A literature survey on rural entrepreneurship development in Bangladesh

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ABSTRACT

Entrepreneurship plays an essential role in the economic development of a nation. About 84% of the 140 million people living in Bangladesh reside in rural areas. Rural entrepreneurship development is necessary for national growth as well as social development. An entrepreneur promotes capital formation and creates wealth in society and the process reduces unemployment and poverty. This goal was achieved by overall rural entrepreneurship development in Bangladesh. The data was collected from rural entrepreneurs in Bangladesh with the help of secondary data. The study recommends that the government develop comprehensive legislation and policies to spearhead and support rural development through rural entrepreneurship. In this literature review, it was found that the main areas of interest for the Bangladeshi researchers were the characteristics and profiles of Bangladeshi entrepreneurs, the issues related to problems and prospects of entrepreneurship development in Bangladesh. In the end, a summary and analysis of the findings of all this literature are given. The study also identifies some new avenues for further research on such issues.

Key Words: Rural entrepreneurship, Rural Socio-Economic Development, Entrepreneurship Stakeholders; Rural Entrepreneurship Development

I. Introduction

In general, a rural area or a countryside is a geographic area that is located outside towns and cities. Rural entrepreneurship takes its initiatives in the rural area of the country. Rural entrepreneurship can be defined as entrepreneurship emerging at the village level which can take place in various fields of endeavour such as business, industry, agriculture and acts as a potent factor for economic development (Agarwal et al., 2009). They use indigenous resources, which enhance local natural resources and enhance the local standard of living. It is generally defined as entrepreneurship emerging at the village level, which can occur in various fields of endeavour such as business, industry, agriculture and acts as a potent factor for economic development (Bhattachary, 1979). The
development of rural areas has been linked to entrepreneurship more than ever before. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and sustain a healthy economy and environment. Rural entrepreneurship maintains in agriculture, agriculture-related activities, micro industries, small business, rural artisans, etc. However, rural entrepreneurship is in a dormant stage for a lack of awareness, encouragement and training. In fact, all these studies discussed so far are based on different countries. Consequently, the results of these studies vary in many ways with that of same kind of studies done in Bangladesh about Bangladeshi entrepreneurs. This article aims to identify several aspects of Entrepreneurs and Entrepreneurship in the context of Bangladesh based on some published reports.

II. Methodology
The data required for the present study are collected from secondary sources. The Secondary data are collected from various published sources such, i.e. magazines, newspapers, journals, books, and various other publications. Moreover, some critical information is also collected from relevant websites. At the end of this article, some new and untouched research areas are identified for future research.

III. Literature Review
The study of literature published in the subject area facilitates the researcher to understand the growth and development of rural entrepreneurship. An attempt has been made to discuss the literature review for the present study.

The factors of age, gender, qualification, annual income, household condition, etc of rural entrepreneurs directly impact on growth of rural entrepreneurship. Chakraborty and Borman (2014) mentioned some cross tab calculations regarding annual income and family structure, gender and caste, yearly income and gender. It was found that Joint family is equally competent with nuclear family regarding earnings, gender and annual income. It was found that female entrepreneurs were also equally competent with male entrepreneurs regarding earnings. Regarding caste and gender, it was found that good numbers of women from less privileged class were motivated to start an enterprise of their own along with men. The analysis of different socio-economic variables established that socio-economic conditions of rural entrepreneurs were found suitable and indicated a prospect of growth. Similarly, Kumar (2012) mentioned that education, experience, age and family play an essential role in shaping the entrepreneurial ambition of the aspirant in Aizawl district, Mizoram. It was found that nearly one-fourth of entrepreneurs were females. Their study also reveals that entrepreneurs were engaged in different business activities ranging from tailoring to food processing, involving complex technologies and diverse skill sets.

Small business enterprises in Botswana played an essential role in creating employment opportunities for the qualified unemployed. About 56000 small enterprises were operating in Botswana with over 125000 employees in the formal and informal sectors. There has been an alarming trend in the ownership of SBEs by foreigners. To fulfil the goals of vision, 2016 has embarked on the citizen economic empowerment programme to enable the citizens of Botswana to meaningfully participate in every aspect of the economy in the fulfilment of social justice. SBEs had proved to be the best option in making a livelihood (Kurba, 2011). Andersen (1995) thesis attempts to understand what rural entrepreneurs do within the rural context. Therefore, this study endeavours to investigate the entrepreneur’s actions in one context, rurality. Consequently, this study is a detailed examination of a rural environment and the interrelationships with entrepreneurs.

Evidence from the study shows that socio-economic characteristics of small scale entrepreneurs tend to influence the performance and productivity of Small Scale Enterprises in Nigeria. Further analysis shows that gender, age and educational qualification significantly influenced the performance of the selected small-scale enterprises in the study area. It suggests an integrated approach to developing individual entrepreneurial capacity and promoting sustainable small-scale enterprises (Aworemi et al., 2010). Dey and Rahman (2010) found that micro and small enterprises of Assam Hills are suffering from several inherent problems which stand in the way of spontaneous growth, The industrial development in Assam Hills has not taken to the desired extent due to inadequate infrastructure.
facilities, lack of entrepreneurial class and unfavourable socio-economic conditions. Exploitation of natural resources, optimum use of available resources, and exploitation of new markets for the products in the two hills districts: many micro and small enterprises can be established based on agricultural products, forests products, dairy products, etc.

Agarwal et al. (2009) analyzed the performance of a villager named Bilat who was doing farming and other business of building construction like cement, limestone iron rods, sands etc. by taking loan from bank at the cheapest rate. They found in their study that although business was going well, the bad debt was piling up at one time. They faced many challenges in controlling the bad debts and challenges from an unexpected competitor. Khanka (2009) studied 50 small entrepreneurs in a notified backward region of the Kumaun division of Uttar Pradesh regarding entrepreneurship’s emergence, performance, and problems. A guiding assumption of this study is that the true display of the entrepreneurial role and attributes can be well seen only in the case of small scale entrepreneurs. The study brought under its purview entrepreneurship entrepreneurial performance and their problems. Khanka stressed the policy implications to provide liberal incentives and concessions to the entrepreneurs to encourage, promote and strengthen the small units in backward areas.

Yu et al. (2009) investigate the entrepreneurship of migrants and their location choice to draw connections between migration and economic development, especially the role of business formation in rural development. Rural entrepreneurship is first attempted to be better understood from perspectives of individual people’s migration, human capital, social capital and family background. The study uses a recent survey on alumni of Iowa State University. They find that social capital and social networks established in one’s home region are shown to be a strong factor in location choice of entrepreneurs. Entrepreneurs from rural origins tend to start their businesses in rural areas in general and half of them migrate back to their home in particular to take local comparative advantages. Rural entrepreneurs are also more likely to obtain financial support from family members, friends and local banks to start a business. Afrin et al. (2008) identify the factors related to entrepreneurship development among rural women borrowers through micro-credit programs. A multivariate analysis technique like factor analysis was conducted to determine the entrepreneurship development related factors. The finding shows that the financial management skills and the group identity of the women borrowers have a significant relationship with the development of rural women entrepreneurship in Bangladesh.

Srivastava and Syngkon (2008) make an in-depth analysis of the development of small scale industrial (SSI) sector in the rural areas of the states of NER of India. The study also focuses specifically on the role and profile of entrepreneurs. The findings reveal that manufacturing, assembling, and processing activity is the dominant group among the various SSIs activities in rural and urban areas in the NE states. In most North-Eastern states, the concentration and growth of SSI activities is higher in rural areas than in urban areas. The study also brings to light the rising number of women and tribal entrepreneurs in the region. De and Das (2007) reveal that both male and female folk of all sections of the rural population have been engaged in different sericulture activities. Tribal women have been predominant in the rearing and weaving of eri raw silk and endi textiles. In addition to their daily household activities, they use their leisure time and, with the help of their traditionally inherited knowledge, produce functional but comparatively cheaper endi clothes. The activities help increase their household income and help many of them come out of the acute poverty. Mechari and Gianluigi (2006) present and analyse the results from a questionnaire submitted to a sample of 123 rural entrepreneurs and businesses in a mountainous area of central Italy. In particular, they test for six hypotheses concerning the correlation between different factors, reflecting entrepreneur and business-specific characteristics, and the adoption of instruments of institutional assistance. Their study also examines and proposes potential policies for fostering entrepreneurship and the development of the rural region under investigation.

Hossain and Uddin (2006), in their study on Problems in Financing and Managing Small-Scale Enterprises in Bangladesh: An Empirical Study on Some Rural Areas of Chittagong and Cox's Bazaar, it was found that the majority of units are sole proprietorship and family business and financed by families, friends, relatives and from own source. In studying the potentials of their business, it was found that improvement of their socio-economic status and living conditions establishes them as
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Kolawole and Torimiro (2005), in their study, identified crucial factors influencing participatory rural entrepreneurship development and employment promotion (PREDEP) amongst grassroots people in Lagos State, Nigeria. It especially identified and analyzed some selected socio-economic variables influencing people’s participation, infrastructural and institutional factors associated, the constraints, and determined appropriate ways of enhancing grassroots peoples’ interest in PREDEP. The study was conducted in rural communities of Lagos state, using a multi-stage sampling procedure. A total of 320 respondents were sampled and interviewed accordingly. The results showed that most respondents (81.3%) were farmers and 50.0% were civil servants, indicating that majority of the respondents had between 1 and 2 jobs. About 60% were co-operators, with just 16.3% being active members. Also 46% rural entrepreneurs never employed more than 2 workers. Over 50% of the respondents preferred buying and selling active production ventures. Non-availability of credit facilities and high cost of labour were significant constraints to investment drive in rural communities. Several crucial associated with PREDEP were social status, personal experience, infrastructure functionality and educational advantage. Others are economic proneness’, institutional influence and information and project type.

Stathopoulou et al. (2004) provide an integrated view of rural entrepreneurship and set the agenda for future research in the area. Rural entrepreneurship is depicted as a three-stage sequential process highly influenced by specific territorial characteristics. The proposed research agenda addresses theoretical studies concerning entrepreneurial processes in rural areas and more applied issues concerning the formulation of integrated and competent policies supporting entrepreneurship in such areas. Mitchell (2004) examined the motivation of entrepreneurs in starting a business in the Soico-economic milieu of 101 male and female entrepreneurs of South Africa. It also aims to identify similarities and differences in the motive profiles of these male and female entrepreneurs. The results were that both men and women entrepreneurs were primarily motivated by the need for achievement; male entrepreneurs compared to females were more motivated by the need to provide family security and make a difference in the business. Female entrepreneurs, more than males, were motivated by the need to keep learning and the need for more money to survive. Kodithewakku and Sarah (2002) focus on the role of entrepreneurship in the economic success of rural farmers in Sri Lanka. The thesis findings indicate that specific entrepreneurship and strategic management principles, which have been proven applicable for the affluent western world, are also relevant to small scale rural farmers in the third world context who might be expected to struggle in abject poverty in order to scrape an existence.
Gary and Merrilees (2001) develop a model of entrepreneurial marketing for rural women. The research builds on other women entrepreneurs studies, while ruralness has been acknowledged as being relevant to female entrepreneurship, including marketing, for rural women. Case research methodology is used with nine Australian cases to develop a profile constructed as a model of entrepreneurial marketing for rural women. This model has several similar attributes with existing entrepreneurial models. The distinguishing feature is the grassroots approach to marketing, local networks that provide the bases for marketing activities: opportunity seeking, information collection, innovation and the marketing strategy. Lazerson (2000) found the role of small and medium-sized firms and regional disparities between north and south in economic development. Although Italy has one of the world's largest economies, its economy is based on family-owned firms, but their size is small compared to other advanced countries. Another characteristic of these small firms is that each firm possesses specialization in one or a few production processes and must collaborate with many other firms to make a final product that they sell to the wholesaler or retail outlets. Gupta and Kanka (2000) outlined constraints in the development of hilly areas as lack of infrastructure, mass illiteracy, limited business opportunities, rain-fed agriculture, etc. The study suggested planned dispersal of local raw materials based small & cottage industries and support of agri-allied activities.

Permal (2000), in his studies on “Rural Entrepreneurship and Rural employment” stresses that unless the rural industrial expansion is continuously maintained, rural unemployment cannot be eliminated. The study also showed that the industrial service sector has not been fast enough to absorb the growing rural force. Hence, additional employment will have to be found within the rural areas in such activities, which offer scope for labour absorption. Islam and Aktaruzzaman (2001) found that 76.3 percent of the rural entrepreneurs had no education at all, of which nearly 17 percent could neither say nor write and another 59.3 percent could only invest in their sign. Costly time-consuming regulatory system with licensing and permitting has been planted as a roadblock for the SME growth and development. Salman (2000) indicated some external and internal factors and barriers to develop the SME sector, as information, knowledge, political, economic, legal organization, government publications, engineering, natural weather, which can be classified as external elements and machinery, structure people or materials and process as internal components. He also researched impediments to Small and Medium Enterprise (SME) development and found that there is still a gap of awareness about the new era and e-commerce.

A study conducted by Papalo in the Giri Institute of Development Studies (1998) Lucknow on rural industries showed that the increase in employment is not associated with the rise in value-added per worker in most industries. Many workers entering these industries will mean the rise in underemployment and decline in income generation per worker in the given technological market and organization situation. Akmardjati (2000) observed that personal attributes are the key factor for entrepreneurial success or failure, while he (2000) reported on the socioeconomic background of the entrepreneurs. Ranjeeth (1998) has indicated a need for adopting the Entrepreneurship Development Programme to provide the latent talent to the entrepreneurs to take advantage of the growth opportunities. He stressed that greater cooperation among the agencies involved in providing the Entrepreneurship Development Programme is necessary to train the entrepreneurs efficiently.

Kanitkar Ajit (1994) did a study of 86 entrepreneurs belonging to 22 villages from seven states of India -Rajasthan in the western India; Uttar Pradesh and Bihar in the northern India; West Bengal in the eastern India; Madhya Pradesh in the central India; and Tamil Nadu and Kerala in the Southern India. The analysis focuses on understanding the underlying pattern of entrepreneurs in villages across different states of India. The study found that 55 percent of the entrepreneurs stepped out of the school-leaving examination. Only 17 percent of the entrepreneurs stepped out of school and enrolled in colleges. A large majority (73%) of the entrepreneurs did not possess professional or
technical qualifications which supposedly would have made them marketable in the job market. Only 23 percent had trained themselves in some trade or vocation. The study found that almost 90 percent of the respondents were first generation entrepreneurs. The average investment by the entrepreneurs was Rs.16,000 and it ranged from a minimum of Rs.5000 to a maximum of Rs. 60,000. Almost every entrepreneur reported a lack of access to institutional credit as their important problem. Chowdhury and Nuruddin (1992) opined that the congenial environment is essential to prepare and develop effective entrepreneurs in the state. Rahman (1993) noted that the poor economy of Bangladesh can hardly afford entrepreneurship development other than in small-scale ventures. A balanced development of the economic organization is mainly contingent upon small scale enterprise for many reasons like massive unemployment, technological backwardness, poor infrastructural framework and scarcity of capital. Khan (1991) has explained the importance and role of entrepreneurship development programmes in India. He says that greater attention to entrepreneurial development in rural and backward areas to develop self-employment ventures so that the current exodus of entrepreneurs from rural to urban areas could be minimized.

Hadimani (1987) surveyed 200 traditionally trading entrepreneurs belonging to the weaving and non-weaving castes in the handloom industry of Mahantapur. His study indicated the attachment to the caste occupation was strong, but interestingly it promoted entrepreneurship in the trading caste and hindered it in the case of the weaving caste. He believes that this dual role of caste entrepreneurship is mainly due to the presence or lack of several social, economic, political, educational and human resources factors. Singh (1986) defined the concept of “Rural Industrialization” as idea behind rural Industrialization was to spread the industries to small urban centre and rural areas. It was envisaged that the small assembly units in the urban centre might be linked with the units in rural areas manufacturing parts and components.

On the other hand, the small units and artisans in rural areas might have facility service in workshops set up in small towns. At a later stage, service in workshops set up in small towns. At, later stage, this idea was modified and the stress was laid on diversification as well as a balanced rural economy. This idea later became known as ‘Cooperative Agro-Based Economy’, lately, the idea of rural industrialization has been expanded to include full-scale development of modern mechanized small scale and medium industries.

Bhattachary (1979) studied the industrial and agricultural entrepreneurs of eleven South East Asian countries, namely Brunei, Cambodia, Indonesia, India, Laos, Malaysia, North Vietnam, Singapore, South Vietnam, Philippines and Thailand. He evolved a model of entrepreneurial development for these countries based on his in-depth study of the problems and prospects of entrepreneurs. However, he felt that the model by itself would not work miracles unless sustained herculean efforts were made to solve the complex and deep rooted problems in each country. Kilbey (1971) states that most self-employed persons are associated with a business only because they cannot find other forms of employment. Personal and family funds were the crucial sources of initial capital and for expansion, they re-invested their earnings. It is also observed that rural entrepreneurs are not likely to exhibit any entrepreneurial qualities, but urban entrepreneurs demonstrate entrepreneurial qualities to some extent. Social scientists recognize the importance of entrepreneurship as a major determinant for economic and social progress regarding economic development.

IV. Research Gap

After going through the theoretical framework and reviewing the literature on rural entrepreneurship, it was found that many studies were conducted on rural entrepreneurship with the manufacturing sector and women entrepreneurship. Still, no analysis was found rural entrepreneurship in the service sector of Bangladesh till now. There is a research gap of rural entrepreneurship in service sector of Bangladesh. There is a need for many more studies in this direction because of variations in geographic, social, cultural, political and economic conditions from state to state and from region to region within a form. Broader generalizations should be attempted only after many micro generalizations based on micro studies.

Further, there is a scope to highlight the factors that motivate the rural entrepreneurs, their socio-economic background, and the problems they face in operating their units. Bangladesh is an
industrially backward area when it is compared with other countries. So, it is felt that Bangladesh is ideally suited for a study on rural entrepreneurship in the service sector of Bangladesh.

V. Conceptual Framework


Limitations of the Study
During the course of fieldwork, it will be difficult to obtain data from different institutions, supporting agencies, and the entrepreneurs themselves. There will be constraints of time, money and space which resulted in limiting the scope of the study. Thus, the results and findings can be generalized only to a certain extent. Despite all these limitations, an earnest attempt has been made to arrive at a fairly objective and representative conclusion by analyzing the available data elegantly and tactfully.

Possibilities for Further Research
For obvious reasons, this issue got immense importance to the researchers. As in the past, there were so much researches on the problems like characteristics of rural entrepreneurship in Bangladesh, the issue of 'Women Entrepreneurship' as a new and exciting area is getting importance to the researchers. More and more studies should be done on this topic as this is a burning issue of the country. Though women got great research emphasis, the entrepreneurial activities of the minority people (religious minority and aboriginals) did not get attention. Most of the studies done in Bangladesh are mainly surveys or theoretical research. Digital transactions and tea (northern portion of Bangladesh) can be further researched to enrich rural people's economic development. In these research works some of the crucial matters remained almost ignored. For instance, the issue of service sector did not get importance from the part of the researchers. The sectors in which small businesspeople got more success could not be identified.

IV. Conclusion
Rural areas across most of the developing world face a formidable employment challenge. The development of rural micro and small enterprises on a planned basis can effectively increase production, productivity, and economic wealth and give a broader and stronger base to the rural economy. More significant potential remains untapped in rural areas due to a lack of supportive means.
and management. Proper entrepreneurial skills and marketing talent should be given to rural entrepreneurs through appropriate training programmes for carrying entrepreneurs.

References


