

Factors Affecting the Women Entrepreneurship Development in Small and Medium Enterprises (SME) in Bangladesh- An Evaluative Study

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Abstract

Women entrepreneurs contribute significantly to the development of the economy of Bangladesh. The paper aims to analyze the factors affecting the women entrepreneurship development in small and medium enterprises (SME). A thirty one item questionnaire with Likert type scale was used for collecting data in this study. During data collection, convenience-sampling technique was used. Data for the study were collected from hundred respondents, who were the manager or owner of different organizations, were asked to rate themselves on the printed survey materials. Collected data were analyzed using the sophisticated statistical technique "Factor Analysis" nine Principal Component Analysis. The study revealed that six factors affect the women entrepreneurship development in SME based on factor loadings and named as government and administrative factor, financial support factor, strategic management factor, political and legal factor, infrastructural factor and entrepreneurship education factor.

Keywords: Factor analysis, Women entrepreneurship development

1.1 INTRODUCTION:

There is no denying the fact that, Bangladesh is still a poor country, but she is rich in human resources. In Bangladesh, women constitute slightly less than half of the total population. The majority of them are underprivileged, under nourished, illiterate and poor. From the very beginning of the civilization, they had been confined into household activities for example child rearing and caring but had no religious and ethical reason behind this. Moreover, in some cases they had been promoted to do business by performing religious values and norms. Now this is the age of globalization, everyone wants to build a society without gender discrimination, specially in business arena. So the women have not only same privileges to do business in any sector but also may get some advantages to do their desired business for example beauty parlor, boutique shop. Therefore, time has come to flourish their inherent potentiality by providing required space. It is not only for women's own benefit but also for socio economic development and for women empowerment in the society. Entrepreneurship is not a silky task and is not very easy for all. It is an effort to do something in productive manner by considering risk factor associated with the desired drives of individual or a group of individual. It is very much challenging and strategic effort is required to sustain in long run gain. Karl H. Vesper defined the overall field of entrepreneurship as the creation of new ventures by individuals or small groups. Marshal expanded entrepreneurship as: a) Structuring of organization through division of labor, b) formulating plans and policies to be executed by subordinate, c) innovating and d) bearing risk. E.E. Hagen described entrepreneurship as creating opportunities for investment and production, establishing an organization capable of introducing production and non-production process, accumulation of capital, collection of raw materials, innovating new production techniques and new products, searching for new sources of raw materials, the selection of efficient manager to run the day-to-day affairs of the organization. In case of lower middle class society, entrepreneurship was more challenging and so-called socio- religious constrains was for them. Time has been changed. Many women have come forward to change their fate. They are playing an economic contribution to family and society. All of them are not hundred percent successful in all avenues, simultaneously all are not failure. A lot of inter connected and intra related forces and entities related to that. These affect their entrepreneurship from initial stages to around the business cycle. To cope with the global changes woman of Chittagong also has established a lot of small business concern with limited capital. It is a matter of interesting that, these women are involved in multi-sectored business.

1.2 OBJECTIVE OF THE STUDY: The objective of the study is to examine the factors affecting the women entrepreneurship development in Small and Medium Enterprises (SME) in Bangladesh. The study also evaluates the policy of the government to enhance the women entrepreneurship development in SME.

1.3. RESEARCH METHODS:

1.3.1 Sample Design: The sample of the study was the manager or owner of different organizations in Chittagong metropolitan area. These organizations were classified into different industry of the economy (Table-1). A convenience sampling technique was used to select the organizations. The respondents were all either graduate or postgraduate managers. They are an icon in the concerned positions of those organizations.

Table-1: Distribution of sample units (according to the nature of industry)

No.	Nature of Industry	Percentage (%) in Total
1	Food and Allied	30
2	Textiles	26
3	Paper and Printing	15
4	Chemicals and Pharmaceuticals	14
5	Engineering	15
	Total	100

Source: Field Survey

1.3.2. Data Collection: Primary and secondary data were used for the study. Primary data were collected through the printed self developed survey questionnaire followed by personal visit. The secondary data collected from journals, books, magazines, reports and websites.

1.3.3. Survey Instrument: The survey instrument (questionnaire) was administered among the respondents in the different organizations of Bangladesh. A 31-item questionnaire was designed by the researchers to gather primary data. The respondents were asked to rank each item on a 5-point Likert scale (5=strongly agree---, 1=strongly disagree) to identify key factors responsible for women entrepreneurship development in SME. In this study, "Factor Analysis" (Principal Component Varimax Rotated Factor Analysis Method) was used to reveal the major dimensions of women entrepreneurship development.

1.4. LITERATURE REVIEW:

Women entrepreneurs constitute less than 10% of the total business entrepreneurs in Bangladesh, whereas women in advanced economies own more than 25% of all businesses. It is heartening to note that despite many barriers, a new group of women's entrepreneur has risen in the country. They are taking challenges to work in a male-dominated, competitive and complex business environment. Not only they improved their living standard and respect within family but also they contributed to business, export growth, supplies, employment generation, productivity and skills development of Bangladesh. A recent United Nations (UN) report concluded that economic development is closely related to the advancement of women (Hua, 2006). A recent survey data of BBS (Bangladesh Bureau of Statistics) revealed that women own only 2.8% of all enterprises outside agriculture in Bangladesh. This figure exposed that while progress is being made towards the equality of women and men in the decision making level women remain under-represented (Yeameen, 2008). According to the International Labour Organization report (1980), "Women are fifty percent of the world's population, do two-third of the world's work hours, receive ten percent of the world's income and own less than 1% of the world's property".

Parvin, et al (2012), studied the women entrepreneurship development in Bangladesh and identified some challenges and obstructions from socio-cultural environment. They pointed out that it is too tough to work in male dominated society. They also suggested some pragmatic initiatives regarding policy implication and self cognizant.

Rummana and Chowdhury, (2011), examined the significant contribution of women entrepreneurs. They also showed a long term budgetary gap (little or inadequate allotment) towards proper development. In addition to that, they identified the implementation gap from sanctioned budget for various bureaucratic procedures. They suggested, gender budget can be a solution to overcome this gap.

Nawaz, (2009), critically examined the factors of women entrepreneurship development in rural Bangladesh. He classified the factors in three clusters like regulative, normative, and cognitive.

Nawaz, (2012), focused on the success of rural women entrepreneur who has taken the credit from Rajshahi Krishi Unnayan Bank (RAKUB). She excellently explored the change of women entrepreneurs by taking loan from RAKUB. In social and Economic viewpoint, it had huge interest burden of disbursed loan.

Okafor and Mordi, (2009), investigated that the development of women entrepreneurship has negative correlation with government policy in Nigeria. They emphasized on the environmental factors for the Women Entrepreneurship Development (WED) from empirical study. They pointed out woman entrepreneurs are the central force for overall development.

Bertaux and Crable, (2007), explored that Indian women are traditionally involved in home based

work. At present, they are doing outdoor financial activities by the help of various NGO (Non Governmental Organization). They are empowered by micro credit, small loan, and other entrepreneurial assistance.

2. FINDINGS AND ANALYSIS:

2.1. Evaluation of Government policy in promoting women entrepreneurship development in Bangladesh:

Women participation in entrepreneurial advancement in Bangladesh is not adequate and the rate of this progress is not up to mark. In fact, almost eight millions women are contributing to GDP (Gross Domestic Product) growth rate by working in Ready Made Garments (RMG). Women are considered as supporting part of male dominated economic empowerment. By the passage of time stakeholder has realized that without development of women's entrepreneurship skill, sustainable economic growth is impossible. To materialize this reality the government has taken some pragmatic initiatives to promote women entrepreneurship development. Bangladesh Bank, Ministry of Finance and Ministry of Industry and others authority have adopted comprehensive strategies. To ensure the availability of credit Bangladesh bank has circulated to disburse loan at flat rate only bank rate +5%. Bank and financial institution has got the authority to give loan up to 25,00,000 only with personal pledge if it is only female or female dominated business unit. To ensure more attachment of women in entrepreneurial activities banks are suppose to help them by launching special women desk which is supervised by women executive. This desk is only dedicated to women entrepreneurship development at each and very branch. Moreover, 15% of the refinance scheme of the SME is only for women entrepreneurs (ACSPD Circular No. 06, dated 05/05/08).

The issue of the women development remains in the ministry of women and children. However, this ministry represents almost 75% of the population but they have no remarkable allotment in ADP (Annual Development Program). They are only confined to ethical and social issues of women. Even from 2006 to 2010 there was no women entrepreneurship development project. They facilitate few training and workshop to women entrepreneurship development with the collaboration to SME Foundation.

As Bangladesh inherited a mixed economic system from the very beginning of 1971, they established a well documented Industrial Policy in 1973 with the coordination to finance ministry. Government has recognized that SME is the driven force for economic development and Government established SME cell under the Ministry of Industry in 2005, but this had insignificant focus on women entrepreneurship development.

In Industrial Policy 2005, the government had given more emphasis on women participation in industrialization and active participation in manufacturing process. In 9th industrial policy the government has targeted that contribution of industrialization in 2021 will be 40% from 28% by involving 45% of total population. It is an indication of women entrepreneurship development.

2.2. Identification of Factor Influencing the Entrepreneurship Development in SME:

The factors under study have been subject to analysis of Iso-order Correlation Matrix identification of principal factors with Kaiser Techniques and Rotated Factor Matrix. Finally, ranking of factors have been made on the basis of factor scores derived from regression technique. Researcher has identified variables influencing the women entrepreneurship development in SMEs on the basis of opinions of experts, practitioners and professionals and review of existing literatures which are tabulated below in table (Table-2). So far our knowledge, no study has been made on the factors influencing women entrepreneurship development in SMEs. The researchers have collected opinions of 100 sample professional on five point Likert scale in order to identify the factors that influence the women entrepreneurship development in SMEs. Varimax Rotated Factor Analytical Techniques have been employed for grouping the variables based on their inherent relationship and finally ranking the group on the basis of their magnitudes. The study has identified the variables undertaken for the study as most significant based on mean score, opinions taken of five point Likert scales, as shown in Table-2. It is evident from Table-2 that, thirty one variables have been found influencing the entrepreneurship development in SMEs. These are showed in following table.

Table-2: The variables influencing entrepreneurship development on SME based on Mean Weighted Scores.

Variables	Factor	Mean Weighted Scores
Most Important		
X2	Liberal Industrial Policy	4.00
X8	Assistance from supportive agencies	4.10
X10	Incentives provided by govt.	4.033
X12	Entrepreneurship education	4.267
X13	Access to skill training	4.266
X16	Availability of information	4.166
X18	Working capital	4.367
X23	Favorable tax and licensing policy	4.133
X24	Leadership qualities	4.533
X27	Motivation of financial and non financial incentives	4.166
X28	Business Plan	4.33
X30	Credit management	4.233
X25	Financial agency and collaterals security	4.333
X31	Support of husband	4.654
Important		
X3	Adequate infrastructures facilities	3.40
X1	Political stability	3.667
X4	High earnings potentiality	3.40
X5	High market demand	3.90
X6	Technical knowledge	3.967
X7	Previous experience	3.133
X14	Business infrastructures	3.933
X17	Improving promotion	3.267
X20	Economics research	3.033
X21	Industry feasibility study	3.733
X29	Marketing Products	3.533
Less important		
X9	Export policy	2.933
X11	Maintaining law and order situation	2.966
X15	Production manual	2.93
X19	Venture capital	2.866
X22	Establishing input availability	2.767
X26	Raising of capital from capital markets	2.70

Note: Data have been compiled by the researchers

It can be observed from Table-2 that among identified factors liberal industrial policy, assistance from supportive agencies, incentives provided by government, entrepreneurship education, access to skill trainings, availability of information, working capital, favorable tax and licensing policy, leadership qualities, motivation of financial and non-financial incentives business plan, credit management, financial agency and collaterals security, support of husband as the most important factors associated with women entrepreneurship development in SME. It has also identified that eleven other factors, as important on the same basis. These are adequate infrastructures and facilities, political stability, high earning potentiality, high market demand, technical knowledge, previous experience, business infrastructure, improving promotion, economic research, industry feasibility study and marketing products.

This study has identified six factors as less important which are export policy, maintaining law and order situation, production manual, venture capital, stabilizing input availability, raising of capital from capital markets.

2.3. Principal Component Analysis:

A principal component factor analysis with Varimax Rotation was performed for items or dimensions indicating women entrepreneurship development in SME. An examination of Eigen values has led to the retention of six factors. These factors have accounted for 23.805%, 20.309%, 13.967%, 9.10%, 8.15% and 5.66% of variation. This implies that the total variance accounted by all six factors is 81.03% and the remaining variance is explained other factors. The rotated factor matrix has been shown in Appendix-1. This shows that variables

under study have constituted six groups factors, which have been discussed in the following.

2.4. Analysis of Factors:

Factor-I: Entrepreneurship Education Factor

Variables	Factors	Factor Loading
X6	Technical knowledge	0.521
X12	Entrepreneurship education	0.794
X13	Access to skill training	0.684
X20	Economic research	0.769
X27	Motivation of financial and non financial incentives	0.724
X28	Business plan	0.810
	Variance accounted for	23.808

Note: Data have been compiled by the researchers

Factor-1 explains 23.808% of the total variations existing in the variable set. This includes variables X6, X12, X13, X20, X27 and X28. This factor has significant factor loading on these variables that have formed a major cluster, which belongs to technical knowledge, entrepreneurship education, access to skill training, economic research, motivation of financial and non financial incentives and business plan. Therefore, it provides a basis for conceptualization of a dimension which may be identified as entrepreneurship education factor.

Factor-II Financial Support Factor

Variables	Factors	Factor Loading
X7	Previous experience	0.528
X18	Working capital	0.769
X19	Venture capital	0.829
X22	Establishing input availability	0.827
X25	Financial agencies and collaterals security	0.894
X26	Raising of capital from capital markets	0.727
	Variance accounted for	20.309

Note: Data have been compiled by the researchers

Factor-II explains 20.309% of the total variation existing in the variable set that includes X7, X18, X19, X22, X25 and X26. This factor has also significant factor loading ranging from moderate to high on these variables, which formed second important cluster. This factor is concerned with previous experience, working capital, venture capital, stabilizing input availability, financial agencies and collaterals security, raising of capital from capital markets. So this factor has provided a basis for conceptualization of a dimension, which may be identified as financial support factor.

Factor-III: Strategic Management Factor

Variables	Factors	Factor Loading
X5	High market demand	0.655
X14	Business infrastructure	0.803
X29	Marketing products	0.890
X30	Credit management	0.815
X24	Leadership qualities	0.719
X16	Availability of information	0.810
X31	Support of husband	0.832
	Variance accounted for	13.967

Note: Data have been compiled by researchers

Factor-III explains 13.967% of the total variation existing in the variable set. This includes X5, X14, X29, X30, X16, X24 and X31. This factor has significant factor loading ranging from moderate to high on these variables which formed third important cluster. This factor is concerned with high market demand, business infrastructure, marketing products, credit management, leadership qualities, availability of information and support of husband. These provide a basis for conceptualization of a dimension, which may be identified as strategic management factor.

Factor-IV: Government and Administrative Factor

Variables	Factors	Factor Loading
X4	High earning potentiality	0.548
X10	Incentives provided by government	0.843
X23	Favorable tax and licensing policy	0.846
X2	Liberal industrial policy	0.890
	Variance accounted for	9.101

Note: Data have been compiled by researchers

Factor-IV explains 9.101% of the total variations existing in the variable set that includes variables X4, X10, X23 and X2. This factor had significant factor loadings on these variables, which have formed this major cluster. It includes high earnings potentiality, incentives provided by government, favorable tax and licensing policy. It provides a basis for conceptualization of a dimension, which may be identified as government and administrative factor.

Factor-V: Infrastructural Factor

Variables	Factors	Factor loading
X3	Adequate infrastructure facility	0.517
X8	Assistance from supportive agencies	0.769
X21	Industry feasibility study	0.822
X9	Export policy	0.603
X15	Production manual	0.843
	Variance accounted for	8.152

Note: Data have been compiled by researchers

Factor-V, explains 8.152% of the total variations existing in the variable set. This includes X3, X8, X21, X9 and X15. This factor has ranging from moderate to high factor loadings on these variables which formed a fifth important cluster. It includes adequate infrastructure facility, Assistance from supportive agencies, industry feasibility study, export policy, and production manual. It provides a basis for conceptualization of a dimension which may be identified as infrastructural factor.

Factor-VI: Political and Legal Factor

Variables	Factors	Factor loading
X1	Political stability	0.866
X11	Maintaining law and order situation	0.674
X17	Improving promotion	0.648
	Variance accounted for	5.666

Note: Data have been compiled by researchers

Factor-VI, explains 5.666% of the total variations existing in the variable set, which includes X1, X11 and X17. This factor has been ranging from moderate to high factor loadings on these variables which have formed a six important cluster. It is concerned with political stability, maintaining law and order situation and improving promotion. It provides a basis for conceptualization of a dimension, which may be identified as political and legal factor.

2.5. Ranking of Factor:

Finally, the ranking obtained based on factor wise weighted average scores are shown in the following table:

Ranking of the factors according to weighted factor score

No.	Factors	Weighted Factor Score	Ranking
I	Entrepreneurship education	2.21	6
II	Financial Support	2.61	2
III	Strategic management	2.46	3
IV	Government and administrative	3.07	1
V	Infrastructural	2.29	5
VI	Political and legal	2.43	4

Note: Data have been compiled by researchers

The government and administrative factor includes high earning potentiality, incentives provided by the government, favorable tax and licensing policy and liberal industrial policy. It implies that government policy strategy influence the women entrepreneurship development in SME of sample companies. The second important factor ranking shows the factor-II financial support factor as the most important factor. This factor includes previous experience, working capital, venture capital, establishing input availability, financial agencies and collaterals security, rising of capital from capital markets. The third important factor is factor III strategic management factor. This factor includes high market demand, business infrastructure, marketing products, credit

management, leadership qualities, availability of information and support from husband. This Factor reflects the influences of strategic management in sample companies. The fourth important factor is political and legal factor which includes such as political stability, maintaining law and order situation, and improving promotion. This implies that political stability strategy influences the women entrepreneurship development of the sample companies. Other important factors are infrastructural factors and entrepreneurship education factor in order of their magnitudes.

3. CONCLUSION:

This study is based on empirical and theoretical ones. The identification of the influencing factors of women entrepreneurship development in SME is based on the opinions survey of the selected respondents. The study has identified the following factors under six broad categories namely:

1. Government and administrative factor
2. Financial support factor
3. Strategic management factor
4. Political and legal factor
5. Infrastructural factor
6. Entrepreneurship education factor

In the government and administrative factor high earnings potentiality, incentives provided by government, favorable tax and licensing policy and liberal industrial policy have been found as the most important ones as judged from the Varimax Rotated Factor analysis. Undeniably, it can be inferred that, a significant progress of women entrepreneurship is a must for macro level development. To materialize this government is trying more but their steps are not enough to attain the goal. This study has identified the influencing factors. Future research gap is how these constraints can be overcome. This is for further research. In the financial support factor, previous experience, working capital, venture capital stability input variable, financial agencies and collaterals and raising capital from capital markets and so on. In the strategic management factor, high market demand, business infrastructure, marketing's products, credit management, leadership qualities availability of information and support from husband have observed the most important factors. In the political and legal factors political stability maintaining law and order situation and improving promotion have been observed it as the most important factors. In the infrastructure factor adequate infrastructure facility, previous experience, industry feasibility study, export policy, production manual have been observed the most important factor. In the entrepreneurship education factor, technical knowledge, entrepreneurship education, access to skill training, economic research and business plan have been observed the most important variables.

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Appendix:-1
Rotated Component Matrix

Factors	Component					
	1	2	3	4	5	6
Liberal Industrial Policy				0.890		
Assistance from supportive agencies					0.769	
Incentives provided by government				0.843		
Entrepreneurship education	0.794					
Access to skill training	0.684					
Availability of information			0.810			
Working capital		0.769				
Favorable tax and licensing policy				0.846		
Leadership qualities			0.719			
Motivation of financial and non financial incentives	0.724					
Business plan	0.810					
Credit management			0.815			
Financial agency and collaterals security		0.894				
Support of husband			0.832			
Adequate infrastructures facilities					0.517	
Political stability						0.866
High earnings potentiality				0.548		
High market demand			0.655			
Technical knowledge	0.521					
Previous experience		0.528				
Business infrastructures			0.803			
Improving promotion						0.648
Economics research	0.769					
Industry feasibility study					0.822	
Marketing products			0.890			
Export policy					0.603	
Maintaining law and order situation						0.674
Production manual					0.843	
Venture capital		0.829				
Establishing input availability		0.827				
Raising of capital from capital markets		0.727				

Exaction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization

a. Rotation converges in 6 iteration.

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