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# Barriers and Incentives for Youth Entrepreneurship Start-Ups: Evidence from Bangladesh

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**Abstract-** Reducing unemployment of youth has become one of the most difficult challenges for Bangladesh where youths constitute one third of total population. This study examined a range of key constraints that impede young people in Chittagong, Bangladesh, from starting and running a business and at the same time the study identified incentives, initiatives and measures that may improve young entrepreneurship. For a qualitative intervention, 44 complete questionnaires were analyzed who were selected from Chittagong, the second largest in Bangladesh, following a convenience and purposive sampling technique. Results reported that most cited start-up challenge is neglecting knowledge-based innovation, being their own boss is the main motivation to engage in business, parents and family mainly influenced young people to start business while financial risk is the most pressing de-motivator to start-up business. The results also suggest that attracting funds for the business is the most important problem to run a business successfully, and lack of savings; securities and credibility, and experience are the key start-up financing constraints. The prime educative constraints are the lack of adopting enterprise education and inadequate curricula and programs, tax systems and levels is the major administrative and regulatory barrier and lack of contracts and networks is the main constraint of business support services. The study draws implications for policy makers, the Ministry of Youth Development, Chamber of Commerce and Industry, and the government to adopt multi-faceted, multi-targeted, and multi-tiered approaches addressing the start-up constraints and problems to facilitate and encourage youth entrepreneurship.

## I. INTRODUCTION

Bangladesh is a densely populated country with a youth population of 55 percent. Every year nearly 2 million people are entering into the labor force while only 1 million get employed in domestic and overseas job markets (BBS, 2014). A current record by Ministry of Industries indicates that up to June 2010, there were 0.77 hundred thousand small industries and 6.30 hundred thousand cottage industries in Bangladesh. About 70 percent of these enterprises are run by the young entrepreneurs. 80 percent of these young entrepreneurs are underprivileged. National policies have emphasized on self-employment to provide opportunities for part of the new entrants in the

labor force (Hytti & Gorman, 2004). To stimulate the economic growth the government of Bangladesh is putting special emphasis on new enterprise creation, women entrepreneurship and enhancing access to formal financial system for the cottage, micro and small enterprises. One third of total population of Bangladesh is between the ages of 18 and 35 years old (Ali, Roy & Bhattacharjee, 2006). It is very difficult to attain sustainable economic growth without entrepreneurial efforts of this large group of population. Bearing the fact in mind the government of the country, at present, intends to build up a supportive environment for the youth to facilitate the tools and atmosphere to succeed in their entrepreneurial activities. A glowing, self-driven and energetic young generation is rising in Bangladesh. Today's youths are better educated, tech savvy, dynamic, visionary, ambitious, pragmatic and smarter than the previous generations. The youth has the potential to create a better Bangladesh and building a knowledge-based society. It is also necessary to ensure the contribution of vigorous, hardworking and entrepreneurial youth to make Bangladesh a middle income country (GoB, 2012).

As conventional career opportunities are fading away increasingly entrepreneurial activities are becoming an important choice for young people who face a labor market crisis with high rate of unemployment. Reducing youth unemployment has become one of the important challenges for Bangladesh whose youth constitute one third of total population. Youth unemployment is an enormous waste of human resources that could contribute to socio-economic progress of the country. Boosting up youth entrepreneurship may bring multiple effects on the economy of a country resulting in increase in consumer demand and national revenue (Momen, 2005).

According to ILO (2004), reducing youth unemployment could contribute to the addition of GDP, societies may gain direct economic benefits, violence and crime as well as vulnerability and exclusion might be reduced. Decent work can, moreover, change the status of young people from social dependence to self-reliant and facilitate them to break away from poverty. It also provides young people a sense of belongingness and opportunities to achieve their visions and dreams. Hence, consistent programs and policies addressing

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the issue of youth employment are required for the country to benefit all in the long run (ILO 2005). Entrepreneurship is considered as an important and useful avenue of generating income for young people to enhance employment and creating job. Youth entrepreneurship is viewed as an alternative way of assimilating youth in the mainstream labor force and alleviating poverty. Entrepreneurship can unleash the economic prospective of youth people.

According to Chigunta (2002), self-employment, taking youth into the economic mainstream, addressing socio-psychological problems and crime coming out of joblessness, developing new expertise, encouraging creativity and flexibility, rejuvenating the local community by supplying valuable goods and services, and making young entrepreneurs receptive to new economic opportunities and trends are the main reasons for the importance of inspiring young entrepreneurs. Entrepreneurship can be a source of creating jobs and economic drive, and can advance the livelihoods and economic independence of youths in developing countries. Apart from that, entrepreneurship is an innovative way to generate income, to be self-sufficient, to earn a living, and to care for oneself (Maxwel, 2002). In order to reduce youth unemployment, one of the major challenges of Bangladesh, the need for employment creation efforts focusing on youth is undeniable. So far my knowledge goes, very few studies have been conducted from the perspective of motivating young people to engage in entrepreneurial activities. There is also a general lack of in-depth research and concrete findings on motivating and identifying start-up barriers of youth entrepreneurship especially in the context of Bangladesh. So, this study is an attempt to address this gap. The study attempts to provide a picture of youth entrepreneurship about concrete barriers and incentives to youth enterprise start-ups in particular. In this context, we examined the key challenges, constraints and deficiencies that obstruct young of Bangladesh from starting and running a successful business and at the same time the study identified the motivators, initiatives, and measures to improve the situation. It is hoped that the findings of the study will encourage policy debate on the issues that foster or impede youth entrepreneurship and the policy measures that may facilitate youth in starting and running their own business. Moreover, this study will contribute to the existing works of youth employment providing an update. Hence, the present study also serves a directory of initiatives, programs, and instruments to benefit the practitioners and policy makers in the field of youth employment, youth entrepreneurship and development of SME.

## II. REVIEW OF LITERATURE

### a) *Youth and Entrepreneurship*

Youth can be defined as transition period of an individual from childhood to adulthood. There are also differences of age limit among some Asian countries, which are as Bangladesh (18-35); India (15-34); Pakistan(18-30); Srilanka (15-29); Malaysia (15-29); Nepal (15-40); Singapore (15-30); Hongkong (10-24) etc. (Sutradhar, 2005). With a view to examining youth entrepreneurship and scrutinizing and assessing policies intended to promote it, there is a necessity of youth entrepreneurship definition. But, there is a lack of widely acceptable definition of "entrepreneurship", "entrepreneur" or "youth entrepreneurship" in the available literature yet. Accordingly, entrepreneurship is a set of actions and an entrepreneur is someone who undertakes these actions (Schnurr & Newing 1997, cited in Chigunta, 2002, p.1). According to Lewin (1941), entrepreneurship can be defined as "practical application of enterprising qualities, such as innovation, creativity, and risk-taking into the work environment (either in self-employment or in small start-up firms), using the appropriate skill necessary for success in that environment and culture". Entrepreneurship is something instinctive, rather than something that can be learned. Entrepreneurship is the realization of an opportunity to create value, and the process of acting on this opportunity, which may or may not indicate to form a new entity. While the terms such as innovation and risk taking in particular are typically related with entrepreneurship, but are not essential to identify them (Hedge & Sidh, 1960).

### b) *Barriers and Incentives to enterprise start-ups*

Mueller & Thomas (2001) have realized that cultural and social attitudes influence the drive of entrepreneurial activities of a population, a country, region or ethnic group and there is a strong relationship between culture and entrepreneurship (Birley, 1987; McGrath, Macmillan, Yang, & Tsai, 1992; Kreiser; Marino; Weaver, 2001). Cultural variations among nations are increasingly recognized as an essential factor for economic and entrepreneurial development of a nation. A socio-cultural perspective that shows respect and honor to the entrepreneurs is viewed as a source of learning experience than shame is more motivating to entrepreneurship (Basu, 2002). Culture influences the values and again differences in values have an influence on entrepreneurial behavior, the decision to become an entrepreneur, needs and motives for achievement, affiliation or the pursuit of individual and social goals, beliefs, behavior and orientation towards risk-taking, pro-activeness and self-efficacy of individuals (Harding, Cowling & Ream, 2003). Parents, relatives and friends can play a significant role on young people's outlook about entrepreneurship and in imparting positive or

negative views of business. Family background, in particular, plays a vital role in the development of entrepreneurial attitudes (Street & Sykes, 2003). A survey of Kalafaltelis & McMillen (2004) in New Zealand on entrepreneurship culture among young people also provides strong facts that parents are a key influencer. 85% of respondents claimed that their parents had influenced the formation of mindsets about business and approximately 35% reported that their parents owned a business.

Young people's attitude towards starting their own business is also influenced by the image, reputation, and credibility of entrepreneurs in a society. There is a perception in our society that starting a small business is still risky where the social environment is such that small business ventures are still perceived as overly risky activities where shortcomings outweigh its benefits.

Furthermore, young people keen to start a new business, have to cope with the particular reputation and stereotype s given to young entrepreneurs (Fowler, 2000).

Knowledge of and acquaintance with the idea of entrepreneurship as a viable career path motivates young people to become entrepreneurs. Education, in this regard, can play a vital role in creating awareness and attractiveness towards entrepreneurship. Education also facilitates to equip young people with some skills and abilities necessary to be an entrepreneur (Gibb, 1988). A society with negative perceptions towards entrepreneurship may lead to a failure in business venture. This fright of failure is recognized as a strong factor that discourages young people to involve with business. For young people, the shortage of funds, experience, skills, knowledge and awareness about changes in the business world in general are the main factors in discouraging young entrepreneurs to start commercial venture.

#### i. *Entrepreneurship education*

Another crucial factor that assists young people to build up entrepreneurial expertise, competencies, behaviors, awareness, to cope with changes, to assess entrepreneurship as career option. Education provides learning those qualities, skills, attributes to young people that will help them to be creative, adaptive, and proactive, to identify and assess business opportunities, to manage resources (DEST, 2005). Entrepreneurship teaching is not only a way to promote youth entrepreneurship and self-employment but also to prepare young people with how to take responsibility, to be flexible, to be creative needed to survive with uncertainty and risks in today's global competitive business environment (Kapitsa & Larissa, 2002). According to Charney and Libecap (2000), enterprise education is found to have significant impact on risk-taking, starting new-ventures, and the probability of self-

employment. Apart from that, entrepreneurship graduates perform better than the graduates without entrepreneurship education (Hytti and Kuopijärvi, 2004). The study of Gallaway, Anderson, Brown & Whittam (2005) on the impacts and potential of entrepreneurship education in higher education, concluded that students with enterprise module at university level are more intended to aspire for entrepreneurship within their careers than students without enterprise in their studies.

#### ii. *Access to Start-up Finance*

It is said that young people are not short on passion or guts, they are short on cash. Shortage of sufficient start-up finance is one of the most important barriers to young people trying to start their business venture. According to Moog (2005), 78% of young people, aged between 15 and 24 years old, against 73% of all other age cohorts perceived that the constraint of adequate financial support is the most important barrier than administrative hurdles or economic climate. Young people are mainly considered as risky investments and face complexities to access funds because of shortage of resources, lack of considerable credit history, satisfactory security to get loans. Young people are not likely to gain business experience, track record, or enterprise efficiencies that banks or financial institutions consider essential for evaluating credit worthiness. Moreover, young entrepreneurs also face difficulties in fulfilling strict terms and conditions relating to rating and credit scoring methods for young people.

Documentation procedures and information needed by credit lenders as well as very high interest rates and fees also impede young entrepreneurs to avail credit. According to De Sa (2005), another difficulty is related to the time needed to decide on an application for funding. Some other barriers that impede young entrepreneurs to have easy access to adequate funds are unfavorable firm characteristics and industries, legal status/form of enterprise, lack of (successful) micro lending/finance and seed funding, administrative complexities, political influence. Heidrick (2002) suggested some promotional attempts with regards to easy access to start-up financing, which are conducting research into start-up financing, provision of start-up and business capital, improving the regulatory environment for start-up finance, information and counseling on access to finance and funding.

#### iii. *Administrative and regulatory Aspects*

Legal aspects and bureaucratic complexities are also seen as impediments towards starting young enterprises (World Bank, 2005). According to the ILO (2004), 70% of the respondents of Europe (67% of respondents aged between 15-24 years) asserted that administrative constraints are identified to be a major hindrance for start-up business and self-employment. Nowadays, entrepreneurs face various administrative impediments that include businesses registration, tax

administration, obtaining investment approvals and business licenses, coping with copyright and patent regulations, competition law, access to work space and long-term leases, construction and building permits, customs clearances, utility hook-ups, delaying approval, political influence, high cost of getting approval, etc. (La Porta, Shleifer & Dianlov, 1999).

Reducing and making administrative and regulatory barriers easier and enhancing the assistance required to conform to them, will inspire the young people to start-up and run their business. Some of the key strategies, initiatives and policy-measures like encouraging tax rates and regulations, facilitating and restructuring business registration procedures and lowering costs, re-framing of bankruptcy laws, Consideration of young entrepreneurs when changing business regulations, provide information, counseling and assistance on regulatory issues

#### c) *Motivation of Youths to Engage in Entrepreneurship*

There are various factors that influence young people to start a business, which are related to their state of living, personal attitudes, preferences and objectives, interests and strengths. According to (Schuyler, 1998), economic necessity is the main driving force of entrepreneurship when there is no other alternative for generating income or making a living. Lack of employment opportunities and necessity to support household income and poverty are the important reasons to start entrepreneurial activities especially in developing and low-income countries (Chingunta, 2001). A strong desire to transform and develop the society is an important factor influencing youth entrepreneurs to start business (Chuyler, 1998).

According to (Prabhu, 1999; Henton, Melville & Walesh, 1997) personal motivations and causes of youth entrepreneurship are the need to be true to one's values and beliefs, to be socially responsible, to contribute in the health of local economy. In developed countries, as cited by young people, to be one's own supervisor, more independent and flexible, to take challenge, to earn more money, to achieve vision, to gain reputation, to have better quality of life, to carry on family traditions are the main reasons of starting business by young people. Finally, abilities and competencies of young people in particular may be an essential inspiration and catalyst to start a business.

According to Hagigi & Lin (2012), the main motivating factors for young entrepreneurship development in Bangladesh include (1) the linkage of compensation decision making with the success of decision; (2) the investment time-horizon; (3) the experience; and (4) the degree to which the responsibility is borne solely by the decision maker. By stimulating its entrepreneurship development, Bangladesh can take advantage of its population & geography to experience greater economic growth by

stimulating its young people to engage in entrepreneurial activities. Ali, et.al (2006) in another a study on An Assessment of the Effectiveness of the Ongoing Programmers of DYD revealed that the self employed respondents have created additional employment within and outside their families. In considering the importance of youth entrepreneurship development, the Department of youth Development (DYD) was established in 1981 with the vision of facilitating the unemployed youth with vocational/skill development training for gainful self employment to bring them in the mainstream of national development process. The National Youth Centre (NYC) was also established by DYD in 1998 as a human entrepreneurship development centre to transform the unemployed youth into an organized, disciplined and productive human resource by organizing training, seminars, workshops, symposium, youth summit and youth exchange programs both at national and international levels. Moreover, the centre conducts research work on youth development issues of national interest. DYD has been implementing several programs to achieve the goal of socio-economic development of the youth of this country (GoB, 2012).

### III. OBJECTIVES OF THE STUDY

The purpose of the study is to analyze specific barriers and constraints that hinder young people from starting and running a business enterprise and at the same time, incentives and stimuli that stimulate young people to engage in entrepreneurial activities. In this context, the study specifically focuses on crucial start-up issues like social attitudes, entrepreneurship education, and regulatory framework, start-up financing, and business support constraints.

### IV. METHODOLOGY OF THE STUDY

In order to complete the objectives of the study, a qualitative research approach was applied. In depth desk study along with interviewing young entrepreneurs was carried out. The desk research reviewed relevant literature relating to youth entrepreneurship, including relevant texts and journal articles, and other publications. The literature review was done with a view to summarizing and updating key information with regards to youth entrepreneurship in general and to crucial factors for engaging in entrepreneurial activities of young people in particular. Young entrepreneurs' viewpoints have also been integrated into the study.

The questionnaire was derived, with some modifications, from Schoof (2006), which is a SEED working paper of ILO on youth and entrepreneurship. To use the questionnaire permission was taken from the Library Section of ILO Office and the author of the paper through an E-mail. The questionnaire was used to obtain young entrepreneurs' perceptions and opinions

regarding the challenges, barriers, and incentives to start and maintain in entrepreneurial activities. The questionnaires also provided the study with practical experience, motivating examples, observations, and quotes of different young entrepreneurs of the sample area, Chittagong, the second largest city of Bangladesh. Any sort of quantitative analysis was not undertaken in this study due to the small size of sample.

At first a list of 68 young entrepreneurs was prepared and out of this list, 52 young entrepreneurs from Chittagong were contacted and requested to fill up the questionnaire. 52 questionnaires were distributed among the contacted young entrepreneurs by a group of three members in the sample area and a total of 47 completed questionnaires were returned. After removing the ones with missing data, 44 useable questionnaires with a response rate of 84.6% were selected for analysis. So, the sample of the study is 44 young entrepreneurs selected purposively and conveniently from Chittagong, the second largest city of Bangladesh, for easy access and collecting data and opinions smoothly.

With this small sample size, it would be inappropriate to draw representative conclusions for the young entrepreneurs of Chittagong. Further, the collected perceptions, opinions, experiences were described and analyzed in the light of barriers, hindrances and incentives to engage in entrepreneurial activities by young people applying a qualitative approach.

## V. ANALYSIS OF DATA

### a) Start-up Challenges, Motivators and De-motivators

Table 1 : Start-up Challenges

Sl.	Challenges	Percent
1	Traditional middle class mindset	43%
2	Knowledge-based innovation neglected	74%
3	Bureaucratic and technical problems in starting a new venture.	71%
4	Absence of special policy strategies for young entrepreneurs.	58%
5	Ineffective strategic partnership between established & new partnership	67%
6	Improper branding and access to international market.	37%

The challenges faced by the young entrepreneurs to start a business are shown in table 1. It is seen from table 1 that lack of knowledge-based undertakings is the most important challenges in starting a new venture. Here business start-up process is time consuming, cumbersome, complex, because of bureaucratic and technical hurdles in starting a new venture. Young entrepreneurs also face inexplicable delay and feel discouraged. Strategic partnership, the third most important, is another problem for starting a business.

Table 2 : Factors Influence to be Entrepreneurs.

Sl.	Motivators	Percentage
1	To be your own boss	76%
2	To earn more money	72%
3	To realize your ideas/vision.	65%
4	To do something new	58%
5	To seek new challenge	44%
6	To connect your job/business with your passion/hobby	42%
7	To be respected	27%

"The main reason of starting the business was to be my own boss and, to find an activity to earn enough to live decently and to achieve economic growth". (Syed Rifat, a young entrepreneur from Chittagong, Bangladesh). "In a developing country like Bangladesh where unemployment is a big problem, starting up a business is the only way to find employment and to earn money, if you are young and educated". (Tasnova Akter, A young women entrepreneur in Chittagong). It is reported from table 4 that the main drivers of young entrepreneurs are to be their own boss, to earn money, to realize their ideas or vision. A young entrepreneur mentioned that "I engaged in business to gain financial and personal freedom". Table 4 outlines the results of factors influencing young people to be entrepreneurs. It is seen from table 4 that the main factors influencing young people are to be their own boss, to earn more money and to achieve their vision. Doing something new, seeking new challenge and passion also influence youths to start up business venture.

Table 3 : Influencers to start a business

Sl.	Influencers	Mean
1	Parents & family	4.16
2	Entrepreneurs	3.92
3	Teachers or lectures	3.81
4	Media (TV, Radio, Internet) coverage of businesses and business people	3.67
5	Career advisers	3.23
6	Friends	2.31
7	Others	1.27

Table 5 shows mean scores of different influencers who encourage, discourage young entrepreneurs to start-up a business. The main influencers, according to the opinions of respondents, are parents & family, entrepreneurs, and teachers or lectures. Different media like TV, Radio, Internet, etc. career advisers and friends also play an important role to encourage or discourage young people to engage in business activities. According to a young entrepreneur named as Md. Anisur Rahman from Chittagong, "My family gave me a strong support in my endeavor to start a private business, but they have always been telling me how risky it is to start any king of business today". "Garments were a family business. My parents are both

accountants and it is natural that I would enroll at the faculty of Business". (Md. Shah Alam, a young entrepreneur of Chittagong).

**Table 4 :** De-motivators/fears to engage in business

Sl.	De-motivators	Mean
1	Financial risks	4.28
2	Access to finance – Capital to invest	4.17
3	Market Demand	3.96
4	Competition	3.84
5	Political Instability	3.75
6	Lack of skills	3.61
7	Administrative hurdles	3.44
8	Social (protection) risks or costs	3.18
9	Corruption	3.36
10	Workload	3.21
11	Gender	3.07
12	Shame associated with failing	2.12

Table 6 displays the opinions of respondents regarding de-motivators or fears that refrain young people to engage in entrepreneurial activities. Financial risks, access to finance, market demand, completion and political instability and influence are the key de-motivators that create fears among young people to start new business venture. Less frequently cited factors include lack of skill, administrative hurdles, social risks, corruption workload etc.

**Table 5 :** Problems of Running a Business  
(in percentage)

SI	Particulars	Percentage
1	Difficulties in attracting funding to the business	56
2	Not being taken seriously by colleagues or business contacts	47
3	Age discrimination by institutions or the government.	38
4	Age discrimination by suppliers or customers	22
5	Lack of support from family or friends.	12
6	None of these.	24

Table 5 outlines the problems faced by the young entrepreneurs in terms of running a business. It is noticed from table 3 that most of the respondents reported that attracting funds from several sources is the key problem for running their businesses. Because of their age, life and experience, young entrepreneurs are not taken seriously by older ones. The result is consistent with the study of Hagigi & Lin (2012) that 'not being taken seriously' and 'age discrimination' is two of the biggest problems faced by young entrepreneurs in the course of running business.

## b) Start-up Financing

**Table 6 :** Constraints to Start-up Financing

Sl.	Constraints	Percentage
1	Lack of personal savings and resources	67
2	Lack of securities and credibility (for debt financing)	58
3	Lack of business experience and skill (for debt financing)	53
4	Strict credit-scoring methodologies and regulations.	43
5	Complex documentation procedures	35
6	Long time needed to decide on an application for funding.	31
7	Lack of knowledge, understanding, awareness of start-up financing possibilities.	22
8	Unfavorable firm characteristics and industry.	16
9	Legal status/form of enterprise.	15
10	Lack of (successful) micro lending/finance and seed funding.	9

It is noticed from table 7 that the most important constraints that young people face in accessing funds for their business venture are: lack of personal funds, lack of sufficient collateral or guarantees to secure loans, lack of business skills and experience that young people are unlikely to have, meeting strict credit scoring criteria required by many commercial lenders of credit, and documentation procedures and information required by lenders.

The opinion of a young entrepreneur is given here. "I was considering the option for taking a bank loan, but I have given up on the idea, as bank interests are extremely high (18% per year), grace period is very short or it does not exist at all, conditions for granting a loan are very unfavorable, procedures are very complicated .So, taking a bank loan was very unfavorable, and I did not want to be restricted at the beginning with loan and high bank interests."

Another entrepreneur, Md. Aatur Rahman doing business in RMG Sector, mentioned that "It is ironic that the people who need the most have the least guarantees, are asked to underwrite loans at 18-20 percent interest".

In some cases it is seen that due to lack of knowledge and information young people are not aware about several types of financing and support programs and often they do not understand the benefits, possibilities, and drawbacks of different forms of debt and equity financing. An entrepreneur said, "I have accessed the start-up funds quite easily, because my parents have provided me with the money. If I did not have their financial support, I probably would not have started this business. Even in later stages, when I had problems with lack of my own money to expand the

business, I did not decide to take a loan, but instead I borrowed money from my parents”.

Further the respondents were asked to mention how to improve the access to finance. In response they mentioned that to improve and expand the access to finance for young people. Some promotional efforts like provision for grants and free money, facilitating debt financing for young people, fostering equity finance, transparent rating procedures and risk assessments, shortening and simplification of documentation procedures, verifying and differentiating lending criteria, information and counseling on access to finance.

### c) Educational constraints and Influence of Education

**Table 7 :** Key educative constraints

Sl.	Constraints	Percentage
1	General lack of introduction and adoption of enterprise education.	74
2	Inadequate curricula and study programs	67
3	Lack of business and education linkages	61
4	Wrong learning methods	52
5	Lack of trained and educated teachers.	38
6	Lack of ICT infrastructure/capability	31
7	Lack of career information and business possibilities	27
8	Negligence of students' personal environment (parents and family members)	16

The key shortcomings and constraints in the current education structure of Bangladesh are presented in table 7. The key educative constraints are lack of introduction and adoption of entrepreneurial education, inadequate curricula and study programs; lack of business and education linkage. Enterprise education simply does not exist or has not been adopted on different levels of education (Haftendorf & Salzano, 2004), and teaching of entrepreneurial skills, attributes, and behaviors (European Commission, 2004), lack of relationship between educational institutions and business community exist in developing countries particularly (Galloway et al., 2005). A young entrepreneur said “We were educated and encouraged to be managers, not entrepreneurs”. Teachers have limited experience on small business and self-employment and are not adequately trained to teach entrepreneurial skills. There is still clear lack of practical, experimental, and teamwork learning. Tools, resources and information are not also readily available. Lundstrom (2005) suggested some promotional programs like curricula and study programs, information resources and materials, business activities and events, and simulation games to follow to overcome educational constraints to motivate young people to engage in businesses.

**Table 8 :** Influence of Education

Sl.	Particulars	Percentage
1	Strongly supported my entrepreneurial career	84
2	Influenced my entrepreneurial career positively	76
3	Had no influence on my entrepreneurial career.	9
4	Had a negative influence on my entrepreneurial career.	0
5	Impeded my entrepreneurial career.	0

The results of influence of education on entrepreneurial activities, as shown table 8, showed that there is a significant influence of education as reported by 84 percent of respondents. A young women entrepreneur said regarding education, “Education is a key issue. Schools should send out the message that being an employee is not the only option after the completion of studies. The advantages of being an entrepreneur should be promoted and the hopes of those young entrepreneurs who face the risks of starting their own business should be nurtured. Virtuous examples to follow should be provided to those still doubtful among potential young entrepreneurs, in order to give them more confidence and demonstrate that it is indeed possible to become a successful entrepreneur, even in young age.”

### d) Regulatory Barriers

**Table 9 :** Administrative and Regulatory Barriers

Sl.	Influencers	WA
1	Unsupportive tax systems and tax levels	3.74
2	Business registration procedures and costs	3.51
3	Ineffective competition law	3.43
4	Property rights, copyright, patent and trademark regulations	3.34
5	Changes in regulatory framework and lack of transparency	2.14
6	Bankruptcy laws	1.17

The main administrative hurdle, as shown in table 8, is unfavorable and complex tax systems which may destroy new business in the starting phase. Another major obstacle for young entrepreneur is the time needed to start up business which is related to bureaucracy, corruption and lack of transparency or accountability. Mr. Tabarak Hossain, a young entrepreneur, said “the registration process is the biggest hurdle: it is complicated, full of redundancies, obsolete and too time consuming”. Due to ineffective competition law and trade liberalization policies have increased completion. The risk of losing one's property is another important constraint for young people to start a business. According to De Sa (2005), in developing countries, the procedures are often associated with bureaucracy, corruption and lack of transparency or accountability. It is also mentionable here that there are



no monetary costs to set up business in Denmark (World Bank, 2005). Poor enforcement of copyright, patent and trademark regulations may largely disadvantage young people who are not usually familiar with these issues.

Minimizing and simplifying regulatory and administrative hurdles and maximizing the support will make it easier for young people to start-up and run their business. Some of the important suggestions given by respondents are as: (i) supportive taxation regulations and rates, (ii) facilitating and streamlining business registration procedures and lowering costs, (iii) considering young entrepreneurs when changing business rules and regulations; (iv) providing information, counseling and assistance on regulatory issues. The young entrepreneur should be exempted from all kinds of taxes, charges, overhead costs until a certain profit level is reached (Street & Sykes, 2003).

e) *Constraints of business assistance and support*

*Table 10* : Constraints of Business Support Services

Sl.	Constraints	Percentage
1	Lack of contracts, suppliers, suitable partners and networks.	68
2	Lack of training and advice for young start-ups.	61
3	Lack of knowledge of available business support services.	54
4	Lack of trained counselors, development workers and adequate support agencies.	50
5	Lack of mentoring capacities.	46
6	Lack of work space and ICT infrastructure.	42
7	Lack of exchange networks	37
8	Lack of other business development services.	26

The results of important constraints in business assistance and support where young people face particular difficulties and severe challenges are presented in table 10. 68 percent of young entrepreneurs reported business idea, contacts, and networks as the most important challenge to start and survive with small business. There is a lack of tailor-made training and counseling focusing on technical aspects of starting-up a business, according to 61 percent of respondents. Durby (2004) in his study of UK found that young entrepreneurs need support services to be tailored to their needs. Enterprise and support agencies are not to young entrepreneurs. In general, there are few enterprise agencies or centers that provide business advice, training, guidance, to young people. In developing countries there is a lack of particular business support for young entrepreneurs seeking to expand and further develop their enterprise (White & Kenyon, 2001). According to the opinions of respondents, the promotional efforts like research on

business assistance, provision of training, guidance, and counseling; working infrastructure; enterprise integration and linkage may be suggested to improve business assistance and support for young entrepreneurs in Bangladesh.

## VI. CONCLUSION AND RECOMMENDATIONS

The study aim analyze constraints that hinder young people from starting and running a business, and at the same time incentives that makes starting a business a viable alternative for young people for young people in Bangladesh. The results of the study suggest that lack of knowledge-base undertakings is the most important challenge followed by bureaucratic and technical hurdles for starting a new business. Being boss of their own, earning money and seeking challenge are important motivators to be an entrepreneur. Parents & family, successful entrepreneurs, and teachers or lectures are the key influencers for young people to engage in entrepreneurial activities. As regards demotivators to engage in business, the respondents opined that financial risks, access to finance and market demand are the most important de-motivators that create fears among young people to start new business ventures. According to respondents, the main problems they faced while running a business are difficulties in attracting funds for the business, negligence of colleagues, and age discriminations by institutions. Lack of personal savings, securities and credibility, and experience and skill for debt financing are the key constraints to start-up financing. The key educative constraints as reported by the young entrepreneurs are lack of introduction and adoption of enterprise education, inadequate study curricula and programs, and lack of business and education linkage. Most of the respondents also opined that education influenced and supported their entrepreneurial career positively. The sample young entrepreneurs faced regulatory and administrative hurdles with tax systems, registration process and costs to start and run their business enterprises. Lack of contracts, suppliers, suitable partners and networks, training and advice, and knowledge, trained counselors are the main barriers related to business support services.

According to OECD (2001), for the promotion of entrepreneurial activity among youth new programs need to be developed in different cultural and national settings showing more varieties in their contents and mechanisms. Initiatives and policies to promote youth entrepreneurship should focus on the main factors that facilitate and stimulate, or hinder and impeded, the entrepreneurial activity of young people. To address the huge variety of barriers and difficulties young entrepreneurs face, it becomes obvious that primary research is urgently required to get a better understanding of the specific problems and needs of

young individual and entrepreneurs in Bangladesh. An appropriate review of quality and range of data and statistics regarding youth in general, and entrepreneurship and self-employment among young people in particular (YEN, 2005). Objectives and accurate impact assessment and evaluation of introduced programs and initiatives are also important to improve entrepreneurial conditions for young people (Greene & Storey, 2005). Long, medium, and short-term orientation investments have to be carefully examined with regard to their costs and their expected effects.

Promotion of enterprise education is the heart of any youth entrepreneurship policy. Identifying and filling the gaps in this field should be the prime task of any government and country. Positive attitudes can be promoted through raising awareness and familiarizing young people with entrepreneurship as a valuable career path. Enterprise education improves young peoples' general employability on labor market. Moreover, enterprise education may enable them to overcome many of the existing barriers. According to White & Kenyon (2001), interventions in entrepreneurship education can be resource intensive and are in general long-term investments.

It is apparent that promotion of youth entrepreneurship is a field which is conclusive for public-private partnership and collaboration. Bringing various partners closer together on a national, regional and local level is therefore particularly beneficial.

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