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SOCIOECONOMICTHEORETICALFRAMEWORKOFWOMENENTREPRENEURSHIPDEVELOPMENTINBANGLADESH

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I. Introduction

Bangladesh is a developing country having 148.69 million population and half of them are women. Existing gender ratio in demographic structure of Bangladesh indicates that women comprise almost 50% of the total population. They are essential part of nation's human resources. Due to this demographic structure, the issue of the participation of women in mainstream economy is imperative. Without a meaningful and active participation of women, half of the total population, in regular economic activities, a dynamic and sustainable economy is impossible. A sustainable economy is pre-condition for national economic growth and prosperity. It is also impossible to achieve the target of poverty free society without incorporation of women in the mainstream economic activities, especially in entrepreneurial role.

Considering this issue, a special emphasis has been given by the government of Bangladesh, donor agencies like ILO, UNDP and other NGOs, business community and all other relevant stakeholders through different promotional and training programmes to ensure increased women's participation in formal economic sector, especially in Small & Medium Enterprises (SMEs). Bangladesh is one of the countries, which ratified the UN Convention on the Elimination of all forms of Discrimination Against Women (CEDAW). The constitution of Bangladesh also grants equal right to women and men in all spheres of public life Article 28(2) of our Constitution.

To reinforce this government of Bangladesh has also enacted the National Women Development Policy of 2011. The Industrial Policy of 2010 has also given top most priority to women entrepreneurs in Small & Medium Enterprises (SMEs) through SME Foundation, BSCIC and other Government and Non-Government Institutions.

Bangladesh is still a poor country, but she is rich in human resource. In Bangladesh women constitute slightly less than half the population. The majority of them are underprivileged, under nourished, illiterate and poor. According to the 1999/00 labour force survey (LFS), the labour force of Bangladesh was estimated at 60 million, more than 20 million being women. There are not enough employment opportunities for women. Therefore, economic activities, through self-employment have become essential for potential working women. As a matter of fact, women entrepreneurship or "women in business" is a very recent phenomenon in Bangladesh. Although women are taking to entrepreneurship in many challenging fields, their activities in Bangladesh are not that extensive. In spite of fewer opportunities, many women have succeeded in business, but they are still very small in number. The Begum (1993) stated that before 1985, Bangladesh had very few women entrepreneurs. Another study also shows that the number of women entrepreneurs is around 3000, representing only 2% of the total entrepreneurs in the country, although women constitute about 50% of the population (Ahmed). In fact women entrepreneurship started developing in Bangladesh after the liberation. Very few women entered the profession of business before the nineteen hundred seventies. According to the Bangladesh Economic Review 2009, around 6 percent of the country's $ 90 billion economy comes from SMEs, which is also the largest sector in terms of employment generation. (Daily Star December 29, 2009). Bangladesh is rightly dubbed as a country of the SMEs. Bangladesh industrial

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economy is thickly populated by these industries which amount for over 99 percent of the private sector industrial establishments and provide more than 80 percent of industrial employment. The relative SME shares in total GDP range between 25-30 percent and that in manufacturing value added vary between 40-45 percent (Ahmed Momtaz Uddin 2008). The sector is currently exhibiting notable dynamism by registering an average annual compound growth rate of over 7- 8 percent in their value added shares to GDP. However, their potentials contributions to the country's growth process vis-à-vis their numerical dominance in the economy continue to remain unveiled. Their financial insolvency because of restricted access to sources of institutional finance acts as a serious deterrent too the sector's prospective growth, expansion and dynamism. Various systemic and institutional barriers cutting across supply as well as demand related factors inhibit credit flows to the SME sector. In the context of a developing country like Bangladesh, where SMEs are the engine of growth, there has arisen a new class: SME women entrepreneurs. The urban and rural women of Bangladesh are now turning the situation as a crucial progress in national development. Though there has been substantial participation of women in the off-house activities of late, women are yet to assume a dominant role in mainstream economic activities.

SMEs constitute one of the major driving forces of economic growth in the developing countries. Self-employment and the creation of new employment through SMEs help to reduce disguised unemployment and under-employment in the farm sector. In a poor country like Bangladesh, poverty alleviation through economic growth, as well as employment generation on mass scale is heavily dependent on the development and expansion of SMEs. With increased family income for the poor, the income disparity in the society would reduce to certain extent. Rising rural income prevents migration of the rural poor to urban centres in search of jobs and reduces further burden on the already strained urban infrastructure. The micro-entrepreneurs and their families are able to explore utilization of the local resources in rural areas. As a result they help in creating a market for local products in villages and towns with new income and products. This is not limited to program participants, since indirect spill over, second-order effects spread through the entire locality due to an increase in economic activity

It is noticeable that entrepreneurship development and empowerment are complementary to each other. Women empowerment depends on taking part in various development activities. In other words, the involvement of women in various entrepreneurial activities has empowered them in social, economic and cultural fields. The power of and access to taking decision has increased for women in Bangladesh, within as well as outside the family. Yet, women entrepreneurship development varies across rural and urban areas.

II. Literature Review

A good number of studies have been conducted on entrepreneurship in Bangladesh. Habibullah (1987) showed that training is an effective tool for entrepreneurship development in Bangladesh. Rahman, Mian, Bhattacharjee and Khan (1979) critically appraised the impact of different programs and policies relating to entrepreneurship and small enterprises. Habibur Rahman (1995) emphasized the importance of project viability, collateral and entrepreneurial evaluation at the project appraisal level of banks. Saleh (1995) found inadequate cash flows, marketing inefficient and discriminating treatment from supportive service agencies to create obstacles to women entrepreneurship development in Bangladesh. Rahman (1999) examines women borrowers' involvement with the micro credit program of the Grameen Bank, and the grassroots lending structure of the bank. he facuses on the processes of village-level micro credit operation and addresses the realities of the day-to-day lives of women borrowers and bank workers and explains informant strategies for involving themselves in this micro credit scheme. The study also covers some power dynamics. Aktaruddin (1999) showed that personal attributes are key factors for entrepreneurial success or failure, while Aktaruddin (2000) focused on the social economic background of the entrepreneurs. Momen and Begum (2006) measured the impact BRAC's micro credit program had for the development of rural women entrepreneurship. Afrin, Islam and Ahmed (2008) aimed at identifying the factors related to the development of entrepreneurship among the rural women borrowers through micro credit programs. Using a multivariate analysis, they showed that financial management skills and the group identity of the women borrowers have significant relationship with the development of rural women entrepreneurship in Bangladesh. Most recently, Rotaru (2009) provided a case study on the Bangladesh Women Chamber of Commerce and Industry (BWCCI), which was established in 2001, as the country's first trade body working exclusively for women's economic and social empowerment.

The aim of this paper is to analyze the critical factors of Women Entrepreneurship Development in Bangladesh. The paper represents two types of such factors; one type can be characterized as facilitating factors, and the other one as stumbling blocking factors. Facilitating factors refer to those factors that ensure women entrepreneurship development, whereas stumbling blocking factors hindrance this development. The paper is structured as follows. the next section summarizes the concept and main features of entrepreneurship. The third section reviews the

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analytical framework of women entrepreneurship development based on institutional theory. The critical factors of women entrepreneurship development are then analyzed in details in the fourth section. The fifth section provides various policy implications before the last section provides some conclusions.

III. The Concept and Features of Entrepreneurship

An entrepreneur can be defined as one who initiates and establishes an economic activity or enterprise. Entrepreneurship thus refers to the general trend of setting up new enterprises in a society (Begum, 1993). The International Labor Organization (ILO,1984), cited in Islam and Aktaruzzaman, 2001) defines an entrepreneur as a person with a set of characteristics that typically includes self-confidence, result-oriented, risk taking, leadership, originality and future-oriented. Khanka (2002) referred to women entrepreneurs as those who innovate, imitate or adopt a business activity. given that entrepreneurship is the set of activities performed by an entrepreneur, it could be argued that being an entrepreneur precedes entrepreneurship. In any case, the entrepreneurial definitions described above highlight the aspects of risk-taking, innovating and resource reorganizing.

Box 1 : the features of Entrepreneurship

- *Being an Economic Agent:* Entrepreneurship is mostly an economic function because it involves the formation and maneuver of an enterprise. It is basically concerned with the production and distribution of services.
- *Being Creative:* Entrepreneurship is a resourceful response to changes in the environment. It involves innovation or introduction of something new and better. An entrepreneur is a change agent of the society.
- *Taking and Bearing Risk:* Risk is an inherent, intrinsic and inseparable element of entrepreneurship. An entrepreneur assumes the uncertainty of future. In the pursuit of profits there is every possibility of incurring loss.
- *Being Innovative:* Entrepreneurship is an innovative function as it involves doing things in new and better way. Innovation may take in several forms e.g. a new product, a new source raw material, a new market, a new method of production etc.
- *Being Dynamic:* Entrepreneurship is a dynamic function. Entrepreneurs thrive on changes in the environment that bring useful opportunities for business. Entrepreneurs always need to take different dynamic decisions. Thus entrepreneurship is a multi-dimensional concept. It is both an art as well as a science. But it is more an art than science. There are very few ground rules or principles that can be used to create and run business enterprises in a cast changing and heterogeneous environment.

IV. Framework of Women Entrepreneurship based on Institutional Theory

Institutions are multifaceted durable social structures made up of symbolic elements, social activities and material resources. Institutions exhibit distinctive properties: they are relatively resistant to change (Jepperson, 1991, cited in Scoot, 2001). Institutions exhibit these properties because of the processes set in motion by regulative, normative and cultural cognitive elements. these elements are building blocks of institutional structures providing the elastic fibers that resist change (Scott, 2001).

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Table 1 : Three Pillars of Institutions

	Regulative	Normative	Cultural-Cognitive
Basis of Compliance	Expedience	Social Obligation	Taken for granted and shared understanding
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules, laws, sanctions	Certification, accreditation	Common beliefs, shared logics of action
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible recognizable and culturally supported

Source: Scott (2001)

Although rules, norms and cultural belief are central ingredients of institutions the concept most also encompass associated behavior and material resources. Rules, norms and meanings arise in interaction and they are preserved and modified by human behavior. Regulative pillar refers to rule setting, monitoring and sanctioning activities. In this conception regulatory processes involve the capacity to establish rules. Normative pillar refers to values, expectation. Values conceptions of the preferred of the desirable together with the construction of standards to which exiting structures or behavior compared and assessed. Norms specify how things should be done, they define legitimate means to pursue valued end. In the cognitive paradigm what a creature does is, in larger part, a function of the creature's internal representation of its environment (Scott, 2001).

V. Critical Factors of Women Entrepreneurship Development: an Analysis from the Viewpoint of Institutional Theory

Critical factors are defined as those factors that facilitate rural women entrepreneurship development in rural areas of Bangladesh. At the same time, the absence of these factors restrains women entrepreneurship development in rural areas of Bangladesh. Institutional theory is based on three main pillars. These are Regulative, Cognitive and Normative. Here the critical factors of women entrepreneurship development are analyzed on the basis of three main pillars of institutional theory.

a) Regulative Factors

Regulative factors refer to different rules of the Government that facilities women entrepreneurship development in rural Bangladesh. Regulation requires relatively clear demands, effective supervision and significant sanctions. Beyond this it also matters whether the mechanisms employed are mostly those of power involving obligation of authority where the coercive agent is viewed as a legitimate agent of control or whether they rely on the use of inducements (Scoot, 2001). The following discussion illustrates regulative factors that influences on women entrepreneurship development in Bangladesh.

i. *Government and institutional policies and rules*

The Government can influence both economic and non-economic field for the entrepreneurs though its actions. Any interested Government can help in economic development through different policies. Government can provide a facilitative socio- economic setting for women entrepreneurs. Such conducive settings minimize the risk entrepreneurs are to encounter. Compassionate actions of the Government can therefore be considered as the most advantageous for entrepreneurial growth. Similarly, negative governmental actions, such as colonial disruption, act as inhibiting factors of entrepreneurial development. Commitment of the Government can flourish entrepreneurship development in any country. However, women entrepreneurship was for a long time not considered to be important for economic development. Despite progress, there is still need and scope for the Government of Bangladesh to takes some rural entrepreneurship development policies and rules that would flourish women entrepreneurship.

The Government of Bangladesh has taken significant policies and rules for women who are taking part in different entrepreneurial activities. Over the past two decades, women development programs have gradually shifted from the consumption-oriented approach to the development-oriented approach. For the equal and full participation of women in all spheres of life, the Government established the Women Affairs Division in 1976. It was upgraded to a Ministry of Women and Children Affairs (MWCA) in 1978, mostly to deal with the developmental concerns of women. Article 28 of the constitution focuses equality of the rights of women in all areas of life and article 19 commits the government to the removal of social and economic inequalities between men and women. The Government has decided to reserve 10 percent of posts in all positions for women. All developmental Ministries have been asked to formulate Women in Development (WID)

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projects. Focal points in 30 relevant Ministries have been identified to ensure the inclusion of WID components in multi-sectoral projects (Goswami, 1998).

The Bangladeshi Government has set distinct strategies in its National Action Plan (NAP) for the development of women entrepreneurship that includes tax policy, tax holiday, gift tax, etc. The Beijing declaration Platform for Action (see United Nations, 1995) includes the right of women for credit as a basic precondition for the development of women influencing entrepreneurs is to analyze the extent to which the Government is a competitor with private sector entrepreneurs and initiatives. There are some private sector organizations that promote entrepreneurship development policies in Bangladesh. For example, Micro Industries Development Assistance and Services (MIDAS), a private sector organization, promotes development of small enterprises with a view to generate employment opportunities.

ii. *Policies of banks and other institutions*

A good number of bank personnel mentioned that they faced serious problems in identifying the right type of people with entrepreneurial skill. The responding bank personnel also stated that the problem of identifying the purpose of loans is more serious in the case of small entrepreneurs engaged in agricultural activities and small business activities. In Bangladesh, a special bank named BASIC Bank Limited (Bangladeshi Small industries and Commerce Bank Limited) had been established in 1988 with the mandate to finance Small and Cottage Industries sector. Their direct lending procedure is operated by NGOs. But unfortunately its mandate is not sufficiently utilized by the lending of NGOs. The bank's statistics from showed that out of 237 projects directly funded by the bank only two were women entrepreneurship related.

Generally, financial institutions and banks extend credit for women under micro credit programs for poverty alleviation. Based on the cost of the fund, the interest rates of these credits vary. For this purpose mainly donor supported project funds are used. Bangladesh's central bank, the Bangladesh Bank, also provides some funds. The Bangladesh Bank directs the commercial banks to lend at least 15 percent of their lending capital for the industrial sector, while 5 percent are expected to be spent for the Small Scale Industry (SCI) sector. Often development agencies operate these loans. Furthermore, as pointed out by an undated paper by the Dhaka Chamber of Commerce and Industry (DCCI) (p. 10), other than for poverty reduction project loan, there is no special regulation for credit for women entrepreneurs.*

The overlapping of policies and rules is one of the major constraints faced by branch mangers. Several Grameen Bank branch managers stated that different NOGs distribute loans among borrowers with utmost secrecy. In such a situation entrepreneurs may easily

* See United Nations (UN) Convention on the Elimination of All Forms of Discrimination against Women (2003), p.35.

divert their loan amounts for some unproductive purposes. Due to such diversion, they are then unable to generate the income for the repayment for the loan and become defaulters (Rahman, Hossain and Miah, 2000).

Personnel of the Bangladesh Krishi Bank (BKB), a 100% government owned specialized Bank in financing in the agricultural sector, have mentioned that most of the rural entrepreneurs come from farming, trading and service holder family and in some cases due to non-availability of suitable jobs. they typically have no previous entrepreneurial experience and due to their lack of entrepreneurial mentality, they are not willing to share more risk by investing their equity towards the rural agro based industries. Some entrepreneurs and interested in diverting the loan money to other purposes or they invest money in risky windfall activities. There are no special rules and regulations to supervise their activities (Islam and Aktaruzzaman, 2001).

b) Normative Factors

Normative systems are typically viewed as imposing constraints on social behavior. But at the same time they enable social action. they confer rights as well as responsibilities privileges as well as duties, licenses and mandates. Normative systems include both values and norms. Value is our judgment to differentiate between right and wrong, beautiful and ugly, desirable and undesirable etc. Norms refers to the socially standard pattern of behaviour. The following points depict normative factors of women entrepreneurship development in Bangladesh.

i. *Social stigma*

Social dishonour or disgrace of women, especially in rural areas, are a common societal norm in our society. The restricted values restrain female entrepreneurs mobility. This kind of pattern of societal behavior hinders women's open involvement in a variety of entrepreneurial fields. Women entrepreneurs constitute a vital segment of loaners of Grameen Bank. Reportedly, the women entrepreneurs operating in the rural areas are bounded by some social customs and strong religious misinterpretation creating difficulties in their operations. In view of this problem, it is somewhat difficult for the officials to perform their responsibilities smoothly, especially in dealing with women entrepreneurs working under severe social constraints (Rahmna, Hossain and Miah, 2000).

Rigid social customs misinterpretation in religious matters are creating difficulties for women entrepreneurs in operating their business (Hossain and Rahman, 1999). In Bangladesh women are socially

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neglected. Purdah(veil) prevents women to take part in different activities like social, economic, cultural and political. Male members of the family always want to keep their wife in home so that they would not participate in different entrepreneurial activities. Purdah(veil) is seen as norms that promote the seclusion of women. Bangladeshi fundamentalists have physically attacked women that can be transgressed sexual norms (Goswami, 1998).

Haider and Akhter (1999) conducted research in Baniachar village, where 84 percent of the women said that they felt that they had to work for survival. However, once they heard the words of fundamentalists, they stayed at home hungry and some NGO officials then helped them to get some food.

ii. *Availability of capital*

The norms and values of our society reveal that the male member of a family should take care of financial issue. So the monetary issues are usually remaining out of control of female members of a family, and hence, rural women entrepreneurs suffer from insufficient capital for their action. Lack of capital seems to be the key factor for women entrepreneurship development. Most of the women entrepreneurs of all categories of activities opined that they could not expand their business mainly due to shortage of capital. Most of them are not getting their desired amount of loan from Grameen Bank. Without sufficient fund no activities can be expanded. Thus finance is the core problem for expansion of activities in all categories of entrepreneurs. Rahman, Hossain and Miah (2000) found that the low level of financial assistance that has been sanctioned by Grameen Bank could only partly fulfill the needs.

Islam and Aktaruzzaman (2001) have depicted that only 5 percent entrepreneurs have capability to finance their business from own source in Jinaidah District. On the other hand, almost 95 percent of rural women entrepreneurs depend on the borrowed capital to run their small enterprises. Based on Hossain and Rahman (1999), the lack of working capital is considered as one of the most serious problems. About 60 percent women entrepreneurs in five villages of Noakhali district mentioned that they are suffering from problem of insufficient working capital.

iii. *Market contacts*

Production and marketing efficiency are important determinants of entrepreneurial success. Unfortunately many entrepreneurs cannot ensure their production and marketing efficiency due to their poor managerial and technical skills. Some of the women entrepreneurs suffered from operational inefficiency in rural areas due to the raw materials and traditional production processes. Consequently they created a problem in the marketing of goods. Islam and Aktaruddin (2003) conducted a research on rural entrepreneurs in Bangladesh. They conducted a research on Bangladesh Krishi Bank. Out of total 120 rural entrepreneurs, 76 percent faced marketing problems; 14.4 percent for undesirable competition in the market, 21.1 percent for pricing problem due to high production cost, and 11.1 percent for low demand of production. But in urban areas women entrepreneurs do not face much problem regarding marketing. They can take different risky decisions and maintain market contacts more easily than rural entrepreneurs (Shehabuddin, 1992) because in rural areas women are bounded by our societal norms that retrains them from involving market contacts.

c) *Cognitive Factors*

A third set of intuitionalists stress the centrality of cultural cognitive elements of institutions the shared conceptions that constitute the nature of social reality and the frames through which meaning is made (Scoot, 2001). Culture can be defined as the acquired knowledge that people use to interpret experience and generate social behavior. It is important to recognize that culture is learned and helps people in their efforts to interact and communicate with others in the society. Culture includes two major aspects one is what we are and the other is what we have. Again cognition can be simply defined as the act of knowing an item of information. Cognitions precede behavior and constitute input into the person's thinking, perception, problem solving and information processing (Luthans, 2005). Cognitive factors are associated with internal issues of women's life and their environmental interaction.

i. *Risk assessment capacity*

Capacity to assess risk in a facilitating factor for entrepreneurship development in any country. Modern development is the development of technologies. Production cannot meet the demand of the market unless its quality is up-dated every time with the up-dated technologies. It is obvious from a research that rural women entrepreneurs always depend on traditional technologies. They do not have much technical knowledge and they do not have the capability to take risk as well. The opportunities for introducing new technology in the country have increased considerably but such opportunities are mostly available for urban entrepreneurs. As compared to that their is very little scope for rural entrepreneurs to enjoy such facilities. Familiarity with these technologies inspires urban entrepreneurs to take risk. Whereas due to the shortage of knowledge rural women entrepreneurs cannot assess risk which is the key indicator of women entrepreneurship development (Rahman, Hosssain and Miah, 2000). As rural women entrepreneurs are in practice of using traditional technology, which ultimately results into increasing inefficiency.

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ii. *Education and access to information*

Education is very important cognitive factors of women entrepreneurship development in rural areas. Educated entrepreneurs can discharge the entrepreneurial responsibilities effectively. They can take risk more easily and have access to information regarding entrepreneurial activities. But in rural areas women do not have much opportunity to get education. Based on a sample by Hossain and Rahman (1999). 62 percent of the sampled entrepreneurs were illiterates (though they have acquired the ability to sign their names), 30 percent completed primary education, and the remaining 8 percent had education levels beyond primary school. It is tough for the illiterate rural entrepreneurs to have access of information regarding market contacts.

Another survey by Islam and Aktaruzzaman (2001) revealed that 76.3 percent of the rural entrepreneurs had no education at all, of which nearly 17 percent could neither read nor write and the other 59.3 percent where only able to put on their signature. This clearly shows a serious lack of basic education among rural entrepreneurs. Only about 7 percent of the rural entrepreneurs have secondary level education. Islam and Aktaruzzaman (2001) also analyzed the problems of rural women entrepreneurs in Bangladesh and found that the lack of education is major problem for them. In spite of extending credit facilities, most of the credit supplying institutions extended no basic education to rural women entrepreneurs. In Bangladesh, most of the rural entrepreneurs remained illiterate and had no concept about the market. Lack of education also restrains access to information.

iii. *Entrepreneurial training*

Entrepreneurial training is required for processing, manufacturing, livestock and fisheries activities. But such kind of training facility is available in urban areas. Lack of necessary training, lack of experience seriously affects the efficiency of the rural women entrepreneurs. Lack of training facilities adversely affects the opening of new line of business. Like technical knowledge, the opportunities for entrepreneurial training have increased considerably. But such opportunities are mostly extended to urban areas. Based on Rahman, Hossain and Miah (2000), it is evident that enjoying a certain volume of credit is not enough unless those rural entrepreneurs could also be offered adequate training facilities so as to utilize the available resource at the optimum level.

Islam and Aktaruzzaman (2001) conducted a research on the problems of rural women entrepreneurs in Bangladesh. They found from their research that only 8 percent rural women entrepreneurs have necessary training relating to their business. On the hand 92 percent entrepreneurs have no training related to their job at all. In consistent with lack of education and training, most of the rural women entrepreneurs have lack of experience in their business. The surveyed data reveals that nearly 78 percent women have experience less than three years. This is the existing culture in our society that the poor women of our society are the victims of deprivation. Rural women do not get enough training opportunities due to our social and cultural norms.

iv. *Business Knowledge*

Invisible culture refers to the norms, values, ideas, thoughts, knowledge which is the major pillar of institutional theory. One of the major problems of rural women entrepreneurs is lack of business knowledge. They have little knowledge about accounting and keeping record. Lack of knowledge in keeping accounts, estimating cost and profit and determination of price adversely affect their operations (Hossain and Rahman, 1999).

Islam and Aktaruzzaman (2001) declared from his research that most of the rural women entrepreneurs have lack of knowledge in their business. For example their surveyed data reveal that nearly 78 percent of the rural women had knowledge and experience less than three years. Only four rural entrepreneurs out of 59 sampled entrepreneurs had experience and knowledge more than seven years. Thus the lack of (i) basic education, (ii) knowledge, (iii) training, and (iv) experience seriously affects the efficiency of rural women entrepreneurs.

The lack of business knowledge is a barrier for expansion of business in the processing and manufacturing and livestock and fisheries. Rahman, Hossain and Miah (2000) observed that knowledgeable entrepreneurs in urban areas felt relatively more comfortable to expand their business in comprising to illiterate or less educated entrepreneurs in rural areas

VI. Policy Implications

There are various policy implications for improving women entrepreneurship in Bangladesh. The suggestions here are structured into five parts: (i) empathetic actions of government, (ii) attitudal recommendations, (iii) bank-related policy recommendation, (iv) training & consultancy related policy implications, and (v) other significant recommendations.

a) Empathetic Actions of Government

- Commitment of the Government can flourish entrepreneurship development, but such commitment would require establishing some rural entrepreneurship development policies and rules.
- The functions of Directorate of Women's Affairs and the Directorate of Social Welfare in each district have to be focused to the needs and problems of rural women. They must make a complete list of all

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rural women running any activity on commercial banks within the district and complement their activities with basic information, training and education. They should carefully monitor their business operations run by their credit.

- The Government needs to be more proactive in monitoring credit operations of various NGOs through proper audit and control system.
- Special attentions should be given to promote income-generating programs in rural areas. Programs need to be taken to train and literate the rural entrepreneurs and make them socially aware. Both electronic and print media can be used to create social awareness among rural population.
- Government needs to establish the rule of law by implementing the existing laws and create ethical code to gear up the active participation of people in economic development.
- Government should take necessary initiative to improve the infrastructure facilities such as communication, electricity, utility services (Fuel, gas and water) etc. This will certainly help to improve the socio economic conditions of rural entrepreneurs.
- Government needs to be aware of market instability. Government agencies and the bank authority can help to extend the marketability of the goods produced by the entrepreneurs through cooperative marketing policy the produces with the assistance of ministry of cooperative.

b) Attitudal Recommendations

- Social attitude towards the operation of women entrepreneurs needs to be changed. Sometimes rigid social norms, values and attitude act as a barrier in rural women entrepreneurship development. Our patriarchal society always focuses on their physical beauty. Their inner beauty and talent is often ignored. In rural areas different NGOs, banks and development organizations are working on women development by providing credit. They are working in order to change societal attitude towards women. Government and private organizations should come forward and take different awareness raising programs in order to change societal attitude towards women. In this respect necessary steps needs to be taken by the Government and non –Government organizations.
- Entrepreneurship courses should be introduced in both formal and informal educational institutions in Bangladesh so that underprivileged women are exposed to possibilities of job creators instead of job seekers. It will empower women with entrepreneurship skill. More practical and need oriented training program should be designed by the concerned Institute/Organization(like BSCIC & SME Foundation)for entrepreneurs.

c) Bank-related Policy Recommendations

- Banks should follow integrated and specific procedures for identification of potential rural entrepreneurs. After the identification the support and sustaining services must be extended to them for desired growth of rural entrepreneurship.
- The procedures of sanctioning loan should be simplified and loan application must be appraised as early as possible. The delay in processing loan needs to be reduced and specific time limit may be fixed to dispose of different aspects of loan processing.
- The rate of interest for loans to working capital should be reduced and loans should be invited on concession rates and rebate should be allowed to encourage timely return of loan.
- No collateral security should be imposed by banks for working capital loan to rural entrepreneurs. The margin of security should also be liberalized.
- Bank loan policy should be linked with industrial policy of the country. There should be an allocation of fund in the loan portfolio of bank to supplement the government development plan and industrial policy. Coordination is also required for proper allocation and distribution of fund to rural entrepreneurs.
- The bank authority can help to supply quality raw materials at the due time and to store raw materials for the future courses of action.
- Bank should maintain facilities for easy access of women within bank premises. The volume of works in each bank branch has been gradually increasing. In this situation number of bank officials should be increased to cope with the increasing volume of works. This will help them render effective services for entrepreneurship development in rural areas.

d) Training & Consultancy Related Policy Implication

- Training programs are needed for women entrepreneurs' development. Most of the women entrepreneurs use traditional technology-based manual skills in their business. Technology can play a role in saving money, increasing productivity, and increasing the quality of output. Training should be given to women entrepreneurs so that they can use technology effectively.
- Training may be imparted to the owners and workers in rural business management to acquaint them with techniques of proper planning, management and control to improve the overall management of their business. In this regard, bankers' activities in the concerned areas can

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provide advisory services to the rural entrepreneurs for profitable investment loan taken from them.

- Consultancy services can be provided to rural entrepreneurs. Banks may take immediate steps to prepare a list of volunteers and/or retired business executives in order to offer consultancy services.
- To establish rural Entrepreneurship Development Institution (REDI) in each Thana to provide well designed training program for the rural entrepreneurs by using BSCIC,s infrastructural facilities.
- The procedures of sanctioning loan should be simplified and loan application should be appraised as early as possible. The delay in processing loan processing loan should be reduced and specific time limit may be fixed to dispose of the different aspects of loan processing.

e) Other Significant Recommendations

- The need for marketing support for selling the output of rural entrepreneurs is a vital factor; channel of distribution should be built up with Government assistance(like Ministry of Cooperative can do it very effectively). Annual fair and exhibition of products can be arranged in regional, national and international levels in this case cooperative marketing * * *
- Rural entrepreneurs have severe problem of availability of raw materials in right time and at reasonable price. For this purpose communication system of different areas should be improved. So, in this case Government can provide this service through e-service centre very effectively.
- It is necessary to devise the credit extension system in keeping with genuine needs of entrepreneurs. The credit system should be capable of meeting short and long-term capital needs of the loan receivers on easier terms and conditions.
- Efforts should be made for proper marketing of products both in the domestic and foreign market. Banks and other development organizations may help the entrepreneurs to use co-operative idea in overcoming the marketing problems faced by the entrepreneurs. Moreover it may also take step to set up retail shop-cum display centre in different parts of its operational areas to facilitate the marketing efforts of the entrepreneurs.
- Existing credit sanctioning procedure should be changed. The field workers can help in fill upping forms and engaging the entrepreneurs in groups. The number of installments may be increased to repay the loan easily.
- All categories of entrepreneurs have been suffering form shortage of capital for expanding their activities. The amount of loan given by development organizations is not sufficient to meet their needs. Their requirements should be assessed properly and the required amount of loan should be disbursed accordingly. The credit limit should be adequate enough to the short and long-term financial requirements.
- In order to avoid overlapping, banks should co-ordinate their activates with other NGOs that are also engaged in delivering micro-credit among rural poor. Coordinated efforts with bank and other organizations may prevent switching over of the borrowers from one organization to another. It is also widely recognized that imposing around credit supervision system may solve the problem of fund diversions and improper utilization of money.
- Bank and NGOs may open sister organizations which would act as an insurance company for natural calamities. Such companies could provide crop insurance, poultry insurance, dairy insurance, other manufacturing and processing products insurance, and service insurance to protect the entrepreneurs against natural calamities and hazards.
- Natural disasters and the lack of training affect the expansion of business, especially in the case of livestock and fisheries. In this situation, the women entrepreneurs should be provided with sufficient informal training to improve their skills to take care of their poultry and fisheries. Bank officials may contact the Thana veterinary officers and fisheries officers to conduct training for all Bank loaners. It would be even better if bank authorities would appoint veterinary and fishery doctors for the concerned enterprises.
- Banks and NGOs may extent short-term seasonal financial support against product pledges so that the entrepreneurs are not forced to sell their crops immediately after the harvest, when prices are the lowest. In this regard, a cooperative marketing system may also help the entrepreneurs to get reasonable prices for their products. Moreover, bank and development organizations could establish warehouses in each of their operational areas to cover shortages of agricultural products by their borrowers

VII. Concluding Remarks

Entrepreneurship is the key to creation of new enterprises that energize and rejuvenate the economy. Entrepreneurship also plays a vital roe in economic development. Entrepreneurship serves as the catalyst in the process of industrialization and economic growth. The emergence and development of entrepreneurship largely depends on the supporting conditions for

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different factors such as institutional role, social, cultural, and psychological factors. Based on institutional theory, these factors can also be divided into regulative, normative and cognitive factors. Regulative factors refer to the rules and regulations of Government and other operational areas to cover shortages of agricultural products by their borrowers.

Our Government has adopted some policies regarding women entrepreneurship development in rural Bangladesh. But the complication arises at the time of implementation. Sometimes the services of Government are available in urban areas,

Whereas rural entrepreneurs are deprived of this services. In spite of having access to various micro credits, rural women receive almost no training from Government and non-Government organizations, which adversely affects their efficiency and performance.

Widespread illiteracy, lack of basic education, training and experience remain serious obstacles in rural women's entrepreneurship development. Besides the lack of awareness, social superstitious and the absence of the rule of law also affect the rural women's participation in economic activities outside the family. Since entrepreneurship development is very important to activate the economic development of Bangladesh, it would be of utmost importance to ensure the facilitating actor of women's development, especially in rural areas. If properly supported, the rural disadvantaged have a great opportunity to maintain their livelihood through engaging themselves in various types of income generating activities.

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