Scaling up Business Development Services Through Incubation Centers

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Micro, small and community based enterprises needed embedded business development services to start, scale up and sustain a business. This study aimed to propose a conceptual framework to establish a business incubation center to scale up business development services in Nepal. This paper has used qualitative research that includes (i) interaction with stakeholders, (ii) focus group discussion, and (iii) observation. A qualitative content analysis approach was used to analyze the contents of the discussion. Key points and quotes were extracted, synthesized. The study suggests a greater need of sustained business development services and incubation model would provide that specially to micro, small and community based enterprises. Establishing business incubation center at local level with joint collaboration between local government, academia, professionals and private sectors can provide a sustainable model.

KEYWORDS: Incubation, Entrepreneurship, Business development services, Entrepreneurial ecosystem

Background of the study

Micro, small and medium sized enterprises (MSMEs) accounts for two-third of the global jobs and half of its GDP (Gibbens, 2020). In Nepalese context, 99% of registered enterprises are micro, small and medium enterprises and 95% of employment are created by this sector (Central Bureau of Statistics, 2019). The role of MSMEs is significant as it creates jobs, mobilizes local resources and creates wealth and make a significant contribution to economic growth Asia and the Pacific. ESCAPE has estimated the need of 600 million more jobs in next decade to absorb the growing population and reduces unemployment globally; hence see MSMEs development should be a priority for many countries including Nepal (ESCAPE, 2020). Entrepreneurship has been successful model in poverty alleviation in Nepal. The Micro Enterprise Development Programme (MEDEP) that started in 1998 claimed that it had created over 119,000 micro enterprises impacting over half a million population during its 5 phases of working (1998-2018). (MEDEP fact sheet 2018). SMEs contributes 22% in GDP and employs over 1.7 million people in Nepal (Singh and Kharel, 2023).

Fair Trade Group Nepal (FTG Nepal), a national consortium of Fair Trade enterprises in Nepal and its members have been actively engaged in uplifting the socio-economic status of underprivileged and marginalized producers of Nepal. It has persistently promoting entrepreneurship as a tool to empower people economically. It provides livelihood opportunities by enhancing competencies of communities that include training, development, and entrepreneurship. It provides skill training, business education and provides market access to community groups. In the process of creating sustainable entrepreneurship development, it has initiated a programme called “Udhyamshala”, an entrepreneurial workshop. Udhyamshala aims to provide business development services to its members and community that contributes in sustainable social entrepreneurship. It is providing start-ups and accelerator services to its members and the community it works. It has launched “My Culture; My Enterprise” in Lumbini Province to promote community enterprises based on local resources that includes local culture, age old tradition of craft making and agriculture. Local youths are provided entrepre-
neurship and business orientation to create local entrepre-
neurship and employment opportunities.

Developing producers into an entrepreneur is possible with
the joint effort of FTG Nepal, partners in ground and local
government, stakeholders. Understanding and resolving the
challenges together can motivate them to take business seri-
ously (FTG Nepal, 2020). There are ample opportunities in
rural areas to alleviate poverty through entrepreneurship with
embedded business development services such as skill upgra-
dation, product development, market access and pursuit local
government for policy support.

MSMEs require handholding to establish, sustain and thriv-
ing as decent employment creator and despite there are many
support programmes available in Nepal, scale and the kind of
support are not able to meet the needs of the enterprise (Singh,
and Kharel, 2023). Present skill training approaches of gov-
ernment have not been successful particularly promoting rural
entrepreneurship. There is a huge gap between receiving skill
training and getting into job or starting any enterprise. Due
to lack of access to resources, market and business know how,
the skills the youths are not so much productive. Government
of Nepal has given due importance for start-ups and entre-
preneurship development programmes through its budget and
programmes, however, it has been city centers. Hence,
Udhyaamsala will be a regional hub of entrepreneurship.

Business incubation (BI) helps to establish sustain and pro-
mote SMEs as it provides ranges of services from skill devel-
opment, market access, business know-how, networking,
mentorship and suggestions to the startups (Ladislaus, 2023).
BI have become a model, which provide tailor-made entre-
preneurial support its impact is significant for SMEs (Zhou.
and Zondo, 2023). This study aimed to proposes a conceptual
framework to establish a business incubation center to scale
up business development services in Nepal.

**Literature review**

Nepalese SMEs have been operating in very volatile envi-
ronment (Gnywali and Shrestha, 2008). Decades of civil war
had forced closure of businesses, slowed down the economy
and sent millions of Nepalese abroad for labour work. The
conflict and political insurgency had targeted businesses and
had increased in union related strikes affected Nepalese busi-
nesses over a decade causing substantial negative impact on
private sectors (Sharma, 2010). Post conflict political envi-
ronment didn't supported businesses as strikes grew up, uprais-
ing of conflict in Tarai region and absence of government's
programmes to support and protect to war torn private sectors.
This had affected all the sectors of economy specially SMEs.
The confidence of private sectors' confident to provide support
and protection was very low (Sharma, 2010; Pradhan, 2009).
The Great Earthquake 2015 and the Covid-19 Pandemic have
significantly affected overall business performance of Nepal,
creating more vulnerability for MSMEs as this sector is
largely affected by lack of enough resources, market access
and access to finance.

The pandemic has affected SMEs in both demand and sup-
ply side (OCED, 2020). SMEs experienced shortage of labour
forces and shortages of needed raw materials in the supply
side, whereas sudden loss of demand and revenue in demand
side. Nepalese SMEs with limited infrastructure development
and weaker logistic management have faced the challenges of
meeting the customer demand and maintaining the supply
chain (Shrestha, 2020). This has a big impact on SMEs’ cash
flow, loss of customers and revenue, and may eventually shut
down business in future. Consumer confidence dropped as
their focus shifted to primary healthcare and safety and their
loss of income resulted in a steady decline in consumption
(IMF, 2020). Despite the reopening of business, SMEs are vul-
erable in terms of occupational safety and health conditions
and find it difficult to maintain social distancing and safety
measure as their existing business model, systems and
resources are simply not enough (Prasain and Pradhan, 2020).

World Bank (2020) stated that the COVID-19 has profound
consequences on Nepalese business and economy, which leads
to new business model to come. It is likely that Nepalese econ-
y and business will look inward as export has slunk and
foreign employment opportunities declined. Digitization is
taking headways in Nepalese market with start-ups companies.
Green growth will be good for sustainable economic recovery
while increase in vulnerability and inequality. The World Eco-

donomic Forum (2020) argued that the COVID-19 pandemic is
exposing the systemic inequalities of the global economic sys-
tem, and threatening progress towards equality and advance-
ment of human rights.

The Government of Nepal has responded COVID-19 with
four measures; immediate relief program, reduce the impact
of COVID-19, economic support measures and liquidity sup-
port measures through its fiscal and monetary policies (World Bank, 2020). The government has launched an economic support package that includes deferred payment on tax, concession on interest rate payment and utility payments that cost about 5% of the GDP (World Bank, 2020).

Despite the government’s fiscal and monetary policy to curb the short-term and mid-term impact of COVID-19 on Nepalese economy, SMEs are not likely to be benefited as businesses fail to generate businesses as demand for non-essentials goods and services have not increased.

Nepalese SMEs have survived through decade long civil war, political uncertainties, earthquakes and blockade. They have found their ways to survive those challenging years. This COVID-19 crisis poses greater threat as it has affected all the sectors. SMEs need support from the government and other agencies at the same time, they need to come up with strategies to find new market opportunities within Nepal and abroad. This study has attempted to explore the necessity of business development services to start a business, scale up and sustain for micro, small and community-based enterprises needed embedded. This study also aimed to proposes a conceptual framework to establish a business incubation center to scale up business development services in Nepal.

To curve the challenges of post Covid-19 economic sluggishness, government of Nepal has prioritize developing entrepreneurial ecosystem and initiated domestic production and consumption campaigned under various programmes and allocated budget to establish incubation centers. It also seeks greater partnership from private sector for Made in Nepal and Make in Nepal campaigns (Govnt. Of Nepal 2023). However, many start-ups fails in absence of incubation services (Ladislau Batinoluho 2023) as BI support start ups facilitating the major hurdle of establishment and growth.

Department of Cottage and Small Scale Industry, Nepal had launched business incubation programme in FY 2006/7 in its office premise in Tripureshwar, Kathmandu. But it failed due to lack of skilled people and professionalism (Anterprerana, 2021). The government of Nepal has continued the MEDEP model in promoting micro enterprises and initiated Micro Enterprise Development Programme for Poverty Alleviation (MEDPA) under the Ministry of Industry, Commerce & Supply. This is the continuation of MEDEP programme under government undertaking in 753 local level implementing through local governments.

Karki (2016) finds Business Development Service Providers Organization (BDSPO) play vital role specially in Micro Entrepreneurship Development (MED) sectors. It also shows that entrepreneur development program positively influences to participant’s level of confidence.

Neupane (2021) concluded that the Micro Enterprise Development Program (MEDEP) program has made a significant and noteworthy contribution to the initiation, expansion, and advancement of the Business Development Services (BDS) and market development approach in Nepal. This contribution is evidenced by the establishment of over 132,000 micro-enterprises, the development of institutional frameworks and collaborative partnerships for service delivery, and the creation of a supportive policy environment. It is worth noting that this approach has gained recognition and has been partially emulated by various governmental, non-governmental, and private BDS providers in Nepal and beyond.

### Methodology

The area of this paper is to explore the needful eco-system to promote micro, small and community-based enterprises and to identify what kind of business development services require to start a business, scale up and sustain. An exploratory research design has been used in this study. There were three main components – (1) Interaction with stakeholders (2) Focus group discussion (3) Observation. Field visit to Lumbini province were made and series of meetings in person and groups were made with local governments, policy makers, business communities, elected representative of local government, education institute and youth entrepreneurs. Besides, community groups were visited in Kapilvastu, Dang, Tulshipur and surrounding villages to understand the local context and assess the need of the community.

### Key Informants Interview

During the field visits number of elected officials of local government in Lumbini province, government officers, experts were interviewed and community groups observed and discussed with them. List of key respondents:

In person interaction with key informants and interaction programmes are the primary sources of data used for this study. The respondents were selected on the basis of convenience and relevance to FTG Nepal’s programme implemen-
The interactions/focus group discussions and individual interactions focused on following issues:

1. Key issues/challenges faced by MSMEs in the area
2. Needs of local community and MSMEs
3. Building entrepreneurial ecosystem
4. Government policy and programmes
5. Business development services

Table 1. List of Interaction programmes and Interviews/Meetings.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Programme</th>
<th>Location</th>
<th>No. of Participants</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Dialogue for Promoting sustainable entrepreneurship &quot;A initiative for promoting Youth and Women Entrepreneurs</td>
<td>Butwal</td>
<td>35</td>
<td>3 Dec 2021</td>
</tr>
<tr>
<td>2.</td>
<td>Field Visit to community groups -- Pottery, agriculture, basketries producers/communities visited</td>
<td>Kapilvastu, Shivaraj, Biayanagar, Rapti, and Gadwa Rural Municipality</td>
<td>35</td>
<td>4-8 Dec 2021</td>
</tr>
<tr>
<td>3.</td>
<td>Meetings with office bearers</td>
<td>Kapilvastu, Shivaraj, Biayanagar, Rapti, and Gadwa Rural Municipality</td>
<td></td>
<td>4-8 Dec 2021</td>
</tr>
<tr>
<td>4.</td>
<td>Interaction on promoting cultural and creative industries for sustainable development</td>
<td>Butwal</td>
<td>90</td>
<td>12 Apr 2022</td>
</tr>
<tr>
<td>5.</td>
<td>Individual meetings with Key proviencial government, Lumbini provience</td>
<td>Butwal</td>
<td></td>
<td>12 Apr 2022</td>
</tr>
<tr>
<td>6.</td>
<td>Entrepreneurship Bootcamps (4 nos.)</td>
<td>Bhaktapur, Lalitpur, Tulshipur, Rapti</td>
<td>80</td>
<td>Aug 2022 and 16-18 Sep 2022</td>
</tr>
<tr>
<td>7.</td>
<td>Field Visit to community – Pottery, agriculture, basketries producers/ communities visited</td>
<td>Kapilvastu, Shivaraj, Biayanagar, Rapti, and Gadwa Rural Municipality</td>
<td>30</td>
<td>18-21 Apr 2023</td>
</tr>
<tr>
<td>8.</td>
<td>Groups and stakeholders Mayor, Tulsipur Sub-metro Deputy Mayor, Green Foundation Nepal Principle, Metro College Kapilvastu Chamber of Commerce, President and others Elected leaders</td>
<td>Kapilvastu, Shivaraj, Biayanagar, Rapti, and Gadwa Rural Municipality, Tulshipur, Dang</td>
<td>45</td>
<td>18-21 Apr 2023</td>
</tr>
</tbody>
</table>

Source: FTG Nepal Annual report (2021/22; 2022/23)

Table 2. List of Respondents.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name</th>
<th>Position</th>
<th>Organization</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mr. Ghana Shyam Pandey</td>
<td>Former Mayor</td>
<td>Tulshipur Sub Metro</td>
<td>Tulsipur</td>
</tr>
<tr>
<td>2.</td>
<td>Mr. Tika Ram Khadka</td>
<td>Mayor</td>
<td>Tulshipur Sub metro</td>
<td>Tulsipur</td>
</tr>
<tr>
<td>3.</td>
<td>Ms. Shyani Chaudhari</td>
<td>Deputy Mayor</td>
<td>Tulshipur Sub Metro</td>
<td>Tulsipur</td>
</tr>
<tr>
<td>4.</td>
<td>Mr. Basanta Acharya</td>
<td>Principle</td>
<td>Metro College Tulshipur</td>
<td>Tulsipur</td>
</tr>
<tr>
<td>5.</td>
<td>Ms. Shanti Chaudhari</td>
<td>Former Vice Chair</td>
<td>Gadawa Palika</td>
<td>Dang</td>
</tr>
<tr>
<td>6.</td>
<td>Mr. Prakash Bista</td>
<td>Chairperson</td>
<td>Rapti Palika</td>
<td>Rapti</td>
</tr>
<tr>
<td>7.</td>
<td>Mr. Yam Naraya Pokharel</td>
<td>Chairperson</td>
<td>Gadwa Palika</td>
<td>Dang</td>
</tr>
<tr>
<td>8.</td>
<td>Ms. Samkhana Tharu</td>
<td>Group leader</td>
<td>Basketry</td>
<td>Shivaraj</td>
</tr>
<tr>
<td>9.</td>
<td>Ms. Anju Chaudhari</td>
<td>Group leader</td>
<td>Basketry</td>
<td>Rapti</td>
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A qualitative content analysis approach was used to analyze the contents of the discussion. The respondents are the stakeholders, beneficiaries, policy makers, hence their opinion offers thoughtful MSMEs in local context and that can be significantly helpful in policy formulations. Interview data were used as narrative method of qualitative method.

### Observation and Discussion

1. **Challenges faced by MSMEs in Lumbini province**

Some of the respondents opined that the key challenges of local provincial government is creating local enterprises, generating employment and accelerating economic development. Despite the richness of natural resources, cultural diversity and needed infrastructure, the Lumbini province is not able to create sustainable MSMEs and not able to generate employment opportunities. They argued that despite the fact that Lumbini has World Heritage Site that attracts thousands of visitors; the benefit of tourism has hardly reached to the marginalized communities, ethnic minorities and many communities around. The local resources based on agriculture, forestry indigenous knowledge, skills, and local culture have yet to create jobs as it lacks market value addition, entrepreneurial orientation and absence of entrepreneurial ecosystem that forester local enterprises.

“The skill trainings provided by local government, NGOs and private sector representatives have failed to create sustainable entrepreneurship” the discussants in the programme believed there are significant gap between skill acquisition and turning those skills into enterprises because there MSMEs need handholding, which are not available. Even many such programmes or interventions are not market driven and not value added. Furthermore, isolated and sporadic entrepreneurship development programmes contribute very little in this regards.

The small community based producers such as basketries, potteries, handicraft expressed that they don’t have market for their products in the village as everyone knows the skill hence seek support for market access. Private sector representatives on the other hand argued that “There is no demand for inferior quality and poor design; if the design and quality is good, there is no problem of marketing of such goods. “There should be a consistency in supply chain, which is lacking at present as these small artisans don’t have entrepreneurial mindset and don’t have the business skills”, a local business person pointed out.

Small producers, artisans in general don’t have the higher education affecting their business skills such as costing, pricing, business operation, skill for product innovation, and are far from the market. These are key issues that need to be addressed in order to help them establish the business out of their age old tradition and culture. These small producers also cannot take all the market risk as they don’t have resources to invest.

Fair Trade Group Nepal and its members have been addressing this kind of challenges by offering embedded business

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<tbody>
<tr>
<td>10.</td>
<td>Ms. Sumpi Chaudhari</td>
<td>Group leader</td>
<td>Basketry</td>
<td>Rapti</td>
</tr>
<tr>
<td>11.</td>
<td>Ms. Pratima Chaudhari</td>
<td>Group leader</td>
<td>Pottery</td>
<td>Gadwa</td>
</tr>
<tr>
<td>12.</td>
<td>Mr. Lakan Kumale</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Ms. Sita Chaudhari</td>
<td></td>
<td>Food processing</td>
<td>Gadwa</td>
</tr>
<tr>
<td>14.</td>
<td>Ms. Rita Chaudhari</td>
<td></td>
<td>Food processing</td>
<td>Rapti</td>
</tr>
<tr>
<td>15.</td>
<td>Mr. Jagat Paudel</td>
<td>Chairperson</td>
<td>Chamber Cooperative</td>
<td>Kapilvastu</td>
</tr>
<tr>
<td>16.</td>
<td>Mr. Mahesh Pokharel</td>
<td>President</td>
<td>Chamber of Commerce, Kapilvastu</td>
<td>Kapilvastu</td>
</tr>
<tr>
<td>17.</td>
<td>Mr. Anup Thapa</td>
<td>Chairman</td>
<td>Shivaraj Palika</td>
<td>Rapti</td>
</tr>
<tr>
<td>18.</td>
<td>Hon. Dr. Krishna Neupane</td>
<td>MP</td>
<td>Lumbini province</td>
<td>Lumbini</td>
</tr>
<tr>
<td>19.</td>
<td>Hon. Ms. Kamala Devi</td>
<td>MP</td>
<td>Lumbini province</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Hon. Mr. Arjun KC</td>
<td>MP</td>
<td>Lumbini province</td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Mr. Bishnu Pandey</td>
<td>Entrepreneur</td>
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</tbody>
</table>

Source: FTG Nepal Annual report (2021/22; 2022/23)
development services to small artisans and producers. They invest in entire supply chain and help these small artisans to establish themselves as small enterprises (Chitrakar, 2009). Domestic market for crafts, food and other cultural products are increasing, however the key challenge remained as lack of product development, and marketing efforts from SMEs (Chitrakar, 2019).

2. Needs of local community and MSMEs

“We have products, but we don’t know where to sell or who will support us in marketing our products” the participants opined. Further they highlighted the scores of needs that are essential for them to succeed in sustaining their MSMEs. Market access, skill up-gradation, new product design, business skills, costing pricing, financial literacy are some of needs expressed by the participants, which are instrumental in establishing MSMEs. Moreover, they need handholding as many of the community groups have little formal education, no business background and far from entrepreneurial mindset. Entrepreneurial orientation is needed to motivate them to pursue entrepreneurial journey with the skill and resources they have or they acquire. Despite local chambers/associations, NGOs and local government provide skill training, that are not effective as there is no institution that provide handholding to leap from skill to entrepreneurship. “We don’t have any information about the market as it changes often; we need someone providing such information so we can tailor our product and services accordingly”, one entrepreneur emphasized the need of market intelligent services, which is not available at the moment.

Small producers/artisans have limited access to market due to their least exposure to the market. Marketing has also been major challenges for them. MEDEP has tried to open “Kosheli Ghar” – a gift shop for its MSMEs, however didn’t sustain as it lacks professionalism. At the mean time, members of FTG Nepal have been providing market access to the small artisans and producers. These organizations focus on product innovation and strengthening supply chain to ensure that goods made by small producers in remote areas get market access at home and abroad.

3. Building entrepreneurial ecosystem

Participants viewed that there are absence of coordination among various stakeholders for promoting entrepreneurship. Despite the fact that most of the ministries such as industry and commerce, labour, women, youth and agricultural development have clearly articulated entrepreneurship development as an approach of creating enterprises and generating employment. However, due to lack of coherence and coordination among different actors, such programmes have not been effectively implemented. Every actor is working on its own which is not helping create synergy effective results.

Entrepreneurship is more than just a skill training or knowledge; it is a mindset, it is a behaviour and it is an act. Stakeholders particularly policy makers and service providers often don’t understand this dimensions; hence they focus more on skill development aspect only. Participants urged the need for cohesion between various policies and programmes of stakeholders such as government, local service providers, academia, financial institution and entrepreneurs. Entrepreneurs participated in the programme strongly opined that financial institutions have not been very keen in offering financial products for MSMEs, which hinders enterprises to scale up their operations.

Representatives of business association have clearly stated that they are committed toward entrepreneurship as a tool for economic prosperity in the region and offered their resources for that. This is a substantial for sustaining entrepreneurship development programmes as private sector themselves investing and their expertise, knowledge and networks contribute as a winning bet in entrepreneurship promotion.

The respondents have highlighted a critical gap between industry demand for quality human resource and skill/knowledge that graduates learn. Hence, suggested that academia should be on top in investigating the need of the market and train human resources as per the need of the market. The academia should create an appropriate entrepreneurial model and train MSMEs. It also initiates continuous research and development and help enterprises to innovate.

Antar Perana (2021) recommended mainly four major issues in Business Incubation Centre (BIC), first, the government needs to facilitate the establishment and development of BICs by introducing supportive policies and strategies, outlining legal provisions for startups, and providing financial and non-financial incentives to those offering BDS. Second, the BIC shall adopt the Triple Helix model where members from government, academia, and industry (including business associates) must come together in a collaborative manner to be
accountable for their roles and responsibilities and bring other ecosystem enablers and stakeholders. Third, the federal government must adopt the type 1 category; the provincial government must adopt type 1 or 2, or both; local government units (urban municipalities) must adopt all three types (if possible); and rural municipalities must adopt type 3. The BIC should not focus on a specific sector(s), at least for the initial years. In fourth, the government should allocate funds to assess the activities of the BICs and identify and promote private incubators to manage the centers.

4. Government policy and programmes

Government plays pivotal role in creating, developing and sustaining MSMEs through its policy interventions and service deliveries. Effective government interventions stimulate private sectors to engage in entrepreneurship activities. The participants have stressed the need for government’s investment in entrepreneurship development programmes that includes policy, service delivery, facilitation and market development. One urged the need of government to use the local products such as office décor, gifts, consumables and even uniforms and food and beverages. This needs an inclusive public procurement policy that fosters government procurement from local businesses, which ultimately contributes in local entrepreneurship. Public sector is untapped market for Nepalese products, if the government eases the challenges of public procurement, it will provide huge market opportunities for Nepalese products and it would be a breakthrough in promoting industrial growth in Nepal (Chitrakar, 2019).

One suggested that the government’s rules and regulations need to be simplified for MSMEs eliminating bureaucratic hassles. One window policies would encourage service seekers to get access to government services easily. Entrepreneurship development should be the focal point among key government agencies so as to create coherence and relevance of its programmes. Government officers presented in the programme opined that there is a need for a forum to share and discuss the issues related to entrepreneurship development and said, the local government is keen in promoting local enterprises with needed policy interventions. They commit to provide sufficient resources. The government should play a key role in promoting entrepreneurial ecosystem.

5. Business development services

Business associations and private service providers have been providing various BDS to the enterprises. However, MSMEs are far from receiving such tailor made services as most of the trainings provided by business associations are generic, which doesn’t suit to small artisans and producers. “There is no one who can guide us on our daily business activities. Most tough task for us is to execute the skill we learn as we don’t have financial resources, don’t know how to register the business or comply with formalities and don’t know where to sell,” expressed by a small artisan as she find it daunting task to execute the learning from the training. Most of the participants strongly feel that small artisans and producers need handholding in every stage of their entrepreneurial venture.

FTG Nepal had initiated sustainable livelihood project in various districts of Nepal. The success of creating micro/ small enterprises lies heavily on the integration of different services and delivering it. Experiences shows stand alone activities do not lead to establish any enterprises as there are many factors involve between skill acquisitions to successfully launching first product to the market. Generally it starts with general assessment of local resources, skill up-gradation, product development, business orientation and market linkages. This entire activities evolve as a continuous process as members of FTG Nepal works with the artisans and producers in creating backward and forward linkages. Some of good examples of successful handholding are Nepalese pottery/ ceramics, Mithila art, Allo (Nettle products), Lokta handmade paper crafts, felting, and so many. Not just one or couple of producers/ artisans developed themselves as successful enterprises, but also contributed immensely in establishing a sustainable supply chain and promoting the entire industry sector. If carefully analyze the business model, one can see the continuous BDS services these organizations provide to all the stakeholders in the supply chain including market promotion as forward linkages and advocacy, lobbying and networking.

Dam (2011) raised a research question how to effectively implement Business Incubator Models in Vietnam to stimulate the growth of SMEs and bolster the national economy? Author suggests ongoing enhancements to the incubation ecosystem in Vietnam, aligning the strategic objectives, needs, and incentives of major corporations and capital ventures with incubation programs, cultivating entrepreneurial experiences,
integrating operational expertise, and expanding the network of incubation within the industry.

Conclusion and Future Implication

Embedded business development services can help create, develop and grow micro, small and medium enterprises. Host of business development services need to be integrated and provided to the targeted communities to motivate, train and foster them to be an entrepreneur. The business model adopted by FTG Nepal members can be a model but should be scaled up and more structured.

With the result of series of consultative discussion, field observation and experiences, a business incubation model is proposed. It should be based on partnership among key stakeholders in local level such as local government, academia, service providers, entrepreneurs as mentors and advisors and of course financial institutions. The incubation should offer a platform for networking and collaboration, where all the stakeholders find the purpose and relevance for growth and sustainability. The incubation imparts knowledge and skills through training, workshop, seminars and mentoring. It also provide opportunity for research and development.

Key Process

The process includes following key activities

- Kickoff Seminar – Building Entrepreneurial Ecosystem; a seminar to create conducive environment for entrepreneurial ecosystem. All stakeholders understand the need for entrepreneurial ecosystem and identify their roles in it.
- Idea Competition – recruitment of participants through different networks
- Incubation Center – an incubation center will be establish in Metro College, Tulshipur and in Kapilvastu Chamber of Commerce, Kapilvastu
- Boot camps – There will be at least 2 boot camps in a year
- Training and workshops – Need based training and workshops will be organized to impart knowledge and skills
- Mentorship, coaching and internship (ToT for local facilitators, mentorship development, Coach) – local mentors and coaches will facilitate learning and will guide the incumbents through the entrepreneurial journey

![Figure 1. Process flow of BIC.](image-url)
• Business Seminar, networking, market linkages and promotion – discuss, explore and share ideas for promoting entrepreneurship
• Graduation – incumbents graduate with a business plan, a network and confidence

Key Stakeholders
• Business Associations – Key promoter and partner who provides technical support and networking for the proposed programme. Play role as key implementer. It coordinate with different stakeholders to ensure resource mobilization as well as smooth implementation of the programmes. It will take the role of key implementer of the programme. It actively oversee the programme.
• Local institutes – Key implementing partner, who will recruit the students, provide space and other logistics, and owns the programme. It also ensures local funding through local government. Provide teachers and coaches.
• Academia – University and its graduates are knowledge partner providing models, knowledge and research and

Figure 2. Proposed Business Incubation Center Model.
development

• Local government – Key local government partner who provides funding to run the programme. It will also provide policy framework for the programme and play role of guardian.

• Local Youth entrepreneur and business Networks – Local youth entrepreneur networks key role in providing mentorship and business networks for incumbents.

The success of BIC depends upon not just the quality services it provides to target beneficiaries, but also the commitment from all the stakeholders. As local governments have already committed resources and guardianship to establish, run and promote BIC, there is formidable chance of sustaining such services at local level. This model has significant future implication as it can be easily replicated to other regions. Successful implementation of such centers could provide a sustained entrepreneurship development approach in local level and it will create an entrepreneurial ecosystem that brings industrial outputs in local level, innovation, growth, utilization of local resources, government’s revenue generation through local taxes and ultimately benefiting entire communities with good product and services.

References


