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Women-led Enterprises for Poverty Reduction in Pokhara

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Abstract

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This study explores the role of women-led enterprises in poverty reduction, focusing on their socio-economic impact, challenges, and success factors. Employing a mixed-method approach, the research integrates qualitative interviews with women entrepreneurs and quantitative data analysis of various enterprises. The study investigates the types of businesses women run, such as handicrafts, animal keeping, tea shops, vegetable and fruit stalls, sewing and cutting, and beauty parlors, and their impact on social mobility and economic empowerment. Findings reveal that these enterprises significantly contribute to poverty alleviation by fostering economic empowerment, improving household income, and enhancing social inclusion. Despite facing challenges such as limited access to capital, training, and networks, women entrepreneurs manage to achieve consistent profits with relatively small investments. Key success factors identified include resilience, community support, and adaptability, while common challenges include cultural norms, gender-based discrimination, and lack of financial resources. The research further examines the implications of these findings for policy development and support mechanisms aimed at creating a more enabling environment for women entrepreneurs. By highlighting the experiences of women-led businesses, this study contributes to the broader discourse on the intersection of gender, entrepreneurship, and poverty alleviation.

Keywords: *Poverty, Poverty alleviation, Social entrepreneur, Sustainable development goal(SDG), Vulnerable Household, Women empowerment.*

Introduction

In recent years, the role of women entrepreneurs in fostering economic growth and reducing poverty has attracted increasing attention across both developed and developing economies. In developing countries, such as Nepal, women entrepreneurs face significant barriers that hinder their potential to contribute fully to economic development. These barriers include limited access to financial resources, cultural restrictions, and insufficient opportunities for education and business training (Sharma, 2020). Despite these challenges, women-led enterprises have been shown to contribute to household income, job creation, and local economic development, thus holding considerable potential for poverty alleviation and the empowerment of marginalized communities (UN Women, 2022).

Pokhara, one of the Nepal's major cities, presents a compelling case for studying the intersection between women's entrepreneurship and poverty reduction. The city, known for its thriving tourism sector, has seen a significant rise in small- and medium-sized enterprises (SMEs) led by women, particularly in the hospitality, handicraft, beauty parlor and manifold retail sectors (Bhattarai, 2023). Although these enterprises have shown promise in improving women's economic standing, there is a lack of research into the direct link between women-led businesses and poverty alleviation. Given Pokhara's dynamic economic landscape and its rapid urbanization, it has offered an ideal setting to examine how women's businesses can contribute to reducing poverty, especially in the context of growing socio-economic disparities.

The role of women entrepreneurs in poverty alleviation, particularly in urban and semi urban contexts such as Pokhara, remains an under-researched area in Nepal. While numerous studies have explored women's entrepreneurship in South Asia, research focused on the impact of women-led businesses on poverty reduction in Nepal is sparse (Bhandari & Neupane, 2021). Much of the existing literature has concentrated on macroeconomic factors affecting women's entrepreneurship, such as access to finance or political will, with less attention given to the micro-level impacts on families, communities, and women themselves (Shrestha, 2018). Moreover, while governmental and non-governmental organizations have introduced programs aimed at promoting women's entrepreneurship, evidence regarding the direct outcomes of these initiatives in terms of poverty reduction, particularly in urban areas like Pokhara, is limited.

The significance of this study lies in its potential to fill this gap by providing an in-depth examination of the socio-economic contributions of women-led enterprises in Pokhara. By evaluating the barriers faced by women entrepreneurs and the strategies they employ to

overcome these challenges, the research has dealt to offer valuable insights into how such enterprises influence poverty reduction at both individual and community levels. This is particularly useful for policymakers, development practitioners, and NGOs who are designing interventions aimed at supporting women entrepreneurs and enhancing their contributions to poverty alleviation in Nepal.

This study has focused on understanding how women-led enterprises in Pokhara can contribute to poverty reduction at both micro and macro levels. Specifically, the research has explored the economic and social benefits that these businesses bring to women-led households and local communities. The study has delved into the challenges these women face, such as limited access to capital, networks, and business training, and explore how they navigate these barriers to ensure the sustainability of their enterprises. In addition to economic outcomes, the research has investigated the social impact of women's entrepreneurship, including changes in household income, women's decision-making power, and their involvement in community development.

The theoretical framework for this study is drawn upon the Gender and Development (GAD) theory, which emphasizes the need to address gender inequalities in development policies. GAD asserts that women's participation in economic activities not only enhances their own status but also lead to broader social and economic benefits for families and communities (Kabeer, 2020). Additionally, the study employs Social Capital Theory, which explores how networks, trust, and social relationships among women entrepreneurs can help overcome barriers to business success and contribute to poverty reduction (Putnam, 2021). These theoretical lenses guide the analysis of the intersections between gender, entrepreneurship, and poverty in the context of Pokhara.

Literature on women's entrepreneurship in Nepal suggests that while women are increasingly entering the business sphere, they face numerous challenges, such as restrictive cultural norms, limited access to finance, and insufficient business knowledge (Paudel & Acharya, 2022). Despite these obstacles, studies have shown that when women have access to adequate resources and support, they can make significant contributions to their families and communities (Subedi, 2021). However, there is a lack of research explicitly linking women's entrepreneurship to tangible poverty reduction outcomes, particularly in semi urban areas of Pokhara, where the dynamics of economic and social development differ from those in rural settings (Rai, 2022). This research has attempted to bridge this gap by providing empirical data on how women-led enterprises in Pokhara can contribute to poverty alleviation, thus enriching

the broader discourse on women's entrepreneurship and development.

The findings of this research are not only to contribute to the growing body of knowledge on women's entrepreneurship but also provide actionable insights for policymakers, development agencies, and local governments. In particular, the study underscores the importance of targeted interventions that address the specific challenges faced by women entrepreneurs in Pokhara, such as improving access to financial services, business training, and professional networks. Strengthening the capacity of women entrepreneurs could amplify their impact on poverty reduction, fostering more sustainable and inclusive economic growth in the region.

The primary objective of the Study is to explore the role of Women-Led enterprises in poverty reduction and economic empowerment, focusing on the challenges, opportunities, and support mechanisms for unskilled migrant women and local women entrepreneurs.

Method of Data Collection and Analysis

This research aimed to analyze the impact of women-led enterprises on poverty reduction, specifically focusing on how these enterprises contribute to improving the economic status of women in semi-urban settings. The study adopted an empirical, quantitative approach to explore various aspects of women's involvement in enterprises, the challenges they face, and the outcomes of their efforts. A survey design was used to gather data, enabling the researcher to obtain systematic, quantifiable information on the types, characteristics, and impacts of these enterprises.

The study was conducted in Ward No. 27 of Pokhara Metropolitan City, an area with both urban and rural characteristics influencing local enterprises. A purposive sampling method was employed to select all 35 legally registered women entrepreneurs from 22 Tole development units within the ward. This sample was considered sufficient to capture relevant data on the types of women-led enterprises and their socio-economic impact. Primary data was collected using a self-administered questionnaire, which included both closed and open-ended questions to gather quantitative and qualitative data on the nature of businesses, factors influencing engagement, the impact on poverty reduction, and the challenges faced by entrepreneurs.

Key variables identified for analysis included the types of enterprises (economic gain vs. social impact), entrepreneurial characteristics (ethnicity, education, experience), economic impact (income generation, employment, poverty alleviation), and challenges/opportunities (finance, training, local support). The data collected through the questionnaires were processed using descriptive statistics, with measurements such as frequencies, percentages, and averages

summarizing the data. Cross-tabulations were used to analyze relationships between different variables, such as ethnicity and education level, and the nature of businesses.

Despite using MS Excel for data analysis, the study acknowledged limitations, including potential biases from self-administered questionnaires and the inability to produce complex statistical results. Manual cross-checking was performed to ensure accuracy. The research primarily focused on the economic and social aspects of women-led enterprises and did not delve into broader issues such as political factors or long-term poverty reduction impacts. The findings suggest that women-led enterprises can be a significant driver of poverty alleviation in semi-urban areas like Pokhara.

Results and Discussion

This results and discussion section includes the data based on ethnicity, education level, types of social enterprises, level of happiness, investment and profit, social mobility and employment which are presented in number, percentage with the help of tables and charts.

Different variables of ethnicity, education, social enterprises, happiness, investment and profit, social mobility and employment are analyzed in this section as follows.

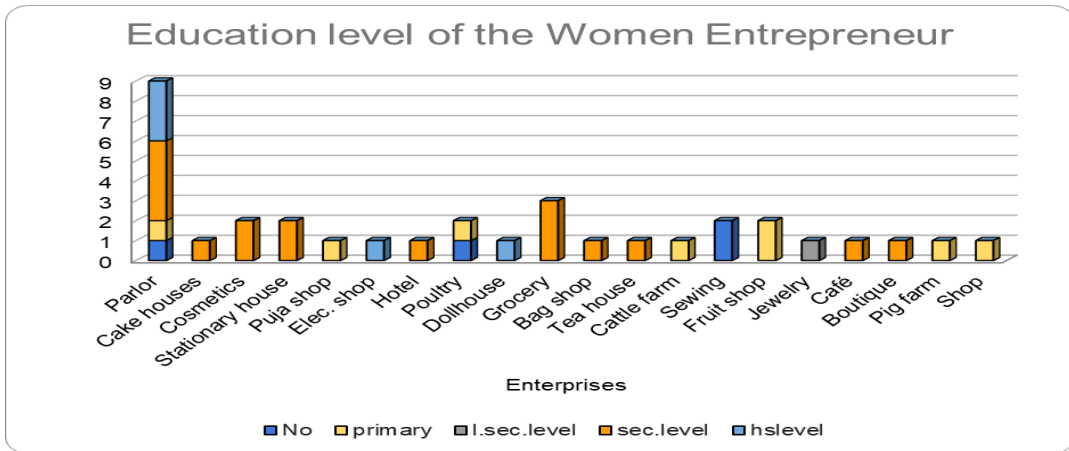
Education Level of the Respondents:

Education level is denoted with five categories: no education, primary level, lower secondary level, secondary level and higher education.

Figure 1 shows that most business were owned by 17 women with **secondary level** education followed by eight women with **primary level** education, five women with higher secondary level, even four illiterate women were in the enterprises and only a owner was with lower secondary level. Notably, businesses like **parlor** and **grocery** involved women across various education levels, while sectors like beekary and **cosmetic shop** showed more limited educational representation. Overall, the data indicated that **Secondary** and **Primary Level** education were the most common among enterprises owners, suggesting that higher formal education was not always a prerequisite for entrepreneurship in these sectors.

Figure 1

Education level of the women entrepreneurs by type of enterprises



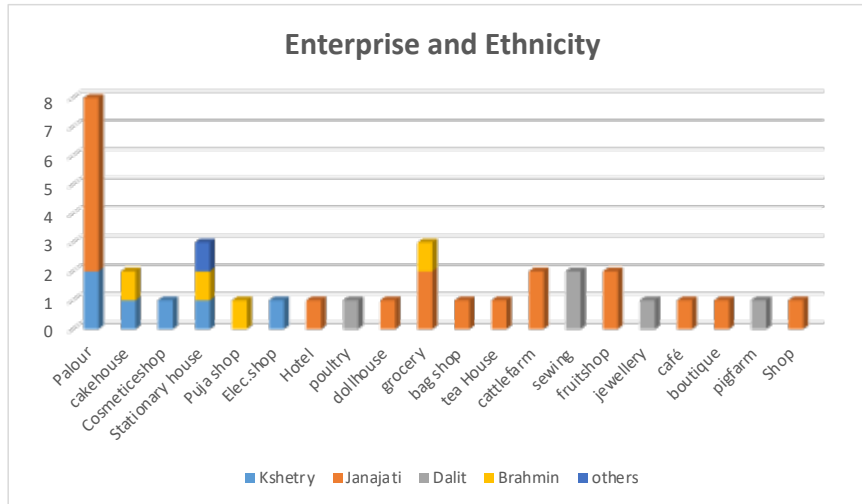
Source: Author's Creation (2024)

Enterprise and Ethnicity: The choice of the respondents for the enterprises on the ground of their ethnicity was cross checked.

Figure 2. reveals a diverse distribution of business types across various social groups, with notable trends in participation. The Parlor stood out, having the highest involvement, particularly from the Janajaty group (6 individuals). Businesses like Grocery, Cattle Farm, and Fruit Shop showed a broader engagement from multiple groups, including Kshetry, Janajaty, and Dalit. Certain sectors, such as Puja Shop and Hotel, showed limited participation from specific groups, while businesses like Sewing, Poultry, and Pig Farm were mainly associated with Dalit and Janajaty individuals. Overall, the findings highlighted both the diversity and concentration of business ownership across different social groups, with certain businesses having more widespread representation than others.

Figure 2

Enterprise and ethnicity



Source: Author’s Creation (2024)

Employment level: After the different women-led enterprises forms established in this ward the job opportunity was observed categorically,

Table 1 shows that the types of enterprises and their respective staff numbers per year showed varied distribution across different business forms. The largest proportion of staff was in Parlour (11.4%) with 228 staff, followed by Bakery house (6%) and Cattle farm (6%). Smaller enterprises like Puja house, Bag shop, and Doll house have 12 staff each, making up 2.3% of the total for each category. Additionally, Poultry and Pig farm had 60 staff each, contributing 4.5% of the total staff count. Other categories like Cosmetic shop, Stationary, Restaurant, and Grocery generally had fewer staff (12–36), comprising the remainder. There were 20 different types of enterprises in total.

Table 1

Employment opportunity in different forms

Enterprises	Employment opportunity	Percent
	Cummulative Frequency	
Parlor(single/joint)	228	24.1
Cake house	120	12.7
Cattle farm (joint)	120	12.7

Pig farm(joint)	60	6.3
Poultry (single/joint)	60	6.3
Cosmetic shop(single/joint)	36	3.8
Restrurent	36	3.8
Jewelary	36	3.8
Grocery(single/joint)	36	3.8
Fruit shop	36	3.8
Sewing	36	3.8
Stationary	24	2.5
Elec.shop	24	2.5
Boutique	24	2.5
Puja house	12	1.3
Bag shop	12	1.3
Tea house	12	1.3
Coffee shop	12	1.3
Doll house	12	1.3
Small shop	12	1.3
Total	948	100.0

Source: Author's Creation (2024)

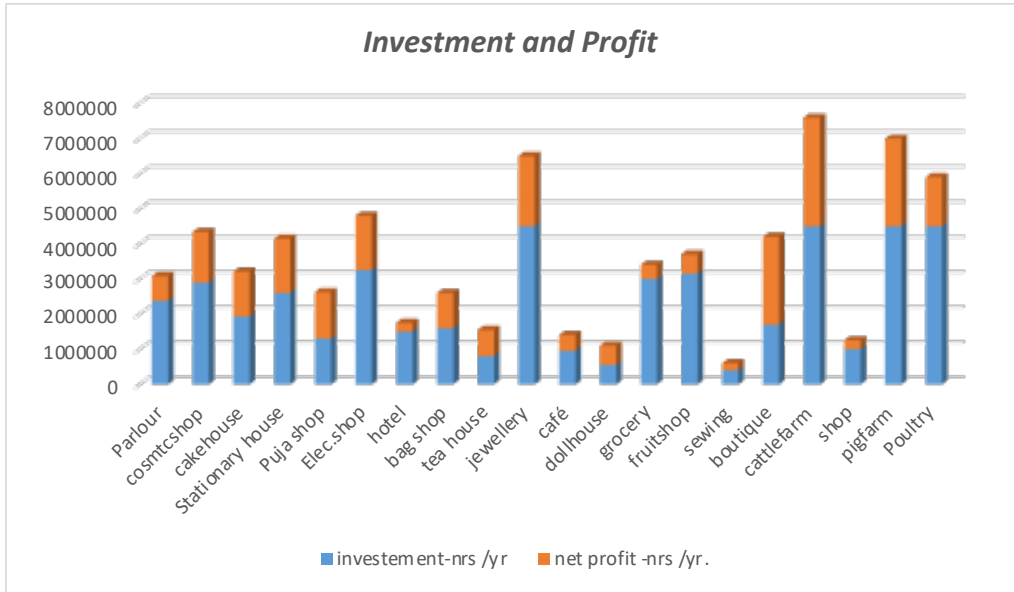
Investment and profit: Different Social Enterprises forms need differently the amount of investment annually to run them smoothly. What profit was bounced back by them in each year was comparatively cross checked.

Figure 3 reveals that businesses like Grocery (3,000,000 NRS investment, 400,000 NRS profit), Fruit Shop (3,150,000 NRS investment, 550,000 NRS profit), and Hotel (1,500,000 NRS investment, 250,000 NRS profit) required significant investments but yield relatively low profits, suggesting they might be riskier or in need of operational adjustments to improve profitability. On the other hand, businesses such as the Puja Shop (1,300,000 NRS investment, 1,323,000 NRS profit), Dollhouse (550,000 NRS investment, 550,000 NRS profit), and Boutique (1,700,000 NRS investment, 2,500,000 NRS profit) were more efficient, with lower investment-to-profit ratios of 0.98, 1.00, and 0.68 respectively, indicating they could generate higher profits with less capital. Strong performers like Cattle Farm (4,500,000 NRS investment, 3,092,000 NRS profit), Cosmetic shop (2,890,000 NRS investment, 1,447,800 NRS profit), and Jewelary (4,500,000 NRS investment, 2,000,000 NRS profit) showed high net profits but varied in investment levels, highlighting the potential for substantial returns despite higher capital requirements. Overall, the figure emphasized that profitability and investment

efficiency did not always align, and strategic choices would depend on the business’s risk appetite and long-term goals.

Figure 3

Investment and profit by types of enterprises



Source: Author’s Creation (2024)

Table No. 2

Correlation between investment and profit

		Investment	profit
Investement-nrs/Yr.	Pearson Correlation	1	0.485**
	Sig. (2-tailed)	35	0.003
	N		35
profit -Nrs /yr.	Pearson Correlation	.485**	1
	Sig. (2-tailed)	.003	
	N	35	35

*. Correlation is significant at the 0.01 level (2 tailed).

Table 2 shows that there was a positive correlation in between investment and profit in all enterprises forms. It proved that “Higher the increment in the investment in the forms the higher the amount of profit.”

Problems and Challenges:

The types of problems which were unavoidable and were facing by the entrepreneurs were entitled categorically only with four titles as in Market, Raw material, Transportation and Legal/Policy. Most of their practical problems were managed within these categories and the unrelated problems were just heard but could not incorporated as the potential data of this study.

Table No. 3 reveals that marketing and legal policies/other issues were the most prominent, each comprising 32.35% of the challenges (33 instances). Raw materials followed at 25.49% (26 instances), while transportation-related challenges were the least frequent at 9.80% (10 instances). Marketing challenges appeared across nearly all types of businesses, with “Parlor” and “Grocery” being the highest contributors. Legal and policy challenges were also widespread, affecting businesses such as “Cattle farm,” “Sewing,” and “Pig farm.” The overall distribution showed that marketing and legal issues are the primary concerns for most businesses, while raw materials and transportation concerns were more limited in scope.

Table 3

Problems and challenges

Enterprises	Marketing	Raw Materials	Transportation	Legal Policy/Other
Parlor	8	9		9
Cake house	2	2		2
Cosmetic shop	1	1		1
Stationary house	2	2	2	2
Puja shop	1	1		
Elec. shop	1		1	1
Hotel	1	1		1
Poultry	1		1	1
Dollhouse	1			1
Grocery	3	3		3
Bag shop	1		1	1
Tea House	1	1		1
Cattle farm	2		2	2
Sewing	1	1		2
Fruit shop	2	2	1	2
Jewelary	1	1		1
Café	1	1		
Boutique	1	1		1

Pig farm	1		1	1
Shop	1		1	1
Total	33	26	10	33
Percentage	32.35%	25.49%	9.80%	32.35%

Source: Author's Creation (2024)

Discussion

The findings of this study has revealed the significant challenges that women face in a patriarchal society, where early marriage and limited educational opportunities restrict their social and economic mobility. These issues, deeply rooted in gender inequality, have long been recognized as barriers to women's empowerment in Nepal (Bhandari & Neupane, 2021). The study has highlighted that despite these social suppressions, women in Ward 27 had managed to break through traditional gender roles by engaging in entrepreneurial activities, thereby changing their social and economic standing within the community.

The rise of Women-Led enterprises in Ward 27 could be attributed to initiatives like the Tole Development Unit, which provided essential financial resources and support. These initiatives allowed women to establish businesses across various sectors, such as beauty parlors and organic grocery shops. Such enterprises were not only economically significant but also socially transformative. As noted by Paudel and Acharya (2022), access to credit and entrepreneurship training has proven crucial in helping women overcome economic barriers, providing them with the means to become self-sufficient and economically independent. This, in turn, found empowering women by enhancing their decision-making power and improving their status in the community.

The economic independence gained through entrepreneurship had broader implications for the community as a whole. By participating in business ventures, women contributed to poverty reduction and community development. This aligned with the findings of Rai (2022), who discussed how women's entrepreneurial activities could stimulate local economic growth. In Ward 27, the establishment of women-led businesses created employment opportunities, boosted local trade, and contributed to an overall improvement in the local economy. Moreover, these businesses provided an avenue for women to engage in social and economic decision-making, which was historically limited due to patriarchal norms. According to Shrestha (2018), women entrepreneurs played a pivotal role in sustainable development by breaking the cycle of poverty and enhancing the resilience of their communities.

However, despite these successes, women entrepreneurs in Ward 27 continued to face substantial challenges. Policy barriers and taxation issues remained significant obstacles to their growth. As highlighted by Sharma (2020), the regulatory environment in Nepal often failed to provide sufficient support to women entrepreneurs, particularly in terms of access to capital, tax benefits, and business development services. These barriers hindered the ability of women to expand their businesses and reduced their potential for sustained economic growth. If not addressed, these systemic challenges could undermine the progress made by women entrepreneurs in the region.

Furthermore, while local initiatives like the Tole Development Unit had been instrumental in providing financial support, broader policy changes were needed to create an enabling environment for women's entrepreneurship. Subedi (2021) argued that a comprehensive approach, including access to affordable credit, reduced taxes, and more inclusive business policies, felt essential for ensuring that women-led enterprises could thrive. It was also necessary to address cultural attitudes toward women in business, which could still be restrictive in many parts of Nepal. By creating more supportive frameworks for women entrepreneurs, it could possible to sustain the positive impact these businesses had on both individual women and their communities.

In conclusion, the success of women-led enterprises in Ward 27 represented a positive shift toward gender equality and empowerment. These women were not only challenging traditional norms but also driving local economic development. However, to ensure the sustainability and growth of these businesses, further efforts were needed to address policy hurdles, taxation issues, and cultural barriers. If these challenges could be overcome, women's entrepreneurship would be the potential sectors to play a crucial role in broader socioeconomic transformation in Nepal.

Conclusion

The study conducted in Ward 27 of Pokhara sheds light on the universal social suppression faced by women within patriarchal structures, particularly through early marriage and limited educational opportunities. Despite these challenges, the emergence of Women-Led enterprises has proven transformative. Empowered by initiatives like the Tole Development Unit, women are accessing funding and establishing successful ventures, ranging from beauty parlors to organic grocery shops. This economic independence not only elevates their status in society but also contributes significantly to poverty reduction and community development. However,

persistent issues such as policy hurdles and taxation demand attention for sustained growth. Nonetheless, the success stories emerging from Ward 27 exemplify the potential of women's entrepreneurship to challenge traditional norms and drive positive change

This research on "Women-Led enterprises for Poverty reduction in Pokhara" reveals that these enterprises play a crucial role in alleviating poverty by creating employment opportunities and generating income. Women-Led businesses not only provide jobs for the entrepreneurs themselves but also for others in the community, fostering economic growth and reducing job scarcity. Increased household income from these enterprises improves living standards, access to education, and healthcare, creating a positive cycle of reinvestment that benefits families and communities. Additionally, women entrepreneurs contribute to economic diversification, making the local economy more resilient. Socially, these enterprises empower women, enhance their decision-making roles, and challenge traditional gender norms, promoting greater equality. The findings highlight the need for support systems like microfinance, training programs, and networking opportunities to ensure the success of women-led businesses. Overall, investing in women's entrepreneurship is a powerful strategy to reduce poverty, drive sustainable development, and foster social equity in Pokhara.

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