

CHANGING TRENDS OF ENTREPRENEURSHIP DEVELOPMENT IN BANGLADESH; STRATEGIES AND CHALLENGES

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Abstract: *Entrepreneurship is the study of taking calculative risks in both creating new enterprise and managing as enterprise when already created requiring effective operation. On the other hand, an entrepreneur is a person who starts an enterprise, searches for change and responds to it. Entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities. In this paper, we will learn about the changing entrepreneur industry of Bangladesh and how it developed and what changed it, from the agriculture industry to RMG industries, from Nobel Laureate Dr. Mohammad Yunus to the fresh graduates of today.*

Keywords: *Entrepreneurship, entrepreneur, industrialization and innovation.*

1 Introduction

Entrepreneurship development is the basis of industrialization and advancement of any nation. We cannot envision our reality if there were no business visionaries in our nation. In fact, a considerable lot of us might be jobless. Statistics demonstrates that in our nation 47% graduates are unemployed. To lessen the unemployment rate and run the wheel of economy there is no alternative of entrepreneurs. In the event that everybody looks for occupation there won't be people to create jobs. Hence, rise of entrepreneurs is inevitable. Entrepreneurs not only create jobs for themselves but for other people in their communities. Some may not have the capability and qualification to do a job and as job is not available to them, they go for independent businesses in order to survive. Some may have some special skills and love challenges to run an independent business. Several motivational factors like need for affiliation, need for power and need for achievement are also responsible for going to start an independent business. Entrepreneur is an individual who takes initiative to bundle resources in innovative ways and is willing to bear the risk and/or uncertainty to act. Entrepreneurs bring innovation to existing industry where creativity is the platform of innovation. But it is very difficult to bring truly innovative products in the market.

For the last few decades all over the world, entrepreneurs are regarded as value adding people to the society. The economic improvement of Bangladesh over the most recent three decades is the impact of basic change in the economy driving towards impressive development of the manufacturing and

service sectors, different changes of residential financial arrangements, changes in worldwide arrangements, and in this procedure the rise of a gathering of entrepreneurs.

Being a high-accomplishing business visionary is not that simple. A business visionary ought to have a few unique attributes that help them to end up noticeably an effective representative. A business person ought to be a daring person, he/she ought to be inventive, fearless, objective setter, diligent employee and responsible. At the end of the day, business people must be determined, fearless, imaginative, hopeful and free disapproved. They are practical about buckling down and heading toward quantifiable outcomes, have a tendency to have prevalent calculated capacities and are for the most part candidly steady. A business visionary ought to have qualities like fearlessness, errand result introduction, chance taking, authority, innovation and future introduction. It is a bit much that a business person ought to have every one of these attributes at a high rate. Yet, the more a man has these qualities, the more noteworthy shot there is for him/her to end up noticeably a business visionary since he/she will have the capacity to play out the 'entrepreneurial capacities' appropriately a result of these characteristics.

The three broad categories of an entrepreneur's function are: Risk-taking, Organization and Innovation.

Conceptually the entrepreneurship process can be divided into three stages:

1. Perception of new opportunities of profit;
2. Marshalling of resources and creation of a viable organization to exploit the perceived opportunities
3. Responsiveness to changes in perceivable opportunities.

A potential entrepreneur can start a business in three ways: creating a new venture, buying an existing business and franchising.

In all these cases, innovation, organization and risk taking play a vital role in order to survive. The power to innovate, organize and take risk is not always in-born. Also research shows that the average four entrepreneurs starting high potential business is in the mid-30s, and there are numerous examples of entrepreneurs starting businesses in their 60s. Successful entrepreneurs take very careful and calculated risks and entrepreneurs who recognize the difference between an idea and an opportunity, and who think big enough, start businesses that have a better chance of succeeding.

2 Literature Review

Small and medium-sized Enterprises (SMEs) play a vital role in terms of economic growth, employment generation and industrialization through entrepreneurship development. Although the role of SMEs varies at different stages of economic development, their role is particularly important in developing countries and LDCs.

Beck, Kunt and Levine (2015) have found a strong correlation between SME development and GDP per capita, but the relationship between growth and the overall business environment for SMEs overshadows the former relationship.

In developing countries, SMEs traditionally play an important role with respect to poverty alleviation, while at the same time contributing significantly to economic growth as the development initiatives targeted at them create jobs and increase productivity (Agbeibor, 2016).

SMEs nurture large-scale industrialization through entrepreneurship development. One of the hypotheses on the role of SMEs in the course of economic development is their vertical and horizontal expansion over time in large-scale industrialization by fostering entrepreneurship (Juneja, 2010).

Global experiences show that an efficient SME sector is conducive to fast industrial growth (Hal Hill, 2011).

Llyod (2012) analyzed the South African SME sector over the 1980 to 2010 period and found that expanded small businesses were playing an increasingly important role in the manufacturing, construction and trade sectors in South Africa, but their role was declining in the agriculture, transport and storage sector.

Although SMEs play a vital role in any economy, they are vulnerable to the effects of globalization in the absence of some economic criteria. To protect the pressure from low priced Chinese products imported in Japanese, Korean and Taiwanese markets, the SMEs of these countries adopted different strategies such as switching to more capital intensive technology so as to produce more differentiated high tech products (Croix, 2016).

For developing countries or LDCs, the problem of rural unemployment, which results in an unhealthy rural-urban migration, can be solved through SME development in rural areas. Rural SMEs generate significantly more jobs than urban SMEs. This indicates a different relationship between SME growth and employment generation in different geographical environments (North and Small bone, 1996). SMEs are also considered as the backbone of the European economy and are the best potential source of job creation and economic growth (Verheugen, 2016). In Japan, some 70 per cent of Japanese workers are employed by SMEs and half the total value added in Japan is generated by SMEs (Lichiro, 2016). Carl Liedholm, Michael McPherson and Anyinna Chuta (1994) showed that the percentage of job growth coming from enterprise expansion in rural areas is significantly higher than that of urban areas in Africa.

3 Objectives of the study

Bangladesh acquired a smashed economy after the war of freedom in 1971. Plants and industrial facilities were shut down, farming creation was hindered and infrastructural offices like streets, scaffolds, railroads, control transmission lines, phone organization, gas pipe lines and so forth were separated. In view of the political duty and furthermore on account of the mass migration of non-Bengali proprietors of plants, manufacturing plants and banks the administration had nationalized every single such foundation quickly after freedom. Inside a couple of years after freedom, the administration approach was changed and the part of private area was given due significance. The disinvestment and denationalization approaches have encouraged the responsibility for, medium and little modern and business undertakings by Bengali business visionaries, in spite of the fact that the nature and size of general society division kept on ruling in Bangladesh, which advanced improvement of state enterprise in the nation. The administration, be that as it may, acquired changes exchange and mechanical

approaches close by the money related and conversion scale strategies. Import controls were extensively casual to lessen the level of assurance, in this manner empowering productivity in asset designation and advancement of focused capacities of local ventures.

Far reaching monetary changes started as of late have reestablished certainty among the business people and initiated imminent and potential business people to approach and set up new organizations. Mechanical strategies received in various years endeavored to make a speculation benevolent environment and energized business enterprise advancement. Changes were additionally made in import arrangement, financial strategy and tax assessment approach alongside progression of exchange and venture to increment both neighborhood and remote speculation.

A potential business person can begin a business in three ways: making another wander, purchasing a current business and diversifying.

As an outcome from mixed and diversified researches, the consequences of these reviews fluctuate from multiple points of view with that of the same sort of studies done in Bangladesh about Bangladeshi business people. The goal of this article is to recognize a few parts of Business people in the past and now and enterprise with regards to Bangladesh based on some distributed articles. This goal was satisfied by:

1. Recognizing the fundamental zones that were the exploration interests of the specialists on the issue of business enterprise in Bangladesh;
2. Distinguishing the likenesses and dissimilarities of the discoveries of these reviews;
3. Looking at the discoveries of the inquiries about in view of Bangladesh now with that of the previous Bangladesh.
4. Distinguishing some new roads for future analysis of the entrepreneurship industry.

4 Methodology of the study

This report has been prepared on the basis of experience gathered during the period of research. To prepare the report we have mostly used secondary data.

Primary data:No structured questionnaire was needed for this research. Information regarding data analysis of the research was collected through consulting records and discussion with a few entrepreneurs. That is why not so much primary data that was needed to conduct this research paper.

Secondary data:In the report we have used secondary data on a large scale. For secondary data collection we went through papers from Google scholar and articles from newspapers.

5 Trends

The comparative dynamic of growth of establishments between 1986 and 2003 for different enterprise categories in urban and rural areas reveal that small and medium enterprises grew at a relatively slower pace than large enterprises. However, employment growth for small enterprises evolved at a relatively higher rate (Table 1).

A huge number of enterprises established during and after the 1990s were mainly in wholesale and retail trade, manufacturing, hotels and restaurants, health and social work. This implies that a large number of enterprises established during this period emerged in the period of faster trade liberalization as well as in the regime of quota phase out under the Agreement of Textile and Clothing (ATC).

Table 1: Changes in the number of establishments between 1986 and 2013

	1986			2011 and 2013			Growth Rate		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
Small (10-49 persons)	46909	25361	21548	72935	39127	33808	2.7	2.9	2.7
Medium (50-99 persons)	2409	1520	889	3266	2193	1073	1.9	2.5	1.1
Large (100+ persons)	2299	1648	651	3689	2930	759	2.9	3.9	0.9
Total	61617	28529	23088	79890	44250	35640	2.7	3.0	2.6

Source: BBS, Economic Census 2011 and 2013, National Report

It has to be underlined that enterprise growth differs according to sectors. Between 2002 and 2006, although the total number of enterprises and total employment increased irrespective of enterprise size, their performance varied widely from sector to sector. The increase in the number of small-scale enterprises was substantially higher than that of medium and large-scale enterprises due to growth in specific economic activities such as education. In contrast, growth in the number of establishments of small-scale industries was negative in sectors like trade, transport and manufacturing, while medium size enterprises performed well only in the manufacturing sector. It can therefore be deduced that different factors are responsible for the growth of different types of enterprises under different categories.

6 Analysis

6.1 The Beginning of Entrepreneurship in Bangladesh

Bangladesh is known all over the world for its mass-poverty and poor economic growth. Even nowadays, the dominant sector of economy is the agricultural sector. But investment in agriculture from commercial point of view has not been made much due to ownership problems, existing inheritance laws, uneconomic size of farm, socio-cultural traditions of the people and absence of governmental commitment for restructuring agricultural sector, etc. In case of industrial sector, it can be said that as a result of the post-war industrial policy (which included nationalization of industries) the growth of enterprises in the private sector was discouraged and it hampered the development of entrepreneurship in the newly born country. After 1975, when the political situation of the country

changed, an encouraging environment for entrepreneurship development was created. Before the entrepreneurs came from three groups: Those families who have been in business or industry by tradition and their children are now in business, retired government officers or politicians or their family members and those who began small but achieved considerable success by their personal efforts.

6.2 Characteristic Development of Entrepreneurs

Bangladeshi Entrepreneurs possess some characteristics that are similar to characteristics of entrepreneurs in other countries. The highest educational degree they achieved was the Bachelor's degree. Most of them started their businesses after the age of 35. Most of them came from non-business family backgrounds. They had previous job experience that helped them to acquire practical knowledge in decision making process, managing workers, handling accounts and dealing with the bureaucracy. They were moderate risk takers and innovative. They diversified their risks in different types of industries, trade, building houses, etc. after gaining the initial success. Once an entrepreneur committed himself to a job or task, he absorbed himself fully in performing that task. These people had will power, self-confidence, creativity adaptability, etc. In Bangladesh, risks and uncertainty used to discourage potential entrepreneurs from undertaking highly profitable and socially desirable new ventures. There is a shortage of experienced entrepreneurs in the country, which was unfavorable for entrepreneurship development in the country. But all that was changing with time. Now people spend more in terms of experience and academics on skills purely for the purpose of becoming an entrepreneur. Now it is more of a path of passion than one without a choice. This made people bolder, enabled them to take fact based decisions than intuitive decisions and opened up many more opportunities.

6.3 The Beginning of Entrepreneurship Change and Development in Bangladesh

Bangladesh is a country of poor entrepreneurial heritage and short of capital; the interesting fact is that through phases, Bangladesh is steadily having the number of small industries increased. Several problems like absence of clear-cut policy decisions, lack of financial support, unawareness of facilities and incentives among small entrepreneurs, lack of training facilities and institutional arrangement for providing training, etc. had hindered the success of entrepreneurial development and change before. But due to many factors those problems were becoming diminished. Bangladesh needed entrepreneurs in number, and also in quality and in time found but it was seen that there was a communication gap between the small scale entrepreneurs and the support institutions concerned. So what enabled the change is that entrepreneurial spirit/initiative was always available among the people of Bangladesh. After the nationalization of industries in 1973, some self-made industrialists developed diseases resulting from shock and tension. Most of these entrepreneurs did not see a uniform growth in their businesses. A period of internal stability of the country has helped the entrepreneurs to achieve success now. So insufficiencies of stimulatory, supportive and sustaining

services seriously hindered the entrepreneurship development in the country previously. Other barrier that existed then included:

1. Lack of incentive campaign for rural industrialization.
2. Lack of training facilities through institutional measures.
3. Lack of institutional facilities for conducting research on small industries, problems and inadequate arrangement to use the findings of research.
4. Absence of marketing facilities to market the outputs of entrepreneurial activities.

(The following points were collected from a research conducted in 1992, and collected by a student of University of Dhaka)

7 Interpretations of data

7.1 *Entrepreneurship trainings*

Following the trends in entrepreneurship education in the USA, the countries of west Europe, Japan, India and Philippines, separate programs have been launched in Bangladesh for educated youths and women to train in entrepreneurship. Specialized entrepreneurship courses have been included in the undergraduate and graduate programs of business education. BANGLADESH BANK in association with commercial banks and the Bangladesh Institute of Management launched an Entrepreneurial Development Program for educated unemployed youths. Similarly, BSCIC, in association with USAID initiated a Women Entrepreneurship Development Program. However, it is not clearly known how many new entrepreneurs have been created as a result of the training and education.

Entrepreneurship education was then used in motivating the youth towards self-employment activities as a career. The motivated students are now supported to become successful. In addition, training of the trainers of entrepreneurship education, effective cooperation from the promotional agencies involved in the entrepreneurship education and self-employment play important roles in the changing trend today.

7.2 *Women Entrepreneurs*

As in these days, more and more women are going for independent businesses or self-employment. The main motivation for a woman to become an entrepreneur today is the need for achievement and independence, job frustration, interest in and recognition of opportunity in the area, previous experience in related field, change in personal circumstances, etc. This is driving the change in today's entrepreneurship game. The factors like encouragement from the family members, success stories of other entrepreneurs, previous experiences in manufacturing or industry, technical or professional skills inherited are also acting as the driving forces to become an entrepreneur. Their main motivation for going for a venture is not money but opportunity to do a desired type of work. Environmental factors like education and skill, the material resources they own, the opportunities offered by the society and the social norms affect the women entrepreneurs of Bangladesh seriously

as more and more women are coming out and working outside their homes. Government and NGOs are now taking initiatives to help them so that they can live a better life and enjoy greater status, independence and success.

8 Findings

Bangladeshi entrepreneurs are self-confident, task result oriented, future oriented, innovative, good leaders and moderate risk takers. In these cases Bangladeshi entrepreneurs do not differ much with the entrepreneurs in other countries.

One of the interesting characteristics of Bangladeshi entrepreneurs is that, most of the successful entrepreneurs are pious and they have a keen respect for religion. They are God-fearing people. Maybe, because of their religious nature it was also found that these people are truthful, reliable, simple living, honest and sincere. Thus big firms like Grameen Bank and BRAC developed in the 1980s by Dr. Mohammad Yunus and Sir FazleHasanAbed respectively. The RMG entrepreneurs then dominated the play for years and will continue to do for more years to come. But as time passed on and technology developed the young entrepreneurs moved on to IT sector and its branches.

9 Conclusion

From the independency of an agriculture based nation to the Nobel Laureate Father of micro-finance and the Knighted owner of the largest NGO in the world in terms of employees grew a name for Bangladesh. This is not the one of a marketer but the one of an innovator. Then the private sectors of Bangladesh helped the economy to grow with RMGs and Jute Industries. The richest of entrepreneurs stands out from the Garments sectors.

However, as the 21st century proceeded, the young generations came in with their new ideas and are helping the country to grow in the Information Technology sector. The country is booming with young entrepreneurs more than ever in its history. Firms like 10-minute schools, *Amar*, Youth opportunities are just a fickle of examples from this huge industry.

In the food industry too, the latest example of how local Takeout Burgers are beating world leaders like Burger King in the local market is a definite show cast of how young entrepreneurs in the country are improving at marketing too than their predecessors. A beautifully written article in February 2017 in *Lebucha* (a young online newspaper start-up) portrayed this witty win by our local burger entrepreneurs and quiet rightfully said “While the reason for people having different preferences are interesting, it still makes me feel a strange sense of pride to see local brands that haven’t been around for more than three years establish a domination that makes a global leader’s entry so difficult”.

A proud sentence to hear as a Bangladeshi and could end up being the most used one in the near future if we let our young entrepreneurs flourish (Shamim, 2022).

10 Recommendations

10.1 Emphasis on stimulating, supporting and sustaining activities:

The success of EDPs depends upon the stimulating, supporting and sustaining activities. Stimulating activities include entrepreneurial education, publicity of entrepreneurial facilities, motivational training and assistance in the identification of viable projects, creating a common platform for entrepreneurs, where they can share their problems, experiences and success.

Supporting activities involve the various forms of support provided to the potential entrepreneurs for setting up and running of their units such as registration, funds mobilization, license, tax relief and incentives and management consultancy services. Sustaining activities refer to expansion, diversification, modernization and quality control.

10.2 Focus on achievement motivation:

It is important to develop achievement motivation amongst prospective entrepreneur through proper training and conducive environment to create right type of impact of training. Entrepreneurs make ideas into reality.

10.3 3. Designing of viable projects:

A viable project is feasible to implement in terms of availability of resources and market potentials. The EDP organizers should prepare the projects keeping in mind local resources, funding, training requirements.

The entrepreneurial development agencies should select right people, impart right training and entrust viable projects to make EDPs successful.

10.4 Selection of trainees:

Trainees should be selected after proper examinations and tests. Educated unemployed youth should be selected on priority. Persons having traditional background in the chosen economic activity should be preferred.

10.5 Training of trainers:

Success of EDPs depends on abilities, skills and experience of trainers. They must be committed, competent and qualified.

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