

The Entrepreneurs : Background, Motivation and Training

4.1 Profile of Micro-entrepreneurs by Sex

Analysis of the ownership structure of micro-enterprises showed that 62 per cent of the enterprises are operated by males and 38 per cent by females. All bamboo furniture, broom, metal crafts, and paper enterprises are run by male entrepreneurs, whereas all rabbit farming and sericulture enterprises are run by female entrepreneurs. In addition, 77 per cent of the handloom, 75 per cent of the hosiery, and 57 per cent of the garment enterprises are run by female entrepreneurs (Table 11).

Table 11: Sex-wise Classification of Entrepreneurs

No.	Type of Enterprises	Male	Female	Total	Male as% of Total
1	Rice Mills	12	5	17	70.6
2	Garments	6	8	14	42.9
3	Handloom Products	3	10	13	23.1
4	Nepali Paper	10		10	100.0
5	Hosiery	2	6	8	25.0
6	Wooden Furniture	5	1	6	83.3
7	Bamboo Furniture	3		3	100.0
8	Dairy	4	1	5	80.0
9	Rabbit Farming		3	3	0.0
10	Tea Packaging	2	1	3	66.7
11	Sericulture		3	3	0.0
12	Brooms	5		5	100.0
13	Metal Crafts	10		10	100.0
	Total	62	38	100	62.0

Source: Field Survey 1996

The ownership structure indicates that activities that require hard manual work, involved a lot of capital, need raw materials from outside, and for which a lot of management skill are needed are run by men, while those that need very little management skill and a little capital are owned and operated by women. Women are involved in activities that are not heavy and which can be operated within the household premises, or not very far from the household, and that do not disturb their daily household activities and or have become a part of their daily course of life. In all enterprises, women are either involved as entrepreneurs or as unpaid family labour.

Rabbit farming and sericulture involve women exclusively and supplement their family incomes. Women have many needs for cash. In households where men do not earn a sufficient income, or in the case of widows with no source of income, such activities provide regular sources of income.

4.2 Age Groups of the Entrepreneurs

Most (31%) micro-enterprises are owned and operated by entrepreneurs in the age group of from 31-40 years and a small number (12%) of enterprises is run by persons in the age group of from 50 years and above (Table 12). A goodly number is also in the age group of from 40-50 years, as well as in the relatively younger age group of from 20-30 years. Fifteen per cent of them have started young before reaching the age of 20 years. Of the few in the age group above 50 years, most are retired and operating the enterprise just to keep themselves occupied. Some of them, of course, have no option but continue to subsist.

4.3 Educational Levels of Entrepreneurs

An enquiry into the education level of micro-level entrepreneurs revealed that eighty-eight per cent of the entrepreneurs are literate and the rest illiterate. However, most of the literate entrepreneurs were simply literate, only seven per cent had passed the high school examination, and 13 per cent had a college-level degree and above. District-wise classification of the entrepreneurs according to education level shows that only three per cent of the entrepreneurs are illiterate in Ilam district compared to 24 per cent in Bhojpur district. Among the literate in Ilam, 19 per cent have college-level education, nine per cent have high school education, and the rest (69%) are simply literate. Among the literate in Bhojpur, five per cent each are high school and college graduates and the rest (86%) are simply literate. This shows that most micro-level entrepreneurs in Bhojpur have a lower level of education than those in Ilam district (Table 13).

Ilam has a longer tradition of providing a literate environment. There are more schools in Ilam than in Bhojpur. People in Ilam also have access to the educational facilities in Darjeeling, which is close to Ilam. This is reflected in the educational status of the entrepreneurs in Ilam in relation to Bhojpur.

Table 12: Age Structure of Entrepreneurs

Age Group (Years)	Number
Less Than 20	15
20 -30	19
31 - 40	31
41 - 50	23
More Than 50	12
Total	100

Source: Field Survey 1996

Table 13: Levels of Education of Entrepreneurs

Education Level	Ilam	Bhojpur	Total
Illiterate	2	10	12
Literate	40	28	68
High School	5	2	7
College and Above	11	2	13
Total	58	42	100

Source : Field Survey 1996

4.4 Ethnicity of Entrepreneurs

The classification of entrepreneurs according to ethnic groups shows that *Newar* and *Brahmin* communities are predominant. These two communities together own 46 per cent of the micro-enterprises surveyed. They are followed by the *Chhetri*, *Rai*, and *Damai* who together own 37 per cent of the enterprises. The rest of the enterprises are owned by the *Sherpa*, *Tamang*, *Magar*, *Gurung*, *Shah*, *Limbu*, and *Giri* communities (Table 14 and Fig. 1). All metal craft entrepreneurs are *Newar*(s), whereas 50 per cent of the garment enterprises are run by the *Damai*, the community specialising in sewing by tradition. The *Sherpa* and *Rai* communities are involved mainly in dairy and paper businesses. The *Brahmin* and *Chhetri* communities are involved in most of the enterprises with no special concentration in any particular kind.

Table 14: Classification of Entrepreneurs by Ethnicity

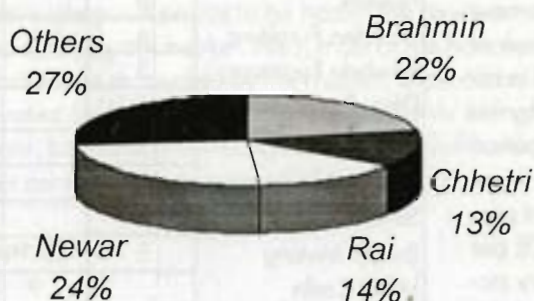
No.	Ethnicity	Number
1	<i>Brahmin</i>	22
2	<i>Chhetri</i>	13
3	<i>Rai</i>	14
4	<i>Sherpa</i>	6
5	<i>Damai</i>	10
6	<i>Newar</i>	24
7	<i>Magar</i>	1
8	<i>Tamang</i>	4
9	<i>Gurung</i>	1
10	<i>Shah</i>	1
11	<i>Limbu</i>	2
12	<i>Giri</i>	2
	Total	100

Source: Field Survey 1996

4.5 Occupational Shift

Some of the occupations are linked to a particular caste or community. They are passed on from generation to generation. The skill is acquired by young members by working as apprentices under the elders, and they continue the traditional occupation. This has been going on for centuries. Tailoring is linked to the *Damai*, shoe-making exclusively to the *Sarki* (shoemakers), *Khukuri* manufacturing is carried out only by *Kami*(s), *Tamang*(s) are engaged in bamboo weaving, *Banda* (goldsmiths) are involved in metal crafts, and Nepali paper production is exclusively the occupation of *Tamang*(s).

Figure 1: Classification of Entrepreneurs by Ethnicity



There is a shift in occupations from traditional caste affiliations. It is not surprising to find tailoring work being carried out by non-Damai(s) and the involvement of non-Tamang(s) in the Nepali paper sector. There is also a shift from one occupation to another. This is partly due to the effect of market forces and the changing attitudes brought about by education and an increase in the level of awareness.

Women from non-Damai castes learn tailoring by working either as apprentices or as trainees. Kami(s) take up bamboo-weaving as it is considered remunerative. Metal crafts, Khukuri manufacturing, and shoe-making, however, remain affiliated to the occupational castes. Although these occupations do not require much investment and entry is easy, entrepreneurs from other castes are not engaged in them because of the traditional stigma attached to these activities. They are still thought of as low-caste occupations.

In the case of metal crafts, skills are confined to the family and are not taught to others. It is purely an artisan's job, and the art of production remains within the family. It is also not highly remunerative as the demand for the product is declining due to the shift in demand to other urban products.

4.6 Primary Family Occupations of Entrepreneurs

The survey has revealed that, as most of the micro-entrepreneurs come from farming backgrounds, farming is the primary source of income. Micro-enterprises serve as supplementary sources of income. The survey indicated that farming is the principal family occupation for 80 per cent of the entrepreneurs, followed by metal crafts for nine per cent, tailoring for five per cent, and other trades for six per cent. For those who engage in Nepali paper making, hosiery production, dairy farming, sericulture, tea packaging, and broom-making, farming is the main source of income. Most metal craft entrepreneurs have left farming and have taken up metal craft as their primary family occupation on a traditional basis. Although tailoring is a traditional occupation of a special caste (the Damai), this business seems to have become a secondary occupation of other castes as well in recent years. This is why it is the secondary occupation for 65 per cent of those engaged in garment production, while for 28 per cent it is the primary occupation (Table 15).

Table 15: Primary Family Occupations of Entrepreneurs

Type of Enterprises	Farming	Metal Craft	Tailoring	Other Trade	Total
Rice Mills	13			4	17
Garments	9		4	1	14
Handloom Products	12		1		13
Nepali Paper	10				10
Hosiery	8				8
Wooden Furniture	6				6
Bamboo Furniture	3				3
Dairy Farming	5				5
Rabbit Farming	3				3
Tea Packaging	3				3
Sericulture	3				3
Broom Making	5				5
Metal Crafts		9		1	10
Total	80	9	5	6	100

Source: Field Survey 1996

4.7 Inspiring Agents for Entrepreneurs

Most entrepreneurs were inspired and encouraged to start their enterprises by parents, friends, and relatives, but quite a few, (22%) were encouraged by a government agency - the CSIDC. Thirty-six per cent of the entrepreneurs established their businesses because of encouragement of friends, 20 per cent the encouragement of parents, and 14 per cent because of the encouragement of from relatives. The rest (44%) were inspired by agencies such as NGOs and banks. The influence for all the metal craft enterprises was parental, whereas 80 per cent of those engaged in the broom business were encouraged by the CSIDC. For bamboo and wooden furniture, friends or relatives played an influencing role. In a majority of the handloom enterprises, friends played a major role (Table 16).

Table 16: Inspiring Agents for Entrepreneurs

Type of Enterprises	Friends	Relatives	Parents	CSIDC	Others
Rice Mills	6	3	3	3	2
Garments	6	1	3	4	
Handloom Products	7	2	1	3	
Nepali Paper	3	1	1	5	
Hosiery Products	5	2		1	
Wooden Furniture	3	1		1	1
Bamboo Furniture	2	1			
Dairy Farming	2	1	1	1	
Rabbit Farming		1			2
Tea Packaging	1	1			1
Sericulture					3
Broom making	1			4	
Metal Crafts			10		
Total	36	14	19	22	9

Source: Field Survey 1996

4.8 Motivating Factors for Enterprises

Market prospects are the main motivating factor behind 62 per cent of the enterprises. In 17 per cent of cases, the fact that the enterprise is the family business is the main factor, while 21 per cent perceive that there are good profits to be had in the new venture. Sericulture and tea packaging are motivated solely by the market. Also, most of the handloom, Nepali paper, and wooden furniture enterprises are motivated by the market. Most of the metal craft enterprises are, however, not motivated by the market or profit but by its being the traditional family occupation. On the whole, business prospects (market and profit) are the motivating factors behind more than 80 per cent of the enterprises (Table 17).

4.9 Training Entrepreneurs

The survey revealed that only a very small proportion of entrepreneurs has received training for running the enterprises. Of the total of 100 entrepreneurs, only 14 per cent have training of

one kind or another. Those who have obtained training are engaged in garment, handloom, rabbit farming, sericulture, Nepali paper, and metal craft enterprises. None of the entrepreneurs in rice mills, tea packaging, and wooden furniture has been trained. It was also found that, altogether, 57 per cent of the entrepreneurs have worked as apprentices before starting their own enterprise. Apprenticeships have been undertaken mostly in garments, handloom, metal craft, hosiery, broom, and bamboo furniture enterprises. Interestingly, rice mills, tea packaging, and wooden furniture enterprises have been established and run by entrepreneurs with neither training nor apprenticeships (Table 18).

Training and apprenticeships are provided by both government or non-government institutions; and within the family and from friends. In the case of garments, all the training is provided by friends, while, in the case of handloom products, most of the entrepreneurs have taken CSIDC training. Nepali paper manufacturers also receive training from the CSIDC. All rabbit farmers and sericulture owners have received training from NGOs, whereas those engaged in metal crafts have inherited the skills from their parents.

Table 17: Motivating Factors for Enterprises

Type of Industries	Market	Occupation	Profit
Rice Mills	9		8
Garments	5	4	5
Handloom	11	1	1
Nepali Paper			2
Hosiery	6	1	1
Wooden Furniture	5	1	
Bamboo Furniture	3		
Dairy	3	1	1
Rabbit Farming	2		1
Tea Packaging	3		
Sericulture	3		
Brooms	3		2
Metal Crafts	1	9	
Total	62	17	21

Source: Field Survey 1996

Table 18: Training and Apprenticeship among Entrepreneurs

Type of Micro-enterprises	Trained	Worked as an Apprentice	Did Not Work as an Apprentice
Rice Mills			17
Garments	3	11	
Handloom Products	3	10	
Nepali Paper	1	8	1
Hosiery		6	2
Wooden Furniture			6
Bamboo Furniture		3	
Dairy Farming		5	
Rabbit Farming	3	0	0
Tea Packaging			3
Sericulture	3		
Broom Making		5	0
Metal Crafts	1	9	0
Total	14	57	29

Source: Field Survey 1996