

Impact of Foreign Employment on Entrepreneurial Activities in Pokhara Metropolitan City

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ABSTRACT

This research investigates the influence of foreign employment on the business establishment in the home countries of labour migrants through mediating roles of increased income, skill acquisition, and experience, within the context of entrepreneurial economics. Employing a descriptive and analytical research design, the study utilises primary quantitative data to analyse the relationships among these variables rigorously. The findings demonstrate that experience and skills acquired abroad significantly influence the likelihood of business establishment upon return. In contrast, the anticipated positive effects of increased earnings resulting from foreign employment were found to be statistically insignificant in driving entrepreneurial activity. These findings underscore the pivotal role of human capital development, particularly through skill acquisition, experience and education, in fostering entrepreneurship among returning migrants, as opposed to relying solely on financial aspects. This research contributes to the existing literature by elucidating the complex interplay between foreign employment, remittances, and entrepreneurial outcomes, thereby providing valuable insights for potential interventions to foster entrepreneurial activities.

Keywords: *Business establishment; entrepreneurial activities; foreign employment; investment; remittance.*

INTRODUCTION

Temporary labour migration of Nepali human resources to several labour destinations has become a common phenomenon. According to Nepal Migration Report 2022, over 4.7 million new labour permits were granted to Nepali migrants seeking employment overseas between 2008/2009 and 2021/2022 (MoLESS, 2022). Nepal has experienced a rise in out-migration over the last two decades, based on the 2021 National Population and Housing census 2,190,592 people out of 1,555,961 households (23.4%) are absent and living in foreign countries (NSO, 2023a). This type of foreign migration has been a very prominent phenomenon not only in Nepal but in most of the developing nations, becoming a crucial part of their development economics (Kharel & Kharel, 2020). This migration is often motivated by the pursuit of better job opportunities and higher wages than those available in the home country. Most of their earnings are sent back to their home countries from the country where they work (Al-Assaf & Al-Malki, 2014). Remittance plays a significant part in Nepal's economy. According to MOF data, in 2023 remittances accounted for 22.68% of Nepal's GDP. Bring in around 9.3 billion USD alone in the year 2023.

Research done using micro-data from 1996-2004 indicated that foreign employment helps to increase an individual's income and overall living standards (Wagle, 2012). According to Nepal Living Standard Survey 2022/2023 there is a substantial reduction in the poverty line compared to 2010/2011 (NSO, 2023b). Consequently, the Nepal government has made numerous policies and agreements aimed at facilitating safer and easier migration for Nepali labourers seeking employment abroad like The Foreign Employment Act (FEA), 2007 and Bilateral Labour Migration Agreements (BLMAs). Nepal renewed labour agreements with Malaysia in 2018 and the United Arab Emirates (UAE) in 2019 stand testimony. Agreements with Israel in 2020 and the United Kingdom in 2022 provide important insights into the government's priority in finding new labour destinations for Nepali human resources (MoLESS, 2022).

Beyond improving living standards, foreign employment also creates new opportunities, such as the potential for entrepreneurial activity. Entrepreneurial activity refers to any deliberate action undertaken to establish, structure, and operate a business enterprise with the primary objective of generating financial gains (Gaddefors & Anderson, 2017). The most prominent example of entrepreneurial activity is the starting of new businesses. In this research entrepreneurial activities exclusively imply business establishment. This research is based on a concept that focuses on two key factors that foreign employment fosters, which can influence

entrepreneurial activities in the home countries; (1) Acquisition of new skills and experience and (2) Reduction of financial constraints.

Acquisition of New Skills and Experience

Foreign employment often provides individuals with the opportunity to gain new skills and experiences that they might not have access to in their home country. These skills can be technical, managerial, or entrepreneurial, depending on the industry and job roles the individuals are involved in abroad. Exposure to different business practices, cultures, and technologies can enhance their ability to innovate and manage businesses effectively (Qiang, 2022). When these individuals return to their home country, they can leverage this newly acquired knowledge and experience to establish and run their businesses successfully. This transfer of skills and experience is a critical aspect of how foreign employment can stimulate entrepreneurial activity and contribute to the economic development of their home country.

Reduction of Financial Constraints

One of the significant barriers to starting a business in many developing regions is the lack of financial resources. Foreign employment typically offers higher income opportunities than those available in the home country (Shera & Meyer, 2013). This increased income allows individuals to accumulate savings that can be invested in entrepreneurial ventures upon their return. Additionally, the remittances sent back home can reduce financial burdens for the family, allowing for more capital to be directed toward business development (Taylor, 1999). Furthermore, increased savings may offer foreign workers a degree of financial stability, which can encourage them to extend loans to people willing to invest, thereby facilitating the establishment of new enterprises. The reduction of financial constraints through savings and remittances from foreign employment thus plays a crucial role in enabling individuals to overcome the initial financial hurdles of starting a business (Stark & Bloom, 1985), thereby fostering entrepreneurial activity in their home country.

This study explores these concepts under the theoretical framework of Human Capital Theory (HCT) and The New Economics of Labour Migration (NELM). The primary objective of this research is to determine the extent to which foreign employment impacts the establishment of business through the mediating role of higher income, acquisition of new skills, and experience in the area of entrepreneurial economics. This study comprehensively looks into the impact of experience and acquisition of new skills on entrepreneurial activities under Human Capital Theory which is relatively unexplored hence, contributing to the literature.

Figure 1

Conceptual Framework

Human Capital Theory

Human Capital Theory (HCT) is a prominent framework in economics that emphasizes the role of an individual's knowledge, skills, and abilities (KSAs) as key drivers of economic productivity and personal income. The concept of human capital extends the classical economic theory by recognizing that investment in human capabilities, such as education and training, enhances an individual's economic value and contributes to overall economic growth.

The formal development of Human Capital Theory is credited to economists such as Becker, Mincer, and Schultz in the 1960s. Becker's work, (Becker, 1983), in Human Capital was foundational. Becker and other economists argued that expenditures on education, training, health, and mobility could be viewed as investments in human capital, analogous to investments in physical capital, which would yield returns in the form of higher productivity and income.

In the context of entrepreneurship, human capital theory suggests that individuals with higher levels of education, skills, and experience are more likely to engage in entrepreneurial activities and succeed in business. Entrepreneurs with strong human capital are better equipped to identify and exploit opportunities, manage risks, and innovate, leading to higher chances of business success. This aspect of the theory is particularly relevant in research that examines the impact of education, training and experience on entrepreneurial outcomes.

New Economics of Labour Migration

The New Economics of Labour Migration Theory, articulated by (Stark & Bloom, 1985) and further developed by (Stark, 1991), is an advanced iteration of the neoclassical perspective. This perspective posits that migration serves as a strategy for households to diversify their resources in response to potential failures or risks associated with local income sources. Consequently, older family members and other kin who remain in the country of origin can depend on remittances, which helps to secure the well-being of the older generation. This is particularly significant in developing countries, where institutional mechanisms for welfare support are often inadequate (Massey, 1993).

Also, NELM posits that the majority of labour migration occurs from nations with limited capital but abundant labour force to countries with ample capital but limited labour force. In

contrast, capital tends to flow in the opposite direction, seeking greater returns on investment in countries with limited capital. Remittances are commonly driven by three primary motives: altruistic motives, self-interest motives, and implicit family contracts (Pant, 2006).

Altruistic motives refer to the obligation felt by migrants to support their household financially, which brings them a sense of satisfaction and fulfils familial responsibilities. The amount remitted may fluctuate depending on factors such as the number of household members who have migrated and the poverty level of the receiving family.

Self-interest motives involve migrants sending remittances as a form of investment in their home country, where returns on assets may be higher compared to those in the host country.

The theory of implicit family contracts posits that families establish unwritten agreements among members, particularly between those who migrate and those who remain at home. These contracts often have an inter-temporal nature, extending over several years or even decades. The loan repayment theory is a specific application of this concept, suggesting that the family invests in the migrant's education and covers the costs associated with migration. In return, once the migrant has settled abroad, they repay this investment through remittances. The amount remitted is influenced by various factors, including the migrant's income profile.

Hypothesis Development

Human Capital Theory suggests that individuals with education, skill and knowledge have higher human capital, which in turn enhances their productivity, efficiency, and entrepreneurial capabilities (Becker, 1983). When a person with no particular skill or knowledge migrates to a foreign for work, they can be exposed to new opportunities to gain new skills, increasing their human capital and increasing their chances of business establishment when they return home. Also working abroad, they gain significant experience on their craft increasing their confidence. This increased self-confidence often translates into a greater willingness to take risks, including the risk of starting a new business.

This hypothesis is therefore particularly relevant in examining the impact of foreign employment on entrepreneurial activities.

Hypothesis 1 (H1): There is a significant positive impact of experience gained in foreign in the establishment of business.

Hypothesis 2 (H2): There is a significant positive impact of skills acquired in foreign in the establishment of business.

New Economy of Labour Migration (NELM) theory suggests flow of capital through

remittance to countries with limited capital results in increased income and reduction of financial constrain which provides financial security for returnees promoting the establishment of business after their return (Stark & Bloom, 1985).

Hypothesis 3 (H3): There is a significant positive impact of higher income due to foreign employment in the establishment of business.

By focusing on the roles of skill and experience acquired, and increased income, these hypotheses highlight the multifaceted impact of foreign employment on entrepreneurial activities. Testing these hypotheses will provide necessary insights into how the financial and social capital gained through foreign employment contributes to business establishment.

DATA AND METHODS

Descriptive as well as analytical research design was employed in this research. This combined approach first helped to understand the current situation and then to delve deeper into the data, examining cause-and-effect relationships and testing hypotheses about how foreign employment influences entrepreneurial activities.

In this research quantitative data were used, and primary data were collected from household level using a structured interview schedule. Pre-designed and pretested questions were used to collect data using the interview method.

In this study, the population was all the households of Pokhara Metropolitan City with at least one family member abroad. Samples were taken from the population using a non-probability sampling method, specifically purposive sampling method was employed. Purposefully only households with at least a member working abroad were taken. This purposive sampling approach, combined with the specific selection criteria, ensured that the data collected was both comprehensive and relevant to the study's objectives.

In this research dependent variable is "Establishment of Business" which is categorical and dichotomous, meaning it cannot be measured in numerical values and can only have two values. It can only be termed present or absent, established or not in the present case. We can code established as '1' and not established as '0'.

There are multiple independent variables considered for this research like, no. of years in abroad, skills learned in abroad (any skills learned by migrants or not in abroad), and monthly income. Here no. of years and monthly income are continuous variables, and skills learned is a categorical variable. Other independent variables were, age, number of family members, type of family, number of family members working abroad, marital status, number of children,

education level, current status, number of years since return, type of work done abroad etc.

Data was collected using a structured interview schedule, designed to capture relevant information on foreign employment, remittances, and business establishment. Questions were closed-ended and few were open-ended.

It had three parts; Part I related to socio-demographic data (Age, number of family members, type of family, number of family members working abroad, marital status, number of children, education level etc.), Part II questions related to foreign employment and remittance (current status, number of years in foreign, number of years since return, type of work done in abroad, new skills learned etc.), Part III questions related to entrepreneurial activity (business established or not, thought of establishing business etc.). The validity of the instrument was based on content validity. Pre-testing of the instrument was done on 10% of the total sample size.

For this research primary data were collected at the micro-level directly from households. Each participant answered the same set of questions in the same order. This approach helped to collect consistent data. For the anonymity of participants, data collected from individuals were coded and no personal or sensitive information was collected from them.

To ensure adherence to all regulatory and ethical standards data was collected only after obtaining formal permission and approval letters from the Pokhara Metropolitan City Office. The purpose of the study was described to the respondents before initiating face-to-face interviews, and their informed consent was obtained. No respondent was forced into taking part in the study. Respondents were given the freedom to decline or discontinue participating in the study at any moment without being questioned. Data privacy and confidentiality were upheld, and the information gathered was utilised exclusively for research purposes only.

The collected data was recorded on an MS Excel spreadsheet. The data was edited, coded and arranged appropriately. Recorded data was entered on IBM SPSS Statistics version 23. Data was first analysed using descriptive statistics (like frequency, percentage, mean and standard deviation) and then inferential statistics was used as per the nature of the data. A descriptive approach was employed to analyse demographic variables such as age, gender, religion, caste, number of family members, type of family, marital status, and education. This approach provided a comprehensive overview of the sample's demographic characteristics.

In contrast, a predictive analysis was conducted using a binary logistic regression model to examine the significance of variables related to foreign employment on the establishment of businesses. Specifically, this model analysed predictive variables including the number of

years spent abroad, skills learned, monthly income while abroad etc. By using this statistical method, the research aimed to identify which aspects of foreign employment significantly influence the likelihood of individuals establishing businesses in Pokhara Metropolitan City.

The criterion variable for this analysis is the establishment of a business, which is dichotomous, meaning it can have only two values, whether a business is established (coded as 1) or not (coded as 0). To explore these relationships, a binary logistic regression model was utilized.

The binary logistic regression model is expressed as follows (Freedman, 2005):
where:

- P is the probability of the outcome occurring (establishment of a business),
- e^{β_0} is the odds ratio (ratio of occurrence over not occurring)
- β_0 is the y-intercept when; $x=0$
- $\beta_1, \beta_2, \dots, \beta_k$ are the coefficients of the predictor variables,
- x_1, x_2, \dots, x_k are the predictor variables.

Binary logistic regression relies on three underlying assumptions to be true (Freedman, 2005):

- The observations must be independent.
- There must be no perfect multicollinearity among independent variables.
- Continuous predictors are linearly related to a transformed version of the outcome.

For this research, the predictor variables include the independent variables mentioned above. The binary logistic regression model estimates the influence of these predictors on the probability of establishing a business. By transforming the probability into log odds, the model can handle the non-linear relationship between the predictors and the binary outcome. The coefficients obtained from the model indicate the direction and magnitude of the association between each predictor and the likelihood of business establishment. The model allows for the prediction of probabilities, which can be used to classify individuals into those who are likely or unlikely to establish a business.

In this study, the binary logistic regression analysis was conducted using the statistical software IBM SPSS version 23, ensuring robust and accurate estimation of the model parameters. The results provide insights into which aspects of foreign employment significantly impact the likelihood of business establishment.

To test the developed hypothesis, we can use binary logistic regression analysis at a 5% level of significance. Each hypothesis can be accepted or rejected based on the p-values. If the p-value is less than 0.05 ($p < 0.05$) hypothesis will be accepted, if the p-value is greater

than 0.05 ($p > 0.05$) then the hypothesis will be rejected.

RESULTS AND DISCUSSION

Background Characteristics of Respondents

The average age of individuals working abroad was 40.83 ± 9.567 SD years. This indicates that most of the foreign workers were middle-aged. Among foreign workers, a substantial 80% of them were male. This gender disparity suggests traditional roles of males leaving home to earn and females staying home to look after their families.

On average, the households consisted of 5 ± 2.133 SD members. A majority 61.3% lived in nuclear families, while 38.7% were part of joint families. On average, each household had 2 ± 1.083 SD members working abroad. Eighty-two percent of the participants were married, while eighteen percent were unmarried. Married participants had an average of 2 ± 1.294 SD children.

The largest proportion of participants (58.7%) had attained secondary-level education, suggesting a moderate level of educational attainment among foreign workers. Twenty-three percent of the participants had basic level education. Seventeen percent of the participants had completed a bachelor's degree, reflecting a smaller but notable group with higher educational qualifications. Only 2% of the participants had attained a master's degree or higher, showcasing a minority with advanced educational attainment.

Table 1

Socio-Demographic Information of Respondents

Characteristics	Frequency (f)	Percentage (%)
Gender		
Female	30	20
Male	120	80
Age		
Mean ± SD (Min-Max)		
40.83 ± 9.567 (21-60)		
Religion		
Hindu	114	76
Buddhist	24	16
Muslim	5	3.3
Christian	4	2.7
Others	3	2
Ethnicity		
Brahmin	25	16.7
Chhetri	39	26
Janajati	60	40
Dalit	18	12
Newar	3	2
Muslim	5	3.3
Family Type		
Nuclear	92	61.3
Joint	58	38.7
No. of family members abroad		
Mean ± SD (Min-Max)		
2 ± 1.083 (1-5)		
Marital Status		
Unmarried	27	18
Married	123	82
Education Status		
Basic	34	22.7
Secondary	88	58.7
Bachelors	25	16.7
Masters and above	3	2

Status of Foreign Employment

Among the 150 participants, 46.7% were currently working abroad, while 53.3% had returned after working abroad. Participants worked abroad for an average of 9 ± 5.504 SD years. This suggests a notable period spent in foreign employment, likely contributing to skill development and savings. Those who have returned have been back for an average of 3 ± 3.166 SD years, which indicates a reasonable period for reintegration and possibly for investing their savings.

The minimum earning of the migrant worker was NPR 10,000 and the maximum earning was NPR 5,00,000 with a median and SD of NPR $97,500 \pm 98,897.576$ per month while working abroad. The minimum amount they remitted annually was NPR 50,000 and the maximum amount they remitted annually was NPR 38,88,000 with median and SD of NPR $9,00,000 \pm 7,01,583.498$. A substantial number (96.7%) of participants reported an increase in household income after migrating for employment. Before migrating, participants earned a minimum amount of NPR 4,500 and a maximum amount of NRS 1,00,000 with median and SD of NPR $21,000 \pm 16,881.499$ per month in Nepal.

Fifty-one percent of individuals took out loans to finance their move abroad. This indicates a reliance on borrowing to cover the initial costs of migration. A substantial 84.7% of participants reported acquiring new skills while working abroad, which could enhance their employability and entrepreneurial capabilities upon returning.

Thirty-six percent of respondents stated that the majority of their remittance money was spent on consumption. This includes daily living expenses and improving the quality of life for their families. Twenty-nine percent indicated that their remittance money was allocated to their children's education, reflecting investment in future generations. Twenty-seven percent of the total respondent used their remittance money to purchase assets such as property, vehicles, jewellery etc. Only 8% reported that most of their remittance was invested in business ventures.

Establishment of Business-Related Activities

Despite only eight percent of remittances primarily being used for business, 25.3% of participants had invested in business ventures. Thirty-three percent of participants had lent their remittance money to others for business purposes. This indirect relation to the establishment of business highlights the broader economic impact of remittances, fostering business activities within the community.

This study reflects the financial and skill-related benefits of foreign employment for individuals. The remittances sent back home contribute to increased household incomes,

education, asset acquisition, and to a lesser extent, direct and indirect business investments. These findings underscore the potential multifaceted impact of remittances on personal and community economic development.

Table 2

Status of Foreign Employment and Business-Related Activities

Characteristics	Frequency (f)	Percentage (%)
Current status		
Currently Working	70	46.7
Returned	80	53.3
No. of years in abroad		
Mean ± SD (Min-Max)		
9 ± 5.504 (1-32)		
Type of work		
Manual	51	34
Semi-skilled	47	31.3
Skilled	52	34.7
Earning while abroad NPR		
Median ± SD (Min-Max)		
97500 ± 98897.576 (8000-500000)		
Increment in household income		
Yes	145	96.7
No	5	3.3
Loan taken for foreign employment		
Yes	76	50.7
No	74	49.3
Learned new skills		
Yes	127	84.7
No	23	15.3
Remittance spent mostly on		
Consumption	54	36
Education	43	28.7
Buying assets	41	27.3
Business investment	12	8

Invested in business		
Yes	38	25.3
No	112	74.7
Lent remittance money to others for business establishment		
Yes	49	32.7
No	101	67.4

Results of Binary Logistic Regression Analysis

The Nagelkerke R Square was 0.532 suggesting that approximately 53.2% of the variance in the dependent variable is explained by the predictors. This is a relatively good level of explanatory power, indicating that the model has a decent fit.

The Hosmer and Lemeshow Test gave a non-significant value ($p > 0.05$) suggesting there is no significant difference between the observed and predicted values, meaning the model fits the data well.

Impact of Family and Education of Migrant

Results showed that having family members abroad has a significant negative impact on the likelihood of business establishment ($p < 0.05$). The odd ratio shows that individuals with a family member abroad are 73.3% less likely to invest in business establishments than those without a family member abroad (OR= 0.267).

Results also indicate that respondents with only basic education are significantly less likely to invest in business as compared to the respondents having secondary and bachelor-level education keeping remain variables as constant in the model ($p < 0.01$). The odds ratio of 0.001 implies that the likelihood of the establishment of business by respondents with only basic education is almost negligible compared to individuals with other levels of education (OR= 0.001). This result highlights the critical role of higher education in fostering business investments.

Impact of Experience, Skill Acquisition and Income

It was found that more years spent abroad significantly increases the likelihood of investing in business ($p < 0.05$). For each additional year spent abroad, the odds of investing in business increase by approximately 19.9 (OR= 1.199). This proves that our (H1) is true and there is a positive impact of experience gained abroad in the establishment of business upon their return. This suggests that extended exposure to foreign environments might provide individuals with the skills, capital, or motivation to invest in businesses upon their return.

It was also found that current status has a significant impact on business establishment ($p < 0.01$). Individuals currently working were significantly less likely to invest in business. This particular result is intuitive, as those who have returned are more likely to channel their resources and experiences into business investments compared to those who are still working.

Individuals engaged in manual work were seen significantly less likely to invest in business ($p < 0.01$). Manual labourers have a 90% lower chance of investing in a business than people in other occupations (OR= 0.097). This finding suggests that the nature of work impacts the probability of business investment, with manual labour being less conducive to business investment.

It is seen that learning new skills doesn't have a significant impact on business establishment. This proves that our hypothesis 2 (H2) is false and there is no significant positive impact of learning new skills on business establishment. Also, there is no significant effect of income on firm establishment (OR= 1, 95%). Therefore, our third hypothesis (H3) is false, proving that the establishment of a business is not significantly and positively impacted by higher income from employment abroad.

Table 3

Results of Binary Logistic Regression Analysis

Predictors	β	Wald	P-value	Odds Ratio	95% C.I of OR
Age	-0.015	0.054	0.817	0.985	0.867 – 1.119
No. of family members	-0.034	0.015	0.903	0.966	0.557 – 1.677
Joint Family (ref.)	1.00		1.00		
Nuclear family	-1.341	2.61	0.106	0.262	0.051 – 1.331
No. of family members abroad	-1.32	5.434	0.02	0.267	0.088 – 0.81
Married (ref.)	1.00		1.00		
Unmarried	0.852	0.312	0.576	2.343	0.118 – 46.494
No of children	0.067	0.017	0.898	1.069	0.385 – 2.972
Basic [1-8]	-6.678	7.211	0.007	0.001	0 – 0.165
Secondary [9-12]	-4.159	3.941	0.047	0.016	0 – 0.948
Bachelors	-3.435	2.8	0.094	0.032	0.001 – 1.801
Masters and above (ref.)	1.00		1.00		
No. of years abroad	0.182	4.686	0.03	1.199	1.017 – 1.414
Returned (ref.)	1.00		1.00		

Currently working	-3.651	7.838	0.005	0.026	0.002 – 0.335
No. of years since returned	0.106	0.65	0.42	1.112	0.859 – 1.44
Skilled worker (ref.)	1.00		1.00		
Manual worker	-2.333	5.494	0.019	0.097	0.014 – 0.682
Semi-skilled worker	-1.58	3.249	0.071	0.206	0.037 – 1.148
Monthly income	0	0.358	0.55	1	1 – 1
Loan taken (ref.)	1.00		1.00		
Loan not taken	-0.26	0.119	0.73	0.771	0.176 – 3.382
Learned new skills (ref.)	1.00		1.00		
Learned no new skills	-1.893	2.336	0.126	0.151	0.013 – 1.707
Constant	7.068	3.663	0.056	1174.229	
-2 Log likelihood		Cox & Snell R Square		Nagelkerke R Square	
82.696		0.37		0.532	
Hosmer and Lemeshow Test					
Chi-square		df		P-value	
6.764		8		0.562	

*ref= reference category or bench mark value, * $p < 0.05$, and ** $p < 0.01$*

This study suggests that labour migrants do gain human capital working abroad and it significantly increases their chances of evolving in entrepreneurial activities. This result aligns with the result of research conducted in Minneapolis, USA which underscores the importance of remittance in building the entrepreneurial ecosystem in migrant's home country, particularly through the enhancement of human capital (Vaaler, 2011). Research done by Nepal Rastra Bank argues that migrants who did unskilled work abroad have negligible output in their home country (Pant, 2006), which aligns with the result of this study which also found that individuals who did manual jobs in foreign has significantly less chance of establishing a business.

The findings of this research show no significant impact of remittances on business ownership which is consistent with the results of a study by (Adhikari, 2016). It challenges the New Economics of Labour Migration (NELM) hypothesis, which posits that remittances alleviate household financial constraints, enabling investment in entrepreneurial activities. However, this conclusion diverges from the results of (Ashby & Seck, 2012), who found a positive correlation between remittances and business ownership. Moreover, (Brown, 2006) provides a nuanced perspective, offering survey evidence that supports both sides of

the argument. His analysis suggests that remittances can contribute positively to economic development, but only under certain conditions, such as prudent macroeconomic policies that prevent local currency over-appreciation and facilitate financial transfers. This implies the possibility of a threshold effect, where remittances begin to positively impact entrepreneurial activities only after a certain income level is reached, as proposed by (Chalise, 2014). Further research is necessary to identify this threshold and understand its implications for policy and practice.

CONCLUSION

The analysis conducted in this study leads to the conclusion that the experience gained abroad by migrant labourers has a significant and positive impact on the establishment of businesses upon their return to their home country. This research also concludes that an increase in income of an individual due to foreign employment has no significant impact on the successful establishment of a business. Though foreign employment reduces financial constraints it does not directly imply to business establishment. This highlights the critical role of knowledge and experience acquired during foreign employment on business establishments upon their return.

This study is subject to certain limitations. One of the limitations of this study is use of relatively small sample size, which was not ideal for regression analysis. The limited sample may affect the statistical power of the findings. Additionally, the study is highly localized, focusing specifically on Pokhara Metropolitan City which can affect the generality of results.

Further studies could explore the other mediating factors that can influence the relationship between foreign employment and entrepreneurial activities, such as the networks that migrant workers build while abroad. Additionally, the impact of foreign employment on the education of migrant's children and health-related factors represents a critical area for investigation. This could have long-term implications for both family welfare and economic development.

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