

Empowering Young Graduates Through One Village One Product Based SME in KPK. Pathway to Job Creation And Entrepreneurship

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Abstract

Unemployment among the youth in the province of Khyber Pakhtunkhwan (KPK) is a major issue, with young graduates being structurally, financially, and skill wise disadvantaged in securing a job or starting an enterprise. This paper formulates a conceptual model that incorporates one village, one product (OVOP) postulates and development of Small and Medium Enterprise (SME) in promoting youth employment and entrepreneurship. The framework based on the literature findings refers to such key independent variables as employment and entrepreneurial difficulties, the role of SMEs, OVOP adoption, and institutional, financial, and skill-related support and views economic and social empowerment as a mediation which translates such interventions into high-quality employment. The paper has brought out the theoretical and practical relevance of exploiting localized and value added production to enhance economic and social empowerment among young graduates. The suggested framework can provide policy makers, development agencies, and SME developers with the means of planning interventions to contribute to the advancement of youth entrepreneurship, unemployment reduction, and the empowerment of local economies. The future study is suggested to be carried out under mixed methods where both qualitative and quantitative measures will be applied to empirically confirm the given relationships.

Keywords: Youth Employment, Entrepreneurship, OVOP, SMEs, Economic Empowerment, Khyber Pakhtunkhwa.

One Village One Product (OVOP): Philosophy, History, and Worldwide use.

OVOP initiative is a type of community-based development that promotes local community to identify, produce and sell unique products or services depending on their endogenous resources, skills and cultural heritage. Its basic concept is to improve geographical economic growth, create jobs, and a sense of self-sufficiency by introducing value-added output at the community rate (Natsuda, Igusa, Wiboonpongse, and Thoburn, 2012). OVOP focuses on three major principles i.e. local creativity, human resource development, and global market orientation to enable communities to capitalize on their own unique traits in addition to becoming more competitive.

History

OVOP was started in Oita prefecture, Japan, in the 1970s by its then-governor, Morihiko Hiramatsu. The idea was to improve the economy of the rural areas which was affected by the decline in population and migration to the cities by enabling the rural communities to manufacture and sell specialty products. The OVOP program in Japan involved development of skills, quality and branding as well as promotion in the market where local villages were transformed to form economically independent units that produce products that are globally recognized (Natsuda et al., 2012). It can first be noted that the program became renowned in the 1990s and 2000s as an example of localized and sustainable economic development.

The Usage by Various Countries.

Thailand: Thailand government brought the OVOP concept on a national scale and adapted it as One Tambon One Product (OTOP). OTOP encourages local village hand-crafts, crops and food products where it gives training, micro-finance, and marketing assistance. The program has had a great impact on the rising incomes in rural areas and entrepreneurship (Long, Ta, Dang, Ho, and Lebailly, 2018).

Vietnam: Initiatives based on OVOP have been applied to such provinces as Quang Ninh, where the focus has been on traditional handicrafts, agro-processing, and products related to tourism. The program focuses on the community engagement, local branding, and saturation of the market (Thanh, Ta, Nguyen, Ho, and Lebailly, 2018).

Nigeria and Africa: A number of African nations have embraced OVOP concepts to improve the rural economy that takes place mainly in agriculture and crafts. Local governments and NGOs are offering training and microfinance services to assist communities to come up with unique products to be used in the regional and international market (Issa and Lawal, 2014).

Other Asian Countries: Research based on OVOP has been expanded to China, Philippines and Indonesia; the products that the program focused on included agricultural goods, handicraft and local foods, focusing on rural industrialization and youth employment (Natsuda et al., 2012).

Background of the Study

The youth unemployment is a problematic development issue in the world especially in developing nations such as Pakistan where vast majority of their population is comprised by young graduates who are joining an already overtake workforce. The recent estimates indicate that Pakistan boasts one of the youngest South Asian populations with almost 64% of its population being below 30 years of age that exerted enormous pressure on labor market to create enough labor opportunities (Pakistan Bureau of Statistics, 2024). Yet the formal sector does not have much absorptive capacity and the number of educated young people results into escalating unemployment and underemployment. This fact requires other strategies, especially those ones that encourage entrepreneurship and self-employment.

Small and Medium Enterprises (SMEs) are well recognized drivers of economic development, innovation and as job creating organizations. SMEs constitute approximately 90 percent of businesses in the world, and more than 50 percent of the employment (World Bank, 2023). Each day, the GDP of Pakistan is approximately supported by SMEs by 30-40 percent, and these companies also provide a significant part of the non-agricultural labor force (Khan and Khalique, 2022). Within the region of Khyber Pakhtunkhwa (KPK) the economic environment is mainly dominated by SMEs, especially in rural regions, where they are the source of income generation, and help in ensuring that poverty is reduced. According to empirical research, the development of SMEs in KPK leads to better household income, diversification of livelihoods, as well as the resilience of the communities (Zada et al., 2019).

Pakistan (and KPK in particular) has many structural and institutional constraints on SMEs aside its significance. They consist of **poor access to finance, low infrastructure, low technological adoption, and poor entrepreneurial skills** of the young people (Ali et al., 2023). In addition, young graduates are usually not exposed to the practical exposure, business development assistance and market connections to effectively create and build companies. This fact underscores the necessity of specific measures that integrate development of entrepreneurship and local economy policies.

In this connection, the One Village One Product (OVOP) model will provide a viable model of rural development and promotion of the SMEs. OVOP was first established in Japan during the 70s when it specialized in the identification and the promotion of local products and services that were unique and based on indigenous resources, skills, and cultural heritage (Knight, 2014). The model also focuses on community involvement, value addition, and production oriented towards the market and so the rural regions attain the ability to be connected with the national as well as global value chains. OVOP has over time been adapted successfully in various developing nations and it has shown that it will induce local economies, create new businesses, and decrease the difference in regions (Hagiwara, 2020).

OVOP is relevant to KPK given that the province is endowed with natural and cultural resources such as: **handicrafts, honey, marble, gemstones, forestry products, food specialty, and traditional textiles** that have high prospects of demand. These products have great potential of value addition and commercialization. With a connection of OVOP initiatives to SMEs development, the young graduates

can be empowered to open up businesses based on the local comparative advantages. Place-based entrepreneurship, besides providing employment opportunities, also promotes the idea of community identity and sustainability (Natsuda et al., 2012). Besides, the recent literature stresses the significance of the incorporation of youth entrepreneurship in the local development strategy. Graduates are usually more flexible, innovative and open to new technologies, which makes them best actors in motivation of SME growth and rural transformation (OECD, 2022). They, however, rely on their ability to access entrepreneurial ecosystems in terms of training, mentorship, finance, and digital infrastructure to be successful. In Pakistan, new policy frameworks understand that they have to give value to youth-driven enterprises, but there is still a significant gap in their implementation (IsDB & UNDP, 2025).

The combination of OVOP with contemporary frameworks of SME and entrepreneurship can form a very strong synergy. As an example, it is possible to refer to the examples of using digital platforms helping rural entrepreneurs to reach wider markets and **incubation centers and vocational training institutes** improving the business potential. The experience of similar programs indicates a combination of local resource-based development and entrepreneurial support activities results in increasing the rates of business sustainability and job creation (Haggblade et al., 2016).

Although these bright opportunities exist, a significant deficiency of the empirical studies to determine the role of OVOP based SMEs in empowering young graduates in KPK is evident. The germination of SME, or the study of youth entrepreneurship in vacuum has dominated most of the existing studies, and not the localized development model like OVOP. This poses a serious research gap to the analysis of the effectiveness of such integrated methods in tackling the unemployment problem among the youth to ensure sustainable growth in the economy.

Problem Statement

Unemployment among the youths is a long-standing and ever-increasing issue in the developing economies, and in the state of Pakistan, the rate of university graduates failing to secure meaningful jobs is high. Although higher education is becoming more accessible, labor markets have not expanded accordingly, thus leading to the current trend of higher and higher discrepancies between graduate qualifications and job opportunities. Modern studies note that the process of entrepreneurship is a very important avenue towards solving youth unemployment, but it has been taken advantage by fewer people because of systemic and structural constraints (Alzate et al., 2024).

The institutional inefficiencies, poor entrepreneurial ecosystems, and socio-economic barriers are another factor that worsens the situation in Pakistan. The examples of empirical research also show that would-be entrepreneurs have to contend with several challenges, such as financing access, bureaucracy, political instability, and insufficient legal frameworks that considerably impede the development and sustainability of SMEs (Alam et al., 2024). Such obstacles are more evident in the less

developed areas like Khyber Pakhtunkhwa (KPK) where the economic opportunities are limited and largely reliant on the traditional sectors.

Even though Small and Medium Enterprises (SMEs) have recently been noted as a major economy growth and employment creation tool, their potential in KPK has not been exploited in the absence of strong integration between the SMEs and innovation as well as value addition and localized development strategies. According to recent research, the development of SMEs in developing areas is highly dependent on exposure to entrepreneurial talent, digital skills and market connections, networks where the young graduates receive insufficient promotion (Yusof, 2024). Therefore, a large number of graduates are left without jobs instead of being employed as job creators which is increasing unemployment and underemployment.

Meanwhile, the new body of research on youth entrepreneurship highlights the fact that young people have high entrepreneurial potential, adaptability, and opportunities detection, yet it requires enabling environments, which promote entrepreneurial capabilities, networks, and access to resources (Alzate et al., 2024). Nevertheless, in KPK, a significant lack of schemata that tie youth entrepreneurship to the economic development of the host country in terms of resources, in particular, can be observed.

The One Village One Product (OVOP) model is one of such unexplored methodologies whereby a special local product is developed with the involvement of community, value addition, and promotion of the SME. Although OVOP strategy has proven successful in other regional economies such as Asian countries, its use in Pakistan especially in empowering young graduates is few and under researched. Insufficient connection between OVOP programs and youth entrepreneurship policies is a gap in both theoretical studies and practical application.

Moreover, the currently available literature on SMEs and youth entrepreneurship in Pakistan tends to only focus on the two areas in isolation without looking into how localized developmental processes such as OVOP could be utilized to provide permanent jobs. This disintegration limits the efficacy of the policy interventions and is unable to meet the actual circumstances of the social-economic location of the rural and semi-urban areas like KPK.

Thus, the essence of the issue is that there is no specific, situation-specific new framework, which correlates young graduates with OVOP-based development of the SMEs as a start-up option to employment and entrepreneurship. Without this structure, the capabilities of the local resources and the potential of youths as well as the economic growth through SMEs is still unexplored to a large part. This gap should be closed to facilitate inclusive development, decrease unemployment among youths as well as encourage sustainable entrepreneurship in Khyber Pakhtunkhwa.

Aim of the Study

The main goal of this work is to explore how the concept of One Village One Product (OVOP) model, when applied together with the idea of Small and Medium Enterprises (SMEs), can empower young graduates in Khyber Pakhtunkwah (KPK) by providing an opportunity to establish entrepreneurship and create sustainable work. The research aims at coming up with a localized framework that can connect the

youth potential with the economic development realized in the area in terms of resources hence leading to inclusive growth and rural transformation.

The rationale behind this intention is in the fact that youth entrepreneurship and SME development have become pivotal factors of job creation and economic sustainability, especially in the developing economies (Alzate et al., 2024; OECD, 2022). Moreover, local models of development including OVOP has been found to be useful agents towards fostering value addition, innovation and development of community based enterprises (Natsuda et al., 2012).

Research Objectives

The objectives guiding the study to realize the above aim are as follows:

To investigate the existing issues with the ways of young graduates to gain employment and entrepreneurial prospects in KPK.

To examine how SMEs can be used in the stimulation of job creation and entrepreneurship among young people of KPK.

To research the opportunities of the OVOP method in developing local entrepreneurship and value-added production.

To explore the level to which OVOP-based SMEs would empower young graduates both economically and socially.

To establish the presence of critical institutional, financial and skill-based factors in the effective implementation of the OVOP-based SMEs in KPK.

To offer a social and theoretical framework on how OVOP and SME development can be integrated as a road to youth employment and entrepreneurship.

Research Questions

In accordance with the above objectives, the research questions of the study are:

Which are the key obstacles that young graduates in KPK have when finding a job or opening their own business?

What role does SMEs play in creating employment and developing entrepreneurs among the youth in KPK?

How promising is the OVOP technique towards the fostering of local resource-grounded entrepreneurship in KPK?

How possible is the empowerment of young graduates by the OVOP based SMEs in terms of earning incomes, learning skills, and being self-employed?

Which factors are considered as the key success drivers and limitations to the implementation of the OVOP-based SME initiatives in KPK?

What is the best way of developing an integrated OVOP-SME so as to increase the level of youth entrepreneurship as well as employment in the region?

Significance of the Study

The research has a considerable theoretical, empirical, policy, and practical impact, especially regarding the ways of empowering youth, developing SMEs, and implementing localized economies in Khyber Pakhtunkhwa (KPK), Pakistan.

Theoretical Significance

Theoretically, this research paper adds to the increasing literature on entrepreneurship, SME development and rural development models by combining One Village One Product (OVOP) model with the youth entrepreneurship models. Although the literature has conducted a thorough analysis of both SMEs and youth entrepreneurship in isolation context, little scholarly effort has been done that integrates both areas in context of localized development (Natsuda et al., 2012). This study contributes to the theoretical knowledge about place-based entrepreneurship, where the focus of economic growth is on the allocation of resources and culture within a specific region and on the involvement of the community in the development process (Haggblade et al., 2016).

Moreover, the study also enhances the theory of entrepreneurship in QOLs in that the context-specific models can be used to maximize the entrepreneurial performance in developing economies, where institutional and structural environments vary considerably as compared to developed ones (Bruton et al., 2021). This combination gives a subtle insight into the ability of local economic development strategies to further support more general entrepreneurship theories.

Empirical Significance

This research empirically addresses an important gap by offering context-related data on the KPK region which is still underrepresented in the research of entrepreneurship and SME. Despite the fact that previous researchers have conducted some research on the role of SME in increasing the growth of economies in Pakistan, empirical research on the potential of OVOP-based SMEs to empower young graduates and provide them with a sustainable opportunity to work has not been undertaken (Ali et al., 2023). This study will be relevant to the body of existing research on the topic of youth entrepreneurship because this trend is one of the most active promotion of innovation, employment, and economic stability (Alzate et al., 2024). The results are projected to provide new understanding in the ways youth may transform as job seekers to job creators by means of localized enterprise advancement.

Policy Significance

The research carries significant implications to the policy-makers of provincial and national scale. The employment of the youth and entrepreneurship are the newer focus of policies in governments and development agencies in Pakistan, yet there is a tendency of not aligning this policy intervention with local economic potential and resource-based approaches. This study gives evidence based suggestions of how policies should be designed in such a way that they are able to connect OVOP initiatives to the development of SMEs and empowerment programmes on the youth level.

The results can be used in the policies regarding:
Entrepreneurship development in young people.
Rural industrialization and alleviation of poverty.
SME Capital and capacity building.

This is in line with the global policy priorities whereby SMEs are being highlighted as drivers of inclusive growth and job creators (OECD, 2022; World Bank, 2023). In addition, the research can inform developmental policies of the regions in KPK on the identification of important institutional and structural parameters that can make the implementation process successful.

Practical Significance

In practice, the research can be of great use to young graduates, entrepreneurs, development practitioners and local community. As the study illustrates a channel through which self-employment and income can be achieved by the use of OVOP based SMEs in the creation of business, the study offers a viable avenue to self-employment and income generation. It outlines the possibilities of capitalizing on the resources on the local market, creating value-added products and entering wider markets.

Further, the research can be helpful:

The support institutions assist the entrepreneurs to plan specific training and incubation programs.

Banks in developing designed new financing models to young SMEs.

The NGOs and development agencies in the community based initiatives of enterprise programs.

The combination of OVOP with recent entrepreneurial technologies, including digital platforms and innovation centers, adds to the increased practicality aspect of the tool in the changing economic environment of the present day (Haggblade et al., 2016).

Socio-economic Significance

On a larger scale, the analysis has helped in the socio-economic development through satirical problems like unemployment of youth, poverty in rural and inequality within a region. The study is beneficial to economic diversification and resilience in rural regions because it promotes inclusive and sustainable entrepreneurship.

By empowering the young graduates with OVOP-based SMEs, it is possible to achieve:

More job opportunity.

Less rural to urban migration.

Improved social cohesion and development of communities.

These results can be related to the world development targets where greater focus is placed on inclusive growth, decent work, and sustainable economic development (World Bank, 2023).

Literature Review

Difficulties Young Graduates have access to Employment and Entrepreneurship in KPK

Unemployment among the youth in Pakistan has been one of the most prevalent structural problems in the country and in most cases education does not lead to employment. Nationwide statistics reveal that the number of unemployed persons is a

large percentage of educated people which highlights the general incompatibility between the skills obtained through graduation and the demand in the labor market (Paradigm Shift, 2025; e.g., 31% unemployment among young people, especially with degrees). The same can be said of youth in Khyber Pakhtunkhwa (KPK): there is a lack of awareness regarding career options beyond studying, as well as exposure to entrepreneurial activities, and poor preparedness to work in formal jobs as well as self-employment (Government of Khyber Pakhtunkhwa Youth Initiatives, 2025). These structural sets are in line with the results provided by Alam et al. (2024), who point to widespread labour market barriers like limited opportunities of entry level, discrimination during the hiring process, and lack of suitable skills corresponding to graduates in KPK (according to the youth unemployment research in Pakistan). The absence of entrepreneurial culture, lack of access to finance and career advice also restricts the introduction of the young graduates to meaningful work (Paradigm Shift, 2025; UNDP, 2024). As a block, this literature highlights the challenge of employment as not being merely absence of job opportunities, but structural barriers within the education field, entry mechanisms in the market and within the support institutions.

Role of SMEs in Promoting Job Creation and Entrepreneurship Among Youth in KPK

It is not a secret that small and medium enterprises (SMEs) are viewed as job creators and economic inclusion in many economies, particularly developing ones (Tribune, 2018). SMEs in Pakistan take up a big portion of the nonagricultural economy and can reinforce large quantities of the young people into useful employment. Khan and Khalique (2022) contend that SMEs play an important role in the generation of employment, innovation, and diversification of the economy. It is specifically seen in the contribution of the SME sector especially in rural areas whereby there are no larger corporations that limits available opportunities to the local startups and business ventures. According to the research in KPK, the rural SMEs make communities accessible to participating in the economy by making use of the local resources and labor, though facing some difficulties with access to institutional finance and business services (Ahmad and Baloch, 2021; see the PMC study of SMEs in KPK). This is in line with wider implications that the SMEs can drive inclusive job creation in the event that obstacles associated with finances and capacity issues are addressed, particularly to the youth who are not always able to provide the collateral or experience to secure the formal employment (Tribune, 2018; cf. Khan and Khalique, 2022). Nevertheless, regardless of these possibilities, there are structural hindrances, including, but not limited to, a lack of sufficient credit, poor relationships with the business sector, and insufficient entrepreneurial knowledge, to still hinder the effectiveness of SMEs in fostering youth entrepreneurship within KPK.

Potential of the OVOP Approach in the local Entrepreneurship and Value Added Production

One Village One Product (OVOP) approach is an endogenous model of development that promotes communities to create competitive value added products based on the local resources and own culture (Natsuda, Igusa, Wiboonpongse, and Thoburn, 2012). OVOP is a product of Japan that has been translated elsewhere and, as such, it shows a lot of promise with regards to local entrepreneurship and SME development. The OVOP and similar schemes (e.g. One Tamban One Product in Thailand) have empowered the community in the Asian context and allowed the community members to add value to the local products, increase marketability, and increase the household income (Natsuda et al., 2012; see also Thanh, Ta, Nguyen, Ho, and Lebailly, 2018). According to literature on OVOP, the main principles, including local but global orientation, human resource development, and self-reliance contribute to sustainable value added production and localized entrepreneurship (Long et al., 2018). The case studies of both Vietnam and Nigeria have shown how the adaptations of OVOP have provided jobs, enhanced incomes, enabled creative potentials, and arranged local resources to competitive product development levels in both domestic and international markets (Thanh et al., 2018; Issa and Lawal, 2014). These discoveries dictate that the systematic emphasis on endogenous assets of OVOP is consistent with rural development approaches that are capable of occurring stimulated local SMEs and business ecosystems, which can acquire young entrepreneurs.

OVOP Based SMEs Economic and Social Empowerment of Young Graduates

Recent literature on the topic of youth entrepreneurship emphasizes that entrepreneurial participation may provide not just economic but also social empowerment through the enhancement of income opportunities and social integration as well as agency among the youth (Alzate et al., 2024). By penetrating on the community-oriented product development, OVOP based SMEs offer graduates a platform through which they can set up enterprises that lie in the local identity and market outside the mainstream employment functions. In Asia, the experience demonstrates that by participating in such programs as OVOP, participants might achieve higher incomes, expand professional networks, and acquire entrepreneurial competence by involving in local value chains (Thanh et al., 2018; Natsuda et al., 2012). More so, involvement of OVOP leads to social glue and joint venture with business that can have other social capital advantages to the youth involved in such enterprises. This comes in line with empirical findings which propose that the empowerment of youths in entrepreneurship venture depends on the availability of resources, institutional support, and community integration (Javeed et al., 2022). Nonetheless, literature also warns that unless there are strong market connections and conducive ecosystems, the economic empowerment that the OVOP type SMEs can achieve might be constrained particularly when such a context is having a weak infrastructural or capital market. Consequently, although OVOP based SMEs have potential in empowering young graduates economically and socially, facilitating factors like market, training, and finance are important determinants to success.

Major Institutions, Financial and Skills Related causes affecting OVOP based SME Implementation

Research on the development and entrepreneurship of SMEs in third world economies has already established institutional support, lack of finance, and attaining skills as key factors in determining the success of enterprises (Ali et al., 2023). The KPK area is especially relevant to these factors since the province demonstrates the presence of the young and motivated population, along with the market failures. The institutional obstacles are complexity of regulations, laxity in execution of business facilitation process, and insufficient government involvement in policy formulation on youth entrepreneurship. Budgetary restrictions- little access to credit and venture capital hinder the growth prospects of young entrepreneurs and SMEs, which is also evident in national Pakistani settings in which less than 5 percent of young people can receive formal credit (Paradigm Shift, 2025). These issues are aggravated by skill shortages: although young people have higher educational levels, most of them do not have vocational, digital, and business management skills that are necessary to become an entrepreneur (UNDP, 2024; Javeed et al., 2022). Moreover, the literature indicates that the targeted training and mentorship initiatives responsive to the needs of the entrepreneurship are also a significant influence on the performance and sustainability of the SMEs. It is these institutional, financial and skills based factors that play a fundamentally crucial role in determining the successful performance of the OVOP based SMEs, and in this light the areas that the policy may attempt to intervene in to unlock the full potential of the model in KPK.

Formulation: OVOP and SME Development to Young Employment.

The incorporation of the OVOP strategy and the SME development models can provide a promising channel of solution to the problem of youth unemployment and entrepreneurial activity shortage in KPK. As proclaimed in the literature on endogenous development and the growth of SMEs, exploiting the localness of resources, entrepreneurial capacities, and supportive institutional habitat forms a basis of the sustainable economic involvement. The orientation on value addition, human resource development, and the local collective action by (OVOP) has been complementary to paradigms of SME development that focus on market access, innovation and scalability. Having the capacity to place OVOP based SMEs in a wider SME support ecosystem, including training, finance, market connectivity, and institutional facilitation, policy frameworks can produce a unified model that would help young graduates transform into job creators and not job seekers. This combination is also in line with the global entrepreneurship research framework that suggests localized and context sensitive methods to maximize the potential of youth in emerging economies.

Conceptual Framework

The present conceptual framework of the proposed research will be used to investigate the way in which OVOP-based SMEs in Khyber Pakhtunkhwa (KPK) can be used to support youth employment and entrepreneurial activities through the

adoption of institutional, financial, and skill-based assistance to the challenges that young graduates face. It was found in the literature that the variables determining the influence of the independent variables (IVs) are incorporated into the framework to affect the dependent variable (DV).

Framework Components

Dependent Variable (DV):

Youth Employment and Entrepreneurial Involvement: This is the economic and social involvement of the youth graduates through formal employment, self-employment, and entrepreneurship in the OVOP-based SMEs (Alam, Khan, and Ahmed, 2024; Alzate, Ruiz, and Gomez, 2024).

Independent Variables (IVs):

Challenges in Employment and Entrepreneurship Sector and Skill barriers Persist, preventing young people from accessing jobs and engaging in entrepreneurial activities (Alam et al., 2024; UNDP, 2024).

SMEs in Job Creation and Entrepreneurship: contribution of SMEs to creation of jobs and development of entrepreneurial skills of young people (Khan and Khalique, 2022).

Localized Enterprise in OVOP-Based Approach to the Fostering of the Localized Entrepreneurship: One Village One Product principles should be implemented to encourage value-added products and localized enterprise (Natsuda, Igusa, Wiboonpongse, and Thoburn, 2012; Thanh et al., 2018).

Economic and Social Empowerment with the OVOP-Based SMEs: Increment in the income, social position, and decision-making authority among youthful entrepreneurs (Alzate et al., 2024; Javeed et al., 2022).

Institutional, Financial, and Skill-Related Support Factors: Policies, access to financial facilities and programs capable of developing skills needed to support SME and OVOP-based entrepreneurship (Ali, Hussain, and Qureshi, 2023).

All of them have relationships in the Framework.

Challenges also have an adverse impact on youth work and entrepreneurial activity, deeming opportunities to graduates.

It is hypothesized that SME support, the OVOP based entrepreneurship and the institutional, financial and skill related factors have a positive impact on the employment trends and entrepreneurship among the youth by enabling conditions, training, and market access.

The economic and social empowerment works as a consequence and mediator: the presence in OVOP-based SMEs results in empowerment that subsequently supports and increases the engagement and sustainability in the entrepreneurial work.

OVOP Conceptual Framework

Theoretical Framework: SMEs and Youth Employment in KPK based on the OVOP.

Dependent Variable (DV):

Young Employment and Entrepreneurial Engagement.

The Independent Variables(IVs) and Relationships:

Difficulty in Getting Employment and Entrepreneurship Opportunities --> negative impact --> DV.

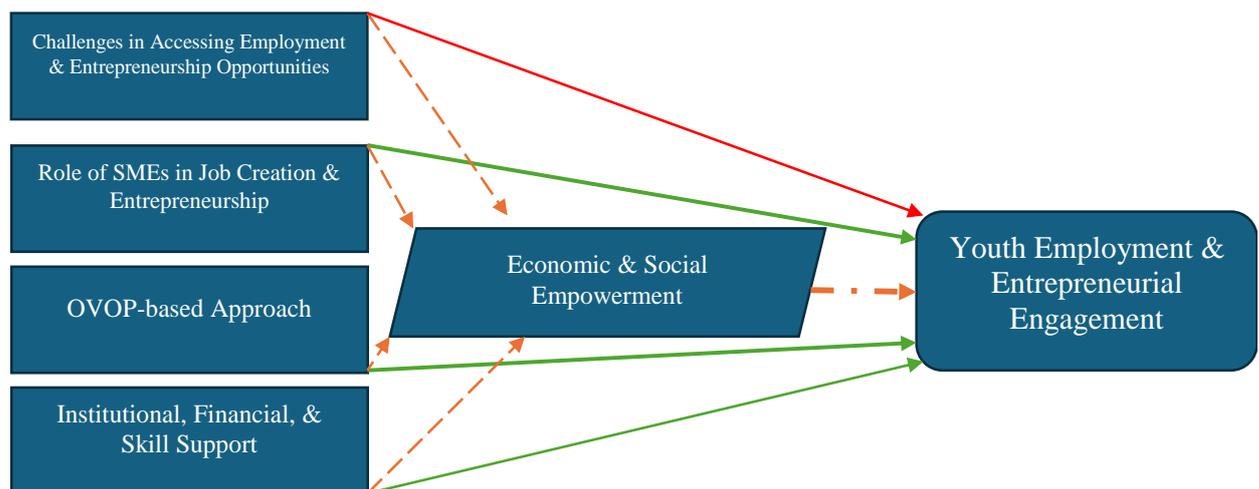
SMEs in Job Creation and Entrepreneurship --> positive impact --> DV.

OVOP model of Approach --> positive influence --> DV.

Favorable, Financial, and Expertise Support Institutional, Financial, and Skill Support --> positive effect, DV.

Mediator:

Economic - Social Empowerment --> mediates the correlation between IVs (Role of SMEs, OVOP Approach, Institutional/Financial/Skill Support) and DV.



Conclusion, Implications, and Future Directions

Conclusion

This paper has come up with the conceptual framework that connects SMEs based on OVOP with youth employment and entrepreneurship in Khyber Pakhtunkhwa (KPK). Based on a plethora of literature, the model determines the main independent variables of the factors difficulty relating to the possible employment and entrepreneurship opportunities, the presence of SME, the incorporation of OVOP principles and the presence of institutional and financial and skills support. Also, Economic and Social Empowerment has been established as a mediator that converts the effects of OVOP based SMEs and favorable elements into better employment prospects among the young graduates (Alam, Khan, & Ahmed, 2024; Khan and Khalique, 2022; Natsuda et al., 2012; Alzate et al., 2024).

The framework is based on empirical and theoretical research, and it accentuates the fact that, local types of entrepreneurship and value-added production with proper institutional and financial supports can help in reducing the unemployment rate among young people, as well as initiating sustainable economic involvement. OVOP

and SME development offers a holistic solution where economic empowerment and social inclusion of the young graduates are prioritized, which is consistent with the best practices in the international enterprising development through the community based approach (Thanh et al., 2018; Javeed et al., 2022).

Implication of the Proposed Study

Theoretical-Implications:

The paper is a serious contribution to the theoretical knowledge of young entrepreneurship and rural development developments, as it combines the OVOP approach to the SME models. The framework offers a mediating variable in which Economic and Social Empowerment can be used to explain the process in which local resources would be translated into practical economic and social impacts to young graduates through the use of SMEs and OVOP-based initiatives. The proposed conceptual model is also quite informative of existing literature on the subject of youth employment by showing how community-based value-added production may be added to conventional theories of SME development. As a result, the paper presents an original prism of the understanding of localized entrepreneurship in developing areas, especially in a situation where Khyber Pakhtunkhwa can be compared.

Practical-Implications:

The conclusions of this research are expressly applicable to the policy makers, development organizations, and local authorities who wish to improve the employment of the young people in KPK. Determining the key conditions that have made OVOP-based SMEs successful as an institutional support, access to financial assistance, and skill building, the research offers practical suggestions as to how the interventions might be created to cut the structural impediments to young entrepreneurs. In addition, the framework may help SME developers and training organizations to design specific programs that can provide graduates with entrepreneurial skills required and encourage social and economic empowerment. The strategy can generate employment sustainability, self-reliance, and enhance the local economy by working at the development of value-added enterprise founded on communities.

Future Directions

This paper suggests that research should continue in the following areas:

Mixed-Methods Approach:

Moving youth perceptions and experiences to qualitative methods (interviews, focus groups) along with the challenges towards a quantitative approach (surveys, SME performance metrics) to quantify the impact of the changes on the employment and entrepreneurial outcomes. This method is capable of data triangulation that gives breadth and wide applicability.

Qualitative Exploration:

Further research might explore the story of young business persons working under OVOP based SMEs exploring social power, cultural issues and community relations.

Quantitative Analysis:

The relationships postulated in the conceptual framework including the mediator of economic and social empowerment can be empirically tested using large scale surveys. The causal pathways of the relationship between independent variables and employment outcomes in youth could be confirmed by using advanced modeling tools, including structural equation modeling (SEM).

Comparative Studies:

The comparisons in OVOP adaptations and SME impact may be done across provinces or even countries and could be used to help localized models of entrepreneurship to be scaled.

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