same study, age, experience and

² It is often measured by one's educational status and experience

background can compensate for lack of education in start-up rates and the success of the firm, (Nafziger and Terrell, 1996).

The large majority of the studies available have indeed documented female entrepreneurship and gender differences at a micro and meso-level reporting to self-perception, opportunity recognition, decision-making variables, access to financial capital, network structures/networking behavior and educational background. When considering education levels, one should notice that some studies point out controversial relations between informal/formal education and the extent and/or success of the involvement in entrepreneurial activities. Nevertheless, more recent studies are characterized by an inclusive approach and multidimensional analyses due to the recognition that individual orientations alone are not enough to tackle the potential of women entrepreneurs to fully improve livelihoods; instead, personal characteristics and behaviors are intertwined with and also explained by meso and macro-level factors, including organizational and social processes, policies and practices. This change towards multidimensionality is a result of a realization that individual orientations are enmeshed and molded by economic, legal, normative and societal environments, supporting the thesis of entrepreneurship embedded-ness in specific socio-cultural contexts, (Bruin, 2006).

By providing women with the means to generate their own income, microenterprise development helps them play a greater economic role in decision making processes and local economic development.

1.2. Women's Empowerment

Next to female entrepreneurship in non-farm activities, women's economic empowerment is the other main pillar of the research theoretical background. The empowerment of women has gradually become a widespread concept within the development discourse, particularly considering gender approaches to rural development. Nevertheless, in the available literature there is no consensus definition of empowerment or a unique way of assessing and measure it. Therefore, the empowerment of women can mean distinctive things in different contexts depending on who is making use of this broad concept, (Mosedale, 2005).

1.2.1 The role of women in development

In both urban and rural areas of developing countries, women are important contributors to the economic support of their households. In the context of women and development, 'empowering' women has become a frequently cited goal of development interventions as women can play a greater role to contribute to development, poverty alleviation and economic growth. The focus of the World Bank Report on *Gender Equality and Development*, (2012) is on the need to call for adequate policies that are able to strength gender equality throughout the world as the patterns of progress and persistence in "*gender equality matter for development because gender equality is a core development objective in its own right*", (WB, 2012). The

same report asserts that if societies move towards gender equality they can boost productivity, improve development outcomes for the next generation and make institutions more representative.

Regarding women's potential to contribute to global and local economic development, developmental policies and programs tended not to view women as integral to the economic development process. This is reflected in the higher investments in women's reproductive rather than their productive roles; yet women throughout the developing world engage in economically productive work and earn their own incomes. Their earnings, however, are generally low. Since the 1950s, development agencies have responded to the need for poor women to earn incomes by making relatively small investments in income-generating projects. Often such projects fail because they are motivated by welfare and not development concerns, offering women temporary and part-time employment, (Mehra, 1997).

In many developing countries, the economic potential of women still remains not acceptable and they lag behind men. Women's potential is limited by multiple and diverse constraints and by persistent structural gender disparities that prevent them from enjoying their rights. Thus, due to socially defined gender roles and relationships, women face particular constraints that men do not. When considering female entrepreneurship, the observation is particularly accurate for women as women's enterprises face numerous other constraints. At the household level micro-entrepreneurs need to adjust to seasonal fluctuations, to balance multiple economic activities in order to spread risk, and to balance short-term cash low requirements against longer-term investment requirements. Rural women are exceptionally constrained by unequal access to productive resources and services and inadequate or inaccessible infrastructure, (Hill, 2011).

Over the past quarter century and considering disadvantages faced by women and girls, some gender gaps have been closed by development itself. For example, the world has been experiencing higher levels of female primary educational enrollment, increased life expectancy and increased participation of women in paid labor force. However, some other gaps persist and are still constraining women to realize their full potential as human beings and as economic agents. In this sense, developmental policies and initiatives need to address the excessive deaths of girls and women, persistent disparities in girl's schooling when compared to enrolment rates for boys, unequal access to economic opportunities and differences in voice in households in society, (WB, 2012).

The changes seen over time are not only the outcome of development agencies' efforts but they have also been both the stimulus for and the result of the growth and development of nongovernmental organizations (NGOs) that work directly at the grassroots level with low-income people like small-scale farmers and micro-entrepreneurs, (Mehra, 1997).

International community is bringing female potential to the mainstream. Women now make up to over 40 per cent of the global labor force. However, women still fall behind in earnings and productivity, and in the strength of their voices in society. There has been growing recognition of the need to address basic human needs and to adopt more participatory approaches to achieve development goals.

Nowadays, gender equity is one of the priority themes among development agencies and organizations, meetings and initiatives and it is outlined within the MDGs framework. Hence, such challenges are targeted through MDG 1 *Erradicate Extreme Poverty and Hunger*, in which the potential of empowering rural women is perceived as one of the main drivers to achieve it; the need to promote gender equality and empower women is specifically addressed in the MDG 3 that recognizes a wide range of employment vulnerabilities featuring women economic participation, discrimination of women in access to education, work and economic assets, and participation in politics and emphasizes the concentration of business ownership in men's hands throughout the developing world. Additionally, international institutions as the World Bank have designed policies to efficiently achieve gender equality by focusing on four priority areas: (i) to reduce gender gaps in human capital; (ii) to close gender gaps in access to economic opportunities, earnings and productivity; (iii) to shrink gender differences in voice and agency within society; and, (iv) to limit the reproduction of gender inequality across generations.

UNIFEM (the United Nations Development Fund for Women) defines women's economic empowerment as 'having access to and control over the means to make a living on a sustainable and long term basis, and receiving the material benefits of this access and control. Such a definition goes beyond short-term goals of increasing women's access to income and looks for longer term sustainable benefits, not only in terms of changes to laws and policies that constrain women's participation in and benefits from development, but also in terms of power relationships at the household, community and market levels' (Carr, 2000).

1.2.2 Conceptualization of women's economic empowerment

Women's empowerment has been conceptualized in many different ways and distinctive frameworks were designed to measure it. Although empowerment is a multidimensional concept through interlinked agents and sources, the study focus mainly on women's economic empowerment as a potential outcome of non-farm female entrepreneurship. However, one should notice that the process of someone being empowered in one dimension does not lead to empowerment in all direction of one's life, unless it considers all aspects of life of the beneficiaries of such activities, (Mosedale, 2005). Economic empowerment is important as a means for guaranteeing families' secure livelihoods and overall well-being. However, rural women's economic empowerment can also have a positive impact on their social and political empowerment, through increased respect, status, and self-confidence and increased decision-making power in households, communities, and institutions, (Hill, 2011).

What does empowerment mean? Empowerment is often defined as both a means to a specific end and as an end in itself. Empowerment encompasses the "ability to make choices and entails a process of change of all the components of societal structures that shape and reproduce power relations and the subsequent unequal distribution of society's resources and opportunities", (Kapitsa, 2008).

Mosedale’s conceptualization of ‘empowerment’ comprises “the process by which women redefine and extend what is possible for them to be and do in situation where they have been restricted, compared to men, for being and doing” (2005). A similar definition is given by Naila Kabeer, who defines ‘empowerment as the process by which those who have been denied the ability to make strategic life choices acquire such an ability’ (Kabeer, 1999). For Kabeer, empowerment entails change and it is interplay of different and complementary dimensions, which will be explained further on.

Despite the lack of consensus definition on empowerment among scholars, the common factor is that, as a group, women are constrained by ‘the norms, beliefs, customs and values through which societies differentiate between women and men’ (Kabeer, 2013). Therefore, as previously mentioned, the precise ways in which the concept operates vary culturally, over time and according to which variables are being used to assess the level of empowerment.

As available in the literature, there are four dimensions that are widely accepted on women’s empowerment. Firstly to be empowered one must have been disempowered. It is relevant to think of empowering women because, as a group, they are disempowered relative to men. Secondly, for one to become empowered must be the self to claim and to take a step into her own empowerment rather than to be granted by a third party. Thus, the role of development agencies and NGOs is to facilitate women to empower themselves by providing knowledge, access to resources and networks. Thirdly, definitions of empowerment include, in general, the idea of people making decisions. Reflection, analysis and action are involved in this process, which may happen both on an individual and/or a collective level. Finally empowerment is an ongoing process rather than a final product. It can mean an end in itself when it is considered as a way to achieve something else at a given moment, but not in absolute terms or taken on standing perspective. People are empowered, or disempowered, relative to others or, importantly, relative to themselves at a previous time, (Mosedale, 2005).

Notwithstanding the fact that empowerment has become a commonly used term within the development debate, there is also no accepted method for measuring empowerment or tracking changes in power relations. Some studies have attempted to design a framework to access empowerment, some have seeking to draw comparisons over time between locations and populations, some to analyze the impact of specific developmental initiatives on women’s empowerment and civil society, and others to determine the implications of women’s empowerment to advocate for policy interventions. However, bearing in mind two relational concepts within empowerment itself appears to be crucial when attempting to measure women’s empowerment.

Firstly, as conceptualized by Kabeer (1999), the concept of empowerment has to be framed through three closely interrelated and indivisible dimensions: resources, agency, and achievements.

Resources	Agency	Achievements
Pre-conditions	Process	Outcomes

Table 1. Inter-related dimensions considering the ability to exercise choice, (Kabeer, 1999)

Resources are the medium through which agency is exercised and are the preconditions for empowerment. They are identified as not only material (economic) but also human and capital resources, which enhances the ability to exercise one's choice. Access to such resources 'will reflect the rules and norms, which govern resource (as well as power) distribution and exchange in different institutional areas' (Kabeer, 1999). Through the availability of a wide range of resources, these are acquired through a multiplicity of social relationships and networks conducted in several institutional domains: private, market, and public. One should notice that access to resources might take the form of actual allocations as well as future claims and expectations.

Agency represents the processes by which choices are made, goals are defined and act upon them. Moreover, it embodies the meaning, motivation and purpose that individuals bring to their activity or 'the power within'. It is hence central to the concept of empowerment.

Usually thought of as 'decision-making', agency can also involve 'bargaining and negotiation, deception and manipulation, subversion and resistance' (Kabeer, 1999). This observation is consistent with the fact that the decision-making process and relations in some form are at the core of some of the best known attempts to conceptualize power (Lukes, 1974; McElroy, 1992).

It is important to consider the potentially invisible changes in power relations along the decision-making process. Studies from some South Asian researchers suggest that the renegotiation of power relations, particularly within the household, is often precisely about changes in informal decision-making, with women opting for private forms of empowerment, which retain intact the public image, and honor of the traditional decision-maker (usually the man) but which nonetheless increases women's 'backstage' influence in decision-making processes (Basu, 1996; Chen, 1983; Kabeer, 1997).

Resources and agency together are what Sen (1985) defines as capabilities: the potential that people have for living the lives they want, the extent of what is possible for people be able to 'be and do'. It is only when the failure to achieve one's goals reflects some deep-rooted constraint on the ability to choose that it can be taken as a manifestation of disempowerment. Lastly, achievements are the outcomes of people's decisions and actions and they define the different levels of empowerment.

Regarding the full extent of the empowerment process it appears important to highlight the need for people to experience each of the above-described dimensions in order to be empowered. As these phases are interlinked and indivisible, each dimensions as to be the result of the previous one. As a consequence of the interplay between these factors, different degrees of empowerment arise along individual and social lines (gender, age, ethnicity, class, etc). However, this change needs to come from the inside, from individual and/or collective agency, and cannot be solely defined by external factors that reflect the desired outcomes. Thus, although empowerment through group processes can be highly effective, ultimately empowerment must lead to change at the individual level not only in terms of control over extrinsic resources, but also greater autonomy and authority, for example, in decision making and assertiveness, (Sen, 1999).

Therefore and according to World Bank framework to assess empowerment, direct measuring of empowerment can be made by assessing: (i) whether the opportunity for making a choice exists (existence of choice); (ii) whether a person or group actually makes such a choice, (use of choice) and (iii)

whether the choice made resulted in the desired outcome (achievement of choice outcomes), (Alsop and Heinsohn, 2005)

The second concept reports to *power*. Not only pre-conditions, actions and outcomes as components of the empowerment process are crucial as they are also closely linked, enabled or constrained by the power relationships established between different agents. Power is a complex and multifaceted phenomenon and its analysis requires a holistic multidisciplinary approach and long-term efforts to assist power- deprived groups to gain essential expertise, skills and knowledge and/or to change institutional settings in order to modify the established distribution of power and its primary sources, (Mosedale, 2005). The author particularly highlights the gendered nature of women’s disempowerment, *“women’s empowerment is the process by which women redefine gender roles in ways which extend their possibilities for being and doing. Therefore women can act to challenge gender roles as part of any collective struggle they are involved in”*, (Mosedale, 2005). Moreover, she conceptualizes women’s empowerment by analyzing four categories of powers: “power over”, “power within”, “power to” and “power with” (see table 3). In the context of power relations, “power within” and “to” are the required pre-conditions that will boost and guide the empowerment itself. Thus, they correspond to Kabeer’s resources dimension.

POWER RELATIONS			
OVER	WITHIN	TO	WITH
Power exercised by one(s) over other(s) (men over women)	Empowerment related to increased self-esteem and confidence	Empowerment related to greater skills and access to resources	Empowerment as a collective action able to achieve more than individuals alone would be capable of
Confrontational Power	Internal change to create self-empowerment	Personal change to expand boundaries of what is achievable	Collective power for change

Table 2 . Mosedale’s framework for power relations within the empowerment process

The described model of power constitutes an interesting approach to empowerment when considering how women can “build the capacity to participate effectively in shaping the social limits that define what is possible’ (Hayward, 1998). For Mosedale, to overcome relations of “power over” by establishing relations of “power within”, “to” and/or “with” its of great relevance to change unequal gender relations which prevents women to realize their full potential and aspirations.

While any improvement in power relations is valuable and desired to change disadvantaged situations, it is only when it is the outcome of women’s action that empowerment is the valid term to use. Therefore, of particular importance in measuring empowerment are evaluation methods that can be build on the response and feedback of the concerned community itself, which refer to methods build on the response of those who are empowering themselves, (Sen, 1997).

Access to and control over economic and financial resources is critical in enabling rural women's economic empowerment, improving food security, and improving local economies as well as life in rural communities. Once the focus of the study is specifically on women economic empowerment, it appears relevant to analyze and measure the economic and financial resources available to women so they can guide their empowerment and ensure improved livelihoods.

Regarding this topic, there is no comprehensive agreement among researchers on the role of economic resources (material assets) in empowering women. Both approaches make a valuable contribution to the understanding of empowerment, albeit from different perspectives. Some scholars describe economic resources as a source of power, and therefore advocate for measures that could affect the re-distribution of assets within the family, community and/or society in general, with the aim to improving women's social status and their capability to generate wealth. Some others identify material assets only as an empowering condition. Thus, it does not call for a redistribution of assets but rather stresses the importance of access to resources, (Hill, 2011).

As empowerment entails a process of change and requires multidimensional analysis, there are two perspectives and potential indicators that may be interesting to take into consideration for the future and to include in the broad women's empowerment framework. Firstly, efforts over time to empower women have been mainly focused on ways to improve their effectiveness at the local level, (Kapitsa, 2008). In the era of globalization, however, such an approach may comprise limitations since even the most marginalized groups are increasingly influenced by national and global development trends and their interaction with local processes. Secondly, some literature advocate on the interest to explore the notion of "entrepreneurial capital". As an indicator, it could be design for monitoring female entrepreneurship and for identifying the bottle- necks to women's empowerment. Women's entrepreneurship mirrors their societal position As a report from United Nations Division for the Advancement of Women suggest, gender differentials in entrepreneurship can arise from women's disadvantages in "in their access to various entrepreneurial capital (and cannot be attributed exclusively to the constraints in their access to financial resources), given their personal background and employment experiences and the socio-economic and cultural context in which their businesses operate", (Kapitsa,).

1.2.3 Women's empowerment through microfinance

"This is not charity. This is business: business with a social objective, which is to help people get out of poverty."

- Muhammad Yunus, 2008 -

Microfinance, as a strategy capable of reaching the most poor and, in particular, women to involve them in the development process, has attracted much attention in the development field over past decades. The 1990's have seen considerable advances in the design of microfinance programs targeting women and a significant increase in poor female outreach.

Regarding the impact of microfinance in societies where women have traditionally and persistently been excluded from the cash flows economy, the literature have found that women's access to credit led, in general, to a number of positive changes in women's own perceptions and their increased role in household decision making process. Moreover, for some scholars microfinance has proven to be a powerful tool for change as it has the potential to positively affect other areas of personal and community life including good governance, participation in the political processes, women empowerment, social inclusion and conflict transformation, (Sharma, 2004).

As pointed out before, supporting and expanding female entrepreneurship has become a worthwhile objective not only to empower women, but also to reduce poverty in developing countries. In light of these reasons lies the motivation behind the extensive and quick increase in micro-credit targeted at female entrepreneurs in developing countries, (Kevane and Wydick, 2001).

In the literature, four common rationales are often highlighted to justify the focus on women in the microfinance sector: (i) gender equality is a crucial component of a development and poverty alleviation strategy; (ii) women generally face more constraints than men in accessing credit due to the existing legal framework and patriarchal society; therefore MFIs represent a solution to incorporate women in financial activities; (iii) it is claimed that women are more prone to invest more of their money on the wellbeing of their families than men thus, contributing to improved livelihoods; and, (iv) it is documented that a large majority of women clients of MFIs present good repayment records, which facilitates the sustainability of these financial institutions.

However, there is no consensus in the literature on the role of microfinance on women's empowerment and development. In recent years, a sharp debate and studies have taken place on microfinance in Asia, in particular, in South Asia, reflecting distinctive approaches to the positive and negative effects of microfinance. Furthermore, within the belief of positive impact of microfinance in women's livelihoods, one can distinguish between two different models: the minimalist one and the more holistic model.

Reflecting on the progressive role of microcredit, on one hand, some scholars advocate the minimalist model, which highlights financial sustainability. They claim that providing credit *per se* inevitably empowers women clients. This approach assumes that access to credit can 'initiate a series of virtuous spirals of economic empowerment, increased well-being for women and their families and wider social and political empowerment' (Mayoux, 1999). For example, according to a study on credit programs for rural women in Bangladesh conducted by Islam (2011), evidence shows that microfinance can indeed empower people if they take loans to invest in business and to generate income rather than to satisfy their physiological needs; women that took loan to meet basic needs face higher pressure to repay the loan and they are more prone not to be capable to repay it on time, as they are not investing the money to generate greater income. Moreover, "those women who established income-generating businesses felt as though they had developed an improved standard of living", (Islam, 2011).

On the other hand, there is other trend embracing a more holistic and integrated approach. It is sustained that women's empowerment a result of several mutually reinforcing interventions that go beyond mere loans, (Ofreneo, 2005) – microfinance institutions should expand their financial and non-

financial services to cover several risks and vulnerabilities experiences by women clients. When microfinance institutions (MFIs) envision beyond the minimalist model and add social services and capacity building to the range of services available to their clients, it is assumed that they are concerned not only with their own sustainability but also with that of their clients, who benefit from social protection as well as other resources to meet their everyday needs. Capacity-building activities include entrepreneurship development, basic accounting, marketing, business planning, doing feasibility studies and skills training, preferably in non-traditional occupations that provide more returns but have not been sufficiently stimulated, (Ofreneo, 2005).

However, the positive impact of microfinance is not widely recognized and several studies have raised doubts about the effectiveness of MFIs in reaching the “core poor” and to truly be a mechanism to fight poverty and gender disparities. One of the main issues contemplated within this trend is related to the lack of actual control over microfinance resources rather than the mere access to them. This observation implies the existence of potential forms of “surrogate ownership” preventing women’s empowerment and female entrepreneurship, (Bushell, 2008; Sinha, 2005). The negative gender effects of microfinance are documented as husbands’ appropriation of their wives’ loans.

Studies conducted in Bangladesh show that ‘the majority of women borrowers in the programs studied did not control either the loans received or the income generated from their micro-enterprises’, (Sabhamal, 2005). In other words, easing women’s access to credit will not necessarily translate into empowerment’ Furthermore, some authors argue that income-generating or livelihood projects made possible by microfinance may merely perpetuate the gender division of labor, as women may be doing work similar to or compatible with what they already do at home, (Pineda-Ofreneo, 1999).

ILO, for example, takes the position that women need to have actual control over (not mere access to) microfinance resources for them ‘to contribute to women’s empowerment; to facilitate women’s entrepreneurship; to assist women in their reproductive tasks; and to ease their repayment burden’.

The critique of microfinance, as articulated since the late 1990s particularly by women’s groups, had its initially focus on gender inequalities, but gradually widened to include issues of accessibility, sustainability and women’s empowerment within the overall context of combating increasing poverty. These critiques are the basis for calling for a more holistic and integrated approach within the MFIs performance, which need to act beyond a merely financial perspective and to become also social and capacity services providers so small loans and microenterprise development may result in transparent and sustainable economic empowerment of women. In this sense, to ensure livelihood sustainability should feature as one of the main goals of development within MFIs interventions. Having access to larger loans is a requirement to enable the up scaling of livelihood initiatives so that they can be developed into micro-enterprises, and potentially small and medium enterprises. Nevertheless there are other pre-requisites acknowledge by rural entrepreneurs to start-up or strength their income-generating activities, such as training (vocational training and financial management), product development, market access, new technologies and social insurance.

According to ILO's working paper on microfinance and microenterprise development in Nepal and Pakistan (2005), the findings show that microfinance and microenterprise development may serve as a catalyst towards social change to improve the political and social status of women.

It is acknowledged that microfinance can provide tools to manage risk. Microfinance is also a precious resource in enabling people to shape their lives by making items for sale, engaging in trading activities, or providing services within their local communities. These observations are highlighted by the fact that female-led MSEs can have a more significant impact on overall household welfare and consumption than male-led MSEs, (Islam, 2011). However, little has been done to explore the potential synergies between the provision of micro-finance and MSE development, (De Gobbi, 2004).

1.3. Conclusion

This theoretical framework serves as the foundations for the design of this research on rural non-farm female entrepreneurship. It has been found in this chapter that if women are to be considered active economic agents, poverty alleviation and improved household livelihoods are more prone to be achieved. Gender has been playing an important role when considering rural and sustainable development as women tend to be engaged in a multiplicity of activities to ensure food security, greater income and, consequently more opportunities for their children. A special focus is to be placed on the increasingly number of women that presently are part of the rural non-farm economy, which provides them the basis for livelihood diversification, as more economic opportunities are available. Therefore, it is acknowledged that female entrepreneurship by means of self-income generating activities has become an important objective to achieve social and economic development throughout the developing world.

Extant literature provides information on the rationale for supporting female entrepreneurship also as a way to fight against gender inequities. However, the entrepreneurial process is a long journey characterized by distinctive drivers and constraints special featuring women. One of the biggest issues is that the differential on available resources between men and women remains largely untapped as some societies are still deeply anchored in patriarchal values and behaviors. For this reason, it appears relevant to underline not only who are the women entrepreneurs but also to understand the specific context in which women can set-up their own businesses through a multidimensional analysis on personal and external environment.

Barriers, global context and considerations on the role of women entrepreneurs across the developing world have been outlined. To take one step further, besides the recognition of women's potential to contribute to local development, positive deviance between these entrepreneurs seems one of the most important issues to strengthen capacity and design initiatives for the future.

Additionally, the conceptualization of empowerment and the potential of microfinance to empower women have been illustrated. Despite the difficulty of assessing and quantifying women's empowerment, appropriate indicators can be designed when special attention is given to local contexts.

This research is specifically focused on rural non-farm women entrepreneurs in Makwanpur District, Nepal and it makes use of a combination between livelihood and empowerment approaches (see annex 1). Taken into account this contextual background, it would be interesting to examine the conditions under which women decide to engage in entrepreneurship, to look closer to positive deviance among women participants and to analyze the potential of rural entrepreneurship in empowering women by considering their actions, own perceptions and changes in power relations within the household.

CHAPTER II: REGIONAL FRAMEWORK

Before heading to the research design of this study, the regional context of rural non-farm entrepreneurs needs to be included in this second chapter. First, the physical and socioeconomic characteristics as well as the political environment of Nepal are presented. Thereafter, the status of Nepalese women is illustrated, followed by a short description of the nepalese microfinance sector. The following paragraphs introduce the research areas: Makwanpur district and more specifically on Basamadi and Handikhola village development committees (VDCs). Lastly, Plan Nepal as the host organizations and its work with the communities are presented.

2.1. Nepal: National Background

The Democratic Republic of Nepal is a landlocked sovereign state located in the Himalayas and bordered by two enormous territories and republics: to the north it is bordered by the People's Republic of China, and to the south, east and west by the Republic of India. Kathmandu is the nation's capital and largest metropolis. The country covers an area of 147,181 sq km (CIA, 2012).

Despite its considerable small size, Nepal is characterized for extreme varied landscapes from North to South and from East to West. The mountainous north area of Nepal has eight of the world's ten highest peaks, including the highest point on Earth, the Mount Everest. With 2,8 percent of the world water resources Nepal is famous for being the second richest country in water resources after Brazil.

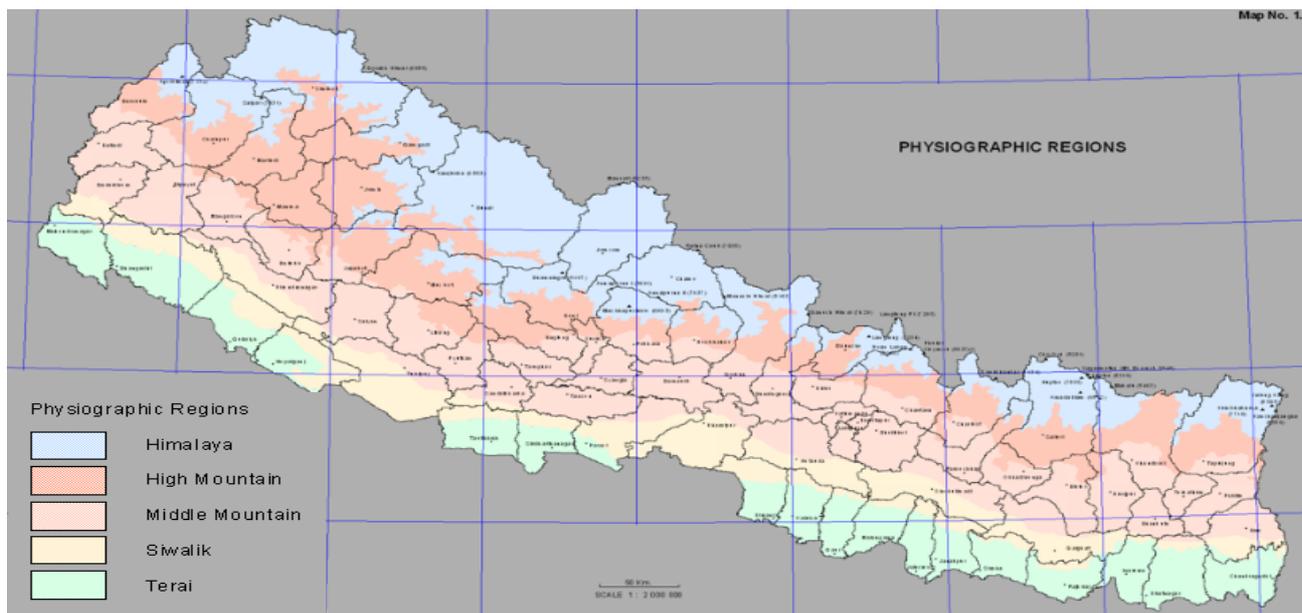
Map 1. South Asia



Source: CIA Factbook

Considering topography, Nepal is divided in three ecological regions that cross the country from east to west: the Terai, the Middle Hills, and the Himalayas. The Terai region is a belt of marshy grasslands, savannas, and forests located south and it is the most productive region in Nepal with the majority of the country's industries. The Himalayan region borders Tibet and its characterized by rock and mountain geology where only about five percent of the total population live. Nepal is highly susceptible to climate change risks and ranks 11th in the world in terms of vulnerability to earthquakes, (FAO, 2011). Climate change is expected to intensify Nepal's already pronounced climate variability and increase the frequency of climate extremes.

Map 2. Physical Map of Nepal



Source: GIS - Central Bureau of Statistics, Nepal

The population of Nepal is estimated at 30.43 million and it stands fortieth in the world in terms of population. With more than half of its population under the age of twenty-six (median age of 22.4 years), Nepal has a large pool of human capital, (CIA, 2012). Presently, the population growth rate is approximately of 1,77 per cent per year.

Nepal is one of the poorest countries in South Asia and it is, after Afghanistan, the second least developed country in Asia with a Human Development Index ranking 157 out of 187, (UNDP, 2011), (see annex 2 for National HDI). Poverty is still a huge challenge for the country. It is estimated that one quarter of the population lives under the poverty line, which means living with less than US\$1.25 a day (WB, 2008) and agriculture is still the main economic activity of the nation, (IFAD, 2013). As being part of countries' group under the category of "low human development", Nepal has a GDP of 8,04 billions US\$ and GDP per capita of 1,075 US\$. One of the main reasons for Nepal's low economic growth is conflict and instability, (NHDR, 2009).

2.1.1 Sociocultural characteristics

Considering social structures, Nepal is well known for its cultural *melting-pot*. Nepalis are "accumulators" of diverse groups who retain their distinctiveness while identifying themselves as Nepalis, once this country is home for 123 living languages and 125 different caste and ethnic groups, (CBS, 2012). However, nepali is the official language in use for educational and national purposes.

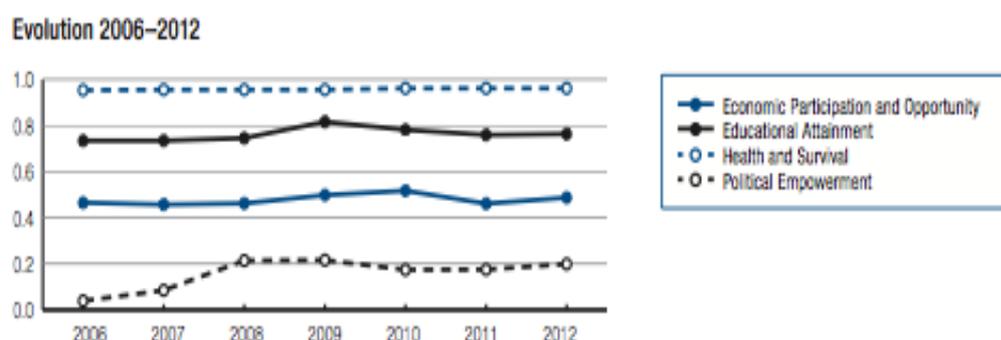
Nepal is still a country ruled by the caste system, which divides people based on their inherited social status and it is still deeply responsible for people's behaviour, beliefs and perceptions across all dimensions of life. Chhetri is the largest caste/ethnic group having 16,6 per cent (4,398,053) of the total

population followed by the Brahman high caste, (12,2 per cent). Other representative castes/ethnic groups are Magar (7,1 per cent), Tharu (6,6 per cent), Tamang (5,8 per cent) and Newar (5,0 per cent), (CBS, 2012). The Brahmin and Chhetri are considered the upper castes while Dalit, “the intouchables”, comprise the most marginalized groups in society.

Religion is a central issue across the society and Nepal is characterized by a possible cohabitation of several religions. Hinduism represents the largest religion in Nepal and Buddhism is the second one. Islam, and Christianity are also practiced, such as many other survival old indigenous beliefs.

According to the Gender Gap Index, Nepal ranks 123 out of 135 countries. When considering, for example, literacy rates, access to resources and credit and political participation, women lag far behind men. Moreover, these gender inequities also vary across regions and districts (see annex 4). Historically, the Nepalese society is based on patriarchal and hierarchical values, in which the status of Nepalese women within the household and the society remains widely unequal in comparison to men. Hence, gender inequalities are visible in all domains of the Nepalese society, such as politically, economically, socially and professionally.

Figure 2. Evolution of women status and participation in Nepal, 2006-2012



Source: *The Gender Gap Report, 2012 (World Economic Forum)*

2.1.2 Politics

Nepal has been characterized by a turbulent past and present. Until May 2008 when it became a republic, monarchs throughout history had always ruled Nepal.

In 1951, the Nepali monarch ended the century-old system of rule by hereditary premiers and founded a cabinet system of government, (CIA, 2011). Reforms in 1990 established a multiparty democracy within the framework of a constitutional monarchy. An insurgency led by Maoists broke out in 1996 and dragged the country under continuously political instability, (BBC, 2010). The succeeding 10-year civil war between insurgents and government forces witnessed the dissolution of the cabinet, parliament and assumption of absolute power by the king. Several weeks of protests in April 2006 were followed by several months of peace negotiations between the Maoists and government officials, and culminated in a November 2006 peace accord and the promulgation of an interim constitution, (Shakya, 2009). Following a nationwide election in April 2008, the newly formed Constituent Assembly declared

Nepal a democratic republic and abolished the monarchy. The first president of Nepal was elected in July by the Constituent Assembly.

Between 2008 and 2011 there have been four different coalition governments, led twice by the United Communist Party of Nepal-Maoist and twice by the Communist Party of Nepal-United Marxist-Leninist, (BBC, 2010). In August 2011, Baburam Bhattarai of the United Communist Party of Nepal became prime minister. After the Constituent Assembly failed to draft a constitution by the deadline of May 2012, Bhattarai called for new elections. However, after months of negotiations there was still no consensus about a new election date. Finally, just few months ago, in March 2013, the chief justice of Nepal's Supreme Court was sworn in as Chairman of the Interim Council of Ministers for Elections to lead an interim government and charged with holding Constituent Assembly elections by December 2013, (CIA, 2013). Khil Raj Regmi is the current Prime Minister of Nepal.

Ten years of conflict have done immeasurable damage to Nepal's economy, society and culture. The biggest impact of the conflict can be felt in the fact that the youth is continuously leaving the country, (CBS, 2011). This gave rise to the remittance economy, which will play a key role in Nepal's economic future.

2.1.3 Economy and its potential

"If Nepal is to develop only half of its potential for hydropower and sell it to India, the export revenues would be more than what Saudi Arabia makes by selling oil"
- Sujeev Shakya (2009) -

Despite some progress in poverty reduction in recent years, Nepal remains one of the poorest and least developed countries in the world. About one-quarter of its population lives with less than US\$ 1.25 a day and over 30 per cent of Nepalese live on less than US\$14 per person, per month, (IFAD).

As agriculture is the mainstay of the economy and accounts for a little over one-third of GDP, data shows about 80 per cent of Nepal's people live in rural areas making their livelihoods out of agricultural production. Considering industrial activity, it mainly involves the processing of agricultural products, including pulses, jute, sugarcane, tobacco, and grain, (see annex 3, distribution of small-scale non agricultural activities).

The country is characterized by a very unequal distribution of wealth, with half of the national GDP being earned by only 13 per cent of the population. The stronger disparity is between urban and rural areas, as urban incomes are almost five times as high as rural incomes (Van Dalen & De Vries, 2002). For half of the labor force, which is women, the scenario is even worse. For example, women's participation and representation remains lower than that of men in the political, economic and professional domains. Women's share of earned income, in 2009, was about one third of that of men, while their participation in political processes was only a fifth of the male rate, (UNDP, 2009).

Due to harder living conditions in rural areas, there are high flows of rural-urban and overseas migration, which has generated a rising trend in the number of households being headed by women.

Many leave the country to send remittances back home, amounting to 20 per cent of the national GDP, the fifth highest in the world, (ILO, 2011). The main destinations of male out-migration are male out-migration Qatar, Dubai, Saudi Arabia and Hong Kong, (CBS, 2011).

Foreign aid is vital to the economy, and Nepal is also heavily dependent on trade with neighboring India. However, in 2009 the Foreign Direct Investment (FDI) in Nepal averaged only 0.1 percent of GDP as compared to an average of 1.9 percent for low-income developing countries. Investments in Nepal are constrained by a challenging regulatory and legal framework for foreign investment, poor governance and accounting practices, weakness in the domestic banking sector and heightened political uncertainty, (ADB, 2010). Furthermore, Nepal has considerable scope for exploiting its potential in hydropower, with an estimated 42,000 MW of feasible capacity, but political instability, once again, hampers foreign investment, (World Bank, 2009). Therefore, poor reliability and access to power are one of the most serious infrastructure bottlenecks to growth. Additional challenges to Nepal's growth include its landlocked geographic location, poor physical connectivity, civil strife and labor unrest, and its susceptibility to natural disaster, (ADB, 2010).

Micro-enterprise within the private sector in Nepal. In 2008, Nepal's private sector was valued at around USD 8 billion, (ADB, 2010). It is by far the most active sector of the economy and its biggest employment provider. The bulk of the private sector, up to 90 per cent by some estimates, is composed of enterprises, which can only be classified as small or micro-enterprises. Although these enterprises are Nepal's largest employers, generating more than 90 per cent of the entire country's employment opportunities, they account for a mere 4 per cent of national GDP, (World Bank, 2009).

According to the last Report on Labour Force in Nepal (1999), it is worth wise to notice that 9.8 million people (about 83 per cent) of the economically active population are self-employed, with the proportion of self-employed women being much higher than that of men³. While struggling to improve their lives in an environment of high unemployment and political unrest over the past ten years, more Nepalese women have entered into private enterprise. However, most nepali businesses suffer from chronic inability to scale up, expand and grow, (Shakya, 2009)

Concerns with the prolonged political transition have overshadowed economic issues. As a result, inadequate attention has been given to reforms that could improve the investment climate, stimulate growth and FDI, and create more private-sector employment. Therefore, the new republic of Nepal is committed in facing the poverty issue and the social and economic disparities still deep-rooted in country's behaviors.

³ Central Bureau of Statistics, last Report on the Nepal labor force survey, 2008

2.1.3.1 Microfinance sector in Nepal

In the search of practical measure to alleviate poverty, the microfinance movement offers a set of powerful tools with potential for social and economic development. As poverty is most extreme in rural areas, microfinance has played an important role in the development of these areas, (Sharma, 2004). If poor people are to be assisted in overcoming poverty, it is vital to recognize the importance of means by which they can find their own solutions. Because the institutions target the poor, microfinance gives poor people access to resources in such a way that enables them to identify their own livelihood projects – it creates sources of income that are sustainable and provides self-employment. The belief in microfinance as an effective instrument to fight the vicious circle of poverty is commonly accepted by the International community – “microcredit could prove to be a powerful tool to achieve the MDG of cutting by half extreme poverty by 2015”, stated by the United Nations in 2005.

In Nepal, out of 30.49 million population twenty-five per cent lie below the poverty line (less than US 1.25) and most of the poor live in rural areas. Many programs have been implemented for poverty alleviation in Nepal. But only microfinance programs are seen as poor targeted and rural based programs, (Sharma, 2004). For the last two decades, the Government of Nepal has been decidedly committed in the promotion and development of the microfinance sector. However, several factors besides extreme poverty such as hostile geography and continuous political instability have been severely constraining the work of the microfinance sector, especially in remote rural areas.

By the end of 2008, the massive volume of remittances of nearly 3,000 millions US dollars that flow into rural Nepal has partly encouraged banks to expand into rural regions. Further, the popularity and success of Grameen Bank in Bangladesh has fostered the expansion of the micro-finance model in rural areas of Nepal. For the first time in the country, people from all sectors, class, castes and walks of life should be able to have access to capital, (Shakya, 2009). However, the national poverty reduction rate is slow and nearly 58,4 per cent of very poor households are yet to be served by the microfinance program and policies, (Bahadur, 2008). Whilst the majority of MFIs are concentrated in accessible locations of Terai and urban areas, people from the High Hills and Mountain regions are widely deprived from having access to these financial tools. If proper model is used to cover from the Terai to the Hill region, poor people's life standard could be raised very fast, (Sharma, 2004).

Despite the dynamic microfinance landscape in Nepal, the sector still faces numerous weaknesses (Bhatta, 2001). In order to identify strategies to overcome challenges and obstacles in the national microfinance sector, the Microfinance Summit 2013 was held in February in Kathmandu, bringing together several and relevant stakeholders in the development context of Nepal. The main difficulties identified were: (i) how to make microfinance more inclusive within the macroeconomic framework of Nepal; (ii) how to increase funding for the microfinance sector so as to improve client retention for microfinance services while simultaneously improving the livelihood of existing clients with entrepreneurial skills; and, (iii) how to ensure good governance in MFIs so that they can not only reach their intended target markets in rural areas, but also provide them with sustainable microfinance practices.

2.2. Women in Nepal

Women comprise half of the Nepalese population. Women, in particular in rural areas, lack choices and opportunities to improve their living standards. They are restricted by poverty, cultural stereotypes, and poor access to education and health care services. These strong socio-cultural restrictions perpetuate gender discriminations and their inferior status over time.

Girls constitute 49 percent of the children below 18 years in Nepal. Adolescents and youth (11-25 year range) comprise roughly 33 percent of the population, (CBS, 2011). Across the country, women are deprived from equal access to education and the girl's literacy rate is 42.8 percent as compared to boys literacy rate (68 per cent), (Plan Nepal, 2010). In general, boys are given more opportunities, such as access to private schools in the city or sent to India or overseas for educational purposes. Gender disparities are obvious in the employment sector as well. Only 48,9 percent of the Nepalese women are considered as economically active, while men's rate is 67,6 percent. Additionally, share of women in paid employment in non-agriculture sector is only 17,5 percent (CBS, 2011). The low female rates are explained by the fact that women in Nepal are engaged in self-employment and domestic unpaid work.

Many women's rights still need to be recognized so one can reach the gaps of the Nepali law regarding gender equity. Considering women political participation, their access to meaningful political positions and policy level is very low as the data figures that women represent less than 1 per cent of the high-level decision-making positions, (CBS, 2011). Additionally, the increasingly numbers of external migration and internal displacements are bringing new forms of vulnerabilities, especially for women head of households.

In order to overcome the gender biased scenario, the government have adopted the rhetoric of women's participation, and introduced various gender-based initiatives, increased microfinance support systems, and created an opening for the introduction of gender policies and programs among many government bodies and NGOs.

Nepal ranks 86 out of 93 countries in the Gender Empowerment Measure (GEM). While struggling to improve their lives in an environment of high unemployment and political unrest over the past ten years, more Nepalese women have entered into private enterprise. It is estimated that over 7,000 women entrepreneurs are now registered and more than 500,000 are involved in business activities countrywide, However, although their combined contribution to the national economy is estimated at 40 per cent of the GDP, they remain the largest under-represented group in terms of visibility as owners of enterprises, (Bushell 2008). Though women entrepreneurs have always been common in some ethnic groups, especially in Newar, Sherpa, and Gurung communities, the idea of women in business has only recently become more common across the country (Tuladhar, 1996).

Socio-cultural gender biases embedded in Nepalese society are constraining women entrepreneurs to realize their full potential and contribution to economic development, as these women face limitations in mobility, interactions and active economic and political participation.

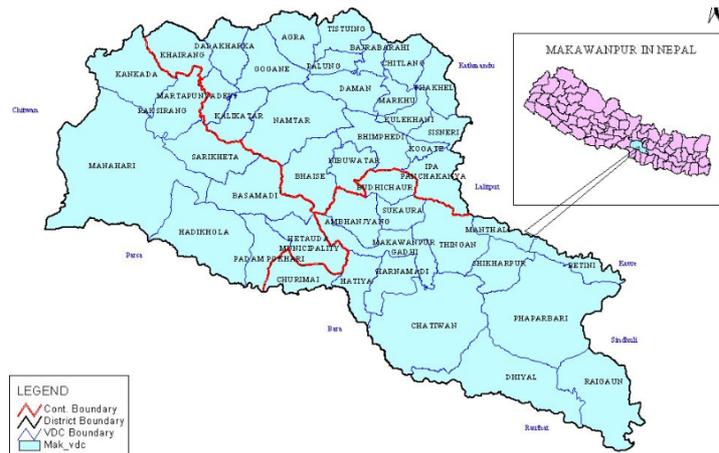
2.3. Research Areas: Basamadi and Handikhola

The research area has been pinpointed in the rural area of the Makwanpur district and, in particular, both Basamadi and Handikhola village development committees (VDC) have been chosen to conduct the study on non-farm female entrepreneurship.

2.3.1 Makwanpur District

Makwanpur District, a part of Narayani Zone, is one of the seventy-five districts of Nepal and it covers 43 Village Development Committees and one municipality. Its district headquarters is the city of Hetauda. The District has a total population of approximately 420,477 and 86,127 households. The area encompasses a total male population of 206,684 and female population of 213,793 (CBS, 2011).

Map 3. Makwanpur District, Nepal



Source: District Development Committee, Makwanpur, Nepal

The district is home to vast ethnic, religious and economic diversity and is rich in natural resources. It is characterized of both hill and plain areas. Makwanpur is considered to have some of the poorest and most remote villages in the country and residents are mostly engaged in agricultural activities (Makwanpur DDC, 2010).

Makwanpur district ranks in the 31st position in the HDI in Nepal. Most people (90 per cent) in this area earn their livelihood through agriculture. Still, 47 per cent of households have less than 9 months food security (IDEA, 2004). The district embodies a GDP per capita of 1,836 US\$. Additionally, the female adult literacy rate is 45.5 per cent while the male adult literacy rate is considerably higher, 70.2 percent. According to the Gender Development Index (GDI), whilst the earned income for male population is 0.526, the estimated earned income for female population is only 0.432.

In the recent years, microfinance institutions especially targeting the most disadvantaged women are amply contributing on empowering marginalized women members of communities in Makwanpur area.

For the purpose of this study, the Basamadi and Handikhola VDCs were selected to conduct the research in close collaboration with two different cooperatives (one cooperative for each VDC). These cooperatives are supported and benefit from development and training projects implemented by Plan Nepal focusing on household economic security and women economic empowerment across rural

areas. It can be argued that livelihood systems of people with specialized skills can be improved through enhancing and utilizing their skills in income generating activities.

2.3.2 Basamadi Village Development Committee

Basamadi is a VDC part of the Makwanpur District that borders Hetauda municipality in the East, Bhainse and Namtar in the North, Manahari in the West, and Handikhola, Padampokhari and Hetauda in the South. The VDC is located in the Middle mountain range and it encompasses large tropical forest cover, rice paddies, rivers and streams. It embodies a tropical/sub-tropical climate, its elevation ranges from 400 to 1000m from the mean sea level. Taking into account the accessibility, resource-base context, and infrastructure development, VDCs in Makwanpur are categorized into resource-rich (A), medium (B), and resource-poor (C). In this sense, Basamadi is considered as one of the resource-rich VDCs of Makwanpur, (Plan Nepal, 2006). It is so due to its several forest resources, advantageous climate and it is also rich in water resources, for which Rapti River and numerous of its tributaries are the source of water supply and irrigation across the VDC.

In terms of population, it has a total population of 17,130 inhabiting within 3,557 households, (CBS, 2011). It is estimated that over two thirds of total households in the area are deprived of adequate food supply. Further, consistent with the national landscape, Basamadi is also home for a melting pot of ethnicities - there are 17 ethnic communities across the area. The major ethnic community across the VDC is the Tamang (53.6 per cent).

Infrastructures and Facilities. Basamadi is considered privileged VDC in terms of accessibility, which is essentially due to its close proximity to Hetauda and East-West highway crossing through the area. However, more than half of the wards are still deprived from having access to road.

Hydro-power, solar plates, and biogas are the main sources of light. Nevertheless, a large number of households is still deprived of electricity facilities. Additionally, all wards of the VDC have access to drinking water supply systems. Considering the access to basic health services, Basamadi covers a reasonable network of health centers to assist its members. However, available health services at VDC are largely concentrated in ward numbers 1, 3, and 5.

Table 3. Demographic Characteristics of Basamadi and Handikhola VDCs

	Basamadi	Handikhola
Female Population	8,772	9,525
Male Population	8,358	8,890
Literacy Rate	51.7 %	-
Ratio men: women literacy	2:1	2:1
Economically Active Group	44%	42%
Main Occupation - Non-farm activities	15%	5%

Source: National Population and Housing Census per VDC, 2011

Photo 1. Ward 9 - hilly area, Basamadi



Farm and Non-farm sectors. Bastipur and Basamadi Bazar are the major market centers for the VDC.

The livelihood of a large majority of households (85.0 per cent) in Basamadi area depends on farming activities, which means that its farming system is characterized by subsistence/semi-subsistence in nature.

The non-farm sector represents a smaller proportion of the population engaged in these kinds of activities as main occupation, such as small business (3.3 per cent) and services (2.7 per cent). Although farming is the major occupation of a majority households across Basamadi, nearly one third of the total VDC households (Pant, 2006) also depend on one or other kind of secondary occupation to increase family income, reflecting the precarious economic situation since farming alone is not enough to ensure food security.

2.3.3 Handikhola Village Development Committee

Handikhola VDC of Makwanpur is bordered by Padampokhari in the East, Manahari in the West, Manahari, Basamadi in the North and Parsa district in the South. The VDC comprehends Churiya/Siwalik range, forests comprising a wide variety of tropical/sub-tropical flora and fauna, hill slopes, and rice fields. The fragile soils and sloping landscapes make most of the land prone to erosion, which strongly constraints cultivation activities. Despite it is considered an area rich in water resources, the number of irrigation systems widespread and available across the VDC is limited.

The total population of the Handikhola VDC is estimated to be 18,415 with a 3,676 of total number of households, (CBS, 2011). It is one of the most populous VDCs of Makwanpur District. As also noticed for Basamadi area, Handikhola VDC is mainly home for the Tamang community (44.6 percent). Taking into account the accessibility upon the resource-base context, and infrastructure development, Handikhola is identified as one of the resource- poor and remote VDCs of Makwanpur, by virtue of its fragile resource-base and the fact that only a small number of households was considered as-food sufficient households.

Infrastructures and Facilities. As opposed to many VDCs of Makwanpur, all wards of Handikhola have access to hydropower for lighting. Nonetheless, many resource-poor households in the area are still deprived of electrical facilities, due to their inability to afford the initial costs to acquire the proper equipment. Regarding access to drinking water, most of the settlements across the VDC are deprived of the provision of safe drinking water, particularly in Wards number 4 and 7, (Pant, 2006).

Considering access to health services, the reality in Handikhola is more critical than in Basamadi, since people residing in the area are deprived of basic health services within the VDC. A sub-health post located in ward number 6 is virtually the only health services center located within the VDC. Whenever confronted with serious diseases or in need of greater health services, the population of Handikhola face major constraints of accessibility.

Farm and Non-Farm sectors. Hetauda Bazar and Manahari Bazar located in neighboring Manahari VDC are the main accessible market centers. Considering livelihood strategies, farming activities are nearly the only livelihood option across all wards. It accounts as household's major occupation for more than 95 percent of families. Furthermore, the VDC has been developed as the "vegetable pocket area",

emphasizing the cultivation of vegetable not only for self-consumption but also and mainly for commercial purposes. By contrast, livelihood system of only about 5 per cent of the population is dependent on distinctive non-farm jobs, (Pant, 2006).

2.4. Host Organization – Plan Nepal

Plan International is an international non-governmental organization focused on child-centered community development (CCCD) approach that aims to bring children, families and communities active in their own development. The INGO began its activities in Nepal in 1978 and its country office is in Kathmandu. Within the CCCD approach, Plan Nepal addresses five core topics affecting children in Nepal: (i) health and nutrition of the children and pregnant women, (ii) safe drinking water, environmental sanitation, good hygiene and living conditions, (iii) children’s right to education, (iv) household economic security, and (v) prevent sexual abuse and discrimination to children, and promote their rights to decision making in the community development.

Plan Nepal works intensively across eight districts. In Makwanpur district, Plan Nepal started its program in 1995. Presently, the Makwanpur Program Unit (PU) is working across 17 VDCs of northern, central and mid-southern part of the district. Plan Nepal is engaged in the economic development of a large number of VDCs in Makwanpur by supporting female involvement in income generating activities in order to ensure greater economic security to poor households.

Map 4. Plan Nepal country office and PU



Through two development initiatives, namely Women’s Empowerment Project (WEP) and the Girl Power Project, the Makwanpur PU has been actively involved in contributing to achieve the general developmental goals of Makwanpur District. Therefore, the development purpose of the Girl Power Project is to strengthen the previous work (WEP) in the field and to ensure that girls and young women have sufficient knowledge and skills to shape their own lives, particularly at both social and economic dimensions of their future. The main activities to be conducted mainly rely on strengthening young women’s organization in self-reliant groups (under cooperatives’ umbrella), providing life skill education to participants and, on promoting enterprise related training to disadvantaged women.

Achieving financial sustainability is crucial for microfinance institutions, as it not only assures their existence but also guarantees financial services to the poor on an everlasting basis, (Sharma, 2004). For this reason, Plan Nepal has been working together with several cooperatives, which through their implemented initiatives aim to strength institutional capacity of cooperatives to function independently and generate income to cover operations for the longer term.

CHAPTER III: METHODOLOGY

Acknowledging the existing studies and theory gaps, this chapter will provide an overview of the research design and subsequent different methods used in this study. First, the research objective and research questions will be specified, followed by the presentation of the conceptual model. Thereafter, the methodology combining both quantitative and qualitative methods used in this research will be illustrated. Lastly, the research limitations are elaborated.

3.1. Research Objective and Research Questions

This research aims at examining the livelihoods of rural self-employed women involved in non-farm income generating activities in Basamadi and Handikhola, Makwanpur district, Nepal. The literature suggests that rural women lack choices and opportunities to improve their living standards. Therefore, particularly rural women entrepreneurs are constrained to realize their full potential and contribution to economic development, as these women face severe limitations in active economic participation. The purpose of engaging in non-farm self-employment is to provide women opportunities for economic independence and greater social and personal development.

In order to empower rural women to become independent economic actors it is required to address the constraints faced by women entrepreneurs and to understand what needs to be successful do rural women have in the starting and growing phases of their microenterprises, which results in the research gap this study aims to address. Thus, the main objective of this research reads as follow:

To get insight on what key factors are influencing the success of recently started or strengthened ongoing microenterprises of rural women engaged in non-farm income generating activities, in Makwanpur district, Nepal. Subsequently, the research aims to address the contribution of female entrepreneurship to women's active economic participation – economic empowerment.

Therefore, the overarching research question that guides this research is:

What are the drivers and constraints for female entrepreneurship in the non-farm sector in Makwanpur?

The sub-questions that successively build up to answering the central research question are:

- *Why are rural women primarily self-employed in the non-farm sector?*

This question is aimed to understand women's reasons/motivations to become self-employed within the non-farm sector. Hence, the background and living conditions of women entrepreneurs at personal, household and community levels are outlined. This first sub-question is illustrated in chapter 4.

- *What factors influence women's selection of a specific non-farm activity?*

The focus of this second question is on which specific sector women entrepreneurs are part of by understanding what pre-conditions have influenced their choice for a certain activity. This second sub-question is also discussed on chapter 4.

- *What key factors enable rural women to become successful entrepreneurs in started and/or strengthened on-going businesses?*

The question will specifically address successful women entrepreneurs in non-farm activities as well as particular attention is given to positive deviance between rural women entrepreneurs; what key factors have greater potential to contribute to increase business profits. This third sub-question is covered on chapter 5.

- *How does female involvement in non-farm income-generating activities contribute to women's economic empowerment?*

Lastly, the fourth sub-question highlights the relation between non-farm entrepreneurship and women economic empowerment from a causal perspective by considering changes in economic contribution, participation in decision-making process and women's own perception about self-status. This sub-question is discussed on chapter 6.

3.2. Operationalization of main concepts

As this study addresses the constraints, needs and successes of rural women within the non-farm sector to achieve economic empowerment and improved livelihoods, the main concepts that need to be made clear and measurable are: livelihood and economic empowerment.

The Sustainable Livelihood Approach is used to identify the underlying causes of poverty on a multilevel basis and the main constraints and opportunities faced by poor people, as expressed by themselves. In this research, the livelihood status of women entrepreneurs employed in the non-farm sector takes into consideration the five capitals of livelihood approach. However, each capital comprises different designed indicators that may be perceived as a mechanism of cause and/ or effect of distinctive environments. Therefore, in this research the five capitals indicators are clustered in two main categories

found in the literature as important dimensions within the entrepreneurship process: *Personal background factors* and *Context-Structural Factors*.

Moreover, for the purpose of the study, *success* is considered in terms of increase in profits of women’s business from the setting-up phase until the month when fieldwork was conducted.

To operationalize the four sub questions, concrete indicators has been designed for each dimension (table 4)

DIMENSIONS	ASPECTS	INDICATORS
LIVELIHOOD	Personal Background Factors	<ul style="list-style-type: none"> • Household Characteristics • Personal Attitudes and Motivations • Skills and Knowledge • Intergenerational Effects • Financial Resources • Business Profits: Changes
	Context-Structural Factors	<ul style="list-style-type: none"> • Social Networks • Business Development Services • Access to Markets • Socio-Cultural Context

Table 4. Livelihood key dimensions, aspects and indicators used for the research

Women’s *empowerment* is a broad concept that can be analyzed from several intertwined perspectives. However, the research has been exclusively focused on the economic dimension of women’s empowerment and its effects on one’s independence and decision-making processes (table 5)

DIMENSIONS	ASPECTS	INDICATORS
ECONOMIC EMPOWERMENT	Assets and Resources	<ul style="list-style-type: none"> • Asset’s ownership • Ability to save money • Control over assets and resources • Capacity do make purchases
	Household decision-making process	<ul style="list-style-type: none"> • Participation to household decisions on investments • Participation in children’s education decisions
	Economic Participation	<ul style="list-style-type: none"> • Increase in economic contribution to household income
	Perceptions	<ul style="list-style-type: none"> • Increase in economic independence • Overall satisfaction with business

Table 5. Empowerment key dimensions, aspects and indicators used for the research

3.3. Conceptual Model

Based on the concepts described above and found in the literature, together with the assumed relationships between the concepts, the following conceptual model reflects the research context and questions into a framework (figure 3).

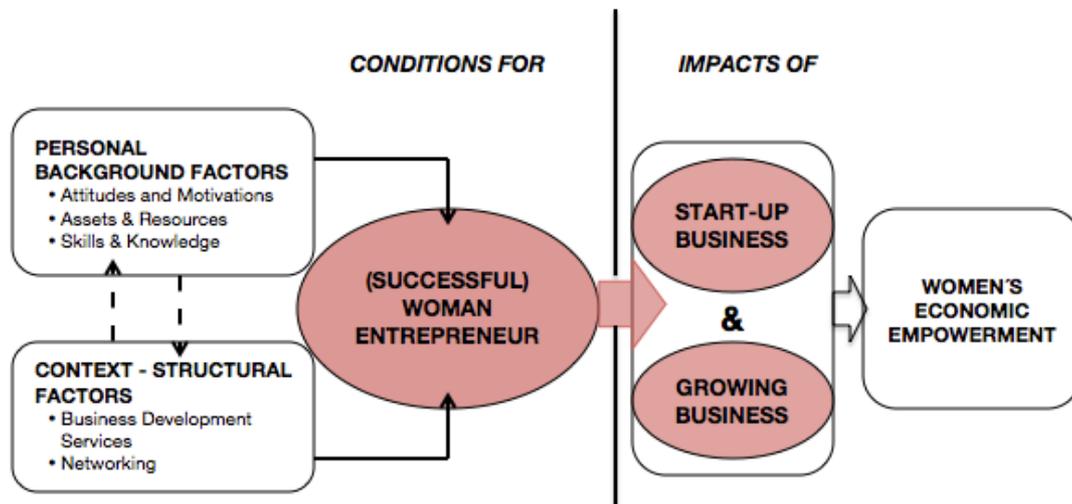


Figure 3. Conceptual Model

It is divided in two parts: “conditions for” women to become entrepreneurs and to achieve success throughout the entrepreneurial process and “impacts of” that considers the effects of female entrepreneurship in matters of non-farm activity and economic empowerment.

Considering the first part of the framework, it is assumed that distinctive *Personal Background Factors* and *Context-Structural Factors* shape women’s decision to be self-employed in all dimensions. Moreover, these factors also and potentially influence whether women are able to achieve success throughout business economic performance. Therefore, it seems relevant to address the implicit link between both personal and structural factors in influencing micro and macro-behaviors.

Once women have decided to engage in the entrepreneurial process, what are the outcomes? It is assumed that women, depending on which of the designed indicators play a major role, are able to start-up a business or gather the conditions to strength ongoing businesses. Lastly, the relation between non-farm women entrepreneurs and economic empowerment is outlined. It is assumed that non-farm entrepreneurship has the potential to economically empower these women, whether they have just engaged in business or they have already been successful entrepreneurs.

3.4. Methods of research

In order to get the best results for this research, the Q² approach has been used as a combination of quantitative and qualitative methods. The mixed approach permits to capture the strengths of both quantitative and qualitative methods, which enhances reliability through data triangulation. Additionally, it figured also as the best way to overcome the possible narrow approach of one single method. The survey

forms the quantitative basis for this research and the semi-structured, in-depth interviews and focus group discussions provide more insightful qualitative information. The data was collected in Hetauda, Makwanpur district in Nepal, where the researcher visited from February to May 2013.

The methods used are as follows:

- Semi-structured interviews with key informants;
- Questionnaires among rural non-farm women entrepreneurs;
- In depth-interviews with key non-farm women entrepreneurs;
- Focus Group Discussion (FGD) with women entrepreneurs from both research areas;
- Secondary data collection

Semi-structured interviews with key-informants

Sixteen key-informant interviews were conducted with different stakeholders from the national institutional and development framework. Interviews helped to collect insightful information about the status of women in Nepal, gender issues and socio-cultural general context. Information was also gathered regarding women economic participation to the national and local economic development, economic empowerment over time and the main challenges constraining female entrepreneurship in the non-farm sector across both rural and urban areas, (see annex 9). Additionally, through the interviews it was possible to collect general data about Plan previous and ongoing projects, on Paribartan (Basamadi VDC) and Nari Mukti (Handikhola VDC) cooperatives and on existing partnerships to deliver better services to economic deprived women, (see annex 10).

The interviewees were from several organizations: Women Entrepreneurs Association of Nepal (WEAN), All Nepal Peasants Federation (ANPF), Federation of Women Entrepreneurs Association of Nepal (FWEAN), CARE, FAO, SNV, Paribartan and Nari Mukti cooperatives, partner organizations as Rural Women Services Center (RWSC) and Plan Nepal.

Questionnaire survey

The purpose of the questionnaire is to get a better understanding of characteristics, economic, social and professional context of the respondents as well as the empowerment status of women engaged in income generating activities in the non-farm sector. The questionnaire was translated into Nepali language and it is composed of the following blocks: household characteristics, non-agricultural income sources, personal profile of women entrepreneurs, credits and savings, gender status, social networks, skills and training, business context, economic empowerment and housing conditions, utilities and facilities, (see annex 13).

A purposive sample of 90 women managing non-farm small-scale business was selected. The respondents were either owners of, or held a great controlling interest in, an enterprise and managed it on a day-to-day basis. The sample was purposeful in the sense that only women who had actually made use of the loan taken for their own non-farm businesses were approached. This approach enabled to

overcome the previously mentioned situation of surrogated ownership, in which women borrow money to invest in husband's businesses and aspirations.

In Basamadi, on average, one third of the total households across the VDC are members of organized saving groups. In Handikhola, considering all wards together, more than half of total households are involved in these financial and saving groups.

The sample takes into consideration two cooperatives, which are supported by Plan Nepal, and a group of women that was not involved in any financial institution for business purposes. As Plan Nepal is developing projects with cooperatives in these two distinctive areas (Basamadi and Handikhola) the objective of sampling from both areas aims to reach insightful results covering and combining information on different locations rather than to draw comparisons between areas or cooperatives' functions and outreach.

With regard to research population, for each cooperative the sample had comprised 30 per cent of the total number of women that took loan for business purposes at given time of their economic activity (either to start or to expand the business). Each cooperative's executive board provided the list of women according to their knowledge. Within the group of loan member for business purpose, the 30 percent of women were randomly selected. Therefore, a total number of 70 women were selected as sample for the questionnaire.

BASAMADI VDC				HANDIKHOLA VDC			
Paribartan Cooperative			Women entrepreneurs out of financial services ¹	Nari Mukti Cooperative			Women entrepreneurs out of financial services ¹
Total non-farm loans members ¹	Non farm % of the total members	30 % Sample from the Non-Farm Members ²		Total non-farm loan members ¹	Non-farm % of the total members	30 % Sample from the Non-Farm Members ²	
176	28%	53	10	55	16%	17	10
Total= 63				Total= 27			
TOTAL SAMPLE = 90							

Table 6. Sampling Method

¹ Purposive Sample;

² Random Sample

Additionally, based on local knowledge each cooperative have also provided a list of 10 women that had never taken loan from any financial institution to launch and/or to run their businesses. It is also important to highlight that these women had never made use of any kind of financial institution since they are involved in non-farm business, namely cooperatives, banks or other microfinance institutions. The group of 20 respondents out of financial services was set as an important mechanism to get meaningful information about the broad non-farm context and to gain deeper knowledge on how do distinctive financial assets and access to networks and business services influence business economic performance.

The quantitative data collected from questionnaires has been analyzed by making use of the Statistical Package for the Social Sciences (SPSS) through which cross tabulations and Chi-square tests were elaborated to identify relations between potential variables. These statistical significance tests are particularly relevant when assessing variables potentially influencing changes in economic success, business profits, economic independence and empowerment. Within the scope of this study, the results are revealed when relevant trend analyses are drawn.

Questionnaires were used to collect primary quantitative information on the sample population. The information formed the basis of subsequent in-depth interviews with ten women selected from the larger sample group.

In-depth interviews

A total of 10 in-depth interviews with non-farm women entrepreneurs were conducted. 7 women were randomly selected within the group of women that have increased business profits. The remaining 3 women were identified as key informants with the potential to provide valuable information to the research. All these in-depth interviews provided a great source of important qualitative information for the study. The interviews covered topics on challenges and opportunities for successful businesses, knowledge about value chain, importance of networks as well as women interpretations and perceptions on female entrepreneurship and empowerment, (see annex 11). The interviews were conducted in nepali language with the support of one local female- interpreter who has provided great support in all phases of data collection in the fieldwork.

Focus Group Discussions (FGDs)

In the fourth phase of the research the FGDs were conducted, in order to get deeper background information on topics explored in the questionnaires and in-depth interviews. A total number of 2 FGDs were organized, one hold in Basamadi and other in Handikhola VDC. The FGD in Basamadi area comprised 5 participants while the one conducted in Handikhola comprised 4 participants. More women were asked to participate but due to mobility and business-related issues they were not able to show up for the discussion. One local female facilitator and one local female interpret have facilitated the meeting.

The topics covered during the discussions were: control over assets and access to local services; opportunities and constraints regarding business's productivity and profitability; and, women's power in the decision-making process and economic empowerment, (see annex 12). By making use of games and visual tools as tables, women were suggested to express perceptions, advantages and concerns regarding available resources, work, power and status. Moreover, women were encouraged to discuss on these topics after the played games. Through triangulation of previous collected data and group dynamic observation, the conclusions drawn provide insightful information for the research.

Secondary data collection

Secondary data collection encompasses the study of relevant project evaluation reports from distinctive organizations, articles and papers about women's status and empowerment in Nepal and general information about the national context. Official documents containing information about the researched areas and about cooperative's management and structures are also part of the research methodology.

3.5. Limitations of research

This research was supported by the international non-governmental organization Plan Nepal, which has contributed to the study by providing important inputs, access to different stakeholders and physical structures. However, during the fieldwork and research analysis, some difficulties have arisen.

The first limitation regards the selection of the research field: Basamadi and Handikhola VDCs, which were established together with and based on the local knowledge of the host organization, Plan Nepal. Considering time constraints, both fields were selected due to accessibility reasons as there was a need to cover a representative sample within the given time framework (three months). The research limitation is only applicable for the Handikhola VDC, which is a hilly and remote area where most women are predominately involved in farming activities. Apart from few businesses established in this area, women living in any of the Handikhola wards and aiming to start a business in the non-farm sector, usually migrate to the center of Hetauda Municipality in Makwanpur District, since there are more economic opportunities. Thus, it was not always possible to reach the primarily selected women entrepreneurs; these women have taken loan for agriculture purposes or they were no longer living in the same area.

The second limitation comprises the lack of reliable data crucial to draw a representative sample group. Once informatics facilities do not exist and records about women membership are not always organized, the information provided and the lists of women taking loans in the past for business purposes were not consistent with the reality. Even within the drawn purposive sample, still several women took loan under business purposes but invested the money in agriculture activities; other women took loan to invest in their husband's business; and, other women acknowledged that they have never taken loan from a cooperative. The lack of reliable information was one of the main limitations of this research, when considering time-constraining issues and the difficult to finalize a representative and reliable research population and subsequent sample.

The third research limitation accrues from internal disagreements within the Paribartan Cooperative. A considerable number of respondents were reluctant to cooperate and answer the questionnaire because they were not satisfied with cooperative's management, services and policies. In this sense, the information provided by these respondents may be not as accurate as pretended. The lack of cooperative's coordination was ultimately translated when arranging the FGD - during the first meeting trial no non-farm entrepreneurs showed up, which forced organizing a second meeting. Nevertheless, the small number of women participants for both FGD is also explained by the lack of time and distance-

related issues that, sometimes, prevent women to participate in meetings. In this sense, the conducted FGD gathered few women, which may reduce the overall results framed by these meetings.

The last research limitation considers communication difficulties and language barriers during the fieldwork period. It was mandatory to work with a personal translator, who supported the study in every phase and facilitated the communication. Even though the interpreter professionally conducted the work, information may be lost or degenerated in translation, especially during group discussions or longer narratives shared by the respondents. For some activities, more than one facilitator was required. Additionally, there were some time constraints to gather more data in order to increase data's accuracy.

CHAPTER IV: WOMEN ENTREPRENEURS IN THE NON-FARM SECTOR

The aim of this chapter is to give a profile of women in Basamadi and Handikhola areas that have decided to make their livelihood as self-employed within the non-farm sector. Thereafter, the chapter will outline the answer for the first and second sub-questions by providing empirical information about: *Why are rural women primarily self-employed in the non-farm sector?* and *What factors influence women's selection of a specific non-farm activity?*

First, the characteristics of female non-farm entrepreneurs will be introduced. Next, the characteristics of women entrepreneurs' households are described as well as the main activities undertaken by women and respective skills. Furthermore, the focus then is on the reasons underlying the involvement of women in non-farm income generating activities and on the factors influencing the selection of a specific business given the social, cultural and economic background of women entrepreneurs.

This chapter will mainly make use of findings from the questionnaires, supplemented with information obtained from interviews and focus group discussions.

4.1. Profile of women in the non-farm sector

This section describes the profile of the researched women entrepreneurs, including information on personal, household and non-farm businesses' characteristics.

4.1.1 Personal Characteristics

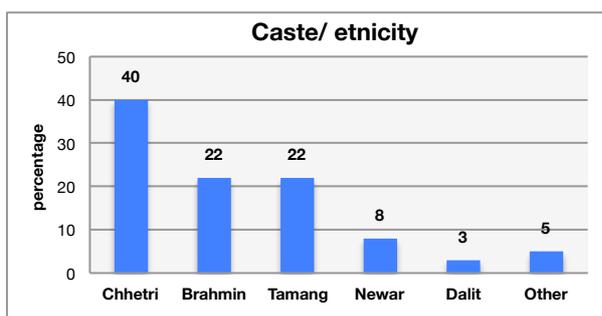


Figure 4. Distribution of research population by caste

From the questionnaires among 90 women entrepreneurs in Makwanpur district, Nepal, it can be deduced that the large majority of women respondents is younger than 35 years old and married. The average age of respondents is 36 years and it ranges from 18 to 72 years old. The bulk of women age in between 25 to 35 year-old (51 per cent) and only 10 per cent of the population is older than 50 year-old. Out of the total 90 respondents 81

are married, which represents 90 per cent. With regard to remaining population, 4 women are widow and 4 are single. It is important to emphasize that only 2 respondents are separated/divorced. Both divorced women were compelled to end their marriage, as they were victims of domestic violence and discrimination.

The women entrepreneurs are part of different castes and ethnic groups (see figure 4). The large majority of women belong to Chhetri ethnic group (40 per cent) whilst the Brahmin caste embodies 22 per cent of respondents as well as the Tamang group (22 per cent). The Newar caste represent 8 per cent while Dalit are a minority of 3 per cent. Other castes are also considered among the respondents as Janjati, Gurung and Majhi (5 per cent).

With respect to religion, the respondents and their families follow three religions: Hinduism, Buddhism and Christian. More than ¾ of the sample is Hindu as it is the first national religion in Nepal. 14 per cent of women are Buddhists and only 5 per cent follow Christian rituals and beliefs. The wide majority of the Brahmin, Chhetri, Newars and Dalits women are Hindu while half of Tamang respondents are Buddhists.

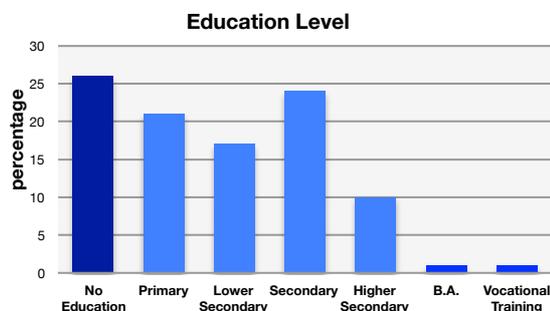
As education figures a crucial dimension among studies of entrepreneurship, it is important to illustrate the education level of the respondents for further considerations.

Figure 5 shows 26 per cent of the population having no education. However, five women out of the illiterate group know how to sign their names, write and how to make basic calculations, such as sums and subtractions.

According to data collected through interviews, women stated that, once they need to keep record and deal with money and costumers, they were compelled to learn how to write and how to make calculations to prevent losses from their business. Nearly ¼ of women had access to secondary education while only 10 per cent had benefited from higher secondary education. Remarkably, only one respondent has a Bachelor degree in Medical cares, the woman managing a Pharmacy business, and one women had only vocational training as educational basis.

It performs that younger respondents (below 36 years-old) have benefited from greater access to education, in general, and to higher levels of education, in particular, than the other respondents. Only 1 respondent had access to B.A. level, as mentioned before. The older respondents (55 years-old and more) form the group with lower education - 71,4 per cent of the eldest women had no access at all to education. By the data collected, the increase in school enrolment and higher levels of education for young girls can be explained by an improved educational system and by increasingly mother’s awareness of the importance of education for children. In this sense, there is a strong wish acknowledged by respondents to, under any circumstance, ensure education opportunities to their children for the future. (see table 7).

Figure 5. Education level of women respondents



AGE	EDUCATION LEVEL							Total %	Total Respondents
	No education	Primary	L.Secondary	Secondary	H.Secondary	BA	Voc. Training		
26 and less	25%	-	12,5%	12,5%	50%	-	-	100	8
25-35	7,1%	16,7%	21,4%	40,5%	9,5%	2,4	2,4%	100	42
35-45	31,8%	27,3%	27,3%	13,6%	-	-	-	100	22
45-55	54,4%	27,3%	9,1%	9,1%	-	-	-	100	11
55 / more	71,4%	28,6%	-	-	-	-	-	100	7

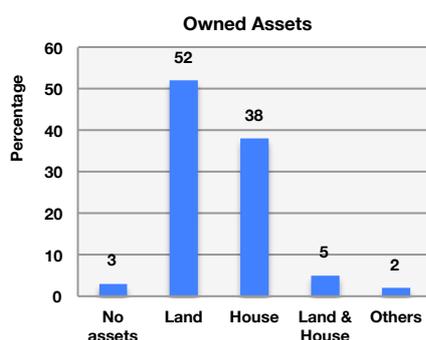
*Chi square test, Sig = 0,001 Statistical significance.

Table 7. Non-farm women respondent's education level, by age

“ I was before involved in agriculture at my home tow, farming our land. However, because it was no longer profitable and my children were growing up, my husband and I jointly decided to migrate. He went to Qatar to work as a driver and I came to live in Basamadi. Here I have no land and I am renting a small room. I started to run the grocery shop in this place because it is close to school. Although the business is not as profitable as I would like to, it is the best solution able to provide education to my children”.

Considerations of a young women entrepreneur regarding children's education

Figure 6. Owned assets by women's household



With regard to assets that women possess (see figure 6), slightly more than half of the respondents' households own land. Additionally, 38 per cent of women entrepreneurs have the house in their own name while 5 per cent have identified both land and house as self-owned assets. Moreover, 43 per cent of the researched population can be categorized under the *landless group*. Within this group, the large majority of respondents belong to Chhetri and Newar castes.

Only 3 per cent of women are deprived from ownership of any kind of assets whilst 2 per cent own other kind of assets, usually identified as sewing machines. Remarkably, the 3 women respondents that have no assets at all are also part of Chhetri and Newar ethnic groups.

It is important to notice that remittances sent by husbands living abroad are often the key to enable women to personally own the house as a household asset. However, among the data collected by questionnaires, interviews and focus group discussion it was possible to spot few women able to buy land as a result of profits of their own business.

4.1.2 Household Characteristics

In order to better understand the internal context in which women entrepreneurs live, the following section will provide an overview of the characteristics of their household. In this study, “household” is defined as the group of people living from a shared income. The relatives living abroad but contributing to household

total income by means of remittances are also considered. Focus will be on the size and head of the household, migration characteristics, household access to water and health facilities and total income.

The family size of women working in the non-farm sector is in general the size of a nuclear family, being this of 4 members, which accounts for 42 per cent of the researched population. The smallest households comprise only one person and the biggest are composed of 6 members (8 per cent). Being the average of 1,58 children, which ranges from no children to three children, having two children is the most common. All school age children of women respondents are enrolled in school.

Among the population, it is usual that respondents are living not only with their children but also with other members of their husband's family, i.e. father and/or mother in law, sister and/or brother in law. This is consistent with cultural traditions in Nepal as when a Nepali woman is married she is expected to move in with the husband's family and take also care of his relatives.

Considering access to technologies and communication facilities, more than $\frac{3}{4}$ own TV and almost the entire population own private mobile (95 per cent). Half of the households do not have radio. Only the more privileged households own computer and have access to Internet communications. Lastly, a large majority of households does not own any kind of vehicle; 34 per cent of households own bicycles or motorbike, being the last one the most common vehicle.

Although 2 of the households do not have access to electricity, the remaining population benefits from electrical facilities at home. Considering water resources, only 36 per cent of the households have access to water through private taps while 62 per cent has difficult access to water facilities, i.e. collective water tap is the most common source of water across both VDCs. Still, 2 of the households lack access to water in a short to medium distance, which is perceived as a main problem.

Regarding access to health services, 62 per cent of households consider to have access to health services⁴ while 38 per cent do no benefit from medical care services in the nearby areas. According to the information collected, the households living in Handikhola VDC are more deprived in terms of accessibility when compared to health facilities available in Basamadi area.

Male members head more than half of the households (58 per cent). Yet, a representative 33 per cent amount of households shows female counterpart as being the head of household. The fact that 19 per cent of total households have at least one member living abroad, male members being mainly women's husbands and, in some cases, their sons explains the large number of female headed households, which is consistent with the available literature.

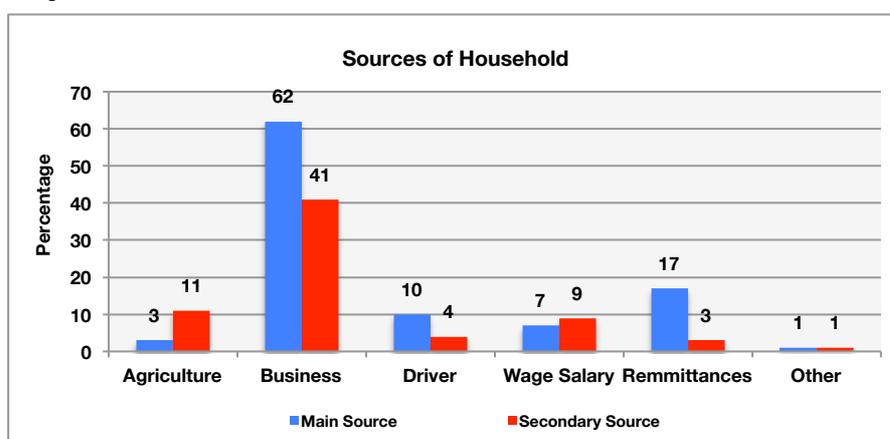
Agriculture is the main source of food, income, and employment for the majority of the Nepali population, especially across rural areas. Although farming and livestock also figure in the range of

⁴ Access to health services varies according to the respondent's own perception of what means having access to services in a nearby area or not. Some of them had considered Hetauda as the nearby area thus, having access to medical assistance while others do not considered Hetauda for means of accessibility.

activities within the respondents' households, they are executed mainly for self-consumption or as supplementary source of income. In consistency with the characteristics of the selected sample, *Business*⁵ is the main source of income for more than half of the households, followed by *Remittances*, 62 per cent and 17 per cent respectively. Additionally, activities as *Driver* and *Wage Salary* rank third and fourth as main source of income, respectively. Male members within the household exclusively execute these activities. This suggests that, apart from remittances, only a small proportion of the households are primarily ran by the income provided by males' counterparts.

It appears relevant to pinpoint that 24 per cent of non-farm women entrepreneurs have identified their own *Business* not as the main source but as the only source of income for the household, being this observation mostly accurate for Chhetri (9 respondents) and Tamang (8 respondents) women entrepreneurs.

Figure 7. Sources of household income



Taking into consideration the secondary source of income, *Business* still ranks first, 41 per cent, followed by *Agriculture* (11 per cent) and *Wage Salary* (9 per cent). One should notice that when *Agriculture* appears as a source of income for the household, it is usually mentioned as an activity executed by the elder members of the family. This observation highlights the potential of the non-farm sector since it seems that, even when the household own land, both woman and man are involved in non-farm activities and, when feasible, also their sons and daughters follow the same path.

The respondent's household yearly income is on average NRs 256,209 (€ 2,267)⁶. The household total income per year in the sample ranges from NRs 24,000 (€ 212) to a maximum of NRs 840,000 (€ 7,433). More than half of the households (58 per cent) live with less than the average yearly income and only 11 per cent have higher earnings, for example, of NRs 500,000 (€4,411) or more per year.

Considering a group of 17 households earning less than NRs 100,000 (€ 88.50), data shows that the main source of households income is women's business being these mainly small shops such as *Ghumtis* and *Cosmetic Shops* (47 per cent) as well as tailors (24 per cent). Additionally, particularly women Tamang

⁵ When *Business* is identified as the main source of household income it refers both to businesses managed exclusively by women or managed together with the husband

⁶ To ensure greater reliability, the respondents were questioned about household income per month

(41 per cent) and Chhetri (35 per cent) belong to the group of lower household incomes. One should highlight that none of the above considered households have identified family members living abroad thus, not benefiting from remittances as extra-source of household income.

Contrariwise, 11 per cent of the total households are doing considerable better when analyzing economic conditions. Within the group of households with yearly earnings above NRs 500,000, Grocery Shops appears as the main activity performed by this group of women entrepreneurs and their businesses are also the main source of income of these households with higher earnings. Furthermore, two women entrepreneurs belonging to the same group of household earnings are performing more specific activities as Veterinary and Hardwire Shops. With regard to which caste do these more fortunate households belong, the study shows that half of them are Chhetri families while the other half are equally distributed by the different castes previously mentioned. Nevertheless, it seems relevant to underline the fact that 4 of the households having high income benefit from considerable remittances, being the volume of money sent back home more than NRs 35,000 on a monthly basis.

Remittances

Over time, remittances have become an important sector for the economy of Nepal. By 2007, Nepal was the fifth largest remittance receiving country in the entire world with annual remittances estimated at USD 1.6 billion, (World Bank, 2007). It is accepted that migration can also stimulate rural development and improve well-being of rural households and communities through remittances, which can be used for household needs.

As mentioned above, 19 per cent of households have at least one member living abroad looking for better economic opportunities. Among these, the bulk of migrants left to work in Qatar, Dubai and Malaysia, especially to work as drivers. Nevertheless, other activities were also identified, such as cooks and mechanics. The monthly remittances inflows range from NRs 3,000 (€ 26,5) up to NRs 40,000 (€353,98). The average of money sent monthly by migrants between households is NRs 20,238 (€ 179) and it is mostly spent to purchase land, food, household expansion and activities rather than reinvested in female businesses or in the financial sector.

This is consistent with the Nepali author Shakya's statement, (2009): "*(...) the majority of the money is put into real estate, which has created a considerable boom in the construction and housing market and led to a considerable appreciation of land*".

REMITTANCES	Number of Households
With migrant members	21
Benefiting from r. inflows	21
R. main source of income	15
Of < NRs 15,000	6
Of < NRs 25,000	8
Of NRs 30,000 or >	7

Table 8. Information regarding remittances inflows of households

Box 2. The potential of remittances in helping women entrepreneurs

In the mid-90s, \$ 50 million a year of remittances were contributing to Nepal's annual income. This number has been growing since then up to \$ 3.5 billion in 2012.

According to World Bank figures, extreme poverty has declined from almost 70% to 25% in the last 15 years, and the extra billions arriving to Nepalese households during this period are unquestionably part of the story.

Given this, remittances have also a hidden potential when considering the development of women entrepreneurs and their empowerment. Even if remittances are not directly invested in small business owned by women as this study suggests, the inflows sent back home are used to cover household expenses, which in turn frees budget for women to reinvest their own profits in business. Additionally, it is acknowledged that migration contributes to women's empowerment as women are forced to take more of a lead in household and community decisions and remittances also play a role in the empowerment process as women have greater control over cash flows and need to manage these funds by themselves.

Due to difficult economic conditions across rural Nepali landscapes, the number of population seeking better living conditions is growing and it is becoming a wider intergenerational framework as husbands and sons migrate together. This study shows that a noticeable number of remittances sent back to the researched areas are the main source of income for 15 of the researched households thus, being the source of relevant improvements in households' livelihood. This observation is particularly relevant once the minimum amount of money sent by migrant members considered in this study is of NRs 10,000 per month (excepting 1 household where the number is lower). These monthly cash inflows sent back home is higher than the monthly household total income of 21 per cent of the researched population, which reflects more opportunities and the better setting-off economic conditions of households benefiting from remittances.

4.1.3 Characteristics of the work

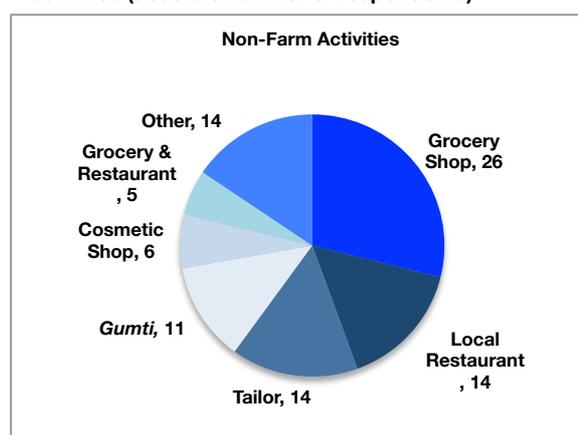
In order to substantiate the conditions of the female work in the non-farm sector, an overview will follow on the working and context characteristics. It will be made clear what kind of activities are women engaged in, how much do women work, social groups women belong to, opportunities to expanded business, women's skills and implied managerial issues related to their activity.

4.1.3.1 Non-Farm Activities

The non-farm sector embodies a wide range of options available for women entrepreneurs. However, in Nepal is common that the same activity gathers items from distinctive spectrums of products, which restricts an eventual clear definition of the following activities.

The large majority of respondents run *Grocery Shops*, which corresponds to 26 respondents. This sector is

Figure 8. Distribution of women by non-farm activities (absolute number of respondents)



followed by food (14 respondents) and clothes sector (14 respondents) as sectors also as frequent businesses established by women entrepreneurs. The category under the name *Ghumti*⁷ is represented by 11 women entrepreneurs whilst *Cosmetic Shops* and *Grocery Shops combined with Local Restaurant* account for 6 and 5 women respondents, respectively. Although the *Other* category is also representative (14 respondents) it is worthwhile to notice that only 1 to 2 women are engaged in each of its sub-categories as, for example, beauty parlor, hardware shop, and meat shop, stationery, pharmacy, veterinary and handicraft making activities.

The monthly income from this body of non-farm activities is on average NRs 7930,6 (€70). The women workers stated spending much time on their business through all week as on average, women work 9,5 hours per day. In contrast, women spend on average 4 hours per day on household activities and tasks. Furthermore, the fact that 75 per cent of women are managing the business at home accounts for the lack of a clear division between *business working hours* and *household activities working hours*.

Informal household enterprises owned by women are generally smaller and more survival oriented. With regard to the physical unit of business, $\frac{3}{4}$ of women manage home-based businesses while 24 per cent were able to find and afford a space to set-up the activity outside home. This is consistent with the fact that one of the main problems preventing women to expand business is the variable *space*, which was commonly mentioned by a large number of respondents.

With regard to home-based work, it may complement existing responsibilities, while overall it is another means, by which people can retain flexibility, in order to smooth income and respond quickly in a variable economic world. Women can combine their work with other household activities and responsibilities, they are able to support the family while running the business and also have extra help in business as, for example, their children help them whenever external situations and issues arise. Moreover, the lack of financial capital to pay any kind of rent is also one of the leading factors why women opt for home-based work as they can release the bigger room in the household to manage the business.

Almost half of the women have started the current activity less than five years ago and also a significant number of respondents are involved in the non-farm sector for a period no longer than ten years (22 per cent). Only 11 per cent had recently set-up the business ranging from two months to one year ago of time-length within the sector. Considering women that opted to work in the non-farm sector longer time ago, there is a total of 14 per cent of respondents running the same activity for more than fifteen years. This is consistent with the external context of Nepal, where the encouragement and recognition of women in private sector has augmented over the last decade, backed up by the escalation of the microfinance sector.

⁷ *Ghumtis* are "pushing carts" or small shops made of wooden/bamboo set up nearby the road and used by women to sell small amounts of cosmetics, grocery items, biscuits, candies, fruits or local food.



Photo 2. Women entrepreneur running a renowned "fooding car" close to Basamadi school

No women have identified any kind of discrimination in their activity due to her sex, caste or religion. It is widely recognized among the respondents that gender discrimination has changed over time: in the past, women were discriminated by family and society “as it was though that entrepreneurial non-farm activities were not to be managed my women thus, the husband used to behave in a different and dominant way. Nevertheless, in recent years this situation has evolved and we no longer feel discrimination by husbands or relatives “, -

Women owner of a popular *Ghumti* for more than 15 years

4.1.3.2 Acquired skills and opportunities over time

In order to have deeper insight about the background context of the respondents one should reflect upon the human capital of each individual that has the potential to influence women entrepreneurial performance. Human capital embraces “ people’s health and ability to work, and the knowledge and skills they have acquired over generations of experience and observation” (Messés & Townsley, 2003).

Some respondents had access to training in some period of their lives, which was often training related to farming or livestock and not related to non-farm business management. For the purpose of this study, only training related to women current business is considered.

As depicted by table 9, a large majority of the respondents are found to have never had any kind of training related to their business. Considering *Previous Training*, only 19 per cent of women had access to vocational training before they had initiated the activity. It is worthwhile to emphasize that the total of respondents with previous access to training are tailors. It is widely common that the training was provided both by tailoring institutions in Kathmandu or by local shops in Hetauda Market. Also the Municipality and the District Development Committee (DDC) were mentioned as service providers. Additionally, 14 per cent of women had previous working experience in the same sector. A lower rate of women (9 per cent) had access to training in the period between business start and the present time. Within this group, the services provided to the respondents were mainly Business Training related to managerial and bookkeeping tasks rather than vocational training. At last, only a minority of women (3 per cent) is at the moment enrolled in a business-training program on how to manage the business to increase profitability. The relation between the *skills learnt* and *activity* will be analyzed in the following chapter (V).

ACCESS TO/ TYPE OF	Access to (%)	Absolute Number	No access to (%)	Absolute Number	Total %	Total Number
Previous T.	19%	17	81%	73	100	90
Prev. Experience	14%	13	86%	77	100	90
Mid-Term T.	9%	8	91%	82	100	90
Ongoing T.	3%	3	97%	87	100	90

Table 9. Women's access to training over time

Although the large majority of women have never had access to training, they recognize the importance and benefits of such programs. In general, women are aware that the above-mentioned skills have the potential to make easier the challenge of starting a business. They argue that benefits accruing from training are related to managerial tasks, for example, bookkeeping, knowledge about rates, profits and where to purchase large volumes of items.

Regarding the opportunity for women to expand business over time, the data shows a balance between the scaled up (54 per cent) and not scaled up (46 per cent) businesses. Among the group of women that had never expanded their business and when questioned about such hypothesis, 39 per cent intend to scale it up in the near future while 7 per cent of the women appear to have no interest in scaling up the activity. It is relevant to highlight that within the group of no expanded business, more than half of women is running that same business for more than fifteen years thus, corresponding to the elder entrepreneurs who usually stated that *"I am old and I am no longer motivated to improve this shop"*.

It is broadly argued by women that lack of capital is their major constraints not only when thinking of start a new business but also when intentions to expand it arise. This kind of economic constraint is linked to the need of more space to expand the business and the need to purchase larger amounts of items to scale it up, which requires financial capital that women do not have access to; even if the opportunity of growth arise, usually women do not have the financial means to acquire a proper physical structure to manage the business.

In a society moved by patriarchal values women are to some extent deprived of spatial mobility, both on a personal and/or professional level. However, the data collected referring to non-farm activities reveals that a significant majority of these women entrepreneurs is free to move outside home or out of business unit when there is a need to deal with business related and professional issues.

About $\frac{3}{4}$ of the population expressed the need to move outside the working unit to further areas in order to purchase products. Moreover, out of the respondents making use of distant markets, 77 per cent are free to go by themselves while only 10 per cent identified their husbands as the one in charge of such task.

For $\frac{1}{4}$ of women there is no need to make use of public transportations or to reach distant areas to buy products. This situation is particularly accurate for women with businesses established in Basamadi 2 (7 per cent) as it is a market area where a large majority of suppliers are located. The other explanation

provided by women when there is no need to move outside is because women have different ways to manage the acquisitions, for example, when women are supported by *dealers* networks (8 per cent of respondents), which are commonly established at a local level, (see Box 2.). Nevertheless, two respondents benefit from suppliers in Kathmandu or India.

Box 3. The importance of *dealers* in supporting women economic activities

As data shows, the number of women that are currently supported by a dealer still figures as minority. The lack of a consistent professional network is one of the crucial factors responsible for the deprivation of women in matters of access to information, knowledge and support in their activity.

Through interviews and focus group discussions, respondents have identified a strengthened professional network (dealer) as an important element to improve business activity and performance. Such business-channel is currently lacking.

4.2. Involvement of women in the non-farm sector

In light of the consistent growth of rural non-farm economies across the developing world, it seems important to understand the context-specific reasons and motivations of rural non-farm female entrepreneurship as a player in local economy. Therefore, this section focuses on what reasons influence rural nepali women to become entrepreneurs within the non-farm sector and what factors contribute to the selection of a certain activity.

4.2.1 Women entrepreneurs in the non-farm sector: reasons behind

The involvement and entrepreneurial sense of women in non-farm activities relies on a wide range of distinctive factors and dimensions responsible for such decision, as women may be compelled to by: financial need, a rising opportunity or by their own interest in activities not related to agricultural labor.

As previously mentioned, 43 per cent of the respondents are categorized under the *landless group*, which constitute the basis of women's choice to be primarily engaged in non-farm activities. Nevertheless, one should emphasize that 8 per cent out of the *landless* women specifically stated that they decided to start their own non-farm business because agriculture is "*too difficult and no longer profitable. It is not enough to fulfill our basic needs*". These women in particular, were previously working as wage laborers in the farm sector.

Although more than half of households own land, usually it is small in size and it is farmed only for daily-consumption purposes. In this sense, 42 per cent of women have identified the use of land exclusively for self-consumption rather than productive purposes as the factor behind their choice. Consistent with literature is the idea that households are not exclusively part of the non-farm sector as its members undertake a multiplicity of activities, including farming and livestock as secondary occupations. Within the group of women that own land, few respondents had given their land for others to work and they assume to execute also small tasks as crop cultivation for household consumption.

Thereafter and interestingly, 7 per cent of women entrepreneurs recognized never being interested in any kind of activity related to farm while 4 per cent had started the business as a consequence of migration from their own country/region. The remaining population (4 percent) figures to be involved in non-farm activities as a result of physical disabilities or passion for that specific industry. (see annex)

Through interviews, more in depth information was collected and women have provided further explanations about their choices. The main reason for women to be self-employed and manage a non-farm business is due to low profitability accruing from agriculture, especially when combined with its seasonal income. Considering livestock, it takes time to raise and mature animals and only after a certain period women can make profit out of this activity.

Conversely, non-farm businesses enable women to manage cash on a daily-basis, which they described as the best solution for them, for their children and for the household. Moreover, the non-farm sector figures as a diversification strategy of livelihood. This observation is emphasized when the driver to start a new business appears as one's need to overcome the on-farm activities' low income in order to run the household and, in particular, to guarantee education to children. On the other hand, the need and choice to become more independent was also identified, as a strong driver for entrepreneurship and it is also a common pattern among the respondents.

It appears relevant to focus on the characteristics of the households in their whole when considering a shift in productive sectors. Among the families of women entrepreneurs it is most likely that also their male counterparts or relatives, particularly sister or brothers are involved in non-farm activities - wage laborers in Nepal, across borders or males' own business. 44 per cent of women acknowledged a relative who had been involved in some kind of non-farm employment, by the time the respondent decided to set up her own economic activity. This reality accrues mainly from the low profitability of agriculture economic activities rather from the landless ownership of households of the researched rural women entrepreneurs.

Box 4. Personal Story, "I wanted to be free from my pains and sorrows..."

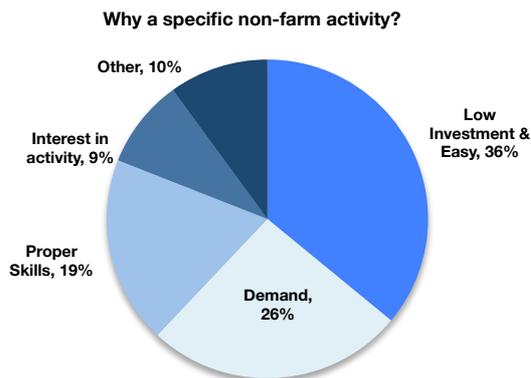
*Kabita** is a resilient and motivated thirty-eight year-old women with 3 children. For several years, she used to be beaten by the husband who had always discriminated her and had never contributed for her self-confidence. By that time, she had a submissive behavior, was afraid and the neighbors used to approach her in a dominant way. Kabita wanted to be free from her pains and sorrows. She used to raise hens and goats which didn't ensure income on a regularly basis. If she wanted to be independent and make her own living, a new source of income was needed. Due to previous training in the sector, she decided to open a business working as tailor, as her way out of pain and violence, *"I started my business with my ego, motivation and skills. It was a need to be independent and my own choice to start a new and better life"*.

*name changed for anonymity

4.2.2 Women entrepreneurs in a specific non-farm business: reasons behind

The non-farm sector of both researched areas follows a pattern of economic activities corresponding to inhabitants needs. It is appropriate to identify the reasons that influence women when decide upon a certain activity as it may be related to several premises, such as initial investment, profitability, location, entrepreneur's skills.

Figure 9. Reasons influencing the selection of a business



As depicted by figure 9, the main reason accounting women's selection for a sector is if the initial low investment required for such activity and subsequent ease of managerial tasks (36 per cent). Those businesses set-up within scope of financial reasons are mainly *Ghumtis* (55 per cent) and *Local Restaurants* (54 per cent). This observation is consistent with common fragile and precarious physical structures used to run such activities. Additionally, they are characterized by

easiness of having the right items to work, *i.e.* cooking items, as women are able to make use of personal and already existing material to run the business.

Demand was ranked first by $\frac{1}{4}$ of the population as the basis of women's sense of business opportunity to be involved in the non-farm sector. The Grocery Shop & Local Restaurant business figures as the activity with more potential in terms of demand as this business supplies a broader range of products available to consumers. Therefore, it is important to underline that it is also the activity, which the initial investment is higher. The potential positive relation between activity and caste is explored further in this chapter. *Ghumtis* (36 per cent) and *Other* (36 per cent) businesses are also part of in-demand sectors, which is explained by wide variety of items sold in *Ghumtis* and the more unique feature of activities under businesses like Stationery Shop, Pharmacy and Veterinary. The existing high competition across areas explains the absence of Tailors as a demanded activity. However, the tailoring sector is responsible for a large majority of respondents who have identified *Previous skills* as the influencing factor to be involved in the non-farm sector. This is also true for other activities as Pharmacy and Veterinary, which require appropriate previous knowledge (annex 7).

It is worth wise to notice that tailors women entrepreneurs account or the big majority of respondents that, besides being influenced by skills and knowledge about the activity, have identified interest, motivation and passion for the fashion sector. In this sense, during the fieldwork women working as tailors seemed the more passionate about their profession and the ones that had more opportunities to choose to be involved in a non-farm business that they were interested in and not only compelled to do it.

Considering the caste system, 4 Brahmin and Chhetri women respondents who were responsible for Grocery Shops have stated that if they want to work as tailors or to manage any other non-farm

business they couldn't do it because those activities are to be performed by the lower castes and not by a Brahmin or Chhetri. Although these women had pointed out their caste as the reason for being engaged in a specific non-farm business, among the population no significant correlation was found between caste and activity.

Activity	CASTE/ETHNIC GROUP						Total (%)	Total Respondents
	Brahmin	Chhetri	Tamang	Newar	Dalit	Other		
Grocery S.	23,1%	46,2%	19,2%	11,5%	-	-	100%	26
Local Restaurant	14,3%	42,9%	28,6%	7,1%	-	7,1%	100%	14
Ghumti	18,2%	27,3%	36,4%	9,1%	-	9,1%	100%	11
Tailor	21,4%	21,4%	28,5%	7,1%	14,3%	7,1%	100%	14
Cosmetic S.	16,7%	50%	16,7%	-	16,7%	-	100%	6
Grocery & Restaurant	60%	40%	-	-	-	-	100%	5
Other	21,4%	50%	14,4%	7,1%	-	7,1%	100%	14

* Chi Square test, Sig = 0,497 Statistical Significance

Table 10. Sort of activities by women entrepreneurs' caste

Nevertheless, the collected data shows that Grocery Shops are business mainly managed by Chhetri (46,2 per cent) followed by the Brahmin group (23,1 per cent) while Local Restaurants are non-farm activities in which Chhetri women are highly involved followed by the Tamang group (28,6 per cent). In addition, mostly Tamang women are involved in small shops namely *Ghumtis* (36,4 per cent) whereas cosmetic businesses are activities largely managed by women belonging to Chhetri caste.

Although no significant correlation was found, two remarks need to be highlighted. First, Grocery Shop combined with Local Restaurants under the same non-farm activity is a business exclusively performed by the considered upper-castes of Brahmin and Chhetri. This rational might be explained by the fact that this activity is one requiring higher initial investment, which means that the most deprived group of women have no economic conditions to set-up these kind of business. Secondly, being Dalits one of the most marginalized groups, women entrepreneurs belonging to this caste are solely represented within activities as tailors and cosmetic shops. It happens so weather because these women had already sewing machines and had established a home-based business or due to low investments needed to start-up a cosmetic shop.

Lastly, one can notice that also the upper-castes are predominant when considering the category *Other*, once it embodies more specific non-farm activities as veterinary, stationary and pharmacy, for example, which requires a different background to be involved in.

Taking into consideration location of business as a potential factor influencing the decision upon a certain activity, no correlation was found between the two variables⁸. The quantitative data previously mentioned (annex 7) had showed demand as the main factor for starting-up businesses as Grocery Shops, *Ghumtis* and Grocery Shop & Local Restaurant, which due to its daily-needed food/products

⁸ * Chi square test, Sig= 0,497 Statistical Significance

features available to costumers are often businesses highly demanded despite the area. Local Restaurants and Cosmetics Shops are equally spread across the researched areas apart from the more hilly and remote areas of Handikhola 7 and Basamadi 9. Although tailors are also distributed among wards, the bulk of tailoring shops is found in Basamadi 2 as it comprises the Bastipur market area.

With regard to market research, data collected shows that apart from 2 per cent of respondents, women asserted the lack of a business plan before setting-up a business. This information is consistent with three important conditions influencing women’s decision: (i) the big majority of women is running home-based businesses, which is consequence of a combination between existing personal physical capital and access to low financial capital; (ii) 96 per cent of women have no access to professional assistance during the start-up phase thus, (iii) accounting for the fact that, in general, women are not able to conduct any kind of market research or business planning about a certain sector, location or a possible new business in the area.

Apart from financial and physical assets, also human capital as education and skills is a determinant factor influencing the path followed by women entrepreneurs to be involved in non-farm activities. As table 11 shows, a strong correlation is drawn between women’s activity and their educational/vocational background. All women tailors had previous access to training (100 per cent), meaning that this particularly knowledge is not often passed on by friends or relatives. This may be a constraint for those women that are involved in farming activities and would like to change to non-farm employment, in particularly to tailoring businesses but have no access to training. The wish to become tailors was identified by several women in the farm sector⁹.

Activity/Skills	ACTIVITY							
	Grocery Shop	Local Restaurant	Ghumti	Tailor	Cosmetic Shop	Grocery & Restaurant	Other	Total (%)
Myself	36,6%	24,4%	12%	-	7,3%	5,1%	14,6%	100
Relatives/Friends	50%	-	-	-	25%	-	25%	100
Training	-	-	-	100%	-	-	-	100
Observing Previous Experience	22,7%	18,2%	27,3%	-	4,5%	9,1%	18,2%	100
Experience	42,9%	14,3%	-	-	14,2%	-	28,6%	100

*Chi square test, Sig = 0,000 Statistical significance.

Table 11. Skills learnt by activity/sector

The large majority of women running Grocery Shops learnt their skills from their relatives and from previous experience in the sector. This observation is coherent with the fact that many respondents have identified parent’s business as being grocery shops in which the respondent used to help when child. The same reality is true for women selling predominantly cosmetic items.

Those businesses as Local Restaurant and *Ghumti* are mainly managed by women who have learnt business-related skills by themselves, i.e. cooking skills. It was possible so through practice over time or by observing other people or relatives at home.

⁹ Data collected by my fellow student’s research regarding the farm sector.

Lastly, half of respondents under the category Other had acquired, on the one hand, knowledge on managerial tasks through their relatives or friends and, on the other hand, practical knowledge accrue from previous working experience. For example, the owner of a pharmacy worked before at a health center in Hetauda and the owner of a stationery shop was previously involved within the educational context.

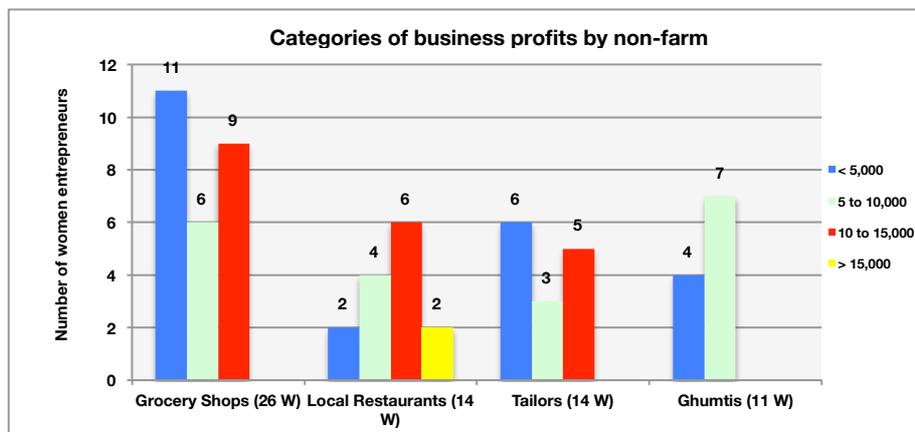
4.2.3. Profitable Activities

Once this study comprises not exactly the same number of women entrepreneurs owning the different business considered in the research, which in turn require also distinctive expenses according to the items needed, it is not accurate to track which one is exactly the most profitable activity. However, one can make some descriptive remarks regarding profitability of the most common non-farm activities existing in Makwanpur district. Therefore, for the purpose of this section only four categories will be further discussed, being these the activities represented by the larger and/or a similar number of women entrepreneurs' respondents. The non-farm businesses considered are *Grocery Shops* (26 respondents), *Local Restaurants* (14 respondents), *Tailors* (14 respondents) and *Ghumtis* (11 respondents).

When considering business profits, the monthly average profits of women managing Local Restaurant is NRs 11,107 (€98,29) and of Grocery Shop businesses is NRs 7115,38 (€ 62,90), meaning these are the activities registering higher earnings. Tailors women entrepreneurs earn on average NRs 6,000 (€ 53) while small business as *Ghumtis* have lower average business profits of NRs 5,159 (€ 45,6).

Given this, one can notice that Local Restaurant seems to be one of the most profitable activities as women entrepreneurs involved in this kind of business are able to have business profits considerably higher than all the above-described categories.

Figure 10. Monthly business profits by non-farm activities managed by women



From figure 10 can also be deduced that Local Restaurant is the activity with more potential to ensure higher profits to women entrepreneurs. Therefore, within the group of women owning this kind of activity

the number of respondents increases in two for each category of higher earnings up to NRs 15,000, which means that the lowest category of business profits for L. Restaurant embodies only few (2) women entrepreneurs. Remarkably, Local Restaurant is the only non-farm activity among the acknowledged businesses in which 2 women entrepreneurs have registered indeed the highest profits, namely NRs 24,000 and 25,000. This is also true when considering the whole research, being these volumes of profits two of the three highest earnings registered among the 90 women entrepreneurs.

Although Grocery Shops and Tailors present the second and third highest average business profits respectively, there is a balance between women represented within the lowest categories of earnings and women earning from NRs 10,000 up to 15,000. Lastly, *Ghumtis* seems to be the less profitable business among the four analyzed non-farm activities, once women owning this kind of small shops are not able to earn more than NRs 10,000.

With regard to which activities enable women to register higher increases between the initial business phase and the current business economic performance and its interconnectedness with success achieved by women entrepreneurs, the data will be further elaborate on chapter V, 5.1.1.

What is still missing in the nearby areas?

So far, it has been described what kinds of economic activities are undertaken by women and what factors influence their decisions. Nevertheless, along the research it appeared relevant to tackle what business opportunities still have potential when considering profitability and demand in the surrounding areas. This information was mostly gathered through interviews, focus group and informal interactions.

It is widely recognized among the population and across almost all Handikhola and Basamadi wards (apart from ward 2) that **Clothes Shops** and **Hardware stores** supply products that population is most in need of. Few cases, in particular in Basamadi ward 5, it was also mentioned the absence of **Stationery** shops. Actually, due to high demand and eventual profitability of these activities, some women recognized their wish to diversify product into the above-mentioned sectors. However, when questioned about “*why not change to these sectors?*” the total of women acknowledged the need for initial large investments and the lack of such capital or access to it as the main and only constraint preventing them to shift non-farm activity.

4.4. Conclusion

Women entrepreneurs in rural areas tend to be self-employed within the non-farm sector due to low profitability of livestock and farming activities. Therefore, according to the data collected, it can be described mainly as a diversification strategy needed to improve households' livelihood. However, there is still a group of women that decided to start their own business as they aimed to follow their aspirations.

Thereafter, among respondents' households, farming is practiced only for daily-consumption purposes as the non-farm activity turns to be the main source of income, which is particularly accurate

when considering businesses totally or partially owned by women. Moreover, many households are deprived from owning land, which compels its members to make their living outside agricultural production.

With regard to distinctive non-farm activities available to entrepreneurs, there are three capitals weighting women's selection upon a certain business: human, social and financial capital. Firstly, as illustrated above there is a strong correlation between skills acquired by women in the past and the establishment of their subsequent activity.

Secondly, social capital refers to the influence of relatives in the same sector. This is also frequently linked with women's previous working experience when supporting family businesses during childhood. Although it also comprises access to professional assistance and/or dealers' support during the start-up phase, the absence of these kinds of networks appears to be a reality for the large majority of respondents. Hence, many women lack previous knowledge about non-farm sectors and respective value chains.

Lastly, as women are economically disadvantaged they tend to select activities that require low initial investment (*Ghumti* and Local Restaurant) and activities that are more prone to be profitable due to human basic needs. Even though there are still businesses opportunities to be addressed, women have no economic conditions to ensure the necessary initial large investment.

CHAPTER V: KEY FACTORS FOR SUCCESSFUL FEMALE ENTREPRENEURSHIP

The fifth chapter targets the factors most influencing women to be successful entrepreneurs taking into consideration the enabling and constraining conditions under which women tend to perform and manage recently started-up or ongoing economic activities. In order to answer the third sub question and to provide deeper insight on *success* dimension, profits of business and changes in income will be considered as well the explanations for such transformations. Thus, special attention will be given to women that were able to increase business profits over time. Therefore, on the one hand this chapter will focus on background factors as personal motivations, assets and resources available to women. On the other hand the external environment will be contemplated, such as social networks, access to business development services, markets and perceptions about the legal environment.

5.1. Personal Background factors

This section aims to explore what are the internal factors shaping the variation in business profits among self-employed women engaged in non-farm economic activities. The focus will be what activities are more profitable, on personal motivations of women towards business, skills and the financial resources that women made use of to start the business.

5.1.1 Business profits: changes over time

Within the scope of the study and focus on the conditions enabling women to increase income, the respondents were grouped by current business monthly profits. The bulk of the population (38 per cent) shows monthly income of less than NRs 5,000 (€ 44). The remaining respondents are distributed among the other considered categories of profits: 23 per cent have monthly profits between NRs 5,000 to 10,000 (€ 88); 21 per cent earns from NRs 10,000 to 15,000 (€ 132); and 18 per cent present profits of NRs 15,000 (€ 132) or more.

Two interesting remarks need to be pinpointed when taking into consideration *education* and *caste* within the last group of 18 percent of women respondents with current higher business profits. Firstly, when analyzing levels of education of these women, data reveals that only 1 respondent has no education, which means that the remaining women have benefited at some extent of educational opportunities. Secondly, although it is not possible to establish a consistent relation between caste and business earnings, the data collected shows predominantly Chhetri and Brahmin respondents as being women with earnings of NRs 15,000 or more while only 1 Newar women and 3 Tamang women belong to this same group. (see annex 5)

When analyzing changes over time, women were questioned about changes in business profits throughout professional life, since the starting date until the present day. Although 38 per cent have identified profit decrease, 28 per cent affirmed stable and consistent profits while 34 percent of women

have experienced indeed an increase in profits in comparison to profits from the first year of economic activity.

These results are explained by a strong correlation found between *Changes in Profits* and *Years engaged in business*. The total number of women that had recently set-up a business (less than one year) experienced no change in personal income. Yet, almost half of the population (46 per cent) that has started a

	Absolute Number	Increase	No change	Decrease	Total (%)
< 1 year	10	-	100%	-	100
1 to 5 y	39	46%	21%	33%	100
5 to 10 y	19	37%	16%	47%	100
10 to 15 y	9	33%	22%	45%	100
15 y. or >	13	23%	15%	62%	100

* Chi square test, Sig= 0, 000 Statistical significance

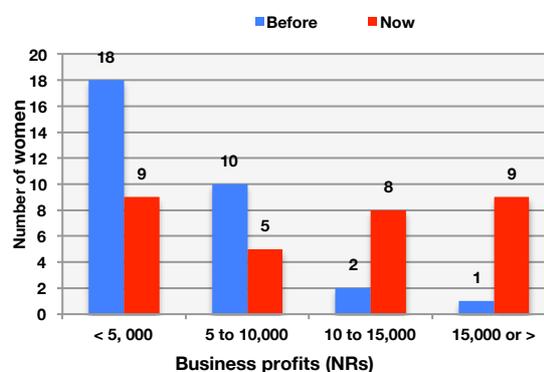
Table 12. Changes in profits by years engage in business

business from one to five years ago was able to increase income. Conversely, the longer women are managing their own business the sharper is the decrease in profits over time. One can notice that a large majority of respondents that have started the business for fifteen years ago or more are those with a registered income decrease. The results are consistent with the qualitative data collected, through which women have identified *increase in competition* and *higher living costs* as reasons accounting for the current lower profits of their economic activities.

Successful women: who are they?

Among the respondents, a total number of 31 women have experienced increase in business profits over time. Considering exclusively these successful women it seems relevant to understand what kind of variations in profits are to be considered. In this sense and within this group of women entrepreneurs, more than half of women (18 respondents) had monthly profits lower than NRs 5, 000 (€ 44) during the first year of their current economic activity. Due to non-farm self-employment and business management, the scenario

Figure 11. Distribution of successful women by changes over time in monthly business profits



appears to have evolved, in particular for those women having lower levels of profitability. By the time that the fieldwork was conducted, more than half of the successful women entrepreneurs show now profits of NRs 10, 000 (€ 88) or more, which reflects a sharp increase for these women and their livelihood (figure 10). Then, one can notice a decrease in number of women with low business profits, which in comparison to the first year of activity embodies now half of those respondents having such earnings.

However, to better understand the profile and background of these successful women entrepreneurs more disaggregated data is illustrated by annex 6. Therefore, non-farm activities as Grocery Shops (7 respondents) and Tailors (6 respondents) emerge as main businesses in which successful women entrepreneurs are engaged in. Next, also Local Restaurants and Cosmetic Shops are significantly

represented, by 4 respondents of each non-farm business. In light of these results, one should notice that Local Restaurants are mainly represented within the group of women earning NRs 15,000 or more, which means that in consistency with previous information (chapter IV) it seems to be a profitable activity with potential for high profitability and expansion.

With regard to different castes of successful women entrepreneurs, annex 6 shows a large majority of women Chhetri (11 respondents) and Tamang (10 respondents) as those ethnic groups achieving greater economic success. In addition, once education is a crucial “personal factor” with potential to influence business economic performance, one should notice that the number of respondents deprived from education decreases between the group of successful women with business profits lower than NRs 5,000 (3 respondents) and the following categories, where only 1 respondent having no education is represent in each upper category of earnings.

Furthermore, 73 per cent of successful women have expanded their current business at a given time of their professional activity and 79 per cent benefit from specific social networks able to provide them support and informal business information, in particular relatives. It results from the fact that the large majority of women have identified a family member presently working in the same sector of women’s activity. This situation emphasizes not only the importance of intergenerational effects but also the potential of networks to assist women entrepreneurs in strengthening their ongoing economic activities (see section 5.1.2.3)

In order to address the success of women entrepreneurs is important to track which women were able to increase business profits (described above) and also to understand the extent of the increase in relation to a specific activity. Therefore, annex 6 shows that women working as tailors are mostly those entrepreneurs registering higher increase in profits between the first year of activity and now, special within the group of women earning from NRs 10,000 up to NRs 15,000. One may find the explanation by considering the motivation and passion for the art of sewing that drive these women to a better economic performance. For this reason, women tailors tend to have larger increase in business profits not only by economic necessity but also by greater interest in their profession.

Lastly, the variable *location* is further analyzed in this chapter in section 5.2.3. – Access to Markets.

5.1.2 Personal Attitudes and Motivations

It is widely recognized that apart from physical and financial resources, there are several intangible dimensions influencing the success of all entrepreneurs, namely aspirations, motivations and commitment towards a certain business, (ILO, 2006). For practical reasons the following scale results from an adaption of the original scale (1 to 5) used in the questionnaire (see annex 13), since it can provide clearer information upon respondents’ behaviors. Women were asked to rank distinctive attitudes and motivations towards business from *Low (1)* to *High (3)* by the time the activity was started.

Attitudes and Motivations of women entrepreneurs

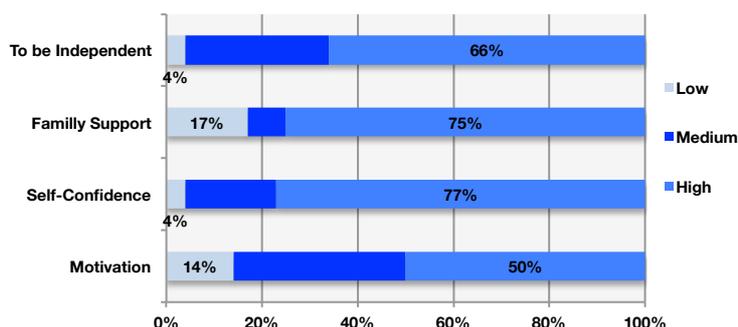


Figure 12. Scale of behaviors towards business by the starting-up phase

The majority of women ranked all categories in the highest level. The factor *Motivation* reflects how 50 per cent of women felt highly motivated to set-up a non-farm business while 14 per cent were not motivated to engage in the process. Low levels of motivation may be explained by peculiar social events, such as the death of the husband, or by extreme difficult economic conditions that

forced women to seek other source of income, *i.e.* to pay several household accumulated debts, as pointed by few respondents.

Considering *Self-Confidence*, $\frac{3}{4}$ of women were medium to fully confident to become self-employed and considered themselves as capable to face such challenge whilst only 4 per cent pointed total absence of self-confidence. Low levels of self-confidence were improved over time during business performance, which will be further analyzed in chapter VI.

When mentioning *Family Support*, the graph shows that 75 per cent of women were strongly supported and encouraged by relatives to start a business. On the other hand, a significant 17 per cent of the population ranked this dimension on the lowest level. The lack of balance in respondent's distribution between low and high levels of family support are explained by the fact that familiar interactions and joint decisions are predominant within the social context of Nepal; as Nepali families are characterized by strong bonds it is not common that husbands or relatives assume a neutral position towards women's choices.

Lastly, the large majority has identified the wish for greater economic independence as an important driver influencing their entrepreneurial attitude towards business. It seems pertinent to observe that the vast majority of women which have positioned themselves within the highest level of self-confidence are also women highly motivated (86,7 per cent) and also strongly committed to be more economic independent (65,2 per cent).

Out of the above listed attitudes and motivations, not all of them are potentially drivers enabling women entrepreneurs to achieve better economic performance. Despite different socio-economic backgrounds, the large majority of women aim to be economically able to fulfill their household's basic needs; mothers aim to correspond to the expectations of their children and to be capable to provide them education. Although most of women were deprived from having access to education, they are aware of the role and importance of education as a powerful tool for the future: *"My husband used to spend all the money on drinks and by that time, as our children were growing up it became hard to send them to school. I decided it was imperative to earn my own money so my children would be educated persons. I don't*

even know how to write and I am aware of the difficulties I've been facing all my life because I have no skills. I want a better future for my daughters".

In a changing society such as the Nepali one, women are becoming freer to move and to choose their own path. Therefore, to be entirely dependent on husband's earnings to run household activities is no longer the unique option available to women. Almost half of the women that have experienced increase in profits have identified pursuing greater economic independence as strong motivation to start and to further commit to a business that would become their own source of income thus, it is found the positive relation between this last variable and success.

Self-confidence is the "belief in oneself and in one's abilities", which means that one's perception upon the self is an important characteristic of human beings able to shape behaviors. Among the group of women that have increased profits, 84 per cent have also labeled high levels of self-confidence. The meaning of women being confident about their abilities and strengths strongly decreases shyness at the same time it fosters action among women and increases awareness of the external environment and business opportunities

Although it is hard to combine the promising ingredients for economic success, there are several pre-conditions that may be responsible for a better "take-off" of women when engaged in businesses. Apart from determination to become independent and levels of self-confidence described above there are other factors equally emphasized by respondents. Hardworking and being an active person were also recognized as two main drivers for economic success. Furthermore, all women agreed on one element of their own social context that is closely linked to personal strengths: *family support*. Even when family's support is not directly connected to increase in profits, it reflects the closest social environment that women are part of thus, playing a relevant role upon numerous dimensions of women entrepreneurial life.

5.1.3 Skills and Knowledge

Skills and knowledge are crucial assets of every human being with potential to improve livelihoods across generations and countries. In this sense, the lack of skills is one of the factors responsible for poor economic contexts typically characteristic among rural populations, particularly when considering rural women. It appears appropriate to understand how, where or from whom do women acquire knowledge and at what extent are these skills related to changes in business profits.

Usually, the respondents managing non-farm activities tend to acquire skills by themselves, whether these are acquired by practice over time (46 per cent) or by *observing* those who run identically activities (24 per cent). Further, 14 per cent of women had access to *training programs* to gain new and specific skills related to the activity to set-up. As mentioned before (chapter IV, 4.1.3), the total number of women who have benefited from such training are to be exclusively considered as tailors. Additionally, *previous work experience* in the activity (8 per cent) and knowledge transferred by relatives and/ or friends (8 per cent) are other sources of knowledge also identified by respondents.

Taking into consideration the whole group of women entrepreneurs and self-satisfaction with their skills, the study suggests that more than half of women consider having enough skills to manage the business and 23 per cent stated having enough skills for the moment but they are still in the process of learning. The same numbers are true if one analyzes exclusively the group of 31 successful women entrepreneurs. These results show women's proud and recognition of their hardworking in reshaping their lives and efforts to ensure greater living conditions for their families.



Photo 3. Women entrepreneurs teaching the art of sewing

“ Even if one have enough money to invest in the business, without training we can't make it in a good way in the short-medium term”.

- Tailor entrepreneur -

(Interesting remark pointed out during a FGD)

Skills also include business planning, marketing analysis and basic bookkeeping. With regard to business planning only 4 per cent of women had a business plan before set-up the business. The situation did not register improvements, as women are still not familiarized with the business-planning tool. Additionally, market research is also not a business tool that usually women made use of throughout the distinctive phases of entrepreneurship. Nevertheless, 77 per cent are familiarized with bookkeeping. This skill is usually learnt not only to improve transactions records but also by necessity. Considering professional help to set-up the activity, only 4 per cent of total respondents had access to professional information and help on business planning. The access to professional help and information will be further analyzed.

As entrepreneurship lies in a complex web of individual and external dimensions, skills are also connected to women's personal motivations and attitudes. On the one hand, increase in profitability is connected to one's self-confidence and strong wish to be more economically independent as meaningful drivers to improve overall business performance. On the other hand, women are also aware of how important is to continually enhance their knowledge to achieve greater profitability.

The motivation of women entrepreneurs to embrace the process of learning as a tool to strength their economic activities is linked to a strong purpose of become economically independent. Therefore, 42,9 percent of women within the category of *not enough skills but still learning* have experienced no profits variations, yet. This result is consistent with the fact that, a large majority of women registering no changes in business profits are also women with recent established business, which justifies women's perception of being in the process of acquiring knowledge.

The majority of population is satisfied with their own skills, whether they can be considered successful or no successful entrepreneurs, but still all women listed some fields related to their business upon which they would like to acquire more knowledge. The focus is particularly on *Management & Profitability, Marketing, and Fashion Design*. The elderly often mentioned lack of time and advanced age as the reason not to be motivated to improve skills and knowledge.

5.1.4 Financial Resources

One of the main purposes to be involved in non-farm income generating activities is to provide women opportunities for economic independence and further economic, social and personal development. Although the microfinance sector is a powerful tool, it is not fully covering the Nepali population. While the big majority of women make use of “formal and informal credit to supplement their own financial resources” (Messer & Townsley, 2003), other women have gathered proper conditions to set-up an activity without any kind of involvement in microfinance/cooperatives institutions. In this sense, it is relevant to understand how women manage their financial resources or the lack of it, whether to start and/or to expand their own businesses, and how does it may influence business performance.

Considering exclusively the source of initial financing, meaning not take into consideration social networks and other benefits potentially accruing from being part of a financial institution, it was found that the success of women entrepreneurs is not directly dependent on which financial resources to set-up a business are available to them.

Taking into consideration different available capitals to initially finance a business, 40 per cent of women have taken loan from a cooperative institution to set-up a non-farm economic activity. The use of cooperative’s loan is particularly noticeable for women engaged in business for a length of time between one to five years. The remaining 60 per cent of women entrepreneurs had other initial financial options as: (i) personal and/or familial economic resources; or, (ii) banks or moneylenders on high interest rate.

INITIAL SOURCE OF BUSINESS FINANCING		
	N° of Women	% of women
Cooperative	36	40%
Personal Savings	23	26%
Family/Friends	20	22%
Income from other activities	4	4%
Other	7	8%

Table 13. Distribution of women by initial source of business financing

Due to the absence of cooperatives back in time, these two options were often the hypothesis available to women that became self-employed longer time ago.

Considering exclusively the group of women initially out of financial institutions, around ¼ of women made use of personal financial resources (*i.e.* savings) while 22 per cent were financially supported during the set-up phase by relatives and/or friends. Additionally, 4 per cent have invested income from other activities and 8 per cent were supported by other formal institutions, as information collected suggested, “*we were supported by the government because we are Dalit*”.

However, by the time the study was conducted, 78 per cent of these women entrepreneurs have already taken loan from a cooperative at any given time of their professional life. Therefore, it is important to

differentiate in the sense that 40 per cent of women have started the business with money taken from cooperatives while 38 per cent made use of cooperatives' loan not to start but to further finance and/or to expand their non-farm economic activity.

5.2. Context- Structural factors

This section aims to explore at what extent does the external environment shape business management and success of women entrepreneurs in non-farm economic activities. As the socio-cultural context was previously described, the focus will be on the influence of intergenerational effects and distinctive social networks, the availability of and access to information and business development services as well as the access to markets.

5.2.1 Social Networks

Regardless of gender, all entrepreneurs require information, capital, skills and labor to successfully establish and develop their businesses. While they hold some of these resources themselves, entrepreneurs often need to seek additional resources by accessing their contacts. The social capital of women entrepreneurs is measured by: membership of a Cooperative, business associations or other women groups, support provided by neighbors, family and friends, whether inside or outside respondent's villages and perceptions upon legal protection.

5.2.1.1 Civil Society

Box 5. Personal story of a brave woman regarding the importance of strengthened networks

Miss Komari* is an extreme busy and confident women. She runs a Grocery Shop, the household and attends to meetings from different institutions. 20 years ago Miss Komari was forced to migrate in order to improve the economic condition of her family. To do so, she joined the Women Organization* that has a program helping women to safely go abroad. After returning to her home village and through Women Organization, she got in contact with other municipality institution that is currently providing her training on business management and planning. Because of the snowball effect she is now an endowed women with an extensive network. Miss Komari attends several meetings, in which she shares experiences and also benefits from gender awareness and business information workshops. *"Considering all parts of my life, before I used to be in dilemma whether I was doing right or wrong. But it doesn't happen anymore. Now I feel fully confident and I am an informed person and this is why I am thinking of expanding my business to wholesale because it will be more profitable"*. Miss Komari should be an important source of inspiration and motivation for other women that are willing to step into entrepreneurship and fight for their livelihood.

*names were changed for anonymity

More than $\frac{3}{4}$ women from the sample (78 per cent) is member of a cooperative and have made use of cooperative's *savings* and *loans* services at least once throughout their professional activity. It can be assumed that being member of such an organization enables women with recurrent social contact with neighbors and other women entrepreneurs, potentially increasing their social network.

Besides cooperative structures, only a total of 2 women is formally member of a certain business association: one woman is member of the Organization for Trade & Commerce while the other one is involved with a DDC association, namely Ahkil Nepal Mahila Sangha. Additionally, apart from business related associations, only one woman is member of an independent women rights organization working on gender awareness and related issues – the ABC Organization.

5.2.1.2 Family Networks

Arguably women's families are the most valuable source of professional and social support. It was observed that nearly half of women entrepreneurs (48 percent) have at least one relative working in the same sector in which the respondent is involved. This is consistent with the fact that $\frac{3}{4}$ of the population were advised by relatives and/or friends not only to start a business as an extra important source of household income, but were also advised upon a certain activity. Hence, respondents considered relatives as the source of professional assistance during the initial business phase, which reflects the importance of such familial networks. Moreover, relatives are the basis of a strong supporting structure in the sense that they are a source of additional labor; women often ask them for help in business when one needs to deal with managerial tasks outside working unit. On the other hand, the recognition of a consistent family network accounts also for the support provided to women in household activities, releasing extra time for respondents to develop their business.

As mentioned before (see chapter IV, 4.1.2), migration as a coping strategy plays a relevant role within rural areas across the research areas of Basamadi and Handikhola. Households having at least one migrant member benefit not only from remittances as they potentially benefit from greater social inputs and business connections, which can be of great importance to women who know how to adapt them to their own activity.

5.2.1.3 Friends and Neighbors

In a society where deep-rooted sense of community forms the basis of social behaviors, not only familial bounds shape a supportive surrounding environment but also neighbors and friends' ties are an important fraction of the social equation. In fact, 77 per cent of women benefits from friends and/or neighbors networks. 64 per cent of women are supported by people living in neighboring areas while 7 per cent benefit exclusively from contact with friends from outside woman's village. Additionally, 6 per cent of women benefit from double contacts, inside and outside their village. The remaining population (23 per cent) has no access to this kind of social exchange.

How do women benefit from these contacts? Firstly, women have acknowledged several benefits from friends and neighbors support, namely the opportunity to share experiences among them. Secondly, respondents have classified friends as an important source of help on business related issues regarding, for example, the price of products or even about how to make profits out of sales. All women commonly benefit from the idea that *"my friend keeps an eye on business when I have to go to market"*. Taking

exclusively into consideration tailors, this kind of network appears even more relevant as women often exchange ideas about new designs for clothes and some women provide training to friends and other people aiming to learn the art of sew.

5.2.1.4 Legal Protection

In general, women managing non-farm economic activities do not feel protected by government authorities and legal environment. 91 per cent of the respondents do not feel protected by law. When asked why they feel like that, most of women (73 per cent) do not know. 18 per cent argued that they don't get any kind of support from government or municipality.

Regarding legal and governmental framework, some respondents mentioned additional constraints being currently experienced. Due to expansion constructions on the highway, women whose businesses are located nearby the road, usually fragile huts, will no longer be able to run it in that same place. They will have to find new places to conduct the business, meaning new investments and expenses, or, as stated by few women, “*the only option and solution is to quit due to the lack of financial assets*”.

5.2.2 Business Development Services

Business Development Services (BDS) are recognized as a key tool on helping people acquire skills to strength knowledge and improve the management of their business and income-generating activities.

In order to understand the extent of access to BDS available to women, it seems important to frame women's professional networks on the basis of association's membership. Although 73 per cent of women are registered as *self-employed*, the big majority does not know if they are registered at the local, district or national level nor the name of such institution. This reflects the lack of support or legal information provided to women by these institutional bodies. Usually, within the legal framework women are registered at the Taxes Department. Moreover, within the group of 97 per cent of women pointed out as not having a link to business associations, there was no woman knowing about which associations they could join or benefit from.

However, an increasing number of respondents is registered when access to business information through governmental or non-governmental organizations is taken into consideration as 14 per cent of women benefit from information related to business management mainly provided by governmental institutions as the VDC and/or DDC.

One the one hand, still 63 per cent of women had no access to any kind of information related to their economic activity. Women don't know where to seek for professional assistance or information.

On the other hand, it is important to remark that more than ¼ of women entrepreneurs have actually access to business information provided by distinctive sources. 17 per cent look for information in markets, 10 per cent have identified cooperatives as business services providers and personal dealers support 7 per cent of women. Institutional groups such as other women groups and tailoring institutions are the basis of professional networks of 3 per cent of the respondents.

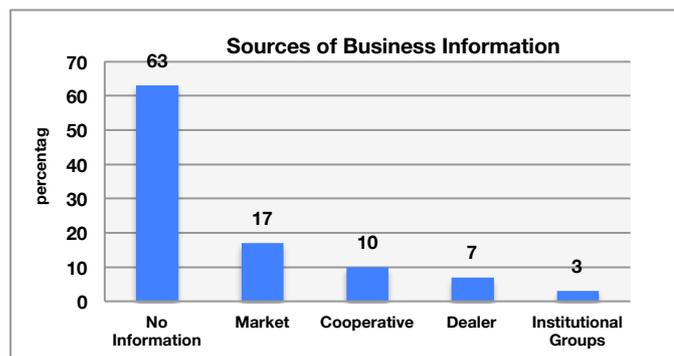


Figure 13. Source of business information available to women

Although 78 per cent of women entrepreneurs are members of a cooperative, only 10 per cent of them consider cooperatives as business development services providers. One should give particular attention to this observation as a result of what can and still need to be done by such organizations to fully strengthen women’s efforts towards better living conditions. Nowadays, cooperatives are mainly financial services providers and often neglect one of its most important dimensions, being the capacity to provide support on microenterprise information and development. This can be translated into practice by making business non-financial tools available to poor rural women such as business plan, market research, provide more workshops and promote networks and women groups to discuss business issues.

Each activity has specific features as it includes different actors along the value chain and requires distinctive managerial tasks. For this reason, a certain activity might be more prone to be part of a professional network, consequently providing women greater access to business related information. Women benefiting from business information provided by institutional groups are mainly tailors (66,7 per cent), as all of them were previous involved in training programs under professional guidance.

Additionally, dealers are information providers exclusively for women running *Grocery Shops* (33,3 per cent) and especially for women engaged in businesses as Pharmacy, Stationery and Veterinary (66,7 per cent), (see annex 7). This last result is explained due to higher complexity and characteristics of items sold in such businesses; it induces women to be part of a value chain thus, being more prone to work with dealers as middle-suppliers whose, in turn, provide knowledge related to the activity.

Although the large majority of women lack access to information and have identified friends and relatives as their source of knowledge and discussion when business doubts arise, one should understand the impact of professional guidance on changes in business profits..

	BUSINESS PROFITS				Total Respondents
	Increase	No changes	Decrease	Total (%)	
No information	36,80%	36,9%	26,3%	100	57
Institutional Groups	100%	-	-	100	3
Cooperatives	44,5%	22,2%	33,3%	100	9
Dealers	50%	33,3%	16,7%	100	6
Markets	-	-	100%	100	15

* Chi square test, sig= 0, 000 statistical significance

Table 14. Changes in business profits by source of business related information

All women that have benefited from tailoring institutional networks as source of information had registered an increase in profits. Additionally, half of women supported by dealers and nearly half of women whom consider cooperatives as source of business information had also improved business profits over time. Lastly, as knowledge acquired in market areas means being in contact with other shopkeepers that are usually in an identical situation as the respondents, no women whose markets are their source of information were able to increase business profits. Nevertheless, when considering the results of *no changes* in profits, one should bear in mind that mostly women being part of this category had recently started-up a business thus, not providing overall meaningful information regarding access to information and changes in business profits in longer-terms.

Photo 4. “Business constraints and solutions analysis”, Focus Group Discussion with women members of Nari Mukti Cooperative



Participants of the FGDs ranked the lack of information as their third main problem influencing business performance. Discussing about informative inputs, women asked for more support from cooperatives, particularly information about suppliers, bookkeeping and profitability.

Since better economic performance embodies a multidimensional net of conditions, business related information is important but it is not the only variable accountable for changes in income. In this sense, women that at any given time benefited from any kind of knowledge facility may also experience decreases in revenues due to the interplaying of other factors at stake, such as increased competition, taxations and national living standards.

5.2.3 Access to Markets

While micro enterprises represent an important force as source of job creation, the barriers they face in accessing productive inputs, business skills and market opportunities largely hinder their true potential for growth and sustainability. This occurs particularly across rural landscapes and populations. Although market linkages are essential dimension of agricultural production, it can also enhance productivity in non-farm sector depending on which non-farm activities are being considered.

In Basamadi, a total of four wards were included in the study, namely wards 1, 2, 5 and 9 while in Handikhola the fieldwork was exclusively conducted in wards 6 and 7.

Considering the distribution of 90 women entrepreneurs across the two research areas, nearly 50 per cent of women own a business in Basamadi wards number 2 and 5. These areas benefit from greater accessibility conditions, as they are located nearby the main road thus, representing high demand and

good location for setting-up businesses. By contrast, Handikhola wards 6 (17 per cent) and 7 (13 per cent) and, Basamadi ward 9 (2 per cent), account for a smaller representation of respondents. This observation is consistent with more remote and hilly characteristics of these areas, which may constraint the population in matters of economic opportunities.

Although the factor *location* was found not to be one of the main reasons influencing women when selecting a specific activity, some remarks regarding the type of businesses widespread across different wards need to be described. In this sense, as mentioned before (see chapter IV, 4.2.2) the quantitative data (annex 7) shows that due to high demand of daily-needed products/food available to costumers in Grocery Shops, *Ghumtis* and Grocery Shop & Local Restaurant, these activities can be found across all research areas as they are activities more prone to be profitable despite location. In this sense, also Local Restaurants and Cosmetics Shops are equally spread across the researched areas apart from the more remote areas of Handikhola 7 and Basamadi 9. Moreover, and although one can find tailors shops established among wards, the bulk of tailoring business is found in Basamadi 2 as it comprises the Bastipur market area.

It seems important to look closer at the group of successful women entrepreneurs when considering access to markets and the opportunities or constraints that may accrue from the absence of a proper market research when starting-up a non-farm business. Therefore, as the table in annex 6 shows most of the successful women (15 per cent) are managing business in Basamadi wards 2 and 5, which is consistent to the characteristics of accessibility of these areas. However, one should notice that despite its remote topography, a considerable proportion of 8 women entrepreneurs are successfully managing their non-farm activities in Handikhola wards 6 and 7. This observation can be explained by the fact that since there are not that many local non-farm businesses running in Handikhola, these women wisely perceived an entrepreneurial opportunity to establish a business and make good profits by covering the neighbors' needs, whom otherwise would have to reach more distant markets to have access to such products.

According to the nature of activities established by the group of respondents, access to scaled-up markets does not figure as a crucial dimension of this study. Since women mainly provide items of basic needs, such as vegetables, fruits, meals, soap and so on, all women entrepreneurs within the non-farm sector in Basamadi and Handikhola areas perform their business exclusively in local markets.

Local markets are also the final targets of women tailors. However, when considering the tailoring sector one may take notice on market opportunities and linkages for the future. These women take no part in any kind of organized group with potential to work as a common umbrella focusing on increasing women's power to sell their products (clothes) to domestic markets, or even, through exports at international level. Improving these links creates a virtuous circle by boosting productivity, increasing incomes and strengthening food security. Better access by small producers to domestic and international markets means that they can reliably sell more produced at higher prices. This in turn encourages

producers to invest in their own businesses and increase the quantity, quality and diversity of the goods they produce.

5.3. Conclusion

A set of different factors has to be considered when analyzing drivers and constraints of women entrepreneurs to be economically successful. Hence, there are personal conditions intrinsic to each human being according to their own path, which have the potential to influence business economic performance. Apart from background, the socio-cultural and external environment was also considered in this study as strong factors shaping women entrepreneurial achievements.

One should highlight that 31 women entrepreneurs (1/3 of respondents) have indeed experience increase in business profits over time. The potentially explanations for no changes or decrease registered were previously illustrated in this chapter.

Firstly, considering personal attitudes and motivations towards non-farm businesses, it is found that high levels of initial self-confidence are crucial if one aims to be successful. Additionally, it is acknowledged in the chapter that women pursuing greater economic independence as one of main motivations to set-up a business are entrepreneurs more prone to succeed as they are strongly driven towards a personal goal.

Secondly, a large number of women are satisfied with their own skills but they still lack access to adequate training and knowledge. Overall, women are interested in learning and they are aware of strengthened skills and knowledge as a key tool towards success. It was argued that if women have greater access to professional assistance and training opportunities they would find themselves in a better position to compete in the markets.

Thirdly, social networks comprises important bounds and knowledge exchanges that have the potential to provide a safe environment and access to business services thus, enabling women to explore more in depth their entrepreneurial capabilities and achieve greater success. However, apart from cooperatives, women are not linked to many other organizations or networks, mainly because they do not know about the existence of such associations. When women are confronted with doubts or business problems, almost all of them do have a social network of people around to form a safety net. In times of need women can count on their close social structures and they would ask for help to relatives, friends or neighbors.

Lastly, as information is a key to improve personal knowledge and microenterprises, availability and accessibility to business development services are a relevant section of this study. It is recognized that women entrepreneurs being part of professional networks tend to be more successful as they have more tools related to business at their disposal to compete and strength non-farm economic activities. Therefore, cooperatives, dealers, and sectorial institutions are the main business services providers to rural non-farm women entrepreneurs in Hetauda. However, one should bear that for women to succeed a combination of factors is needed rather than access to BDS alone, which is not enough to increase business profits and to strength ongoing non-farm businesses.

CHAPTER VI: FEMALE ENTREPRENEURSHIP TOWARDS ECONOMIC EMPOWERMENT

“Perceptions of gender are deeply rooted, vary widely both within and between cultures, and change over time. But in all cultures, gender determines power and resources for females and males”

- FAO, *Why Gender?* 2012 -

This chapter specifically addresses how female entrepreneurial process within the non-farm sector contributes to women’s economic empowerment. The indicators used to analyze economic empowerment embody women’s ownership of assets, control over resources and their perceptions about self-status. Therefore, more than the entitlement *per se* this chapter will mainly emphasize women’s economic control over personal income and contribution to household economic life, women’s power in household decision-making process and women’s success based on their own discernments. Considering these several dimensions, information will be provided on the variation of women’s economic independence over time due to non-farm entrepreneurship.

6.1. Assets and Resources

6.1.1 Assets’ Ownership

As mentioned in the fourth chapter, 52 per cent of respondents’ households own land, 38 per cent of women have the asset *house* in their own name and 5 per cent have identified both land and house as held assets. Only 3 per cent of women are totally deprived from assets’ ownership while 2 per cent has minor assets in their own name, such as working tools.

When assets as land and house are registered under the name of women it occurs mainly for two reasons: (i) assets are women’s family heritage; or (ii) remittances sent by husband have enabled women to purchase land and/or house as household asset, as identified by the respondents. Interviews and FGD participants confirmed this information. The data collected by questionnaires, interviews and FGDs pointed out that few women (5 per cent) were able to buy land by investing profits generated by their own business. This observation highlights the hard livelihood among the rural population, as women profits are mainly invested in household activities and to ensure food security over the year.

6.1.2 Control over assets and resources

To entirely address property status of women, it appears relevant to also analyze their control over assets and resources. During interviews and FGDs, women have highlighted that their control over assets depends on the importance of the property. When considering the option/need to sell land or the house, women usually consult the husband for further jointly decision. Wife and husband also decide together when improvements in household conditions are needed or planned.

Although women are involved in non-farm activities, 11 per cent of respondents acknowledged agriculture as household second source of income, being these women mostly owners of Grocery Shops (8 respondents). When farming activities constitute a third source of household income, both woman and man work the land and decide together upon crops cultivation and what fertilizers to use. However, when livestock is the third source of household income, often woman have total control over it and decides how and when to sell it. It also happens that sometimes women ask their husbands for help. Nevertheless, participants have commonly identified it as seeking for informative advises rather than consultation for husband's agreement or disapproval. Lastly, 34 per cent of the households own private vehicles, particularly motorbikes or bicycles. Though women argue that vehicles are property of their husbands, almost all of women (93 per cent) are free to use the vehicles whenever they want or need.

Next, the amount of money that women are able to save by the end of the month as well as the control over personal income is also an important factor to understand the extent of economic empowerment. When a woman does not have personal income and as she is compelled to ask the husband for small amounts of money to conduct daily-activities, she is not in a position to save money. However, one can notice financial transformations once woman is engaged in income generating activities and have personal profits. Usually, this transformation enables women to save money and to become more economically independent over time.

The large majority of women (89 per cent) are free to save money after covering household expenses, which means that income of these women entrepreneurs is not only providing them means to contribute to household expenses as it ensures to women the option of accumulate money, spend or to reinvest it in business reflecting the opportunity to have greater control over financial resources.

On average, women save NRs 2798,89 (€24,76) per month and savings range from NRs 100 (€0,88) up to a maximum of NRs 15,000 (€132,74). Nearly all respondents save money, whether inside or outside financial institutions, representing 4 per cent of women that is not able to save money on a monthly-basis. This might be explained by their low income – lower than NRs 3,000 (€26,47) – and by the fact that remittances of their migrant husbands are sent on a three months basis, which prevents women to save on a monthly basis once they have to manage expenditures and money for a longer period.

Although nearly all respondents are able to save money, one should notice that 22 per cent of respondents save less than NRs 250 (€2,21) per month. When member of a cooperative, a woman have to save within her saving group at least NRs 50 or 100 a month, depending on the policy of each cooperative. So, even if these women are capable of saving small amounts of money, it does not mean that they are able to save in the sense of wealth accumulation for the future.

One of the factors with potential to explain the differential between women able to save less than NRs 250 and the group of women saving more than NRs 9,000 regards the household head. Therefore, 11 out of 20 respondents saving the lowest amounts of money are the head of their household thus, responsible for managing all the expenses on their own even when remittances are sent, as these cash inflows are not available on a daily basis. In addition, from fieldwork observation it was possible to deduct

that rather than being influenced by business profitability of a specific activity, the amount of money saved by women entrepreneurs is influenced by the number of family members and decisions taken upon investments on children's education to study, for example, overseas or in Kathmandu, the capital.

6.1.3 Capacity to make purchases

As often women are still financially dependent on their husbands, the wish to be economic independent is one of the main drivers for women to start an activity and have personal income. If women are able to pay for household expenses and to fulfill children basic needs on their own, they identify themselves as being a *successful and empowered woman*. This observation is stressed by the capability that women have to make purchases by themselves, without previous consultation with their husband.

Currently, daily financial activities are no longer a problem for the researched women entrepreneurs. Women no longer need to ask money to pay for household needs as 100 per cent of respondents affirmed being completely free to manage money to make small purchases, *i.e.* as food, clothes and medicines. This information is consistent with the previous mention (chapter IV) spatial mobility that women freely experience, since it is only possible to make purchases for the household if women are free to go to markets.

Different kinds of purchases comprehend distinctive decisions and perceptions upon it. When analyzing the capacity of women to make purchases the numbers reveal differences between daily-consumption purchases and larger and less common purchases, *i.e.* furniture or land. Although 21 per cent of women are still not considered capable to make decisions involving larger sums of money, the big majority of respondents are contemplated to take part on such decisions; wife and husband decide together if they can afford large investments or not and if it is the right time to do it. This situation was also explored among FG participants, whom have argued that men are usually more aware, for example, of land deals and have more knowledge about markets. From this perspective, the jointly decision is perceived as a positive input provided by husband rather than the lack of women's option or power to decide alone upon large investments. Additionally, as large investments decisions are perceived as a more serious issue, no transformations on women's participation were identified over time: women's status remained the same before and after entrepreneurial activity, whether it was a jointly decision or not.

As pointed by respondents, strengthened economic independence is particularly accurate for women in the non-farm sector because it enables women to manage cash on a daily basis, which in turn makes easier to have greater control over profits. Moreover, for $\frac{3}{4}$ of the population the economic benefits accruing from their business reflect more than a daily economic empowerment. It highlights the fact that women are now able to save money as a preventing or improving livelihood strategy for the future.

6.2. Participation of women to household decision-making process

Women face major discriminations across Nepalese society and they are not treated equally or given the same rights as male household members. If *empowerment* is about changing power relations, it appears crucial to analyse the weight of non-farm activities upon variations in women power in household decision-making process. In order to assess women's empowerment within the household two dimensions of gender relations are addressed: women's participation to household investment decisions and women's respect within the household.

6.2.1 Participation of women to household decisions about investment

Gender relations are the ways in which a society defines rights, responsibilities and the identities of men and women in relation to one another (FAO, 2012). So, who decides upon profits investments (how much and where to invest) is a crucial indicator to assess women decision-making power.

Who decides upon business profits?

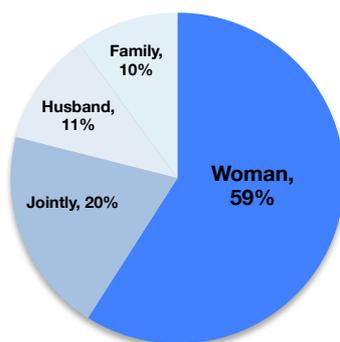


Figure 14. Family members deciding upon where to invest profits

When questioned about *who decides where and how to invest profits from women business*, 59 per cent of women are totally responsible for such decision, reflecting full control over personal income. Within this group of women, a bulk of 22 women own Grocery Shops followed by 10 women working as self-employed tailors. Moreover, 20 per cent of respondents have identified jointly decisions between wife and husband while 10 per cent of women identified it as a family decision. This does not mean that women are completely deprived to exercise control over earnings; rather, women are also included in these familial economic discussions. Nevertheless, still 11 per cent of women lack any kind of control over their profits once the husband appears as the exclusive member to decide about household total income and investments. Remarkably, all Dalit respondents (3 women) are included in this last group of women having no control over their own profits as well as 4 Newar women. The remaining 3 women having no control over personal income belong to each of the other Brahmin, Chhetri and Tamang ethnic groups.

Considering both variables of economic contribution of women and who decides upon profits, there is a strong correlation between their economic participation and women's decision-making power¹⁰ (see annex 7). The large majority of women (79,3 per cent) contributing more than $\frac{3}{4}$ to household total income were identified as having total control over personal profits. 36 per cent of women that equally to men participate to household economic life argued to make decisions together with the husband. This observation, and as mentioned before, does not mean lack of control over personal resources but

¹⁰ Chi square test, sig= 0,005 statistical significance

balanced gender relation, since **Gender balance** is the equal and active participation of women and men in all areas of decision-making, and in access to and control over resources and services, (FAO, 2012).

Where is the money invested? Basic needs, as education, food and treatment, are the main destinations of household expenses. It is the reflection of poor economic conditions of rural household livelihoods, as they are not able to make large investments besides covering basic needs. Moreover, some other areas to invest money were depicted by respondents as household constructions, religious festivals and clothes.

Household decisions comprise several areas as economic-related decisions (land, house, livestock and household goods) other kind of decisions such as children’s education and health. Taking into consideration economic-related decisions, it has already been highlighted an improvement of women decision-making power, especially when small investments are at stake.

While women have experienced improvements in decision-making power regarding economic-related activities, a different situation is depicted when considering decisions about educational matters. In general, education-related issues have been decided jointly between wife and husband. In this sense, the decision making power on education remained equally balanced over time with no variations before or after women are involved in business. However, one should notice that all women had initially ranked their role to decide about education at the higher levels of the “power ladder”, meaning that women were already empowered and had an important saying about it. This information is consistent with women’s widely awareness of the importance of education as they often set-it up as a priority field to invest profits.

Focus Group Discussion

Women were asked to rank their power within the household regarding children’s education, household good (medicines, food and clothes) and large purchases.

By making use of the “power ladder”, ranging from a minimum of 1 and a maximum of 5 women have identified power changes over time by placing seeds in the “before ladder” and in the “now ladder”.



Photo 5. “Household decision-making power status analysis”, focus group discussion with Paribartan women members

6.2.2 Women's respect and support within the household

"Behind every great man, there is always a great woman". Behind concrete actions there are always distinctive perceptions and behaviours. The control exercised by women over resources cannot be analysed exclusively *per se* as behind there may be other factors influencing it, as an absent network or a strong familial support.

As data collected through interviews and FGD suggests and as mentioned before, respondents feel supported by household members. Women are strongly assisted by their children and parents in law, which provide great support in household activities. In this sense, there is no variation in familial support when considering household tasks between the periods before women had started their business and now.

Particularly addressing husband's recognition and respect towards women now entrepreneurs, the overall situation appears positive, in the sense that men are now more willing to trust, respect and recognized the capabilities of their wives. The respondents argued that due to business and economic contribution, the situation has evolved in favour of women. Nowadays, women feel more confident and empowered within the household than back in time when they were no responsible for a business or had no or low personal income. This observation is highlighted by women's perceptions as they feel *men are now more tolerant* and like their wives contribution to household expenses. Either the initial context was husband's disapproval or neutral position about women involvement in non-farm self-employment, the male behaviour towards women economic independence is now one of approval, satisfaction and higher respect. One should notice that increased recognition and encouragement is explained not only by women economic participation to household total income but also by husband's perceptions about what abilities do women have, *i.e.* motivation, managerial skills and capability of being independent. Although few respondents (5 per cent) still do no experience respect among family members, the business had the potential to increase their recognition within the household (Box 6).

Box 6. The potential of non-farm activity in improving women's status

The idea of empowered, more confident and motivated women due to entrepreneurship was particularly noticeable when informal talking with a widow took place at her home. She had set-up a Local Restaurant 10 years ago because she thought her husband was about to leave her. However, after two years, she started to cover household expenses with business profits and helping the husband to pay his debts. Emotionally, she told us about a "new life" they started to live together since then, because the husband understood *"that I can do more than exclusively raise our children"*. Since that time on, *"my husband started to trust me more and he even gave me his salary so I could manage household expenses completely on my own"*. Her life got better until the day the husband died. Because of her loss, she was depressed and living with the family in law, as it is tradition in Nepal. *"I had a hard time because my parents and brothers in law had never liked me, my business was in loss and I wasn't motivated anymore"*.

One day, she couldn't bare anymore all the accusations about being worthless for the household. Then, she decided, once again, to fight for her life and for her children. She was committed again to manage the Restaurant and to be the best one in the area. And so she did.

By the time the field research was conducted, she was a successful women entrepreneur, her son was studying in India and she had the bright look of someone with the feeling of "mission accomplished". When asked about the relation now with her family-in-law, she stated that *"my relatives still do not like me so much but at least now they think I can do it, I am not useless anymore"*.

Once she is a strong women and because she had her own business, a personal thing built on her own, there was something to fight for, something that *"would give me enough money to prove who I am and how far can I go"*.

6.3. Participation of women to household economic life

In order to assess the impact of non-farm entrepreneurship on economic participation, variations on income contribution to the household total income will be addressed between the periods before and after women have become self-employed within the non-farm sector.

On average, the monthly income of women respondents is NRs 7851,10 (€ 69,26€) and businesses managed by women are the main source of income for 62 per cent of households.

When questioned about women overall contribution to household total income before and after being self-employed in non-farm activities, 60 per cent have claimed an increase in contribution status. Moreover, 31 per cent of respondents register the same level of economic participation throughout time while 9 per cent of women are now contributing less to household income than before. The reason for the decrease in economic participation lies on the fact that before women are married, they were largely contributing to their parents' household economic life. However, after marry, women's contribution to a new household is balanced with husband earnings and sometimes also with the income from other relatives.

According to data collected, a large majority of women are now more economic empowered thanks to entrepreneurial action in whatsoever non-farm activity. Before being self-employed in the non-farm sector, the bulk of women usually contributed with personal income to the household total income less than 25 per cent while the minority (6 respondents) were responsible for household economic maintenance.

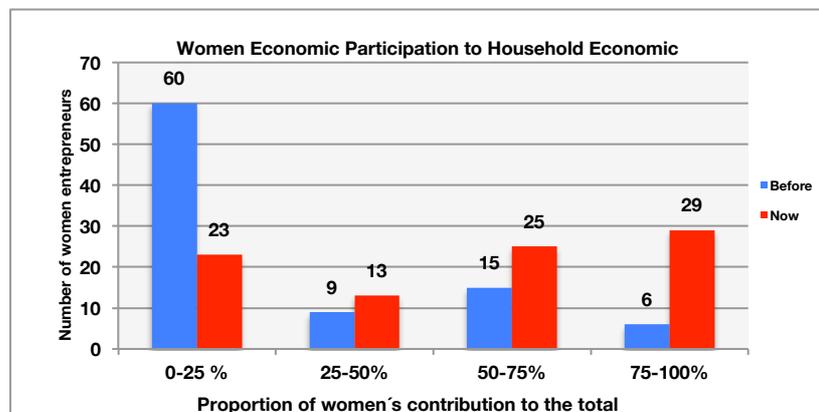


Figure 15. Levels of economic participation of women to household economic life before and after being self-employed

However, the situation has evolved and a sharp decrease in low levels of female economic participation is registered. Acknowledging the importance of business and conversely to the previous situation, a significant number of women (29 respondents) is now playing a major role in household economic life as they contribute with $\frac{3}{4}$ or more to household total income. Thus, it reflects women's improved economic conditions and participation in household life.

The still low levels of women economic contribution are explained by the size of the household. Women members of bigger households are also women belonging to the group of respondents figuring

lower levels of economic participation. Thus, the bigger the household is, higher is the number of people participating in household expenses, which decreases women's share within the "economic contribution pie".

The economic role of women is strongly linked with which member is the head of the household and what is the main source of household income. Firstly, 65,5 per cent of respondents revealing high income contribution are part of households headed by women¹¹ (see annex 7), which means that women are strongly economic active and play an important and multidimensional role within their households; these women are empowered as their families are highly financially dependent on them. Moreover, when wife and husband play balanced roles within the household men is still perceived as the head of the family. This social dimension explains why more than ¾ of respondents having a share on household total income higher than 50 per cent are part of male-headed households. For this reason, as women contribute at least for half of the household expenses they are also economic active and strongly accountable for the household maintenance.

Secondly, considering the main source of household income nearly all women (96,6 per cent)¹² highly contributing to household income has identified their own business as the main or only source of household income, (see annex 7). On the other hand, households in which *Driver* or *Remittances* is the main source of income, economic participation of women tends to be less evident, as profits accruing from women business are considerably lower than wages of their migrant husbands.

Overall, due to female entrepreneurship and involvement in non-farm activities one can notice a growing trend of women being more economic active and playing major roles within their households. Not only women are experiencing increased financial participation in household expenses but also businesses managed by women are becoming the primarily source of households livelihood. Women-headed households are colouring rural landscapes. It is so whether because male counterparts had to migrate or because their motivation to be economic independent lead them to set up an economic activity and to experience economic success. Nevertheless, through informal interactions and observation one could deduct two factors: first, it seemed that tailors entrepreneurs are the group of women more motivated to start and develop a microenterprise on their own and, subsequently, the group of women more proud and highly satisfied with their economic and personal achievements. This is accurate when acknowledging that tailors are the group of successful women able to benefit from greater increases in business profits over time (see chapter V, 5.1.1), which might be related to their interest and passion for the sector as well as the opportunity of continuously learning on practical processes. Second, apart from the older women entrepreneurs, one had the perception that women self-employed in non-farm activities for a longer length of time was also the group of respondents more determined and fearless to take the risk and step into their economic independence.

¹¹ Correlation between *Current Income Contribution* and *Head of the Household*, statistical significance = 0,000

¹² Correlation between *Current Income Contribution* and *Main source of household income*, statistical significance = 0,000

6.3.1 Successful women and Empowerment

So far in this chapter the focus of analyses has been on measuring women's empowerment considering the total of respondents included in the study. However, since there is a strong component related to women's economic participation to household economic life in measuring the concept, the extent of empowerment within the group of 31 successful women is illustrated as follows.

Considering exclusively successful entrepreneurs, the table in annex 6 shows a large majority of women contributing at least 50 per cent to household total income by means of women's personal income (61 per cent), out of which 11 women respondents are the ones responsible for the biggest share of total household income. Additionally, when considering kind of activities, data shows tailors as being mostly the group of women gathering conditions for such large economic contribution (5 out of 11 respondents).

However, within the set of women who have experienced increase in business profits, still 16 per cent of respondents register low levels of economic contribution. One can find the explanation for the results on annex 6, which shows that all 5 women entrepreneurs contributing with personal income less than 25 per cent of the household total income are part of families with migrant members, meaning that remittances play a major role when considering livelihood improvements for these households.

6.4. Overall satisfaction towards business

Despite structural constraints, economic conditions and social gaps, women are aware of their potential and often demonstrate a positive attitude and an overall contentment regarding business and their economic strategies to improve family livelihood. The large majority of respondents are satisfied with their overall professional condition, out of which 17 per cent are actually highly satisfied with business performance. This group of women entrepreneurs can be mainly characterized as tailors and owners of local restaurants, 6 and 5 respondents respectively, out of which all had expanded their businesses.

Nearly $\frac{1}{4}$ argued that they are "not doing badly" but they still acknowledge further potential of their activity. Only 7 per cent of women is not experiencing fulfillment with commercial store, being mostly (5 respondents) women managing *Ghumtis*, earning less than NRs 5,000 and that have never expanded their business since they are self-employed within their current activity.

With regard to satisfaction of current *business profits*, 42 per cent of respondents feel fulfilled with business economic performance while 14 per cent are not happy and argued upon profits shortage. However, 44 per cent of women recognized that they are not satisfied with earnings, yet; they aim to increase business profitability in the near future. Once again, women's perception of not being enough skilled or not being fully satisfied with business accrues from their ambition, motivation and awareness of benefits of the learning process. Women aim not only to increase business profitability but also to combine it with better personal performance.

6.5. Economic independence of women – the goal

Women entrepreneurs invest in non-farm businesses mainly as a coping strategy for improved economic conditions. At the same time, it creates the opportunity for them to reduce economic dependence on male relatives within the household. Therefore, to fully assess economic empowerment of women it is crucial to take into consideration women’s psychological wellbeing and attitudes regard their economic status. The analysis of “*power within*” appears as an essential dimension of economic empowerment as,

“The internalization of such feelings of worthlessness is a well-recognized feature of women’s oppression. Power within refers to assets such as self-esteem and self-confidence. In a sense all power starts from here.”

(Mosedale, 2005)

Through data collected in interviews and FGDs, perceptions of women about personal economic status are positive, as the large majority has identified high levels of economic independence within the household. Strong feelings of self-confidence not only within the household but also at the community level were also registered. As emphasized by respondents, their business is the underlying cause of overall improved living conditions.

Within the scope of this study, when considering women’s economic independence one should link it with the idea of *success* that in this section will be defined by women’s perceptions and objectives.

According to available literature, success can be defined as *the accomplishment of an aim or purpose; the attainment of one's goals*, (Timmons and Spinelli, 2006). Depending on what is the goal established by each one, there are distinctive perceptions about *what is being successful?* However, when asked about economic success, all women participants define it as *being economic independent; when one does not need to ask money to other persons and one can fulfill children’s needs by oneself*. Hence, if business is accountable for the decrease of financially dependency on husbands or relatives, women consider themselves as *being a successful*.



Photo 6. “Empowerment ladder” on economic Independence and self-confidence– FGD in Basamadi

“ In the past I was afraid to ask for NRs 100. Now, I can ask for NRs 1 million and I am sure I will be able to pay it back”.

Tailor women entrepreneur regarding self-confidence and success

Apart from 3 Chhetri and 1 Tamang women, all the other respondents documented financial dependence on their families as well as severe financial constraints before involved in non-farm self-employment. However, because now these women have income, they are capable to invest personal business profits according to their own wishes. The FGD participants discussed more in-depth about their perception of economic independence by realizing that now they don't need to show accounts to the husband. Therefore, women feel freer to make personal economic choices and to *live by themselves* within the household.

On the one hand, self-confidence is an important driver to achieve economic independence and recognition. On the other hand, self-esteem can be strengthened by improved respect within one's close surroundings and capability to freely make financial choices. One should look at two dimensions of self-confidence: (i) greater self-confidence due to entrepreneurial activities; and, (ii) improved self-confidence as a result of economic independence.

Firstly, all women have experienced positive transformations in their self-confidence thanks to business in the sense that they are the only or main person responsible for that specific activity and respective managerial tasks; women no longer feel worthless. Additionally, since women have to interact with suppliers and costumers they become more confident and less shy - *"Now I no longer hide behind the products. I even talk more to costumers and behave better with them so they can spread good thoughts about my shop and more people will come"*. Other relational dimension perceived by respondents is one of increased skills. For example, because the business requires to, 10 per cent of women respondents have learnt to write their name, know about bookkeeping and how to make calculations, being all of them women self-employed in Grocery Shops. In this sense, because women have now more knowledge than before they feel more confident and respected among both household and community.

Box 7. Personal Story covering increase in husband's respect due to the success of in business

Manju* is a 33 years old woman that used to be a farmer. However, it was a seasonal work and for the remaining period she had no work or income. When she got married, Manju and her husband had to flee away from their village because of an impossible marriage. With no land and no income, she decided to produce and sell wine at home – it wasn't profitable because people used to buy it on credit. After, she decided to sell wine on a pulling car along the road. *"It was not easy. People did not trust me and behave different with me. By that time, I wanted to start a real and bigger business but I didn't have enough money and I didn't believe in myself. One day, I was offered to prepare 65 snacks to a club and everyone loved it. A friend of mine suggested me to open a local restaurant. Together with some savings from wine sells I took a loan from the cooperative and started my business. I was doing it alone. My husband didn't support me. He had recently gone abroad. We used to argue and that is why he didn't send money back home to me or to our children. After one year of running the restaurant, I started to make good money. I was finally independent and able to make life better for my children. I was successful and people understood that. My confidence was growing and more people came to eat here. Now my husband is back and we are together. I know he now respects me because I am successful and confident. This business is my blessing. I am highly satisfied with it and I think it is good enough, I don't want to make it more profitable. Now I feel that no one can dominate me. Better than that, now everyone in my family and community trusts and loves me more"*.

*name changed for anonymity

Secondly, it was previously mentioned that increased economic independence is inter-connected with the idea of success. As long as relatives and friends perceive women as successful and independent beings, respect is easily given to women, which in turn influences women full confidence and self-esteem.

Considering the role of business in influencing one's empowerment, it was commonly emphasized that women are empowered when comparisons to other occupations as housewife or farming activities are drawn. Women feel more empowered now not only because they have money to spend in social and religious events but mainly because they consider themselves freer to interact with the society. *"(I feel more empowered than) women working in agriculture because they don't go out of home. I know that because of my business I need to go out and talk to people. I am less shy now, more independent and confident"*.

6.6. Conclusion

Whether women were able to increase business profits over time or not, the fieldwork and the study show that all these women entrepreneurs are satisfied with their economic status and realize that non-farm businesses have also potential beyond its economic dimension; it is an opportunity to learn more and *"to have other perception about world and life"*, (statement of a women owner of a Grocery Shop). The large majority of women, regardless education, age or activity are now capable to make small purchases on their own, they have increased economic participation to household expenses and, because of that, the respondents feel more respected and recognized by their family and community. Furthermore, women feel more empowered in the sense that they have personal income to guarantee education as well as a potential better future for their children.

As there are several entry and scaling-up barriers for non-farm entrepreneurship, specially for women, when such activities enable women to achieve economic independence, self-confidence and improved livelihood, businesses become then the most regarded asset. Almost all women respondents have reinforced the underlying idea of the following statement

" This business was the only thing that really improved my life: now I have money and I am more confident. I talk to people and if my husband tries to discourage me about it, I still feel motivated. I will not leave this business. I do not want to be involved in any other activity."



Photo 7. One of the most self-confident, brave and respectful women, tailor entrepreneur.

CHAPTER VII: DISCUSSION, CONCLUSION & RECOMMENDATIONS

The aim of this study was to get insight into key factors influencing the success of recently started and/or ongoing non-farm microenterprises of rural women, and to assess how does female entrepreneurship contribute to women's active economic participation and empowerment.

As previously mentioned, the process of structural economic transformation that accompanies economic development in rural areas implies a shrinking agricultural sector and expanding rural non-farm activities. The rural non-farm economy is built upon the premise of diversification of income sources over rural space. Considering these transformations, the answer to the research central question "*What are the drivers and constraints for female entrepreneurship in the non-farm sector in Makwanpur?*" has been built through four different sub-questions and the main findings can be read as follows:

Why are rural women primarily self-employed in the non-farm sector?

Two main reasons for women's engagement in the non-farm sector can be highlighted as low profitability accruing from agriculture (in particular when it is combined with its seasonal feature meaning seasonal income), and the lack of land.

In general, farming and livestock are no longer profitable activities enabling rural households to improve their livelihoods. It requires physical hardworking and land ownership, since wage labor on others land represents low wages and is not enough to ensure food security. Additionally, seasonality is one of the main characteristics of the farm sector that constrains households from having income on a regular basis. Conversely, non-farm businesses enable women to manage cash on a daily-basis and to consistently participate in household economic life. This is in line with available literature, which states that one of the main factors influencing rural household decisions regarding the extent of their involvement in RNFE are the incentives offered, such as the relative profitability and risk of farm and RNF activities, (Hazell and Reardon, 2009; Ellis, 1998).

Essentially, financial needs are what mainly drive women to be involved in non-farm activities and to explore the potential of their entrepreneurial skills, which correspond to the findings showed in the literature on female entrepreneurship, (Jamali, 2009; Roomi & Parrott, 2008). Within the group of researched households deprived from land ownership, women are compelled to seek other and more profitable economic opportunities by shifting work towards the non-farm sector, which reflects diversification and coping livelihood strategies for rural households previously highlighted within the theoretical framework by Ellis, (1998). Therefore, in accordance with literature on female entrepreneurial development initiatives, (ILO, 2007), it can be confirmed that women informal businesses tend to be initially more livelihood oriented instead of growth oriented. Income accruing from female owned non-farm activities is then becoming the main source of household income, since agriculture as main source of income is being replaced by non-farm entrepreneurial activities.

The second sub question focused more on the wide range of non-farm income generating activities and on the reasons behind women's choice for a certain business.

What factors influence women's selection of a specific non-farm activity?

As rural populations across developing countries and, in particular, rural women face major financial problems, the selection of a specific non-farm activity is mainly dependent on both available financial and physical capitals. However, this study confirms the idea of Hazell and Reardon, (2009) when considering that household's capacity, determined by education, income and assets strongly influences women entrepreneurial decisions to undertake a specific non-farm activity. Therefore, the decision is mainly weighted by how much is required as an initial investment in business. Women are influenced by the need of low initial investments both in infrastructures and managerial matters: they start activities that are preferentially home-based businesses and where it is possible to make use of personal items, overcoming the need to invest in working tools and physical units.

A second factor influencing women's choice is the level of demand for specific products. Nevertheless, *demand* needs to be set in terms of physiological needs rather than unique or technical needs. For this reason, women tend to be involved in businesses that supply human basic needs items and cover a broad spectrum of products, such as vegetables, fruits and cooked food.

What is very clear is that, apart from being livelihood oriented, non-farm businesses managed by women entrepreneurs often remain confined to low-productivity and low-growth market sections, in which gender plays a major role when analyzing opportunities and constraints. This observation is compatible with several studies on female entrepreneurship which show that gender and social status restrict access to the most lucrative non-farm activities as women lack the information, technical skills and financial capital required to effectively manage the business, (Hill, 2011; Reardon, 2009; Jamali, 2009; Davis, 2003)

Besides financial and physical assets, also human capital as education and skills is a determinant factor influencing the selection of an activity by women as entrepreneurs within the non-farm sector. Formal education, vocational training, or the absence of specialized knowledge hampers women's decision when setting-up a business. Women who had previous access to training tend to be confined to tailoring activities, while women with higher levels of formal education tend to be engaged in more specialized activities, such as pharmacy or veterinary shops. Women lacking educational or vocational opportunities manage businesses that are more easily performed through social and self-learning processes. Therefore, this also constrains women to start more profitable and in-demand businesses, since more specialized activities require higher initial investments and specific knowledge about them.

The third sub-question aims to examine what factors influence women most to increase profits from their non-farm businesses, thus becoming successful entrepreneurs. Therefore, it reads:

What key factors enable rural women to become successful entrepreneurs in started and/or in strengthened on-going businesses?

The ability to strengthen an economic activity lies in a multidimensional web of factors, perceptions and attitudes. Most of the women experiencing an increase in business profits over time are involved in a specific activity for a period between one to five years. These successful women are self-confident and

they are driven by a strong wish to be economically more independent. Therefore, as expected, based on literature on female entrepreneurship (Islam, 2011; Bushell, 2008; ILO, 2007), when women have been able to set up economic activities, their success has helped many of them to build up an independent resource base for the future.

As the large majority of women had no previously access to higher education or vocational training, personal motivations, networks and the external environment deeply influence the success of women entrepreneurs. It is important to notice that, even when women are members of cooperatives, training programs are not available to all because relevant information is not widespread among members. Nevertheless, women aim to learn more and are aware of the positive consequences of improved skills and knowledge about their ongoing microenterprises.

The study also suggests that family and friends networks are the most significant sources of social support for non-farm women entrepreneurs as, in general, they are women's main source of information and help when business-related problems, doubts or knowledge are at stake. Women make use of these close networks in order to get recommendations, information and/or share experiences about their own businesses. This emphasizes the idea of Bebbington (1999) when mentioning that particular attention has to be paid to the importance of social capital as an asset through which people are able to widen their access to resources and other actors. Moreover, some studies have addressed the link between social networks and rural non-farm economies, such as Winters et al. (2002) and Zhang and Li (2003), finding that social capital (such as membership in organizations and "connections") in general had important effects on RNF participation. Therefore, this study confirms this observation when considering insights on intergenerational effects, meaning that relatives who had previously managed the same kind of business or relatives currently working in the same sector strongly influence women entrepreneurs' choice and access to business related knowledge.

However, access to truly professional services and its implications need to be addressed. Business Development Services (BDS) are recognized as a key tool to help people acquire skills to strengthen knowledge and improve management of their business. In accordance with social capital theory and studies on female entrepreneurship and respective networks, which research indicates gender-specific deficits in the contacts of female entrepreneurs reflecting the limited outreach and diversity of women entrepreneurs' networks (Cooper et al., 1995), a wide gap between the number of non-farm women entrepreneurs in Hetauda and the extent of their access to business information and supportive professional networks remains largely unaddressed. This study suggests that women who do not benefit from any kind of professional guidance and/or business information are less prone to experience an increase in business profits. Therefore, professional networks such as sectorial institutions, dealers and cooperatives are crucial services providers when taking into consideration professional assistance, especially during business strengthening phase. Women generally felt that networks would provide them with an effective support framework, helping them to establish and to strengthen their enterprises, which is in line with female entrepreneurial studies from Lebanon, Pakistan and Vietnam (Jamali, 2009; Roomi&Parrott, 2008; ILO, 2007). Nevertheless, it is acknowledged that the potential of professional networks cannot be totally independent of the broad context and multidimensional life of women.

The next step was to assess how non-farm entrepreneurship affects women's economic empowerment, thereby answering the fourth sub-question of this research:

How does female involvement in non-farm income generating activities contribute to women's economic empowerment?

The involvement of women in the non-farm sector has shown substantial improvements on women's economic role within the household and increased power in the decision-making process. Hence, due to non-farm businesses, women are not only successful entrepreneurs, but they are also economically more empowered.

Bearing in mind Kabeer's theory on empowerment through three linked dimensions, namely "resources", "agency" and "achievements", the research shows that non-farm entrepreneurial sense has the potential to improve women's access to resources like knowledge, financial services, personal income and wider social networks. Once women have more resources available to them, the concept of "agency" appears to be strengthened as women are more capable of making choices and acting upon the same, for example, considering control over personal profits, power in decision-making processes, and the capability to shape their own lives. In this sense, the research presents empowered women as the "achievements" defined as the outcomes of women's choices and as the goals previously defined by women themselves were accomplished. Therefore, women are economically independent, more confident and are more respected and recognized within the household. Additionally, women have increased power within the household decision-making process and play a greater role in household economic life.

Furthermore, the economically independent status also has effects on other dimensions of one's life and behaviors. Women have experienced not only greater respect and recognition within the household, but this in turn has the potential to reinforce women's self-confidence at home and within their community.

Generally, women have total control over livestock and jointly participate in large investments regarding land and house constructions. The majority of women have total control over personal income and, when decisions about profits and investments are taken jointly with the husband, women are not deprived of participating in the decision-process, but it is rather understood as a balanced power relation. Moreover, women have increased control over small investments as small purchases and household goods and they have also increased capability to save money. As regards decisions about children's education, no significant variation was noticed as women have always played an important role in educational matters.

The business is the underlying cause of general improved living conditions. Overall, women are satisfied with their economic and social status and realize that non-farm activities have potential beyond their economic dimension. According to Mosedale's power framework, women are now able to enhance the dimension of *power within* to challenge and overcome the *power over* towards balanced gender relations.

When considering the microfinance debate and its potential to empower rural women, this study

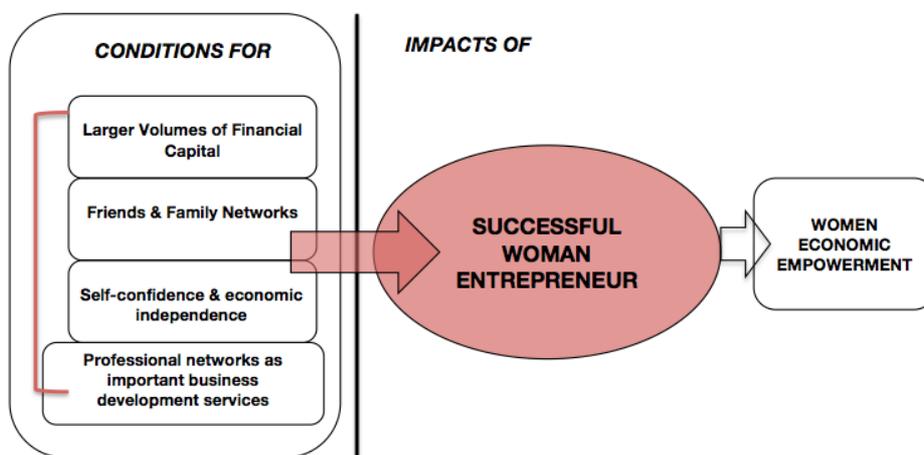
highlights the positive impact of microfinance institutions as business development services providers and as professional networks with potential to increase the success of non-farm women entrepreneurs. This is compatible with literature on microfinance and empowerment when analyzing that women taking a loan to engage in income generating activities are more likely to be successful and more empowered than those who took a loan to meet physiological needs, (Islam, 2011; Hill, 2011). Nevertheless, this does not mean that, for women entrepreneurs to achieve economic success they necessarily have to be part of microfinance institutions. Instead, microfinance institutions could successfully reach a larger audience and strengthen its capabilities if it is to develop business related services beyond the scope of financial services.

Overall, through owned non-farm businesses, women were able to acquire new business-related knowledge, increase spatial mobility and have access to broader opportunities such as increased contact with the external environment.

7.1 CONCLUSION

In conclusion, the key factors enabling women to become successful entrepreneurs in Basamadi and Handikhola areas, Nepal can be depicted by figure 16.

Figure 16. Conceptual Model 13



According to the literature (Reardon, 2009; Davis, 2003), RNFE is a very miscellaneous sector: it is highly lucrative at the top end with mainly formal wage employment and modern enterprises, but very basic at the bottom end, where traditional and artisanal skills and self-employment abound. Often, access to these economic opportunities reflects existing patterns of class, power and gender.

Therefore, for women to become successful entrepreneurs within the non-farm sector, five main factors are highlighted as conditions with potential to strengthen women’s non-farm economic activities. First, it seems crucial that women are able to be part of professional networks capable of providing them support on a regular basis regarding access to business development services. A woman that has access to professional guidance at any given moment of her professional life is most likely to be surrounded by

an enabling environment for success as she benefits from contacts, training programs and business information. Secondly, women whose attitudes towards business are driven by self-confidence and the strong objective of being economically independent from their husbands or family tend to gather personal characteristics and motivations that have been identified as potentially leading to economic success.

Thirdly, social capital is an important source of informal education, informal business related-information, as well as daily support for women entrepreneurs, in particular during the setting-up phase. During the on-going business process, such networks emerge as relevant mechanisms due to the absence of access to professional BDS. Nevertheless, informal networks appear less effective in achieving economic success than professional and specialized sources of business-information.

Fourthly, having access to financial capital once microfinance institutions are already facilitating access to it is not sufficient. What was observed is that women are lacking access to larger volumes of capital and, sometimes, of daily cash flows. The lack of access to larger volumes of money rather than the source of initial business financing should be taken into consideration as the main challenge preventing improved livelihoods. Lastly, one should emphasize that when availability of greater financial capital is combined with access to business information and services, such as business planning, market research and value chain knowledge, women are capable of being involved in more profitable activities, which require larger initial investment. At the same time, women find themselves in a better position to strengthen and expand their ongoing microenterprises in matters of business scale and specialization.

The other dimension of this research is linked with the potential of entrepreneurship to empower rural women. The study suggests that non-farm self-income generating activities by entrepreneurship strongly contribute to economically empower rural women in Hetauda, Nepal. Once non-farm activities enable women to achieve economic independence, self-confidence and enhanced livelihood, businesses then become women's most regarded asset. Women's economic empowerment is widely recognized among and by a large majority of respondents, whether they were able to increase business profits or not.

Improved access to business development services, facilitation of local, regional and national networks and economically empowered women would help the integration of rural women entrepreneurs into the mainstream rural non-farm economy and, subsequently, increase the recognition of their potential within the national economy.

7.2 RECOMMENDATIONS

To conclude this research, some recommendations can be drawn from the fieldwork. Practical recommendations aim to be of help for the fieldwork and project planning of Plan Nepal and other local institutions, while recommendations for further research might provide interesting ideas to develop over time.

The research combined with information provided by the respondents has identified some challenges that are still major barriers preventing women from realizing their full potential as entrepreneurs in non-farm economic activities. First, the lack of financial capital is widely recognized by women as the main problem

to starting a business and/or to strengthening ongoing microenterprises. Although women have access to loans and/or to personal resources, some businesses require greater investments and larger physical structures. Moreover, when planning broader schemes of financial support, it is important to do so in combination with consistent business tools such as market research and business planning, so that the success rate of these microenterprises can be higher. As regards information inputs, women asked for greater support from cooperatives regarding knowledge about suppliers, bookkeeping and profitability, as well as for regular training programs to be held on the subjects of management & profitability, marketing and fashion design.

Secondly, upgrading access to financial capital but also improving human capital available to women entrepreneurs seem to be key aspects. It was identified that women lack access to business-related information, knowledge and training. This happens either because women have no access to membership in business associations, no access to an effective professional network or because women were not informed about ongoing business-related programs provided by cooperatives. However, as illustrated before, the external environment also contributes to influence the rural economy and scenario. Therefore, rural women entrepreneurs also need public assets and strengthened access and knowledge about the legal framework.

Furthermore, since rural non-farm activities are multiple and becoming widespread across rural landscapes, the RNFE has to be developed through local agricultural linkages, (Reardon, 2009). Therefore, it would seem advisable to provide training programs and education on non-farm activities that are not disconnected from the external rural environment. These programs could be provided on veterinary services, for example, and training related to supply of agricultural inputs such as fertilizers, tools and less traditional techniques.

In addition, it has been argued in this research that social networks are important to make knowledge available and microenterprise development possible. According to the desk and fieldwork that were conducted, one should notice that successful women entrepreneurs could assist in supporting the establishment of mentoring networks in order to facilitate the development of young and inexperienced female entrepreneurs.

Considering reflections for further studies on this topic, it seems interesting to address two areas for research. As this research looked mainly at the local environment and markets in which rural women entrepreneurs are operating, it might be interesting to tackle other local, eventually regional and even international markets to expand the opportunities for women entrepreneurs. These women could be supported by local organizations and national umbrellas as a means of knowledge and training, and acting as networks required for market scale expansion.

As regards the definition of what an enabling and/or constraining environment is for rural women entrepreneurs, it might be interesting to conduct research focused on governmental policies, political representation and support, as well as on business related institutions, associations and their programs to understand the extent of influence of the external and legal framework on female entrepreneurship development and success.

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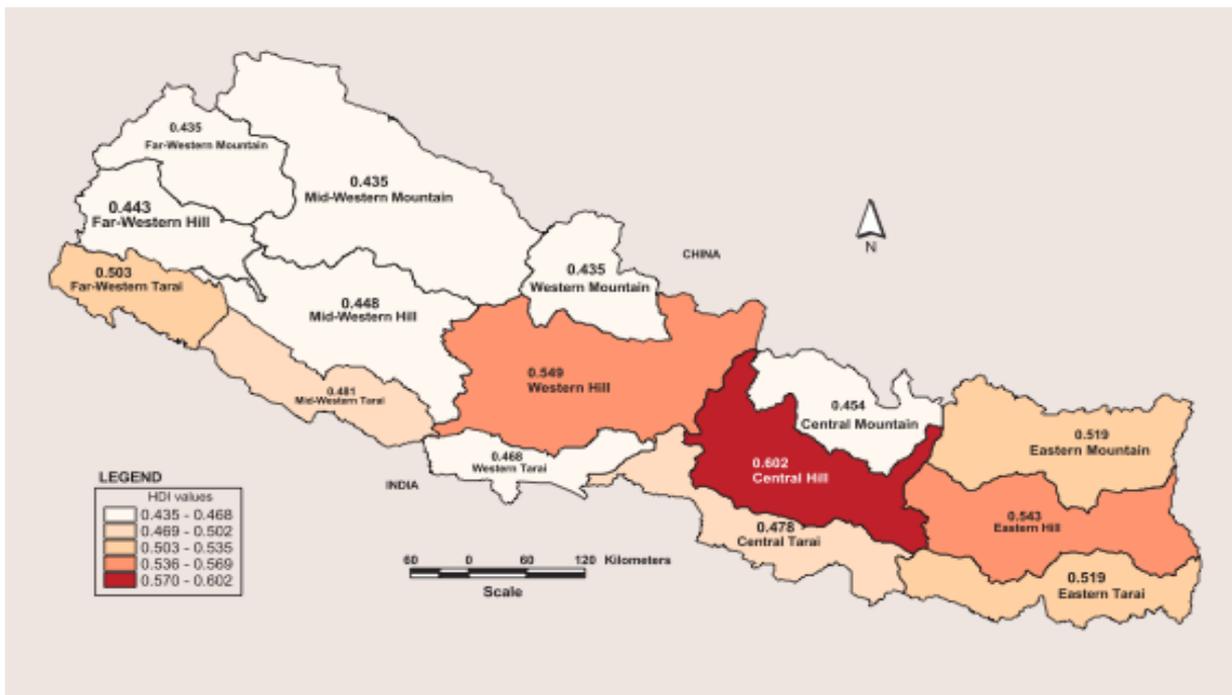
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Central Intelligence Agency	www.cia.gov/library/publications/the-world-factbook
FAO	www.fao.org/gender
IFAD – Rural Poverty Portal	www.ruralpovertyportal.org
Plan International	www.plan-international.org
UN Women	www.unifem.org
World Bank Data & Research	http://econ.worldbank.org

ANNEXES

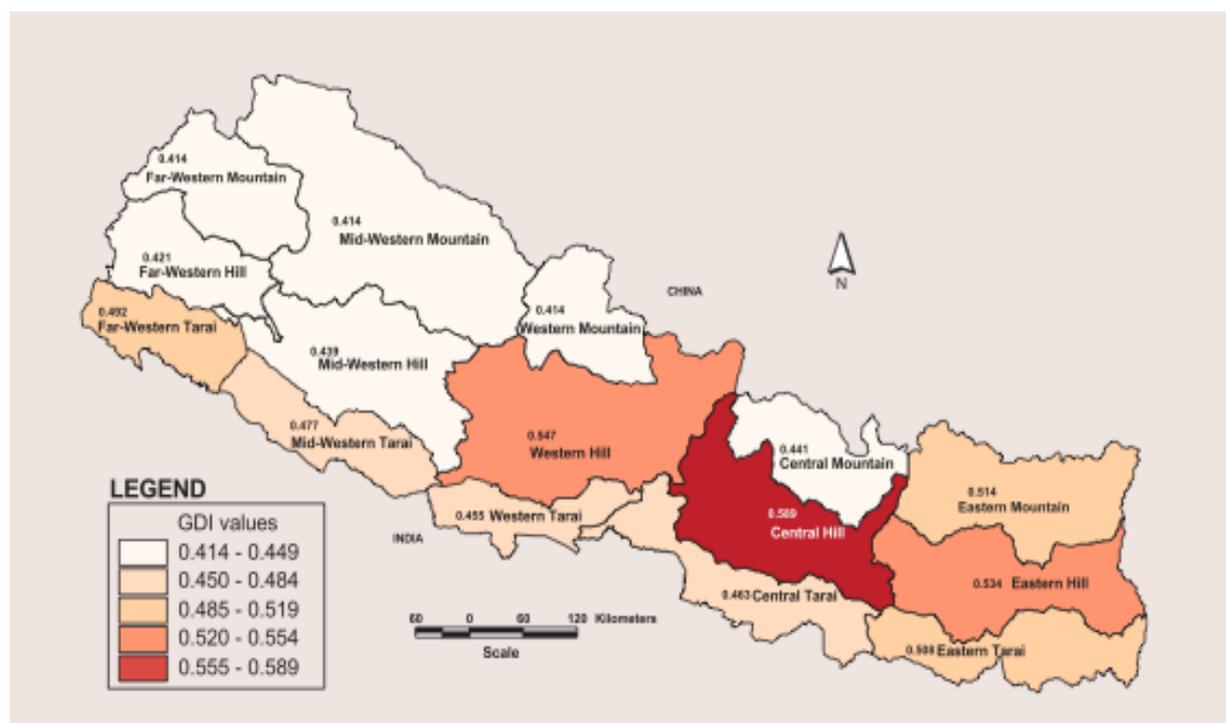
Annex 1. Assets building blocks of the SLA, emphasizing the existence of *personal assets*



Annex 2. Map on Human Development Index across eco-development regions, Nepal, 2006 (UNDP)



Annex 4. Gender Development Index across eco-development regions, Nepal, 2006 (UNDP)



Annex 5. Distribution of women with business profits of NRs 15,000 or more by activity, caste and education

Business	Current Profits (NRs)	Caste	Education
Grocery S.	15,000	Chhetri	Secondary
L. Restaurant	15,000	Brahmin	Lower Sec.
Ghumti	15,000	Brahmin	Primary
Veterinary	15,000	Brahmin	Higher S.
Hardware	15,000	Newar	Secondary
Grocery S.	15,000	Chhetri	Secondary
Grocery S.	15,000	Brahmin	Lower Sec.
Grocery S.	15,000	Chhetri	Primary
L. Restaurant	15,000	Tamang	No education
L. Restaurant	15,000	Chhetri	Higher S.
Cosmetic S.	15,000	Tamang	Secondary
Cosmetic S.	15,000	Brahmin	Primary
Clothes S.	20,000	Chhetri	Lower Sec.
L. Restaurant	24,000	Tamang	Primary
L. Restaurant	25,000	Chhetri	Primary
Veterinary	30,000	Chhetri	Lower Sec.

Annex 6. Disaggregated data on successful women respondents within the non-farm sector

PROFILE OF SUCCESSFUL WOMEN				BUSINESS CHARACTERISTICS					
Business	Education	Location	Caste	Current monthly profits	Profits of 1st year of activity	Expanded Business	Initial source of business financing	Cooperative Member	Relative in the same sector
Current business profits < NRs 5,000									
Tailor	No education	Basamadi 2	Tamang	1,500	1000	Yes	Personal Savings	No	Yes
Ghumti	Lower Secondary	Handikhola 7	Tamang	2,250	1,500	Yes	Family Friends	Yes	Yes
Grocery S.	No education	Basamadi 9	Tamang	3,000	1,500	No	Personal Savings	Yes	Yes
Cosmetic S.	Secondary	Basamadi 1	Chhetri	3,000	2,100	Yes	Cooperative	Yes	Yes
Stationary	Secondary	Basamadi 2	Tamang	3,000	1,000	Yes	Personal Savings	Yes	No
Pharmacy	Bachelor	Basamadi 5	Janjati	4,000	2,000	Yes	Cooperative	Yes	Yes
Beauty Parlour	Primary E.	Basamadi 2	Tamang	4,000	1,500	Yes	Cooperative	Yes	Yes
Grocery S.	Primary E.	Handikhola 7	Tamang	4,500	3,000	No	Family Friends	Yes	No
Grocery & Restaurant	No education	Basamadi 5	Chhetri	4,500	3,000	No	Family Friends	Yes	No
Current Business profits < NRs 10,000									
Grocery S.	Primary E.	Handikhola 7	Chhetri	6,000	3,000	No	Cooperative	Yes	No
Grocery S.	No education	Basamadi 2	Newar	6,000	3,000	Yes	Income from other activities	Yes	Yes
L. Restaurant	Lower Secondary	Basamadi 9	Tamang	7,000	4,000	No	Other	Yes	No
Ghumti	Secondary	Basamadi 1	Newar	8,000	4,000	Yes	Family Friends	Yes	Yes
Tailor	Secondary	Basamadi 5	Tamang	8,000	1,000	No	Family Friends	Yes	No
Current Business profits < NRs 15,000									
Tailor	Secondary	Basamadi 2	Chhetri	10,000	2,500	Yes	Family Friends	Yes	Yes
Tailor	Lower Secondary	Basamadi 2	Newar	10,000	5,000	Yes	Personal Savings	No	Yes
Tailor	Secondary	Handikhola 6	Chhetri	10,000	1,500	Yes	Personal Savings	No	Yes
Tailor	Secondary	Basamadi 5	Brahmin	10,000	2,000	Yes	Personal Savings	Yes	Yes
Grocery S.	No education	Basamadi 5	Brahmin	10,000	4,500	Yes	Other	Yes	No
Cosmetic S.	Lower Secondary	Basamadi 1	Dalit	10,000	5,000	Yes	Cooperative	Yes	No
Handicraft	Secondary	Basamadi 5	Chhetri	10,000	6,000	Yes	Other	Yes	Yes
Tailor	Lower Secondary	Basamadi 2	Tamang	12,000	6,000	Yes	Family Friends	Yes	Yes
Current Business profits of NRs 15,000 or more									
Grocery S.	Secondary	Basamadi 5	Chhetri	15,000	8,000	Yes	Cooperative	Yes	Yes
Grocery S.	Lower Secondary	Basamadi 5	Brahmin	15,000	8,000	Yes	Cooperative	Yes	No
Grocery S.	Primary E.	Basamadi 1	Chhetri	15,000	9,000	No	Cooperative	Yes	Yes
Cosmetic S.	Secondary	Handikhola 6	Chhetri	15,000	8,000	Yes	Cooperative	Yes	Yes
Cosmetic S.	Primary E.	Handikhola 6	Brahmin	15,000	10,000	Yes	Family Friends	No	No
L. Restaurant	No education	Basamadi 2	Tamang	15,000	9,000	Yes	Family Friends	Yes	Yes
L. Restaurant	Higher Secondary	Handikhola 6	Chhetri	15,000	5,000	Yes	Personal Savings	Yes	No
L. Restaurant	Primary E.	Basamadi 1	Tamang	24,000	12,000	Yes	Cooperative	Yes	No
Veterinary	Lower Secondary	Handikhola 7	Chhetri	30,000	15,000	Yes	Cooperative	Yes	Yes

BUSINESS CHARACTERISTICS			EMPOWERMENT			
Business	Access to BDS	Enough Skills	Satisfied with Business	Who decides upon profits	Economic contribution to household total income	Migrant Members
Current business profits < NRs 5,000						
Tailor	No	Yes	A bit	Both	0-25%	Yes
Ghumti	Market	Learning	A bit	Both	50-75%	
Grocery S.	Market	Yes	Yes	Woman	0-25%	Yes
Cosmetic S.	No	Learning	Yes	Family	0-25%	Yes
Stationary	No	Learning	A bit	Woman	75-100%	-
Pharmacy	Family	Learning	A bit	Woman	25-50%	-
Beauty Parlour	Dealer	Yes	Highly Satisfied	Woman	0-25%	Yes
Grocery S.	No	Yes	A bit	Both	75-100%	-
Grocery & Restaurant	No	Yes	Yes	Woman	75-100%	-
Current Business profits < NRs 10,000						
Grocery S.	No	Learning	Yes	Both	50-75%	-
Grocery S.	No	No	A bit	Woman	25-50%	-
L. Restaurant	Market	Yes	A bit	Both	50-75%	-
Ghumti	Cooperative	Learning	Yes	Woman	75-100%	-
Tailor	No	Yes	Yes	Woman	75-100%	-
Current Business profits < NRs 15,000						
Tailor	Cooperatives	No	Highly Satisfied	Woman	75-100%	-
Tailor	Tailoring Institution	Learning	Highly Satisfied	Woman	75-100%	-
Tailor	Tailoring Institution	Yes	Highly Satisfied	Woman	75-100%	-
Tailor	Market	Yes	Highly Satisfied	Woman	0-25%	Yes
Grocery S.	Market	Learning	Satisfied	Woman	75-100%	-
Cosmetic S.	Cooperatives	Yes	Highly Satisfied	Woman	25-50%	Yes
Handicraft	No	Yes	Highly Satisfied	Woman	25-50%	-
Tailor	No	No	Highly Satisfied	Woman	75-100%	-
Current Business profits of NRs 15,000 or more						
Grocery S.	No	Yes	Highly Satisfied	Woman	25-50%	Yes
Grocery S.	Cooperative	Learning	A bit	Woman	25-50%	Yes
Grocery S.	Market	No	A bit	Woman	50-75%	-
Cosmetic S.	No	Yes	A bit	Husband	75-100%	-
Cosmetic S.	No	No	A bit	Both	25-50%	-
L. Restaurant	No	Learning	A bit	Both	50-75%	-
L. Restaurant	No	Yes	Highly Satisfied	Family	50-75%	-
L. Restaurant	No	Yes	Highly Satisfied	Woman	50-75%	-
Veterinary	Cooperative	Yes	A bit	Woman	50-75%	-

Annex 7 . Tables

MOTIVATIONS							
ACTIVITY	Interest	Demand	Skills	Low Investment & Easy	Family Business	Other	Total (%)
Grocery Shop	12%	27%	-	42%	4%	15%	100
Local Restaurant	-	13%	7%	54%	13%	13%	100
Ghumti	-	36%	-	55%	-	9%	100
Tailor	29%	-	43%	14%	7%	7%	100
Cosmetic Shop	-	18%	-	50%	32%	-	100
Grocery & Restaurant	-	100%	-	-	-	-	100
Other	7%	36%	21%	14%	14%	8%	100

*Chi square test, Sig = 0,001 Statistical significance.

Table 1. Non-farm women's motivations, by activity

ACTIVITY									
	Grocery Shop	Local Restaurant	Ghumti	Tailor	Cosmetic Shop	Grocery & Restaurant	Other	Total (%)	Total Respondents
Institutions	-	-	-	66,7	33,3	-	-	100	3
Cooperative	33,30%	-	22,2	11,1	-	11,10%	22,2	100	9
Dealer	33,3	-	-	-	-	-	66,7	100	6
Market	13,3	20	36,7	6,7	-	13,3	20	100	15
No Information	31,6	21,1	8,8	17,5	8,8	1,8	10,5	100	57

* Chi square test, sig= 0, 023 statistical significance

Table 2. Women questionnaire respondents' non-farm activity, by access to business information

HEAD OF HOUSEHOLD					
Economic Contribution of Women	Man	Women	Other	Total (%)	Total Respondents
0-25%	60,9%	17,4%	21,7%	100	23
25-50%	69,2%	30,8%	-	100	13
50-75%	88%	12%	-	100	25
75-100%	24,1%	65,5%	10,3%	100	29

* Chi square test, sig= 0, 000 statistical significance

Table 3. Head of respondents' household, by economic participation of women

ECONOMIC PARTICIPATION OF WOMEN						
WHO DECIDES	0-25%	25-50%	50-75%	75-100%	Total (%)	Total Respondents
Woman	24,5	18,9	13,2	43,4	100	53
Man	-	10	50	40	100	10
Jointly	38,9	5,6	50	5,6	100	18
Family	33,3	11,1	44,4	11,1	100	9

* Chi square test, sig= 0, 005 statistical significance

Table 4. Household respondents' decision upon investments, by economic participation of women

MAIN SOURCE OF INCOME							
Economic Contribution of Women	Agriculture	Livestock	Business	Driver	Wage Salary	Remittances	Other
0-25%	-	50,00%	5,60%	77,80%	16,70%	53,30%	100,00%
25-50%	-	-	5,6	22,2	50	33,3	-
50-75%	-	50	37,02	-	33,3	13,3	-
75-100%	100	-	51,78	-	-	-	-
Total (%)	100	100	100	100	100	100	100
Total Respondents	1	2	56	9	6	15	1

* Chi square test, sig= 0, 000 statistical significance

Table 5. Respondents household's main source of income, by economic participation of women

Annex 8: List of Key Informants Interviews

Name	Organisation	Position
Shanta Manavi	All Nepal Peasants Federation (ANPF)	Vice Chair of ANPFa
Pramesh Pokharel	All Nepal Peasants Federation (ANPF)	Program Officer ANPFa
Neeru Rayamajhi	Women Entrepreneurs Association Nepal (WEAN)	Vice-President
Meen Karki	Women Entrepreneurs Association Nepal (WEAN)	Chief Bognam Officer
Tara Lama	FAO	National Project Manager
Budhhi Lal Chaudhary	FAO	Monitoring & Evaluation and Doc & Publication Specialist
Kunnam Pokharel	Federation of Women Entrepreneurs Association Nepal (Handicraft Export Manager
Shanta Baskota	Federation of Women Entrepreneurs Association Nepal	General Member – Crops Manager
Suresh Pradhan	PLAN Nepal	Resources Mobilization Coordinator
Indu Pant Ghimire	CARE	Project Manager
Bandana Aryal	PLAN Nepal	WEP (Women Empowerment Project) Coordinator
Ranjita	Rural Women Services Center (RWSC)	
Manika Dahal	Paribartan Cooperative	Chair Person
Menuka Poudel	Paribartan Cooperative	Executive Member
Manila Bista	Nari Mukti Cooperative	Chair Person
Nitu Shathakuri	Nari Mukti Cooperative	Cooperative Manager

Annex 9: Key Informant Interviews topic list

Organization/Institution:

Name and function of respondent(s).

Perceptions and Services provide by the Organization

1. Do women need to register as self-employed to benefit from your specific business and training programs/activities?
2. In general, what kind of non-farm activities do rural women engage in?
3. In Nepal, what are the non-farm markets that rural areas should be linked and benefits them the most?
4. How are the market links facilitated/provided by your institution/organization?
5. Are women involved in any cooperative or association?
6. What kind of business development services do you provide to women that aim to start a new business? And to women that aim to develop their economic enterprises?
7. Usually, do women seek for your advices or do you try to bring these women together and empower them through your business activities?

Business and Women

8. Which are the main motivations that can push a woman to undertake a new business?
9. Do usually rural women have interest, motivation and courage to develop a new business?
10. Are women aware of new potential business opportunities?
11. What are the main legal constraints for women to become entrepreneurs?
12. How important are mobility /transportation facilities and means of communication (like mobile phones) for their businesses? (Do you provide them? In what way?)
13. Are usually women aware of the value chain of their products and can exploit better opportunities out of that?
14. Do women have sufficient skills and tools to start a new business?
15. Are cooperatives important networks for non-farm activities? How can these women benefit from being part of these cooperatives?
16. Do women have enough time to join your programs and develop their business or are there large time constraints? Which?
17. What do you think is the most important service that could be provided to these women in order to strength their role as economic agents?

To local institutions/organizations in Makwanpur

18. Does the community encourage women to develop a new business? If so, how?
19. What are the main social/cultural constraints for women to become entrepreneurs?
20. What do you think it could be done/what is missing to improve business profitability for rural women?
21. Apart from NGOs, who are the actors engaged in empowering rural women through income generation opportunities?

Thank you very much for sharing your time with us and cooperating with our research. If you have any questions or comments for us, please share. Thank you!

Annex 10: Cooperative Leaders Interviews topic list

1. Name and function of respondent(s)
2. Name of Cooperative
3. Location of Cooperative
4. How many women are in the board (and functions) ?
5. How many members do you have?

6. Since when does your cooperative exist and how did it start?
7. What is the exact structure of the Cooperative?
8. What do you ask for membership saving per month?
9. What are your main activities/ services?
10. Do members ask you for certain activities/ services?
11. What are women's personal motivations to engage in Income Generating Activities on their own?
12. Why do women choose a certain type of activity and no another? (*Profitability, information about it, previous experience in the sector, availability of inputs ...*)
13. Do you disburse loans for specific production sector?
14. How do members know about their particular business?
15. From which on and non-farm activities/ value chains do you think women benefit most from being engaged in?
16. What kind of services for non-farm activities do your members prefer?
17. What differences do you find between members having loans for non-farm entrepreneurship and those having loans for farming activities?
18. To whom do usually self-employed women sell their products/which outlet market?
19. What information and services do you provide specifically related to market linkages for non-farm activities ?
20. Regarding non-farm activities, which are the most successful women (in terms of income and opportunities for/or growing businesses) within this cooperative?
21. Why do you think they are more successful than the others?
22. How do you think the individual members benefit from being part of your cooperative?
23. What do you feel your Cooperative does the best?
24. What could still be improved of the Cooperative? What is needed for that?

Is there any question that you would like to ask me?

Thank you very much for your attention and cooperation.

Namaste!

Annex 11: In Depth Interviews topic list

Stating-up phase

1. Why did you decide to start your own business? (Personal motivations). Was it something that you wish and wanted or was it an opportunity?
2. Why did you choose this particular activity/sector?
3. What do you consider has easy conditions faced along the start-up process?
4. Can you describe the three main challenges that you have experienced during the start-up process?
5. At what extent did you feel supported by your husband/family to start you own activity? And now?
6. How did you benefit from any entrepreneurial/business/vocational training?

Knowledge about Value Chain

1. What kind of information about this specific activity and profitability did you have access to when you started to work?
2. Did you have any type of market research/approach about your activity?
3. Did you have a business plan when you started your activity?
4. What kind of shop do you think is still missing in the area?
5. Do you experience discrimination in work-related matters because of your gender?
6. Do you experience discrimination in work-related matters because of your caste?

Networks

1. Do you use to meet with other professionals from the same sector? And with other self-employed women?
2. If yes, on what professional topics do you discuss?
3. How do you think you would benefit from business related groups and associations to discuss on professional issues?
4. Do you make use of any kind of collective bargaining power? (Within the cooperation or within other women/men groups).

Expanding Business

1. Do you have a business plan now?
2. Do you consider yourself as a successful woman in your business? And how?
3. How do you feel you could improve your business and make it more profitable?
4. Do you now more about your activity know than before (apart from experience)? What caused the change/increase in knowledge?
5. Which opportunities/professional assistance do you feel you still need to expand your business?
6. If you would have to choose other activity to run a business, which one would it be?

Economic Empowerment

1. How much do you save by the end of the month?
2. Who decides where to invest the savings within the household?
3. Where do you invest your savings and profits?
4. Does your family help you now more than before in the domestic chores?
5. Does your husband respect you more within the household?
6. How do you think your business has improved (or not) your economic independence and your self-confidence?
7. Do you feel more empowered now than before?
8. Do you think that this business has improved your overall well-being?
9. At what extent are you satisfied with your independence and economic status? If not, why? And what could be improved?
10. What is the main problem concerning your work? (what would you like to change the most?)
11. How much do you earn (profits) from this business at the moment?

Do you have any further questions or suggestion for me?

Thanks very much for sharing your time with us and cooperating with our research. If you have any question or comment for us, please share that now.

NAMASTE!

Annex 12: Focus Group Discussion topic list

TOPIC 1 – Control Over Assets (Land, House, Livestock

- Land
- House
- Livestock
- Your own business

TOPIC 2 - Access to Local Services

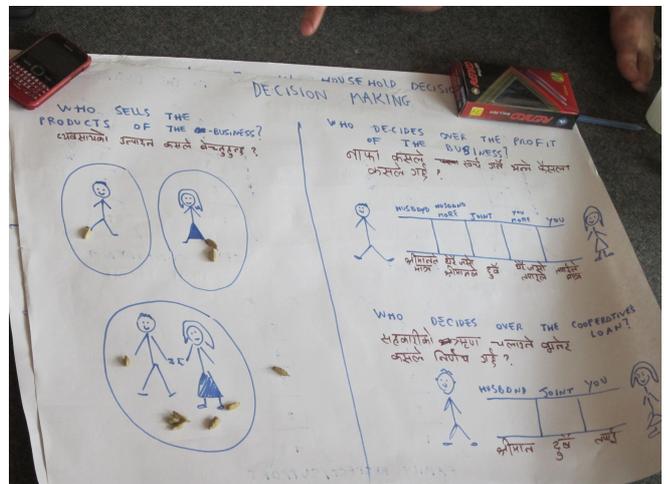
- Drinking Water
- Health Services
- Governmental & non-governmental services
- Access to training
- Access to professional assistance & information about the business

TOPIC 3 – Productivity: opportunities & constraints

1. What are the main problems?
2. What is still missing:
 - To deal with these problems
 - To increase productivity?/ to expand business (inputs)
3. What are good business opportunities in the area? Why don't you switch sector?

TOPIC 4 – Empowerment & Decision-making

1. Respect, recognition & confidence at home (self-confidence & economic Independence
2. Respect, recognition & confidence within the community
3. Husband & family support (Before & now) – why the differences?
4. Decision-making
 - Who sells the products?
 - Household decisions (education, investments)
 - Who decides about the money & where to spend it?
5. Why are you successful?



Annex 13: Questionnaire Survey (English Version)

Survey

VDC/ward:
Date: / / 2013

Village:
Time: -

Name of respondent:

Name of interviewer:

Namaste. My name is On behalf of Joana Murta Rosa, a student from The Netherlands, I would like to ask you some questions about your household and how you make a living. This research will be used for writing her Master thesis. He will also report to Plan Nepal NGO so they can better understand the reality of the condition of female workers and thus improve their development activities in this region.

We are conducting a survey throughout several communities in Makwanpur district. It will take approximately 45 minutes to answer the questions. All information you provide will be handled with complete confidentiality and anonymity, and only for the purposes of this study. If you feel uncomfortable about certain questions you will be able to refrain from answering them or end the interview at any time. However, we would highly appreciate your cooperation.

Do you have any questions before we start?

NON-AGRICULTURAL INCOME SOURCES

1. Does any of the household members earn a wage from non-farm activities?

Household Member	Wage Activity	Seasonality 1. All-year 2. Temporary 3. Seasonal (Specify)	Income How much does s/he earn per month?

2. Do any of the household members seasonally migrate to earn income?

If yes, which member(s)?

What work do they do?

How much does s/he contribute to the household per month?

3. Does the household have any other source of income sources that have not been discussed yet?

4. Do any of the household members own a business? (If yes, please answer bellow)

A. Yes

B. No

PERSONAL PROFILE OF THE SELF-EMPLOYED MEMBER WITHIN THE HOUSEHOLD (IN NON-FARM ACTIVITIES)

1. What kind of business do you own/manage?

2. When did you start your own business?

3. Where do you work?

a) Home-based work

b) Outside home

4. What is your current monthly income from your business?

5. How has your income from the activities above changed over the time?

a) increased

b) remained the same

c) decreased

6. How much did you earn per month from this activity in the starting-phase?

7. By the time you started your own activity/business, please scale the following conditions from 1 (minimum) to 5 (maximum) that had influenced your choice

(Please tick the right box)

	1	2	3	4	5
Motivation					
Passion for that industry					
Intuition					
Self-confidence					
Family support					
Profitability					
To be more independent					

8. What were your motivations to start a business that is not related to agriculture?

9. Why did you choose to start working on this specific activity/sector?

10. Where you advised/recommended to start this specific business?

A. Yes

B. No

1. What are your domestic responsibilities?
2. How many hours a day do you spend on these domestic responsibilities?
3. Do you need to go somewhere else (besides your home/working place) to deal with anything related to your business?
 - A. Yes
 - B. No

If yes, where? _____ And do you do it by yourself? A. Yes B. No
 If not, how do you manage it? _____
4. What kind of transportations do you need to deal with these related business-activities?

SOCIAL NETWORKS

1. Are you registered within any organization as a self-employed?
2. Do you have contact with other self-employed people like you in your village? And outside your village?
3. How do you think you benefit from these contacts?
4. Do you feel protected by the law in your business work?
5. Do you have access/membership to any business association? A. Yes B. No
 If yes, please specify the association: _____
 If not, do you know about it? _____
6. Do you receive any business related information from cooperatives and groups? A. Yes B.No
 If yes how? _____
7. What type of information about business programs/activities provided by the government/non-government do you have access to?

SKILLS & TRAINING

1. Did you have access to professional advices/help on how to start your activity/business? A. Yes B. No
2. Where did you learn your skills?
3. Did you have any skill training on your specific business? A. Yes B. No
 If yes, which organization provides this program? (for e.g. SIYB training from Plan/RWSC through cooperatives)
4. Are you enrolled in any business-training program at the moment? A. Yes B. No
 a) If yes, which organization provides this program?
 b) Does it support you in your business?
5. What kind of marketing skills training do you have access to?
6. At what extent do you think your skills are sufficient for your work?
7. What kind of skills would you like to learn more?

BUSINESS CONTEXT

1. How satisfied are you with your activity/business?
2. How satisfied are you with your earnings?
 - a) Not satisfied
 - b) Satisfied but I want to make it more profitable within the next 6 months
 - c) Satisfied
3. Have you expand your business within the last three years? A. Yes B. No
 If not, would you like to expand your business? A. Yes B. No
4. Would you like to diversify your business into a new product? A. Yes B. No
 If yes, which product? _____

5. What kind of professional assistance to seek advice on how to expand your business do you have access to?
6. To whom do you sell your products? (To relatives/friends/people you don't know/ to markets/ to middle - man/ through a cooperative)
7. What kind of markets do you have access to?
 - a) Local
 - b) District
 - c) Regional
 - d) National
 - e) International

ECONOMIC EMPOWERMENT

1. Do you save money (either inside or outside the cooperative, if applicable)?
2. How much do you save by the end of the month?
3. Who decides where to invest the profits from your business?
4. Where does the households' money go to?
5. Which assets do you own in your own name? (i.e., land/house/telephone/vehicle...)
6. Can you make small purchases by yourself (food/clothes..?) If yes, please specify A. Yes B.No
7. Can you make large purchases (furniture/livestock/land/)? If yes, please specify A. Yes B.No
8. Contribution of personal income in total family income (before-after income generation):

	Before	After
Nothing		
Between 0 and ¼		
Between ¼ and ½		
Between ½ and ¾		

HOUSING CONDITIONS/UTILITIES & FACILITIES

1. Does the house have electricity?
2. What is the source of drinking water?
3. What is the frequency of water supply?
4. Do any of the household members have a serious disease?
5. If yes, which member? _____ And, which disease? _____
6. Do you have any access to health services in the close area?
7. What information/ communication facilities are available in your house?
8. Do you have any type of vehicle? If yes, please specify: _____ Can you use it?
A. Yes B. No
9. What is the total household income per month?

Would you like to say anything more, for example something important for your business not dealt in the questionnaire? Or do you have any further questions?

Thank you very much for your cooperation!
Namaste!