

Prospects and Barriers in Entrepreneurship Development in Greater Sylhet of Bangladesh- A Framework

Dr. Md. Ariful Islam*

Md. Mehedi Hasan Kibria**

Abstract

Successful entrepreneurship development of a country plays important roles in its socio-economic development. Every country sets and follows different strategic and operational measures for entrepreneurship development on the basis of its socio-economic strengths and weaknesses, economic priorities and infrastructural conditions. This research aims to build the scenario about entrepreneurship development in greater Sylhet and thereby to develop a framework for national perspective. Data have been collected from 90 existing entrepreneurs, from 140 prospective entrepreneurs and 60 organizations involved in financial and non-financial support systems. This article discusses the identified prospects and barriers in the entrepreneurial development system of the region addressing the underlying gaps existed in the development path. Finally, it presents the developed framework for entrepreneurship development. The research findings and the developed framework will hopefully be obliging for the policy makers, potential entrepreneurs, researchers, financial and non-financial support organizations and other associated stake holders involved in entrepreneurship development.

Keywords: Entrepreneurship Development, Women Entrepreneurs, Prospective Entrepreneurs, SMEs, Institutional Support, Barriers, Framework

1.0 Introduction

Entrepreneurship is a dynamic process for creating incremental wealth by individuals who assume the major risks in terms of equity, time, and or career commitment of providing value for some product or service which may or may not be new or unique (Hisrich D.R. et al, 2007). The background of entrepreneurs

* Professor, Department of Industrial and Production Engineering, SUST, Sylhet and Corresponding Author, E-mail: arif-ipe@sust.edu

** Assistant Professor, Department of Industrial and Production Engineering, SUST, Sylhet

is strongly linked to the personal characteristics of individuals and other socio-economic factors (Schmitt, E. 2004). According to institutional theory, the institutional support (financial and non-financial) system of a country plays greater role in creation of entrepreneurs. In reality, regulative (rules and regulations set by government), normative (social behavior, norms and values of a society) and cognitive (internal issues of a person and their environmental interaction) factors play important roles in entrepreneurship development of a country (Bricklin, D. 2001; Scott, S. 2000; Timmons, J. A. 2004). Entrepreneurship is considered as the economic driving engine of a country as it plays a vital role in socio-economic growth and development especially in creating job opportunities (Chowdhury, F. N. 2017). Successful entrepreneurship development of a developing country is vital for its industrialization and socio-economic development. In this connection, most of the developing countries invest considerably in entrepreneurship development and take necessary steps to promote entrepreneurship among their potential people (Chowdhury, M. S. 2007; Rattanawiboonsom, V. and Ali, M.M. 2017). Without women entrepreneurship development, successful economic growth is not possible. Unfortunately, Bangladesh has one of the lowest women business owners in number. First industrial policy of Bangladesh was developed and activated in 1972. As a result, private sector started to grow, even though the rate was slow. To promote small and medium enterprises (SMEs), different policy and programs have been taken by the Government over time; some were successful and some failed in implementation phase. In recent years, the Government has reformulated industrial policy focusing SME development engaging special beneficiary measures for potential entrepreneurs. This has been reflected in Industrial Development Policy-2016 and SME Development Policy 2019 of Bangladesh (Ministry of Industries, 2022). In the industrial policy-2016, a special priority is given to the sustainable economic growth through the generation of productive employment to create new entrepreneurs mainstreaming women in the industrialization process and international market linkage. In favor of entrepreneurship development, Government has taken some remarkable regulatory measures in connection with financing and providing institutional supports, especially to the female and young entrepreneurs. Many government and non-government organizations have been providing supports to the existing entrepreneurs and new entrants in selected sectors (Bari, M. K. et. al. 2019 and Moazzem, K.G. 2008). Although these organizations are playing significant roles in industrial development, poverty alleviation and employment generation of the country, they could however not make the huge impact on entrepreneurship development as expected. Bangladesh has good startup opportunities for business compared to other countries in South Asia, but the skills, knowledge and

experience to start a business among the people is relatively lower (Bari, M. K. et. al. 2019; Chowdhury, M. S. 2007). The successful entrepreneurship development of a country largely depends on its entrepreneurial environment and entrepreneurial processes. However, the exact progress of entrepreneurship development in Bangladesh in connection with its policy and practice has not been delineated through any comprehensive study. Again, the existing scenario about entrepreneurship development in regional or country perspective is not available in the literature. Finally, specific lapses and gaps in the overall development process have not been addressed under a framework to follow, which is what this study aimed for. This research aimed at building current scenario about entrepreneurship development in greater Sylhet as the division has greater opportunity for start-up. Based on the identified pros and cons of the development process, a framework was supposed to be developed to replicate in decision-making. This paper presented the key findings about the existing development scenario and outlined the developed framework.

2.0 Literature Review

Entrepreneurship is a major contributing factor to economic growth in terms of creating a stable and sustainable employment for individuals at the micro level and significantly increasing the country's GDP. Entrepreneurship is the process of creating a new innovative idea to form new businesses in manufacturing or service which consequently provides creating wealth, prosperity, increasing productivity, alleviating poverty and unemployment (Rattanawiboonsom, V. and Ali, M. M.2017). Innovativeness, calculated risk-taking and proactiveness of individuals are three key dimensions of entrepreneurship (Sexton, D. L. and Morris, M. H., 1996). Entrepreneurship can be classified in different types as small businesses, medium businesses, large company, scalable start-up, social entrepreneurship, innovative entrepreneurship, hustler entrepreneurship, imitator entrepreneurship, researcher entrepreneurship and buyer entrepreneurship. There is a close relationship between entrepreneurship, economic growth and poverty reduction of a country (Chowdhury, M. S. 2007). Gnyawali and Fogel (1994) develop a five-dimensional framework of an entrepreneurial environment that includes government policies and procedures, socioeconomic conditions, entrepreneurial and business skills, financial support to businesses, and non-financial support to businesses. Prahalad (2005) articulates that, in most developing countries, entrepreneurship development is restrained significantly by the inability and inconsistencies in enforcing laws, bureaucratic interpretation of rules, lack of firm political commitment, lack of accountability, hooliganism and political musclemanship, lack of rule of law, lack of control of corruption. To flourish the development of entrepreneurship, a country needs to ensure attractive investment

policies, organizational environments, educational systems and sustainable infrastructural development. Financial support schemes, technology creation and transfer policies, training institutions, market development opportunities and the rule of external development institutions also need to be focused on sustainable development of entrepreneurship. Education and training are effective tools for developing the characteristics of entrepreneurship. In developed countries, studying entrepreneurship in college level takes place to create the learner's abilities and enhance their entrepreneurial mindset. Engineering graduates could become high tech entrepreneurs as they are supposed to possess deep knowledge in their technical fields as well as various skills in problem-solving, communication, networking, information technology, and teamwork (Täks, Met. al. 2014). In the present world, women's participation in entrepreneurship is increasing remarkably. Woman entrepreneurship development increases the participation of woman and their ownership of economic development (Mathew, V. 2010). Entrepreneurship usually takes place in SME sector and successful development depends on the success in SME sector in practice. There are some internal and external barriers against the development of SME sector in developing country like Bangladesh. Major problems in the country lie in proper financing of SMEs (Haider, M. B. and Akhter, T. 2014). Recent measures by the government have been improving the scenario. Through appropriate entrepreneurial development approach, SMEs can overcome many of the internal and external barriers (Narain, S. 2003). Government of Bangladesh has changed its investment policy remarkably in the last decades in favor of industrialization and SME development (Nadira, S.A. et al. 2017; Manzoor, S. H. and Chowdhury, M. E. 2017). However, there are still some weaknesses in policy implementation. There is a common belief that bureaucratic hindrance, poor infrastructural support and inadequate or unfavorable institutional support discourage industrial investment. Inadequacies in nationwide entrepreneurial capability, the weak structure of industry-academic research collaboration, lack of start-up facilities may hinder entrepreneurship development. It is instructive to focus on the success factors of developed nations. Cole (2004) identifies the success factors behind Japanese development including ease of funding by financial institutions, strong adherence to company culture, democratic environment in decision making, mutual respect and trust between employers and employees, strong adherence to planning and quality control, Government-business relationship and networking. From other nations, we may find similar factors. The embedded issue is that a nation needs to build up an entrepreneurial ecosystem, which is considered as dynamic institutionally, well-established interaction between attitudes, abilities and aspirations by individuals, which drives the allocation of resources through the creation and operation of new venture. To ensure sustainable employment and economic development, Bangladesh

Government focuses on entrepreneurship development through Micro, Small and Medium Enterprise (MSME) development as a good solution. Considerable relaxation in government control, innovative assistance like provision for bonded warehouse facilities, transfer of many of the regulatory functions to the BGMEA and relaxed enforcement of the provisions of the Factories Act, Labour Laws, etc. helps RMG sector to succeed in Bangladesh. According to Economic Census 2013, the number of female-headed establishments is 0.56 million (7.21 percent) whereas it was 0.10 million (2.80 percent) in 2001 and 2003. In Bangladesh, Small and Medium Enterprises (SMEs) account for the majority of firms (87 percent) providing 80 percent of total employment and contributing 15 percent to gross domestic product (GDP) of the country (Narain, S. 2003). From the study of literature, it can be summarized that entrepreneurship development depends on several factors, of which some are common and some vary from country to country. The ultimate success in private entrepreneurship development depends on people's mindset along with some other socio-economic factors. A lot of remarkable achievements have taken place in industrialization in Bangladesh during the last decade because of remarkable infrastructural development, policy reformation, the creation of special economic zones and export processing zones, attractive measures for foreign and local investment. Most of the initiatives are indeed playing their roles in boosting up medium to large industries, even though a lot more need to be done for manufacturing and service sectors. More importantly, sustainable entrepreneurship development through MSMEs engaging potential entrepreneurs needs to go a long way from the expected level to become a developed nation. This research has carried out a critical assessment study for generating overall scenario to understand the growth pattern of entrepreneurship development in greater Sylhet in connection with prospects, missing linkages and underlying barriers to expected growth.

3.0 Research Methodology

The research methodology is primarily exploratory in nature. Multi-method research approach combined with pilot study, in-depth case studies and survey have been carried out to develop richer context of the subject matter.

3.1 Data Collection

For this study, both primary and secondary data have been collected. A pilot study involving 10 entrepreneurs was performed to develop comprehensive understanding on the entrepreneurial process engaged in the studied organizations as well as to verify the developed questionnaires. With the help of developed questionnaire, 20 in-depth case studies were carried out applying

structured and semi-structured interviews with the entrepreneurs. Supplementary data were collected from 70 more entrepreneurs working in different clusters in Greater Sylhet through questionnaire survey. Altogether, data from 90 entrepreneurs have been analyzed and key findings are presented in this article. Based on another set of questionnaire, data have been collected from 140 prospective entrepreneurs to discover their mindset and overall perception about entrepreneurship development in the region, in the country at large. Relevant data have also been collected from government and Non-government financial (both Bank and Non-Bank) and non-financial institutions in terms of entrepreneurial environment and entrepreneurial development process. Data from 60 such organizations have been analyzed and presented in this article.

3.2 Data Analysis

The licensed SPSS Statistics 27 and Microsoft Excel 365 for windows have been used to analyze collected data. After the data collection process, data have been prepared for input in SPSS software and different statistical analyses (both descriptive and inferential) have been carried out.

4.0 Results and Discussion

4.1 Findings of the study from the existing entrepreneurs

Firstly, the scenario of the existing entrepreneurs in terms of their start-up, business enterprise, progress, barriers and institutional support mechanism has been built up. The demographic information on the studied sample is presented in Table-1.

Table 1: Demographic Information of the existing entrepreneurs as respondents

Age range		Gender		Marital Status	
18 to 29 Yrs	35	Male	43	Unmarried	31
30-39 yrs	25	Female	47	Married without children	26
40-49 Yrs	17			Married with children	31
Above 50 Yrs	13			Divorced with children	02
Family background			Education		
Family in business			47	Primary	03
No Family involvement in business			43	Secondary up to SSC	05
				HSC or Diploma	15
				Graduate	40
				Post Graduate	27
Field of Higher Study			Education level		
Engineering	16			Male	Female
Business and Commerce	13			Primary to HSC	10 13
Science	05			Graduates and over	37 30
Social Science & Other	33			Grand Total =90	

Among the entrepreneurs, about 37% are engaged in manufacturing, 29% are in trading, 21% are in service and finally 13% are engaged in livestock farming and agro-processing industry. At gross level, 56% fall under the category of Micro entrepreneurship, while 31% and 13% fall under the category of small and medium enterprise category respectively. The stimulating factors of the entrepreneurs are depicted in Figure-1.

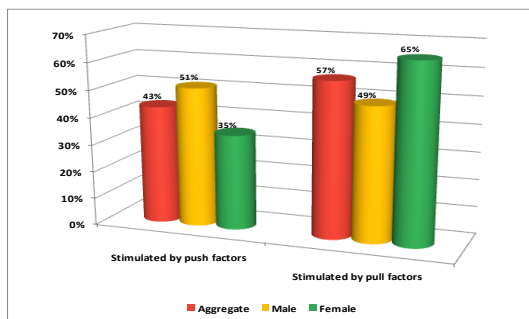


Figure-1: Scenario about push and pull factors behind entrepreneurship

It has been found that about 43% become entrepreneurs being stimulated by push factors (obliged to survive) and 57% are stimulated by pull factors (because of available opportunities to become). The majority of female became entrepreneurs stimulated by the available opportunities (family support, lower investment, online facilities, and easy access to local markets). Further analysis was carried out to identify whether there is any difference among the groups based on their family background; one has family background in business (FIB) and the other group has family not in business (FNB). It has been found that majority of the entrepreneurs who came from family with business background, are in fact the opportunity entrepreneurs. The study has revealed that societal recognition of entrepreneurs has not been achieved (Figure-2).

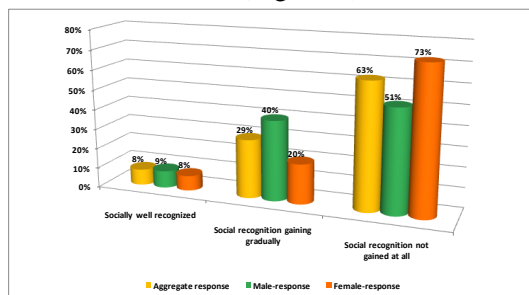


Figure-2: Percentile response on social recognition of entrepreneurship

A very small percentage (only 8%) of the respondents believes that the entrepreneurs have gained social recognition in the country. On the other hand, 63% strongly believes that entrepreneurs have gained no social recognition at all. The responses from both genders confirm the consistency of the findings ($\chi^2 = 0.00$, $df = 1$ $n = 90$). No significant difference has also been found in case of family background of the entrepreneurs as well ($\chi^2 = 3.26$, $df = 1$ $n = 90$). It can be inferred that some societal factors still appear as hindrance to the development of entrepreneurship in the region. The support for entrepreneurial development by the Government and other regulatory bodies have been found indeed inadequate and unfavorable. Figure-3 depicts the overall scenario.

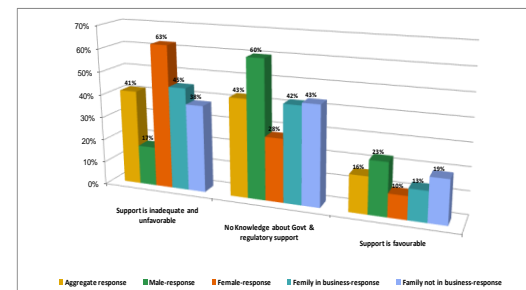


Figure-3: Scenario about the support provided by regulatory authorities

Surprisingly, 43% of the existing entrepreneurs have been found to be unfamiliar with the available support of the regulatory bodies and implementing authorities. Moreover, among those who are familiar with the support, about 41% confirm that the provided support is inadequate and many are aspects unfavorable for the development of entrepreneurship. Only 16% confirm that the support is favorable for the expected development. It has been found that only 16% of the entrepreneurs took loans from Bank and Non-bank Financial Institutions (NBFIs) to operate their business. This percentage is substantially low despite having taken many positive measures for entrepreneurial loans. It is found that 57% of the entrepreneurs among loan seekers did not get required financial support from Bank or NBFIs, even though they approached for the loans. Moreover, 52% confirm that the lack of support from non-financial institutions substantially hinders the development of their entrepreneurship. Policy makers as well as related stake holders need to address these issues seriously. In the context of relationship between the background factors of entrepreneurs and their success in business, only 25% are performing successfully with substantial business growth, 28% are not performing well, and the remaining is in a state of breakeven

condition (Figure-4). No significant difference has been found in terms of their family background ($\chi^2 = 0.05$, $df = 1$ $n=90$). However, significant difference has been found in terms of their educational background. The entrepreneurs possessing at least graduation level education are more successful than those having lower level of educational background ($\chi^2 = 4.5$, $df = 1$ $n = 90$, $p = 0.05$).

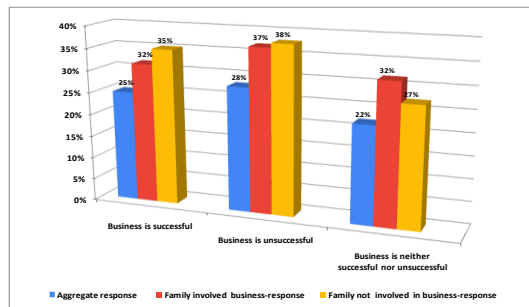


Figure-4: Overall scenario of the business entities about their success on business growth

Key findings regarding gender and their associated education level are presented in Table-2. It is found that male entrepreneurs (72%) are more successful in their business compared to the female entrepreneurs (28%) among all the successful entrepreneurs at significant level ($\chi^2 = 0.153$, $df = 1$ $n = 90$). While considering the same level of education, we have found that the male entrepreneurs with graduation (52%) are more successful than the female graduates (15%). Similar scenario has been found for the lower education level (Primary to HSC) too. It can be concluded that the male entrepreneurs are more successful than the female ones in the studied group.

Table-2: Overall business performance in connection with gender and education

	Successful (%)	Unsuccessful (%)	Neutral (%)
Male-Graduates	52%	30%	18%
Female-Graduates	15%	48%	37%
Male-Primary to HSC	50%	38%	12%
Female-Primary to HSC	23%	31%	46%

We could infer that women entrepreneurs need more institutional supports to grow. Usually, the organizations in SME sector tend to take their decision about their business growth on profit margin instead of measuring actual productivity as they lack expertise on determining partial and or total productivity (Islam, 2008; Khan and Islam, 2016). The study has further explored the underlying

barriers or obstacles encountered by the entrepreneurs. Key findings are presented in Figure-5.

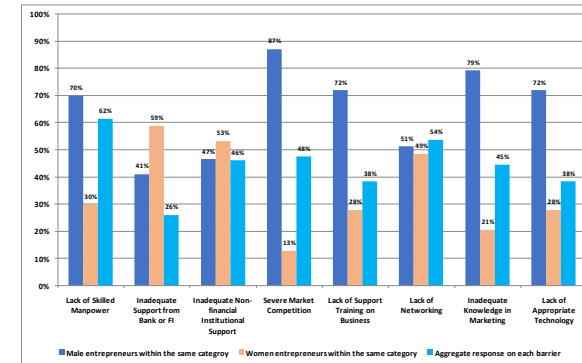


Figure 5: Percentile response on barriers against entrepreneurship development

From Figure 5, we can see that in aggregate, 62% of the entrepreneurs identify that the lack of skilled labor is the topmost barrier, of which 70% respondents are male entrepreneurs. Fifty four percent has identified the lack of networking as their personal barrier. In the context of their involvement in business, 47% entrepreneurs are engaged in manufacturing followed by trading (44%) and service (22%) sectors. A few are involved in agro-farming and agro-processing. In the manufacturing business, 64% have been found to be women. However, they are mainly engaged in tailoring and fashion items, which require low technology, relatively less expertise and capital. On the other hand, the male entrepreneurs are engaged in relatively complex manufacturing business (e.g. food processing, agro-processing, metal manufacturing, construction materials, computer related products, light engineering and so on) which require moderate to high technology, skilled workforce and considerable amount of capital. The study further explored the structure and source of start-up capital in the inception phase of entrepreneurship. We have found that the average start-up capital of a woman entrepreneur is much lower than that of a male entrepreneur. Figure-6 shows the overall findings. The males dominate the range between 1 Lac Tk. to 5 Lac Tk., while the female dominates the ranges between below 10000 Tk. to less than 1 Lac Tk. None of the women entrepreneurs had initial capital more than 5 Lac Tk. to start their entrepreneurship. While identifying the sources of their start-up capital, we have found that both male and female got the start-up capital from their respective family. Their own savings and funds from selling of personal properties are the secondary source of their start-up capital.

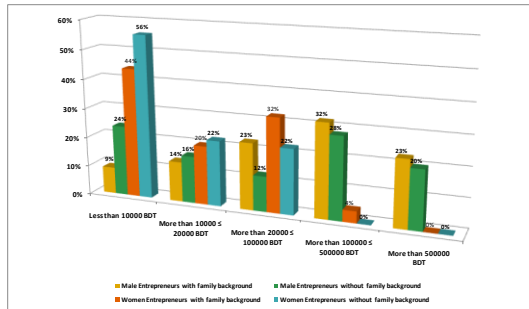


Figure-6: Scenario about start-up capital structure

4.2 Findings of the study from prospective entrepreneurs

This section presents the current scenario about the aspiration, perception and intention of prospective entrepreneurs (graduates and the graduating students are treated as prospective entrepreneurs for this study). Data were mainly collected from two reputed Universities (one Public and the other Private) situated in Sylhet. The majority of the respondents were from the Engineering background (particularly in the branch of Industrial and Production Engineering (IPE), MEE, CSE, EEE, Software Engg.) and Business and Commerce background. Respondents from other fields were also selected to identify whether any significant variation exists in their intention and perception about entrepreneurship. The study managed to collect data from 140 prospective entrepreneurs. The demographic information of the studied sample has been presented in Table-3. The appropriate respondents are considered on purpose as they are in a better position to have realistic perception about entrepreneurship development. They come from different parts of society and they are supposed to possess greater knowledge and exposure to the learning environment as well as to entrepreneurial environment. In the context of our socio-cultural aspects, the response from the studied sample is considered to be a good representation of prospective entrepreneurs.

Table 3: Demographic Information about the prospective entrepreneurs

Age		Gender		Marital Status		Education		
Below 29 Yrs	137	Male	108	Unmarried	134	Postgraduate	42	
30-40 Yr	03	Female	32	Married	06	Undergraduate	98	
Type of Institution				Branch of Education				
Public University		62		Engineering		63		
Private University		63		Business & Commerce		53		
Other institutions		15		Science		15		
Family background				Social Science				09
Family in business				77				
No family involvement in business				63				
Total= 140								

At first, the study identified their career choice immediately after graduation. The overall findings are depicted in Figure-7. We see that about 54% of the respondents in fact choose to have either a government or a private job. In comparison, 39% in aggregate want to become entrepreneur, of which only 16% are female. Influence of family background in business on career choice has been tested.

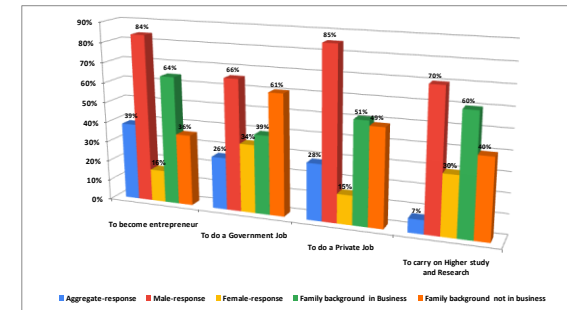


Figure-7: Career choice of the respondents immediately after graduation

Overall, 55% of the respondents have come from business family. Interestingly, we find no significant difference in connection with family background in the pattern of career choice. However, among the respondents, those who want to become entrepreneurs immediately after graduation, the majority (64%) came from business families. It indicates that family background plays a significant role behind the intention of a graduate for becoming an entrepreneur. Further analysis was carried out to find out relationship between field of study and career choice. Figure-8 depicts the overall scenario. It has been found that business graduates prefer Entrepreneurship (55%) followed by private job (26%), engineering graduates prefer private job (43%) followed by entrepreneurship (25%), science graduates prefer government job (56%) followed by private job (44%) and Social Science graduates prefer private job (37%) followed by government job (32%).

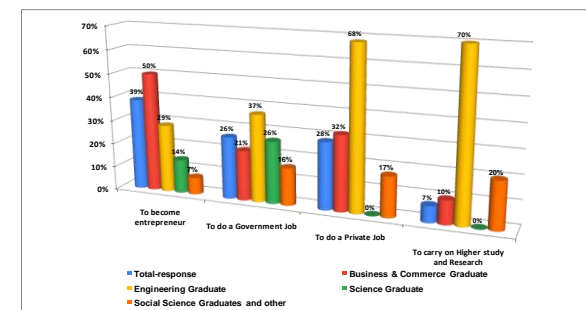


Figure-8: Response on Career Choice in connection with study fields

Within the similar choice, the business graduates intend to become entrepreneurs compared to other graduates at significant level ($\chi^2 = 14.80$, $df = 4$, $n = 140$). It has been further discovered that 42% of all female graduates choose government job followed by entrepreneurship (29%). On the other hand, 41% of all male graduates prefer entrepreneurship followed by private job (31%) in their life if there is a favorable environment for entrepreneurship. The next attempt was made to build the scenario about their perception on social recognition about entrepreneurship. It has been identified that the majority of the respondents perceive that entrepreneurship has yet to gain social recognition in the country. The overall findings about their perception on social recognition about entrepreneurship are depicted in Figure-9. It is found that on average 61% believe that the entrepreneurs have not gained social recognition yet, of which some believe that the recognition may be gaining gradually. Only 39% of the prospective entrepreneurs believe that entrepreneurship has gained enough social recognition. Female respondents, who believe that social recognition has been gained, are mostly from business family. The findings are consistent to those found from existing entrepreneurs. Majority of the prospective entrepreneurs (61%) strongly believe that support in favor of entrepreneurship development from government regulatory bodies is indeed inadequate.

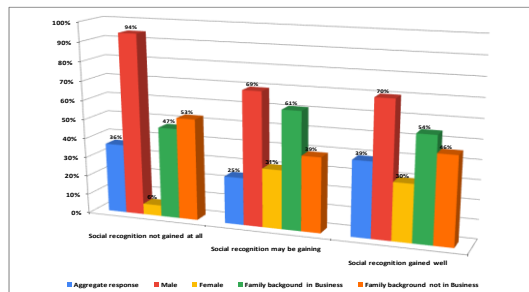


Figure-9: Percentile response over social recognition of entrepreneurs

Seventy one percent believe that support from financial institutions is inadequate. Fifty percent express similar impression on adequacy of support from non-financial institutions. Family mindset on entrepreneurship is also found unsupportive in most cases. Regarding other barriers to entrepreneurship development, the perceptions of prospective entrepreneurs are presented in Figure-10. A crucial finding is that about 58% of the graduates perceive that they do not gain enough knowledge from their education in connection with entrepreneurship, even though majority (83%) of them are from Business & Commerce, and Engineering disciplines. The most important issue here is that

about 90% of the graduates do not have any knowledge and information regarding entrepreneurial loans and other available supportive facilities. This is more alarming in the case where 41% of the respondents who intend to become entrepreneur immediately after graduation are completely unaware about the available supports. We can infer that the prospective entrepreneurs are not very well familiar with entrepreneurial process and environment. If university graduates possess such limited knowledge and information regarding entrepreneurship, one can very well imagine the situation with other groups of the society.

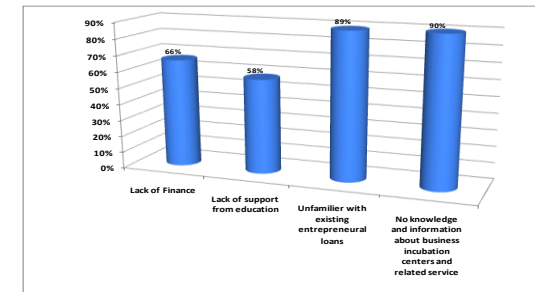


Figure-10: Categorical response on potential barriers against entrepreneurship development

The findings confirm that there is a huge gap between male and female choice in the context of becoming entrepreneur. Lack of family and societal support along with inadequate institutional support have been identified by the prospective female entrepreneurs as the main hindrances against entrepreneurship.

4.3 Overall findings about regulatory measure, financial and non-financial support system

While digging down into the available policy and regulatory measures in the country, the study has figured out a good scenario. The government has taken various steps to enhance industrialization and boost up entrepreneurship development. A reformed regulatory body named Bangladesh Investment Development Authority (BIDA) has been created by the government. The main objective of BIDA is to take the inflow of foreign direct investment to a new height linking the aspiration to become a middle income country by 2021 and high income country by 2041. BIDA has initiated one-stop service to make business easier in Bangladesh, especially for foreign investors. Concerning entrepreneurship development nationwide, it took a new initiative named 'Entrepreneurship and Skill Development Project' (ESDP). The underlying aim

was to train, connect, mentor and provide associated service and support to aspirant entrepreneurs from a single source. The project has a target to train 24000 young educated and unemployed men and women in 64 districts to become entrepreneurs. It has identified 60 new market opportunities for faster expansion of domestic investments. For the development of agro Industries and SME sector at large, Bangladesh Bank (BB) has taken special regulatory measures to ensure substantial support to growing concerns. According to the set policy, loan processing for SME and women entrepreneurs should be expedited and given special priority. The Directorate of Youth Development (DYD) under the Ministry of Youth and Sports has been working as a prime national training institute where unemployed youths (both male and female) receive training followed by microfinance (5000 Taka to 50000 Taka) to start a business relevant to the successfully accomplished trade training. The government has a visionary plan to train additional 1.5 crore youths for self-employment across the country and to make them expert on specific domain to be employed in established sector both home and abroad by 2023. For this, it has been implementing various programs. The DYD has been playing very important role in developing youths for self-employment with the aim of achieving SDG goals by 2030 and the targets set for 2041 (DYD, 2019). Bangladesh Government has taken another remarkable step to boost up SME sector by establishing the SME Foundation. Currently, the foundation is accomplishing programs in light of the Industrial Policy-2016 and SME policy-2019. It assists entrepreneurs (especially from outside Dhaka) by bridging entrepreneurs and financial institutions, and helping the entrepreneurs in preparing necessary documents and business plan. Special measures are taken for helping women entrepreneurs by providing financial and non-financial support as per provisions made by the government. There are some other government and private institutions that provide specific training on various trades, which are playing direct and indirect role in entrepreneurial development. Among some, Bangladesh Institute of Management (BIM), Bangladesh Small and Cottage Industries Corporation (BSCIC), Bangladesh Industrial Technical Assistance Center (BITAC), Bangladesh Manpower Training Bureau (BMTB), Micro-industries Development and Assistance, Services (MIDAS) are found renowned in this connection.

Education system of the country is found to be relatively weak with respect to entrepreneurship development, which is confirmatory to the findings of the study carried out by Azim and Akbar (2010). It has been found that a limited number of non-financial support institutions are available in greater Sylhet; some are functioning well and some are not. The professional bodies like different Chambers of Commerce and Industries are doing very little for the development

of entrepreneurship. Many government and private Banks provide loans to business enterprises. However, most of them basically offer loans to established business entities or for the growth of entrepreneurs who are operating successfully for more than two years and have good track records on Bank transactions. Very limited opportunities are there for new entrants with good prospects. The Government has enacted a regulation named 'Entrepreneurship Support Fund (ESF) Regulation-2018' to promote potential entrepreneurs. The main target of ESF is to create new entrepreneurs among the unemployed and competent youths on risky but potential sector such as 'Food processing and manufacture' and 'Agro based Industry'. It has another target area on ICT sector for its extension in business and entrepreneurship. These all are good measures indeed for entrepreneurship development. However, the terms and conditions, collateral and guarantee issues, required list of documents and other set conditions at implementation stage may hold many potential entrepreneurs back from seeking loans. Inappropriate business plan sometimes becomes obstacles to allocate loans, stated by many bank managers. According to the research findings, interest rates and some hidden rules and regulations of many Banks practically discourage existing entrepreneurs who want to grow their business with bank loans. Provision of loans to new entrants (prospective ones) is a rare phenomenon. As a whole, financial system in the Bank and non-Bank FIs is not favorable to the prospective entrepreneurs or new entrants in practice. In a nutshell, financial institutions need a lot more to reform their policy and implementation strategy for creating favorable support to both existing and potentials entrepreneurs.

5.0 Framework For Entrepreneurship Development

We know that the entrepreneurial process generally comprises four phases: *Identification and evaluation of opportunity for entrepreneurship, Development of business plan, Determination of required resources and Management of the resulting enterprise* (For examples: HBS Working Knowledge, 2016; Timmons, J. A. 2004; Joan, M. 2016). The success in different phases of entrepreneurial process largely depends on the creativity and innovativeness of an entrepreneur, effective business plan, availability and attainment of various resources and availability of institutional support along with entrepreneurs' background and networking capability (Scott, S. 2004). The entrepreneurial process has not been found smooth and effective in the studied region. Based on the analysis of research findings a framework has been developed by the authors that is illustrated in Figure-11. Certain gaps in the development process have been identified that can be replicated or verified in other parts of the country, and the country at large. Two major gaps exist within the Entrepreneurship Development

System (EDS). One gap lies in between EDS and the Background of the entrepreneurs, which is governed by cognitive, normative and social factors. Finally, the study has identified a gap between EDS and Actual Entrepreneurship Development.

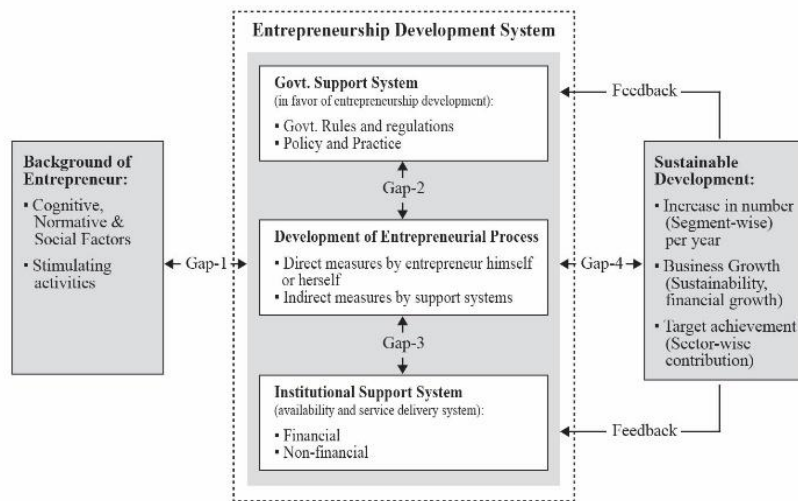


Figure 11: Framework for Entrepreneurship Development through SMEs in Bangladesh

Source: Authors' own development

Gap-1: Gap between entrepreneurs' background and EDS

Four specific root causes are found responsible for creating Gap-1. These include: *i) noncompliant mindset of family, society at large, about entrepreneurship ii) unfavorable education system for entrepreneurship iii) perplexed mindset of potential graduates on career plan iv) gender issue as a considerable resistance for potential female graduates and v) limited provisions for entrepreneurial opportunity and guidance for venture creation in connection with potentials.* The identified root causes need to be properly addressed by the relevant stakeholders to reduce the gap.

Gap-2: Gap between Entrepreneurial Process and Government Support System

Entrepreneurship development in urban and rural areas is different in nature. High-tech enterprises tend to grow fast in the urban area. On the other hand, low tech and agro-based entrepreneurship usually grows fast in the rural area. State

policy, infrastructural supports, financial and non-financial supports and development of skill workforce should be aligned to specific needs and potentials. It has been identified that the support from government and regulatory authority is in fact inadequate and unfavorable in many cases for setting up and running an enterprise. This surely creates a gap between expected and actual growth in entrepreneurship development. Four specific root causes have been identified as key factors behind this gap. These are: *i) complexity in access to finance and resource mobilization ii) complicity in establishing business under legal framework for local investors iii) improper implementation of set policy and regulatory measures in practice and finally iv) missing feedback loop between policy formulation and actual potentials in connection with regional perspectives.* The identified root causes need to be properly addressed by the government to ensure entrepreneurial environment for enabling the entrepreneurs to establish and run their enterprises smoothly.

Gap-3: Gap between Entrepreneurial Process and Institutional Support System

The study has revealed that despite having many options, the entrepreneurs engaged in MSMEs are not in fact receiving enough financial support on demand from banks and other NBFIs. Many potential entrepreneurs are out of the non-financial supports in practice. In consequence, many entrepreneurs start well but fail to grow. Specific causal factors behind the Gap-3 include: *i) inadequacy and sometimes unavailability of financial and non-financial supports to potential entrepreneurs ii) reactive mechanisms of support systems in place of needed proactive approaches iii) unattractive and sometimes unaffordable support of training and other service to wider community and iv) unavailability of relevant information about support systems to the potential and prospective entrepreneurs.* Relevant stakeholders involved in financial and non-financial support systems have many rooms for development.

Gap-4: Gap between EDS and Actual Entrepreneurship Development

Government has been spending millions of money to improve the scenario, but the actual growth of entrepreneurship in target sectors (MSME) is not reflected well in practice. The development pattern appears to be scattered; not perfectly aligned to policy or target sectors or subsectors appropriate for regional development. While we want to have entrepreneurship development in specific subsectors, but are financing the unplanned or other sectors in practice. At the implementation phase, support institutions sometimes drift away from actual proposes. A statement made by a Branch Manager of a Private Bank can be quoted here "We are getting credits under refinancing scheme from BB for

providing loans for manufacturing SME, but we are unfortunately disbursing loans to trading entities". This is not an isolated case; we have found many relevant cases in this regard. Further study is required to underpin the issue before making a conclusive comment though. However, the study has identified specific root causes behind the Gap-4 that include i) *missing linkage between entrepreneurship development process and the National Innovation System (education-industry-society) of Bangladesh* ii) *erroneous assessment of contribution (true vs expected) of sub-sectors in connection with sustainability and progress potentials (national and global perspectives)* and finally iii) *inadequate research and development facilities in technology (product or service with brain-ware, human-ware, software, know-how) creation, transfer and exploitation appropriate for SMEs.*

6.0 Recommendations

Despite having some good measures by the government and other institutions, the country is far away from the expected level of entrepreneurship development. Reasons behind some lapses and gaps in the development process have been discussed in the previous section. Integrated approach involving all stakeholders is inevitable to reduce the gaps on way to achieve remarkable progress. Some specific recommendations are made in this regard. Media approval on entrepreneurship needs further development in reporting on entrepreneurial spirit of the country highlighting global perspectives, national opportunities, and success stories. It can also play a greater role in developing positive mindset of the society about entrepreneurship. Educational institutions (college to university) should offer entrepreneurial modules, programs and support training. Positive mindset among the students about entrepreneurship can be developed not only in higher studies but also at the college level. Traditional thinking about higher education as to create job seekers need to be changed remarkably in favor of entrepreneurial development. In a nutshell, the Media (electronic and print), educational institutions, family and the society at large can play more positive role concerning entrepreneurship development. We need to materialize the opportunity of considerably minimal gender disparity exists in the country for creating women entrepreneurship providing them enough financial and non-financial supports and encouraging them to be involved in challenging subsectors of manufacturing and service industries. Aligned to the plan and policy, young engineering graduates need to be attracted to start small business in high-tech entrepreneurship and in the potential subsectors. It is necessary to develop meaningful industry-academia linkage for developing opportunity of spin-off companies for promoting research as well as for solving industrial problems in collaboration. Entrepreneurial courses need to be incorporated in college level

education. The offered modules for Business Programs at the tertiary level need to be refurbished with practical applications rather than generic knowledge creation. At least one module concerning entrepreneurship need to be integrated in graduate programs of all engineering disciplines. The government needs to invest more in the public universities for developing business incubation centers and encourage the potential graduates and teachers for generating spin-off opportunity based on applied research. Financial support for both new entrants (prospective with good business plan) and existing entrepreneurs need to be accessible, affordable, and adequate for establishment and growth respectively. Many entrepreneurs encounter problems in acquiring loans from Banks and Non-Bank Financial Institutions as most of the available loan schemes are asset base and tangible collateral base. Usually, an entrepreneur at the initial stage frequently does not possess the necessary track record, assets and some other ingredients to obtain a commercial loan. The study reveals that there are many lapses and gaps in the implementation phase, and the information about the available measures by relevant institutions is not well circulated to the wider community. The policy needs to be formulated addressing actual progress and prospects identified by scientific study rather than using generic information collected by corporate bodies. The authors believe that properly addressing the root causes behind the identified gaps and tracking down the development path, the relevant stakeholders can enhance entrepreneurship development in the region and across the country at large.

7.0 Conclusions

Every country sets and follows different strategic and operational measures for entrepreneurship development on the basis of its socio-economic strengths and weaknesses, economic priorities and infrastructural conditions. Entrepreneurial mindset of the society and social structure in a particular region plays important roles behind entrepreneurial process and development. The main goal of the research was to build the overall scenario regarding entrepreneurship development in greater Sylhet and thereby to develop a framework. A good linkage between service providers and service takers in developing mutual trust and quality of service has been found missing. Arrangement of financial capital has been found to be a real challenge. Another challenge has been found for starting a business in a formal sector in Bangladesh. Plenty of formalities and documents create a very difficult situation for an entrepreneur to establish a business. Although the required registration and certification vary according to type of business, an entrepreneur needs to have about 11 types of certificates from different offices to run a business legally in Bangladesh. A lot of time and effort is spent running from one office to another. Very recently, BIDA has

committed to serve the purpose from one stop. At the moment, the service is available to foreign investors. Local entrepreneurs would hopefully avail this service opportunity in the near future. The media can play a great role in preparing the society conducive for entrepreneurship development. Gender disparity in access of financial support still exists. Women entrepreneurship development is confined to a limited number of sub-sectors. A few are involved in agro-based process industries. Very few entrepreneurs are involved in tourism industry, even though there is a huge potential of this sector in this region. The authors believe that the scenario presented in this article and the developed framework have exposed many avenues to be addressed, studied and developed by policy makers, researchers, entrepreneurs, business developers, academicians and other relevant stakeholders. A holistic approach could be generated to develop sector-wise entrepreneurship development. In conclusion, the outcomes of this research will significantly be contributory to the development of entrepreneurship in Bangladesh.

References:

- Azim, A. T. and Akbar, M. M. (2010) Entrepreneurship Education in Bangladesh: A Study based on Program Inputs, *South Asian Journal of Management*, Vol.17, Issue 6, pp-21-36.
- Bari, M. K., Nazim, Obayed, S. N., and Tahmida, Q.M. (2019) “Opportunities and Shortcomings of Developing and Implementing Academic Entrepreneurial Activities in Bangladesh,” Not Peer-reviewed, Reprinted in August 2019, pp. 1–33, DOI:10.20944/preprints201908.0158.v1, Accessed: 30 June, 2021.
- Bricklin, D. (2001), “Natural Born Entrepreneur,” *Harvard Business Review*, September 2001.
- Chowdhury, M. S. (2007) “Overcoming entrepreneurship development constraints: The case of Bangladesh,” *J. Enterprising Communities People Places Glob. Econ.*, vol. 1, no. 3, pp. 240–251, doi: 10.1108/17506200710779549.
- Cole, G. A. (2004), “Management Theory and Practice (6th Ed) London: Thompson Learning.
- DYD (2019), Annual Report (2018-19), Directorate of Youth Development (DYD), Ministry of Youth and Sports, Bangladesh.
- F. N. Chowdhury (2017), “A Study of Entrepreneurship Development in Bangladesh: Pros and Cons,” *J. Asian Sci. Res.*, vol. 7, no. 1, pp. 1–11, doi:10.18488/journal.2/2017.7.1/2.1.1.11.
- Gnyawali, D. R. and Fogel, D. S. (1994), “Entrepreneurship Development : Key Research Implications,” *Entrep. Theory Pract.*, vol. 18, no. 4, pp. 43–62.
- Haider, M. B. and Akhter, T. (2014), Small and Medium Enterprises Financing in Bangladesh: The Missing Middle, *Int. J. Manag. Bus. Res.*, 4 (4), pp. 295-308.
- Hisrich D.R. , Peters M.P. and Sheperd D.A. (2007), *Entrepreneurship*, Special Indian Edition, Tata McGraw-Hill Publishing Company Ltd, New Delhi.
- Islam, M. A. (2008), Risk management in Small and Medium Sized Manufacturing Organizations in New Zealand, PhD Thesis, Department of Mechanical Engineering, The University of Auckland, New Zealand.

Joan, M. (2016), “Why Business Models Matters.” Harvard Business review, May 2002

HBS Working Knowledge (2016), “Skills and Behavior That Make Entrepreneurs Successful”, Harvard Business School, June 6, 2016.

Khan, M. A. and Islam, M. A. (2016), Scenario of Productivity Measures and Their Applications in Improving Operational Performance of Manufacturing SMEs, International Journal of SME Development, Issue 02, 2016, pp.77-99.

Manzoor, S. H. and Chowdhury, M. E. (2017), Foreign Direct Investments In Bangladesh: Some Recent Trends And Implications, Journal of Business & Economics Research – First Quarter 2017, Volume 15, Number 1.

Mathew, V. (2010), “Women entrepreneurship in Middle East: Understanding barriers and use of ICT for entrepreneurship development,” *Int. Entrep. Manag. J.*, vol. 6, no. 2, pp. 163–181, 2010, doi: 10.1007/s11365-010-0144-1.

Ministry of Industries (2022), Government of the People’s Republic of Bangladesh, *Bangladesh National Portal*, Web address: <http://www.moind.gov.bd/site/view/policies>.

Moazzem, K. G. (2008), “Strategies for Entrepreneurship Development in Bangladesh: Unleashing the Potentials of SMEs,” CPD, Bangladesh.

Nadira, S.A., Kadir, T. A., and Chen, X. (2017), “Foreign Investment Law and Policy in Bangladesh: Challenges and Recommendations,” *European Academic Research.*, vol. V, Issue 8.

Narain, S. (2003), “Institutional capacity-building for small and medium-sized enterprise promotion and development,” *Invest. Promot. Enterp. Dev. Bull. Asia Pacific*, vol. 2.

Prahalad, C.K. (2005), “The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits,” *Int. J. Product. Perform. Manag.*, vol. 54, no. 2, 2005, doi: 10.1108/ijppm.2005.07954bae.003

Rattanawiboonsom, V. and Ali, M. M. (2017) “Determinants of Entrepreneurial Economics in Bangladesh: An Investigation, A Paper presented at the 20th Biennial conference “Economics and Ethics” of the Bangladesh

Economic Association held on 21-23 December, 2017 at the Institution of Diploma Engineers Bangladesh

Schmitt, E. (2004), *Pathways to successful entrepreneurship: parenting, personality, early entrepreneurial competence, and interests*, Journal of Vocational Behavior, Vol. 65, pp.489-518.

Scott, S. (2000), Prior Knowledge and the Discovery of Entrepreneurial Opportunities, *Organization Science*, vol. 11, no. 4, pp. 448-69.

Sexton, D. L. and Morris, M. H. (1996) “The concept of entrepreneurial intensity: Implications for company performance,” *J. Bus. Res.*, vol. 36, no. 1, pp. 5–13, doi: 10.1016/0148-2963(95)00158-1.

Täks, M., Tynjälä, P. Toding, M., Kukemelk, H. and Venesaar, U. (2014), “Engineering students’ experiences in studying entrepreneurship,” *J. Eng. Educ.*, vol. 103, no. 4, pp. 573–598, 2014, doi: 10.1002/jee.20056.

Timmons, J. A., (2004), *New Venture Creation*, 6th ed. Burr Ridge, IL: McGraw Hill-Irwin.