

## Does Financial Constraints Matter to Youth Entrepreneurship in Kathmandu?

<sup>1</sup>Narayan Prasad Aryal, <sup>2</sup>Elmira Siska, <sup>3</sup>Gobind Kumar Singh

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<sup>1</sup>Assistant Professor of Management, Saraswati Multiple Campus, Lekhnath Marg, Kathmandu, Nepal

[E-mail: narayan.aryal@smc.tu.edu.np, ORCID: <https://orcid.org/0000-0003-3438-3356>]

<sup>2</sup>Department of Management, Universitas Bina Sarana Informatika, Indonesia


[Email: elmira.ems@bsi.ac.id, ORCID: <https://orcid.org/0009-0005-8820-2831>]

<sup>3</sup>Freelance Researcher (Corresponding Author), Saraswati Multiple Campus, Lekhnath Marg, Kathmandu, Nepal

[(Email: gobind.749401@smc.tu.edu.np) ORCID: <https://orcid.org/0009-0005-9352-9003>]

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### Abstract

*This study aims to investigate the financial barriers faced by young entrepreneurs in Kathmandu. A quantitative methods approach was employed. The survey targeted a sample of 215 young entrepreneurs, while in-depth survey were conducted with participants to gain deeper insights into their experiences with accessing finance. The result showed that entrepreneurial skill has significant positive relationship with youth entrepreneurship development. Likewise, rules and regulation has a positive and significant effect. Similarly, access to finance showed a significant positive contribution to youth entrepreneurship development. Education and training demonstrated a positive and statistically significant impact on youth entrepreneurship development in Kathmandu. The study concludes that financial barriers severely limit the potential for youth entrepreneurship in Kathmandu. Without adequate financial support and resources, young entrepreneurs struggle to establish and maintain viable businesses. The findings underscore the need for targeted policies that enhance access to financial resources for young entrepreneurs, such as microfinance options and government-backed loans. Furthermore, promoting entrepreneurial education and training can empower youth to navigate these challenges effectively, ultimately contributing to economic growth in Nepal.*

**Keywords:** Education and training, entrepreneurial skill, financial constraints, youth entrepreneurship

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## **Introduction**

Entrepreneurship is increasingly recognized as a driving force behind economic growth, job creation, and social welfare in countries worldwide. For young people in Nepal, entrepreneurship has become a crucial tool to overcome the challenges of high unemployment, underemployment, and limited economic opportunities. In the Kathmandu Valley, the capital city of Nepal, a growing number of young people are embracing entrepreneurship, motivated by the desire to create businesses that contribute to both their personal empowerment and the broader economy. However, despite this enthusiasm, many young entrepreneurs in Kathmandu face significant financial obstacles that hinder their ability to start and sustain businesses. This study aims to investigate these financial barriers, focusing on the unique challenges that young entrepreneurs face at different stages of business development (Sitoula, 2015).

Entrepreneurship is often defined as the process of identifying opportunities, organizing resources, and taking calculated risks to create new ventures (Lloyd-Ellis & Bemhardt, 2017). In the context of Nepal, young people typically defined as individuals between the ages of 16 and 40 are increasingly engaging in entrepreneurial activities as a way to achieve self-employment and contribute to national economic development (Bhatta & Baijal, 2024). Nepal is a developing nation, with a Human Development Index (HDI) ranking of 146th out of 193 countries, which highlights the country's overall socio-economic challenges. Unemployment and underemployment among young people remain persistent issues, with official statistics indicating that 38% of young people, aged 15 to 29, are unemployed, and 8% are underemployed.

These high unemployment and underemployment rates, coupled with limited job opportunities in the formal labor market, have led many young Nepalese to pursue entrepreneurship as a way of securing their futures. However, entrepreneurship is fraught with challenges, particularly financial barriers, which can make the path to business success more difficult (Kafle, 2024). This study seeks to identify and examine these financial obstacles, focusing on the experiences of young entrepreneurs in Kathmandu. By understanding the specific barriers they face, this study aims to provide insights into how these challenges can be addressed to foster a more conducive environment for youth entrepreneurship (Bhandari & Sthapit, 2023).

The importance of youth entrepreneurship is emphasized globally, as it not only creates jobs but also contributes to poverty reduction and socio-economic growth. In the context of Nepal, promoting youth entrepreneurship has become a critical strategy for addressing unemployment and underemployment, which are deeply rooted in the country's economic structure (Shrestha, 2024). Research by the International Labour Organization highlights that young people are more likely to be unemployed than adults, with youth unemployment rates being three times higher than those of adults globally. Furthermore, the economic downturn, political instability, and migration patterns in Nepal further exacerbate the challenges faced by young entrepreneurs. As young people migrate abroad in search of better opportunities, Nepal suffers from a loss of human capital, further hindering the country's economic growth (Parajuli et al., (2023).

Entrepreneurship offers a potential solution to these pressing issues by providing young people with opportunities to create their own businesses, generate income, and contribute to the economy. However, the process of starting and growing a business is complex and requires various resources, including access to finance, training, and support from regulatory frameworks (Sidgel, 2017). In Nepal, access to finance remains one of the most significant challenges faced by young entrepreneurs.

Traditional financial institutions, such as banks, often have strict lending criteria that many young people—especially those without a solid credit history or collateral cannot meet. As a result, many young entrepreneurs struggle to secure the necessary capital to start and sustain their businesses (Devkota et al., 2023). This lack of access to finance, combined with limited entrepreneurial training and support, significantly reduces the chances of success for young entrepreneurs in Nepal.

In recognition of the potential of youth entrepreneurship to drive economic development, the Nepalese government has introduced several policies and programs aimed at supporting small and medium-sized enterprises (SMEs) and promoting self-employment among young people. Despite these efforts, the results have been less than satisfactory. The persistence of financial barriers, coupled with political instability and a lack of comprehensive support structures, has impeded the growth of youth entrepreneurship in Nepal (Aslan, 2022). Furthermore, the lack of inclusion of entrepreneurship in educational curricula has resulted in a gap in entrepreneurial skills, limiting young people's ability to successfully navigate the complexities of starting and running a business (ILO, 2018).

According to the Global Entrepreneurship Monitor (GEM), entrepreneurship is defined as any attempt at new business or venture creation, whether through self-employment or the expansion of an existing business. GEM research highlights the importance of entrepreneurial activity in both developed and developing countries, noting that young people in particular are more likely to engage in entrepreneurial activities when there are fewer traditional employment opportunities available (Sharma & Paudel, 2023). However, for entrepreneurship to thrive, it requires a conducive environment that includes access to financial resources, adequate training, and supportive policies. In Nepal, the lack of these factors has hindered the full potential of youth entrepreneurship, particularly in urban centers like Kathmandu, where the challenges of starting and sustaining a business are compounded by financial constraints and limited access to markets (Khatiwada, 2014).

Based on the document, youth entrepreneurship in Nepal faces significant challenges despite its potential for economic development. The key barriers include limited access to finance, administrative burdens, lack of interest in entrepreneurship among youth who prefer migrant work, insufficient business support services, inadequate entrepreneurial skills, restricted market access, limited technology access, and sociocultural constraints (Thapa & Xheneti, 2018). The issue is particularly pressing as youth make up 41% of Nepal's population, with approximately 400,000 young people entering the workforce annually, yet about 38% of youth remain unemployed. Despite government initiatives and policies aimed at promoting youth entrepreneurship, implementation has been hampered by political instability and inadequate support systems, leading to a high failure rate of youth-owned businesses, with over 60% failing within their first three years (Mishra, 2024). This situation has contributed to increased youth migration for foreign employment, with about 650 young people leaving Nepal daily for work abroad, primarily in Malaysia and the Middle East.

Despite increasing interest in youth entrepreneurship, financial constraints still exist as a significant and underexplored barrier to entrepreneurial activity in Kathmandu, especially among the youth. Research has explored the general challenges encountered by youth in urban environments; however, there is insufficient understanding of how financial constraints specifically impact entrepreneurial efforts in Kathmandu, where access to capital, microfinancing, and funding opportunities is frequently limited. Examining these financial barriers is essential, as they directly influence the capacity of young entrepreneurs to initiate and maintain businesses, which may hinder innovation and economic development. This study investigates the degree of financial constraints affecting youth

entrepreneurship in Kathmandu and aims to identify effective strategies for overcoming these obstacles.

## **Literature Review**

### ***Theories of entrepreneurship development***

According to Tyagarajan (1959), theory of entrepreneurship development, it is essential to consider the interplay of various factors such as education and training, entrepreneurial skills, regulations, and access to finance, which collectively influence youth entrepreneurship development. Education and training provide the foundational knowledge and competencies necessary for young entrepreneurs to navigate the complexities of starting and managing a business. Furthermore, the development of entrepreneurial skills, including creativity, problem-solving, and risk management, is crucial for fostering innovation and resilience among youth entrepreneurs. Regulatory frameworks can either facilitate or hinder entrepreneurial activities; thus, supportive policies that reduce bureaucratic barriers are vital for encouraging youth participation in entrepreneurship. Lastly, access to finance remains a significant challenge for young entrepreneurs, as limited financial resources can restrict their ability to launch and sustain ventures. Therefore, a holistic approach that integrates these variables is necessary to enhance youth entrepreneurship development effectively.

Yuan et al., (2022) examined the Rural revitalization includes youth entrepreneurship. China has implemented various programs to encourage young people to start businesses at home as part of its rural revitalization policy. However, highly educated young choose urban entrepreneurship or city jobs and are less likely to return home for business. Thus, this research employed a two-stage strategy to examine young people's contributions to their homeland's growth, their hurdles, and their assistance needs. Many hurdles impact young people's inclination to return home for entrepreneurship, the research showed. Young people in rural regions say environmental development is the largest obstacle. Infrastructure, lack of entrepreneurship expertise, and finance worry urban youth. Young people in rural and urban regions need shared business experience, entrepreneurship training, and mentorship since they lack it. The government and institutions should eliminate impediments, give more help, enhance the atmosphere for return-home entrepreneurs, and create a healthy entrepreneurial ecosystem.

Luis-Rico et al., (2020) investigated the impact of family systems on the entrepreneurial interests of youth, as entrepreneurial interest is perceived as a causal factor in the growth of entrepreneurship. The study endeavored to determine the various forms of family influence that affect the entrepreneurial interests of young individuals in the current study. Data was collected from 1633 Spanish adolescents (15 to 18 years old) through a questionnaire, and from 839 parents through a separate questionnaire. Unique family categories were identified through principal component analysis, which also revealed that they have differential associations with entrepreneurial interest among youth. These results reinforce the importance of family in the entrepreneurial ecosystem and the encouragement of an entrepreneurial family culture.

Cornet et al., (2022) examined the digital entrepreneurship indicator (DEI) is a suburban-scale metric that is intended to monitor the vitality of metropolitan areas in terms of digital entrepreneurship. It is a combination of individual and institutional data. We apply it to the Greater Paris Metropolitan area in this investigation. We investigate the spatial heterogeneity of the impact of digital entrepreneurial ecosystems on the location quotient of information and communication technology firms with fewer

than 10 employees through geographically weighted regression. The results indicate a positive correlation between the location quotient of minor ICT firms and the DEI.

Hossain et al., (2023) explored barriers to Bangladeshi youth, notably Generation Z university students, entrepreneurship. The research also analyses how Entrepreneurial Attitude (EA), Subjective Entrepreneurial Norms (SEN), Entrepreneurial Perceived Behavioural Control (EPBC), and Entrepreneurial Resilience (ER) affect Bangladeshi Gen Z university students' Entrepreneurial Intention (EI). A PRISMA-based systematic literature review identified pertinent papers. Study used positivist quantitative technique, cross-sectional temporal frame, and deductive methodology. We used convenience sampling and a self-administered structured questionnaire to obtain data from 206 BBA students from 10 institutions. Data was analysed using SPSS 26.0 and Smart PLS 3.0. Results demonstrate a positive and substantial connection between EA, SEN, EPBC, ER, and EI.

Otrachshenko et al., (2022) analyzed how pandemic-related skill acquisition and financial anxieties affected entrepreneurship entrance and exit intentions. The study analyzed primary individual-level survey data from Russia, which has one of the highest COVID-19 infection rates worldwide, following the first wave. Our data suggest that learning new skills during the epidemic helped company owners retain their firms and boosted non-IT start-ups. IT startups value experience over fresh talents. The pandemic's creative destruction capacity is shown by its financial issues, which lead to firm closures but also startup growth.

Bond et al., (2022) examined the implementation science cooperation scales up evidence-based mental health treatments for war-torn kids utilizing unique delivery systems. Descriptive statistics and mixed linear models were employed in quantitative dissemination and implementation interviews with teenagers, facilitators, and agency leaders. In this delivery platform, a linked Hybrid Type II effectiveness-implementation cluster randomized trial is evaluating the YRI's clinical efficacy. Statistics demonstrate that the ENTR software may include the YRI. The organizations' mission congruence with psychological interventions, shared dedication to vulnerable youth, support from local District Youth Councils, and high young interest help YRI join the ENTR. Barriers include frontline organizations' seeming struggle for psychological intervention money and funders' and implementation partners' flexibility in fragile/post-conflict environments.

The following hypotheses are formulated on basis of objectives of the study.

H<sub>1</sub>: There is significant relationship between education & training and youth entrepreneurship development.

H<sub>2</sub>: There is significant relationship between entrepreneurial skill and youth entrepreneurship development.

H<sub>3</sub>: There is significant relationship between access to finance and youth entrepreneurship development.

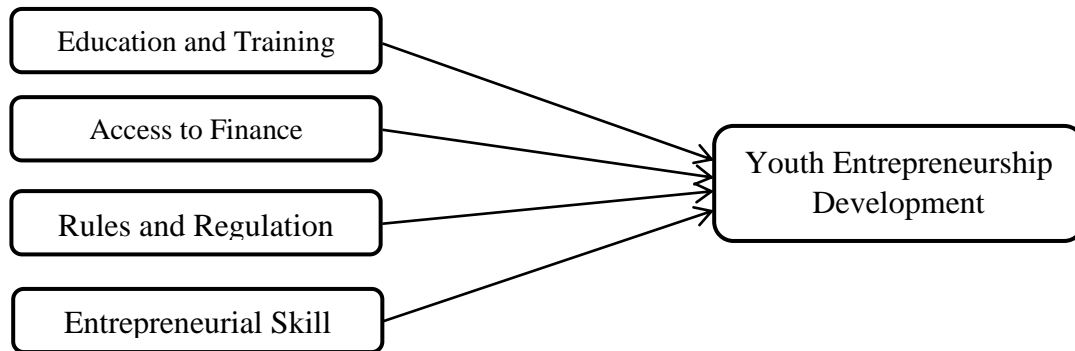
H<sub>4</sub>: There is significant relationship between rules & regulation and youth entrepreneurship development.

### ***Research Framework***

The link between the independent and dependent variables is explained by the conceptual framework. According to Sheng & Mohamed (2020) and Tau (2020), the former is thought to be the source of the alterations, whereas the latter is influenced by the former. The impact of independent factors on the

effective implementation of youth entrepreneurship development is demonstrated by the framework that follows. The research topic and pertinent literature will serve as the foundation for developing the conceptual framework for this study.

**Figure 1: Conceptual Framework for the study**



*Note: Adopted from (Sheng & Mohamed, 2020; Tau, 2020)*

### **Methodology**

The study area is based on the opinion of the youth entrepreneurs in Kathmandu metropolitan city. And hence the populations of the study were the registered entrepreneurs in Federation of Nepal Chamber of Commerce & Industry (FNCCI). According to the record of Federation of Nepal Chamber of Commerce & Industry (FNCCI). At present, there is more than 1,600 ordinary members and more than 8,000 firms are registered in Kathmandu. According to them out of 8,000, around 30 % firms are not active i.e., 2,400. According to the President of Nepalese Youth Entrepreneurship Forum and analysis of current scenario in Kathmandu, the Nepalese Youth entrepreneurs in Kathmandu are near about 800. So, the population for the research was 800.

The Krejcie & Morgan takes into account the overall population size and degree of significance in order to determine the suitable sample size, which is necessary due to the restricted and tiny population. The formula developed by (Krejcie & Morgan, 1970) is as follows:

Where:  $n$  = represents the sample size

$N$  = represents the total population

$e$  = represents the level of significance

Now, we can determine sample size as;

$$\text{Sample size } (n) = \frac{x^2 N p(1-p)}{e^2(N-1) + x^2 p(1-p)} = \approx 85.9$$

The required sample size for a population of 800 with a 95% confidence level and a 10% margin of error is approximately 86.

Where: Population size ( $N$ ) = 800

Confidence level = 95% (so the Z-value,  $\chi^2$  is 3.841 for 95% confidence)

Margin of error ( $e$ ) = 10% (or 0.10)

Estimated proportion (p) = 0.5 (maximum variability)

The sampling technique was random sampling as it ensures a diverse and unbiased representation of youth entrepreneurs across various socio-economic backgrounds. Hence, it assist in enhancing the generalizability of the findings regarding financial constraints. Sample was taken from Nepal Chamber of Commerce. Hence the sample size for the research was 250 youth entrepreneurs which are selected from random sampling techniques. However, the response rate was 87% i.e., 215 respondents return the questionnaire and 35 respondents unable to provide the respondents due to some reason. The 150 questionnaires were asked through by making the goggle questionnaire forms. Out of them only 130 respondents were replied and 20 respondents failed to answer it. And in the same way 100 questionnaires were asked through by visiting the Youth Entrepreneurs door to door. Out of them only 85 respondents were replied and 15 were unable to respondents the questionnaire.

### Model Specification

Mathematically, the multiple regression model of this study is shown below:

$$Y = b_0 + b_1 \text{ Education \& Training} + b_2 \text{ Access to Finance} + b_3 \text{ Entrepreneurial skill} + b_4 \text{ Rules \& Regulation} + \epsilon$$

Where,

Y= Youth entrepreneurship development

b<sub>0</sub> = Beta Coefficient of Intercept

b<sub>1</sub>= Beta Coefficient of Education & Training

b<sub>2</sub> = Beta Coefficient of Access to Finance

b<sub>3</sub> = Beta Coefficient of Entrepreneurial skill

b<sub>4</sub> = Beta Coefficient Rules & Regulation

ϵ = Errors (under least square estimation method it is assumed to be zero)

### Results

Table 1 presents the demographic information of the 215 respondents in the study. In terms of gender, 66.5% of the respondents were male, while 33.5% were female.

**Table 1: Demographic information of respondents**

Gender	Frequency	Percent
Male	143	66.5
Female	72	33.5
Total	215	100
Age group	Frequency	Percent
21-25	16	7.4
26-30	50	23.3
31-35	59	27.4
36-40	46	21.4
41-45	44	20.5
Total	215	100

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent</b>
No formal education	19	8.8
Literate	29	13.5
High school	44	20.5
Pre-graduation	64	29.8
Post-graduation	59	27.4
Total	215	100
<b>Marital status</b>	<b>Frequency</b>	<b>Percent</b>
Single	75	34.9
Valid Married	140	65.1
Total	215	100

**Note:** Field survey, 2024

The age distribution shows that the majority of respondents were between 31 and 35 years old (27.4%), followed by those in the 26-30 age group (23.3%). Regarding education, most respondents had completed pre-graduation (29.8%) or post-graduation (27.4%), with 8.8% having no formal education. As for marital status, a majority of respondents (65.1%) were married, while 34.9% were single. These demographics provide a comprehensive overview of the respondents’ characteristics, which are important for understanding their perspectives and experiences in the study.

Table 2 illustrates the distribution of business types among the respondents. The majority of respondents were involved in the hotel and restaurant sector, accounting for 34.9% of the businesses.

**Table 2: Type of Business**

<b>Type of business</b>	<b>Frequency</b>	<b>Percent</b>
Agriculture	21	9.8
Manufacturing	35	16.3
Hotel and Restaurant	75	34.9
Trading	62	28.8
Travel and Tourism	22	10.2

**Note:** Field survey, 2024

Trading businesses followed closely at 28.8%, while manufacturing businesses made up 16.3% of the respondents. Agriculture and travel and tourism sectors were represented by 9.8% and 10.2% of the respondents, respectively. These figures reflect the diverse nature of youth entrepreneurship in Kathmandu, with a clear emphasis on hospitality and trade-related ventures.

Table 3 depicted the key obstacles faced by youth entrepreneurs in Kathmandu in their business operations. The most significant challenge identified was political instability, which affected 31.6% of the respondents.



**Table 3: Obstacles for business operation**

Factors	Frequency	Percent
Limited Access to capital	32	14.9
Low return from investment	35	16.3
Lack of education and training	27	12.6
Political instability	68	31.6
Lack of favorable policy	53	24.7
Total	215	100

**Note:** Field survey, 2024

This was followed by the lack of favorable policies (24.7%), and low returns from investment (16.3%). Limited access to capital and lack of education and training were also notable issues, affecting 14.9% and 12.6% of the respondents, respectively. These results emphasize the critical barriers to business success, with political and policy-related challenges being the most pressing for youth entrepreneurs in Kathmandu.

**Correlation Analysis**

The value of r represents the Pearson correlation coefficient, which quantifies the degree of a linear relationship between two variables.

**Table 4: Correlation Matrix**

Variables	Youth entrepreneurship Development	Entrepreneurship skill	Rules & regulation	Access to finance	Education and training
Youth entrepreneurship Development	1				
Entrepreneurship skill	.600**	1			
Rules & regulation	.521**	.514**	1		
Access to finance	.487**	.500**	.356**	1	
Education and training	.567**	.578**	.483**	.412**	1

*\*\*Correlation is significant at the 0.01 level*

Table 4 presents the Pearson correlation statistics examining the relationship between Youth Entrepreneurship Development and factors such as Entrepreneurial Skill, Rules & Regulation, Access to Finance, and Education and Training. The results show significant positive correlations: a strong association with Entrepreneurial Skill ( $r = 0.600, p < 0.01$ ), a moderate relationship with Rules & Regulation ( $r = 0.521, p < 0.05$ ), and positive correlations with Access to Finance ( $r = 0.487, p = 0.01$ ) and Education and Training ( $r = 0.567, p < 0.01$ ). These findings highlight that increases in entrepreneurial skills, supportive regulations, financial access, and education/training all contribute significantly to youth entrepreneurship development, supporting the alternate hypotheses H1, H2, H3, and H4.

**Multiple Regression Analysis**

In this study, the pre stated hypotheses are being tested in order to test the statistically significance of independent variables i.e., Education and training, entrepreneurial skill, rules and regulations and access to finance on the dependent variable i.e., youth entrepreneurship development in Kathmandu.

**Table 5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700a	0.49	0.481	0.315

**Note:** Authors own computation

Table 5 presents the model summary, where the R-square value of 0.490 indicates that 49% of the variation in youth entrepreneurship development in Kathmandu is explained by factors such as education and training, entrepreneurial skill, access to finance, and rules & regulation. However, the remaining 51% of the variation remains unexplained, suggesting the presence of other influencing variables. The adjusted R-square of 0.481 reflects the explanatory power of the model, accounting for the number of predictors, and shows that 48.1% of the variation in youth entrepreneurship development is explained after adjusting for degrees of freedom. Additionally, the standard error of the estimate is 0.315, indicating the variability of observed values in relation to the model's predictions.

Table 6 presents the results of the regression analysis, with a mean square value of 5.018, representing the average variance explained by each predictor.

**Table 6: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	20.071	4	5.018	50.517	.000b
Residual	20.859	210	0.099		
Total	40.93	214			

The F-value of 50.517 indicates a strong ratio of explained to unexplained variance, and the associated significance level (Sig.) of 0.000 confirms that the regression model is statistically significant at the 0.05 significance level. This suggests that at least one of the independent variables education and training, entrepreneurial skill, access to finance, or rules & regulation significantly contributes to explaining the variation in youth entrepreneurship development in Kathmandu. The p-value of 0.00, which is less than 0.05, further supports the overall significance of the regression model.

Table 7 provides a regression analysis summary for youth entrepreneurship development in Kathmandu, showing the impact of key predictors. The constant term (intercept) of 0.128, with a t-value of 1.541 and significance level of 0.125, is not statistically significant.

*Table 7: Regression Model*

Model	Unstandardized coefficients		t	Sig.
	B	Std. Error		
(Constant)	0.128	0.083	1.541	0.125
Entrepreneurship Skill	0.273	0.069	3.953	0.000
Rules & Regulation	0.196	0.058	3.402	0.001
Access to Finance	0.183	0.058	3.151	0.002
Education & Training	0.253	0.067	3.784	0.000

**Note:** Authors own computation

Among the independent variables, entrepreneurial skill has the highest coefficient of 0.278 (t-value = 3.953,  $p = 0.000$ ), indicating a significant positive relationship with youth entrepreneurship development. Rules & regulation has a coefficient of 0.196 (Beta = 0.204), and its significance (t-value = 3.402,  $p = 0.001$ ) also highlights a positive and significant effect. Access to finance shows a coefficient of 0.183 (Beta = 0.183), with a t-value of 3.151 and p-value of 0.002, indicating a significant positive contribution to youth entrepreneurship development. Education and training, with a coefficient of 0.253 (Beta = 0.24), also demonstrates a positive and statistically significant impact (t-value = 3.784,  $p = 0.000$ ), suggesting that higher levels of education and training significantly enhance youth entrepreneurship development in Kathmandu.

## Discussion

The study highlights the critical financial barriers that young entrepreneurs in Kathmandu, which significantly impede their ability to start and sustain businesses. Despite the increasing interest in entrepreneurship among youth in Nepal, driven by high unemployment rates and limited job opportunities, access to finance remains a predominant challenge. Traditional financial institutions impose stringent lending criteria that many young entrepreneurs cannot meet, particularly those lacking collateral or a solid credit history (Devkota et al., 2023). This financial exclusion not only limits their capacity to secure necessary capital but also diminishes their chances of success in an already challenging economic environment (Kafle, 2024). The study's findings underscore the need for targeted interventions that enhance access to financial resources, such as microfinance options and government-backed loans, to foster a more supportive ecosystem for youth entrepreneurship (Bhandari & Sthapit, 2023).

Furthermore, the implications of these financial constraints extend beyond individual entrepreneurs to the broader economic landscape of Nepal. The persistence of these challenges contributes to a high failure rate among youth-owned businesses, with over 60% failing within their first three years (Mishra, 2024). This situation exacerbates youth migration as young individuals seek better opportunities abroad, further depleting the country's human capital (Parajuli et al., 2023). To address these issues effectively, it is essential for policymakers to implement comprehensive support systems that not only provide financial assistance but also enhance entrepreneurial education and training (Shrestha, 2024). By addressing the multifaceted barriers faced by young entrepreneurs, this study

aims to contribute valuable insights that can inform policy development and create a more conducive environment for entrepreneurship in Nepal.

## **Conclusion and recommendations**

The analysis shows that youth entrepreneurship development in Kathmandu is significantly positively influenced by entrepreneurial talent, rules and regulations, access to finance, and education and training. However, the study highlights a deficiency in youth entrepreneurship programs and support systems in the Kathmandu Valley, with a lack of resources such as incubators, funding, mentorship, and business consulting. Additionally, financial institutions require a minimum of five years of performance history before considering loans for business expansion, creating a significant barrier for young entrepreneurs. The lack of expansion capital has hindered many young businesses from growing, underscoring the need for accessible funding and improved management support to foster sustainable entrepreneurship in Kathmandu.

To effectively support young entrepreneurs in Kathmandu, prioritizing access to credit is essential. Simplifying banking processes, offering collateral-free loans, and providing expansion capital can significantly ease their financial challenges. The government should invest in mentorship, business development services, and incubators, while also streamlining the registration process and considering tax exemptions for new ventures. Incorporating entrepreneurship education in schools and enhancing university programs with practical mentorship can further develop essential skills. Private financial institutions could create funding options tailored specifically for youth, facilitating their access to necessary resources. Promoting collaboration among entrepreneurs can foster a competitive spirit and innovative culture. Additionally, supporting agro-business initiatives can boost both agricultural productivity and economic growth.

Expanding research beyond Kathmandu to explore youth entrepreneurship in other regions will help identify unique characteristics of youth-owned businesses, enabling the creation of effective, region-specific policies. These combined efforts can cultivate a thriving entrepreneurial ecosystem across Nepal.

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