Course Title

Entrepreneurship Development in Bangladesh

Course Code-BUS-301W

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LECTURE-2

Topics

- ✓ Types of entrepreneurs
- ✓ Challenges of entrepreneurship Development in Bangladesh.
- ✓ Role of entrepreneurship in the economy of

Key Recommendations for Improving Entrepreneurship in Bangladesh

• A **young entrepreneur** is an individual, typically between the ages of **16 and 35**, who starts and runs their own business or startup, often bringing fresh ideas, innovation, and energy to the entrepreneurial landscape.

Characteristics of Young Entrepreneurs:

- Innovative Mindset: Thinks outside the box and brings creative solutions to problems.
- **Tech-Savvy:** Comfortable leveraging technology and digital platforms for business growth.
- Risk-Taking Ability: Willing to take calculated risks to pursue their vision.
- Passionate and Driven: Highly motivated to achieve their goals.
- Adaptable: Quick to learn and adjust to changing market trends.

Challenges Faced by Young Entrepreneurs:

- Lack of Experience: Limited industry and market knowledge.
- Financial Constraints: Difficulty in accessing funds or investments.
- Balancing Education and Business: Struggling to manage time effectively.
- Limited Network: Fewer professional connections in the industry.

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• A women entrepreneur is a woman who initiates, organizes, and operates a business venture with courage, innovation, and leadership. Women entrepreneurs contribute significantly to economic growth, job creation, and social development, often overcoming societal and structural barriers.

Characteristics of Women Entrepreneurs:

- Resilient and Determined: Overcome cultural, financial, and social challenges.
- Strong Leadership Skills: Ability to lead teams and make strategic decisions.
- Innovative Thinking: Bring fresh ideas and creative solutions.
- Emotional Intelligence: Excellent relationship management and communication skills.
- Multitasking Ability: Balance multiple responsibilities efficiently.

Challenges Faced by Women Entrepreneurs:

- Lack of Access to Funding: Difficulty securing loans or investments.
- Gender Bias: Facing stereotypes and societal discrimination.
- Work-Life Balance: Juggling family and professional responsibilities.
- Limited Networking Opportunities: Fewer professional connections in maledominated industries.
- Legal and Social Barriers: Cultural and institutional constraints.

An immigrant entrepreneur is an individual who has migrated to a foreign country and started or manages a business venture there. These entrepreneurs often bring diverse perspectives, unique skill sets, and a strong work ethic to their host countries, contributing significantly to economic growth and job creation.

Characteristics of Immigrant Entrepreneurs:

- Resilience: Ability to overcome cultural and economic barriers.
- Risk-Taking Ability: Willing to start fresh in a new environment.
- Adaptability: Quick to adjust to new markets and cultural norms.
- Global Mindset: Understands both local and international markets.
- Strong Work Ethic: Determined to succeed despite challenges.

Famous Immigrant Entrepreneurs:

- Elon Musk: Born in South Africa, co-founder of Tesla and SpaceX.
- Sergey Brin: Co-founder of Google, immigrated from Russia.
- Indra Nooyi: Former CEO of PepsiCo, immigrated from India.
- Hamdi Ulukaya: Founder of Chobani Yogurt, immigrated from Turkey.
- Jan Koum: Co-founder of WhatsApp, immigrated from Ukraine.

Challenges Faced by Immigrant Entrepreneurs:

- Language Barriers: Difficulty in communication and business negotiations.
- Legal and Bureaucratic Hurdles: Complex visa and business regulations.
- Limited Access to Funding: Struggles with securing loans or investments.
- Cultural Differences: Difficulty understanding local business practices.
- Discrimination: Facing stereotypes and prejudice in the business world.

Best Industries for Immigrant Entrepreneurs:

- Technology and Software Development
- Food and Restaurant Industry
- Retail and E-commerce
- Healthcare Services
- Education and Training

Copreneurs are couples who start, own, and manage a business together while maintaining their personal relationship. They are typically romantic partners, spouses, or life partners who collaborate professionally to achieve shared business goals.

Key Characteristics of Copreneurs:

- Shared Vision: Align on business goals and long-term aspirations.
- Complementary Skills: Utilize each partner's strengths and expertise effectively.
- Clear Communication: Maintain open and honest dialogue to resolve conflicts.
- Trust and Respect: Rely on mutual trust both professionally and personally.
- Work-Life Balance: Separate professional roles from personal life.

Famous Copreneur Couples:

- Bill and Melinda Gates: Co-founded the Bill & Melinda Gates Foundation.
- Chip and Joanna Gaines: Co-founders of Magnolia Homes and stars of *Fixer Upper*.
- Bert and John Jacobs: Co-founders of Life is Good apparel company.
- Julia and Kevin Hartz: Co-founders of Eventbrite

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Challenges Faced by Copreneurs:

- 1. Blurring of Boundaries: Difficulty separating personal and professional life.
- 2. Decision-Making Conflicts: Disagreements can become personal.
- 3. Work-Life Imbalance: Business discussions can dominate personal time.
- 4. Financial Strain: Business failures can impact family finances.
- **5.** Role Confusion: Unclear division of responsibilities can lead to tension.

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- **Mission-Driven:** Prioritize social impact over personal profit.
- **Innovative Solutions:** Find creative ways to solve social problems.
- **Sustainable Approach:** Build financially sustainable business models.
- **Empathy and Compassion:** Deep understanding of societal challenges.
- **Measured Impact:** Track and measure the outcomes of their efforts.

Famous Social Entrepreneurs:

- **Muhammad Yunus:** Founder of Grameen Bank, pioneering microfinance.
- Blake Mycoskie: Founder of TOMS Shoes, known for the "One for One" model.
- Malala Yousafzai: Co-founder of the Malala Fund, advocating for girls' education.
- **Jacqueline Novogratz:** Founder of Acumen, investing in businesses tackling poverty.
- Bill Drayton: Founder of Ashoka, an organization supporting social entrepreneurs globally.

Successful Social Business Models:

- Buy One, Give One: E.g., TOMS Shoes (One pair donated for each pair sold).
- Microfinance Organizations: Providing small loans to entrepreneurs in underdeveloped areas.
- Community-Based Enterprises: Local businesses benefiting the immediate community.
- Educational Platforms: Online tools providing free or affordable education.
- Sustainable Products: Eco-friendly alternatives reducing environmental harm.

A rural entrepreneur is someone who:

- Starts and operates a business enterprise in a rural setting.
- Utilizes **local resources** (e.g., raw materials, traditional skills).
- Focuses on agriculture, handicrafts, rural tourism, and small-scale manufacturing.
- Contributes to the **socio-economic development** of rural areas.

Example: A farmer who starts an **organic farming venture** and sells produce in urban markets.

Types of Rural Entrepreneurs

1. Agro-Based Entrepreneurs:

- Involved in farming, food processing, dairy farming, and organic products.
- Example: Organic rice and vegetable farming enterprises.

2. Artisan Entrepreneurs:

- Handicrafts, weaving, pottery, and woodwork businesses.
- Example: Nakshi Kantha embroidery businesses.

3. Rural Tourism Entrepreneurs:

- Develop homestays, eco-lodges, and rural experience tours.
- Example: Sundarbans eco-tourism initiatives.

4. Technology-Based Entrepreneurs:

- Digital services such as e-commerce platforms, mobile banking, and IT training centers.
- Example: bKash mobile financial services.

5. Service Sector Entrepreneurs:

- Rural clinics, education centers, retail stores, and logistics businesses.
- Example: Telemedicine services in remote villages.

1. Lack of Access to Finance

- Limited Availability of Loans: Entrepreneurs often face difficulty securing funding from banks.
- High Interest Rates: Loans come with steep interest rates.
- Collateral Requirements: Many entrepreneurs lack sufficient assets for collateral.
- Limited Venture Capital: Lack of structured venture capital networks.

2. Bureaucratic and Regulatory Challenges

- Complex Licensing Process: Tedious procedures for obtaining permits and business licenses.
- Corruption and Bribery: Entrepreneurs often face demands for unofficial payments.
- Frequent Policy Changes: Unstable and inconsistent government policies.

3. Lack of Entrepreneurial Education and Training

- Insufficient Skill Development Programs: Limited access to quality entrepreneurial training.
- Theoretical Curriculum: Education lacks practical business exposure.
- Absence of Mentorship: Few platforms for mentorship and guidance.

4. Poor Infrastructure

- Inadequate Transportation Facilities: Poor road conditions and logistical challenges.
- Unreliable Electricity Supply: Frequent power outages disrupt production.
- Lack of Digital Infrastructure: Limited access to high-speed internet in rural areas.

5. Technological Barriers

- Low Digital Literacy: Limited awareness and training in modern technologies.
- Outdated Equipment: Dependence on obsolete machinery.
- Cybersecurity Risks: Growing threats of digital fraud and hacking.

6. Social and Cultural Barriers

- Fear of Failure: Social stigma around business failure discourages risk-taking.
- Family Pressure: Entrepreneurs often face resistance from family members.
- **Gender Inequality:** Women entrepreneurs face discrimination and societal restrictions.

7. Lack of Market Information

- Limited Access to Market Data: Entrepreneurs struggle to understand market trends.
- Supply Chain Inefficiencies: Lack of efficient distribution channels.
- Difficulty in Reaching Customers: Poor marketing and promotional skills.

8. Political Instability

- Frequent Strikes and Political Conflicts: Business operations are often disrupted.
- Uncertainty in Policies: Frequent shifts in government priorities.
- Inconsistent Economic Policies: Changes in taxation and regulations create uncertainty.

9. Environmental and Natural Challenges

- Frequent Natural Disasters: Floods, cyclones, and climate change disrupt businesses.
- Lack of Environmental Awareness: Businesses often overlook sustainability practices.

10. Limited Networking Opportunities

- Weak Entrepreneurial Ecosystem: Few platforms for collaboration and networking.
- Limited Exposure to Global Markets: Entrepreneurs struggle to expand internationally.
- Absence of Business Associations: Few support systems for startups and SMEs.

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Entrepreneurship plays a **vital role** in shaping Bangladesh's economic landscape. As a developing country with a growing population and emerging middle class, entrepreneurship contributes significantly to economic growth, job creation, and poverty reduction. Below are the key roles entrepreneurship plays in the economy of Bangladesh:

1. Economic Growth and GDP Contribution

- Significant GDP Contribution: Small and Medium Enterprises (SMEs) account for about 25% of Bangladesh's GDP and employ over 35% of the workforce.
- Growth in Export Sector: Entrepreneurs have driven industries like ready-made garments (RMG), which account for over 80% of the country's exports.
- **Example:** The RMG sector, led by entrepreneurial initiatives, transformed Bangladesh into the **second-largest garment exporter** in the world.

2. Employment Generation

- Job Creation: Entrepreneurship reduces unemployment by creating millions of jobs across industries such as textiles, agriculture, ICT, and retail.
- Women Empowerment: Female entrepreneurs are increasingly contributing to the economy, especially in the handicrafts and textile sectors.
- Example: Organizations like Grameen Bank and BRAC have empowered thousands of women entrepreneurs through microfinance programs.

3. Innovation and Technology Adoption

- Digital Startups: Entrepreneurs in technology and e-commerce sectors are revolutionizing traditional industries with platforms like Daraz, Pathao, and bKash.
- Smart Solutions: Entrepreneurs are introducing FinTech, AgriTech, and HealthTech solutions to address critical local challenges.
- **Example: bKash**, a mobile financial service, has transformed financial inclusion in Bangladesh.

4. Poverty Alleviation

- Rural Entrepreneurship: Micro and small enterprises in rural areas help reduce poverty by providing income-generating opportunities.
- Financial Inclusion: Microfinance institutions enable entrepreneurs to access capital and financial resources.
- Example: Initiatives like Grameen Bank have lifted millions out of poverty by providing microloans to small business owners.

5. Rural and Regional Development

- **Decentralization of Economic Activity:** Entrepreneurs are setting up businesses in **rural and semi-urban areas**, reducing the migration pressure on major cities.
- Agro-Based Industries: Entrepreneurs are adding value to agricultural products through food processing and export ventures.
- **Example:** Agro-processing businesses are helping farmers get **fair prices** and reducing post-harvest losses.

6. Growth of the Digital Economy

- Digital Transformation: Entrepreneurs in ICT and e-commerce are driving Bangladesh towards a 'Smart Bangladesh Vision 2041'.
- Freelancing and Outsourcing: Bangladesh is among the top freelancing hubs in the world, contributing significantly to foreign earnings.
- Example: Platforms like Pathao and Truck Lagbe are transforming the transportation and logistics sectors.

7. Attraction of Foreign Direct Investment (FDI)

- Improved Business Environment: A growing entrepreneurial ecosystem attracts foreign investments into sectors like ICT, textiles, and energy.
- Public-Private Partnerships (PPP): Entrepreneurs collaborate with government bodies to develop critical infrastructure projects.
- **Example:** Investment in **economic zones** has attracted international businesses and encouraged local entrepreneurship.

8. Environmental Sustainability and Social Responsibility

- Sustainable Practices: Green entrepreneurship initiatives focus on renewable energy, waste management, and organic agriculture.
- Social Entrepreneurship: Initiatives by social enterprises address healthcare, education, and community development.
- Example: Solar energy startups are providing affordable renewable power to rural areas.

9. Financial Inclusion through Entrepreneurship

- Access to Capital: Entrepreneurs are utilizing microfinance, venture capital, and startup funding to grow their businesses.
- Financial Literacy: Entrepreneurial programs are educating people about financial planning and savings.
- **Example:** Programs by **Startup Bangladesh Limited** provide grants and mentorship to young entrepreneurs.

10. Skill Development and Human Capital

- Entrepreneurship Education: Training programs and workshops are fostering entrepreneurial mindsets among young people.
- **Skill Upgradation:** Entrepreneurs are investing in **employee skill development** to stay competitive.
- Example: Platforms like ICT Division's innovation hubs are empowering youth with digital skills.

Key Recommendations for Improving Entrepreneurship in Bangladesh:

- 1. Increase Access to Finance: Offer government grants, microfinance, and venture capital.
- 2. Simplify Regulations: Introduce transparent and efficient licensing systems.
- 3. Focus on Education: Include entrepreneurship in the national education curriculum.
- **4. Upgrade Infrastructure:** Ensure reliable electricity, internet, and transport facilities.
- 5. Encourage Female Entrepreneurship: Provide special incentives and training programs.
- **6. Promote Innovation:** Support R&D initiatives for startups and SMEs.