

Caste/ethnicity and Entrepreneurship in Nepalese Society

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Abstract : *Entrepreneurship is the engine for social and economic growth of any society. It drives people toward wealth and job creation which leads to better lives for people in the society. There has been growing interest in entrepreneurship research recently. This paper attempted to assess the impact of caste/ethnicity in Nepalese society. This was viewed as essential in a country in which more than 125 ethnic communities are found. The findings show that caste/ethnicity has some impact in people to become entrepreneurship but it was not strongly substantiated by statistical tests. In fact, it was found that people from those communities which would be considered as less entrepreneurial were involved in entrepreneurship in Nepal indicating the changing social trend in which people from all the communities are involved in entrepreneurial activities. This can be viewed as a positive sign toward new value system of Nepali people in which one's caste/ethnicity plays less role in the choice of a profession.*

I. BACKGROUND AND OBJECTIVE

Entrepreneurship is an innovative activity in which businesses grow. The role of entrepreneurs to transform the opportunity to an economic activity is obvious. They play even more important roles in countries like Nepal which is facing with the problem of unemployment; underemployment, pervasive poverty and social marginalization of large section of people. Entrepreneurship in a society is dependent upon various factors; socio-economic status of the country is one. Economic opportunities available in a country largely determine entrepreneurship development. Entrepreneurship is also determined by people's ability and eagerness to take risks. Another factor influencing entrepreneurship is innovative capabilities of people. There are quite a few other factors that are taken into considerations while studying about entrepreneurship. Socio-cultural factor is one of them.

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Many researchers have pointed to 'Culture' as an important factor which influences entrepreneurship in a society. Culture is the combination of attitudes, beliefs, values and life styles. All of them contribute to shape an individual's orientation towards entrepreneurship.

One of the aspects of culture in a society is its ethnic composition. Understanding the composition and its influence in their social behaviour is important to know how a society is evolving. In the same way analyzing the impact of ethnicity in entrepreneurship is an essential part of studies in the field. There are some evidence from previous studies including Zivetz (1992) and observations that certain ethnic groups in Nepal have more entrepreneurial orientation than others which asks for further investigation. Hence, the main objective of the study is to assess the impact of ethnicity/caste in entrepreneurship in Nepal.

II. METHODOLOGY

A positivist approach was preferred for this study by using survey method since it helps to make generalizations to large populations from the results. However, non-positivist approach was also adopted through case studies of phenomena with a view to having their deeper understanding on one hand and to supplement the survey study on the other. Hence, both survey and case study methods were used to collect data.

This research was basically concerned with examining and explaining some variables and their relationships at a particular point of time. Hence, this study has adopted the cross sectional sample survey design for the analysis of survey data, was considered to be the appropriate choice for this study.

Several sources of information were searched before selecting the enterprises. It is because there are several agencies in which entrepreneurs register their businesses. For example, private and public limited companies are registered in the Office of the Company Registrar, trading firms are registered in the Department of Commerce, travel and tourism related enterprises are registered in the Hotel Association of Nepal, Nepal Tour Operators Association, Nepal Association of Travel Agents and others. Similarly, businesses also register themselves in concerned municipal offices, chamber of commerce and other agencies. Therefore, ascertaining the exact number of enterprises was difficult. Hence, the study firstly selected the enterprises which were registered with related chambers of commerce and industry as members. However, the sample was not limited to members only. The member entrepreneurs were asked to provide references to other entrepreneurs who would be ready to provide information for the study. The total number of members in Nepal Chamber of Commerce was 1600. Pokhara Chamber of Commerce and Industry had 1517 members. Therefore, this was assumed to be preliminary population for the study. However, as mentioned earlier, entrepreneurs not registered with the chamber of commerce and industry were also included hence making total population much bigger than the given numbers.

Though entrepreneurs running large enterprises were not excluded, the focus was on micro, small and medium sized enterprises. In fact, the priority was given to micro

and small enterprises. This was because majority of entrepreneurial activities begin and usually conducted in small sizes. Besides, Nepal being an underdeveloped country where most of the entrepreneurs have small amount to invest in a business so the businesses are run in small sizes. Hence, micro and small enterprises were selected for the study.

Stratified judgment sampling method was adopted to choose the sample from the population because the study was designed to include entrepreneurs from various socio-cultural backgrounds. Hence, it was essential to use different strata for sample selection. The strata included both men and women entrepreneurs from both the cities. It also included entrepreneurs from various ethnic groups of Nepal. This was essential because the study intends to identify the effect of gender and ethnic background on the entrepreneurial activities. Other studies have found that both men and women are involved in entrepreneurial activities but they face different types of social situation based on the values, norms and attitudes of the society they live in. Hence, it was felt necessary to explore this aspect in this study, so both men and women were purposely included in the sample.

Similarly, an individual's ethnic background also plays some role in his/her entrepreneurial orientation. This has been proved in the Nepalese context also where people from Newar, Sherpa, Manange Gurung, Marwadi are found to be more entrepreneurial than others (Zivetz, 1992). Therefore, people from these and other communities which were not assumed to be as entrepreneurial were also included in the sample.

The study was carried out by purposively selecting 225 entrepreneurs from Pokhara and Kathmandu valley for questionnaire survey. The two places were selected for their importance in Nepal's economy as prominent business centres. Kathmandu is the capital of the country in which main business activities occur. Hence, it was selected as a sample place. Pokhara is Nepal's major tourist destination with substantial business activities. Therefore, the place was chosen for the study. They were also chosen for the obvious reason of easy accessibility. The sample selected was designed to be broadly representative of the geographical distribution of micro and small enterprises in both the places and was designed to include a mixture of men and women and the first- and second-generation businesses. By selecting a number of different businesses and entrepreneurs from different backgrounds the study aimed to identify the range of relationships, aspects and issues that might have been important to the businesses. The sampling also used some "snowball method" so that more people from a community and business are covered. This was essential because people from certain community and businesses know each other. By using this method finding the required respondents was a lot easier.

III. LITERATURE REVIEW

Conceptualizing the Ethnic Entrepreneurship

According to Yinger (1985), an ethnic group is a segment of a larger society whose members are thought, by themselves or others, to have common origin and to share

important segments of a common culture and who, in addition, participate in shared activities in which the common origin and culture are significant ingredients'.

Dana (2007) stated that the long history of ethnic entrepreneurship in the USA also explains why research in this subject has its roots there. An early and very prominent theory suggested that ethnic businesses are obvious reaction to blocked opportunities in the labor market, which in many instances still holds true today.

Markets occupied by ethnic entrepreneurs are typically characterized by low barriers of entry in terms of required capital and educational qualifications, small-scale production, high labor-intensity and low added value, while cutthroat competition reigns (Dana, 2007).

The business entry decision has had a strong impact on the development of theories in ethnic entrepreneurship. Much attention has been given to the question whether cultural or structural factors influence the business entry decision and therefore are responsible for the rise of ethnic entrepreneurship. Supporters of the culturalist approach believe that immigrant groups have culturally determined features leading to a propensity to favor self-employment (Masurel et al., 2004). The structuralist approach, on the other hand, suggests that external factors in the host environment, such as discrimination or entry barriers on the labor market due to education and language deficits, pushes foreigners into self-employment.

The cultural theory suggests that ethnic and immigrant groups are equipped with culturally determined features such as dedication to hard work, membership of a strong ethnic community, economical living, acceptance of risk, compliance with social value patterns, solidarity and loyalty, and orientation towards self-employment (Masurel et al., 2004). These features provide an ethnic resource which can facilitate and encourage entrepreneurial behavior and support the ethnic self-employed (Fregetto, 2004).

Ethnic business typically starts when an entrepreneur begins serving other members of the ethnic community and satisfies their specific ethnic needs (Greene and Owen, 2004).

Nepalese Context for Ethnic Entrepreneurs

Nepal's current population is nearly 27 million as per the Census 2011. The population is divided widely into various ethnic and other groups. These groups also vary according to their culture, tradition, values, economic activities as well as entrepreneurial ability. Therefore, analyzing and understanding the socio-cultural features of all of these groups and entrepreneurial activities in itself is a very challenging task.

Zivetz (1992) conducted case studies on some of the Nepalese communities and their entrepreneurial qualities. This study has assessed about Newar, Marwari, Thakali, Sherpa, Gurung, Magar and also Tibetan entrepreneurs. This study explained the roles played by these communities in the business development of Nepal. The study was an attempt to explain the influence of culture in business. The study found that people from certain communities are more entrepreneurial than others. Some of the (e.g. Newars, Thakalis) had a long tradition of involving in entrepreneurial activities. In fact, people from these communities have a culture of choosing business as their first choice of profession.

IV. DISCUSSION

Caste (sometimes also called ethnicity) plays an important role in an individual's choice of profession. People from certain caste group have general tendency of going into a particular type of profession. Hence, it was essential to make an assessment of influence of caste in the choice of entrepreneurship as a profession.

Table 1 Impact of Caste/Ethnicity in the Choice of Business

Caste of the entrepreneur	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
Brahmin	57	6	12	3	6	84
Chhetri	17	8	4	2	2	33
Newar	36	10	8	3	7	64
Gurung	8	2	5	1	0	16
Others	13	4	3	5	3	28
Total	131	30	32	14	18	225

The table depicts the agreement of the respondents on their choice of business based on the caste background in which majority of entrepreneurs stated that it was not based on their caste or ethnicity. The notion was further tested by calculating the F value. The calculated F value (74.93745) is higher than the tabulated value 2.60296. The disagreement for the statement was strong in majority of the cases. Entrepreneurs from all the caste told that there was no effect of their caste in their choice of the business. This proves that Nepalese entrepreneurs do not see their choice of business as guided by their caste/ethnic background. It was believed that the choice of business is also influenced by the entrepreneur's caste/ethnic background. Therefore, an attempt has been made to assess how the ethnic background affects the choice of a business. However, the findings and rejection of hypothesis contradicts the general belief that choice of business is impacted by caste/ethnic background. This is also contrary to the caste and ethnic system of Nepal which historically was divided on the nature of job they did.

The above finding indicates the changing social system and values of Nepal where no profession is completely reserved for certain caste. Anybody from any caste or ethnic background can enter in any profession and be successful in modern Nepal. Previously, there was a feeling in the society that certain caste only should undertake the businesses and some specific profession. However, the finding indicates towards changing attitude of people with regard to what profession they choose. It shows that there is almost no concern about who chooses what profession. This change has allowed people with entrepreneurial orientation in Nepal to make their choice of profession.

When this was further explored by establishing correlation between the caste of entrepreneurs and their choice of business it was found that there is a weak correlation (.27) between the two. This also proves that the influence of caste in the choice of business cannot be proved in the Nepalese context.

Some of the previous researchers have indicated that there are certain ethnic groups in Nepal which are more entrepreneurial than others. For example, Zivetz (1992) conducted case studies on some of the Nepalese communities and their entrepreneurial qualities. She studied about Newars, Marwaris, Thakalis, Sherpas, Gurungs, Magars and also Tibetan entrepreneurs. She explained the roles played by these communities in the business development of Nepal and concluded that above mentioned communities were found to be more entrepreneurial than others. However, the perception of the entrepreneurs in the present study was found to be different than Zivetz's (1992) findings.

Caste, ethnicity and race related discrimination is a part of social life even in today's globalized and modern world. People from different ethnic groups around the world face various types of discrimination based on discriminatory attitude of some of the members of other groups. There are several historical analogies to prove this such as Black people in the USA, Jews in Hitler's Germany, and Black people in their own homeland in South Africa. Even today people are facing such challenges despite efforts to provide cross cultural training and the exposure people are getting through the media. In Nepal, people's identity is still related with caste, their choice of profession and social status used to be based on caste and profession. Therefore, it was felt necessary to assess this aspect so as to understand the level of and nature of problems entrepreneurs face because of their caste or ethnic background.

Table 2 Problems Faced by Entrepreneurs Based on their Caste

Caste of the entrepreneur	I suffered from problem because of my caste			Total
	Many	Some	No	
Brahmin	3	11	70	84
Chhetri	0	2	31	33
Newar	1	6	57	64
Gurung	1	1	14	16
Others	2	4	22	28
Total	7	24	194	225

It is interesting to note (table 2) that huge number (86.22 percent) of entrepreneurs told that they faced no problem based on their caste during entrepreneurial activities. Another 10.66 percent told that they faced some problems and only 3.12 percent mentioned that they faced many problems because of their caste. Overall the problems related to discrimination based on caste do not seem a serious matter in entrepreneurial activities. However, it should be noted that there is still a wide range of discrimination in the Nepalese society. Therefore, the finding should be interpreted with caution and not to be taken as absence of discrimination in the society as a whole. In addition to that, the discrimination in the society is largely against certain castes that are categorized as "untouchables" in Nepalese society. However, their representation in the sample is very little.

Entrepreneurs also further asked to mention about whether they received any support from their ethnic groups. Table 3 represents the result that most of them (57.33%) told that they received no help from their group members. Another large number of respondents (34.67%) told that they received some support from their ethnic group. Only few (8%) told that they received many types of support from their group members. These findings were in contrast to the notion that entrepreneurs from same ethnic group receive lot of support from their group.

Table 3 Support From the Caste Group in the Business

Caste of the entrepreneur	I got support from my ethnic group in business			Total
	Many help	Some help	No help	
Brahmin	7	20	57	84
Chhetri	1	14	18	33
Newar	7	24	33	64
Gurung	0	8	8	16
Others	3	12	13	28
Total	18	78	129	225

V. CONCLUSIONS

- There was general disagreement among Nepalese entrepreneurs that an individual chooses entrepreneurship as an option because of the ethnic background. Majority of the entrepreneurs told that they did not choose entrepreneurship due to their ethnic background. This finding does not match with the commonly held view of ethnic background playing an influential role in entrepreneurship.
- Entrepreneurship is one of such professions which an individual selects in order to overcome the hardships faced by social marginalization. The finding that Nepalese entrepreneurs did not feel that they entered into entrepreneurship because of their marginalization is an interesting finding in a society where professional choice used to be based on the caste system making people from certain caste to choose specific profession.
- Different caste groups of Nepal do not choose their type of business based on the caste indicating that caste does not play a major role while making choice of type of business in Nepal. There is a notion that ethnic group plays an important role in entrepreneurship by working as a support system to an individual entrepreneur. Therefore, people from certain ethnic group maintain strong network among people from their community. However, when Nepalese entrepreneurs were asked about this, the answer was generally negative with majority saying that they received no help from their ethnic group while establishing and running their business. Remaining entrepreneurs said that they received help from their ethnic group. When asked about the nature of support they received, they mentioned that their

ethnic community helped to develop network for their businesses. Others said that they received financial assistance from members of their ethnic group. Some others mentioned that they received technical assistance. Hence, the social capital created by ethnic group and its influence in entrepreneurship should be a component in entrepreneurial studies.

- d) Many people face different types of challenges and problems based on their caste or ethnic group. This is more so in Nepal where Hindu caste hierarchy guides how people behave with others. Though this practice is reducing, it is still prevalent in large part of the society. However, large number of entrepreneurs said that they faced no problem based on their caste. Only some of them said that they faced problems due to their caste. It indicates that the problems related to discrimination based on caste do not seem a pervasive matter in entrepreneurial activities.
- e) Nepalese entrepreneurs do not see their choice of business as guided by their caste/ethnic background. This finding indicates changing social system and values of Nepal where no profession is completely reserved for certain caste. Anybody from any caste or ethnic background can enter in a business and be successful in modern Nepal. The findings of this study can be interpreted as changing attitude of people with regard to what profession they choose.

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