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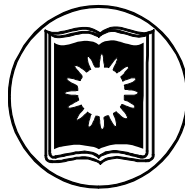
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**SUCCESS FACTORS OF MICRO, SMALL AND  
MEDIUM ENTERPRISES: A STUDY ON  
BANGLADESH**

**M. Phil. Dissertation**

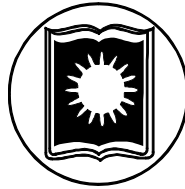
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BANGLADESH**

**January, 2020**

# SUCCESS FACTORS OF MICRO, SMALL AND MEDIUM ENTERPRISES: A STUDY ON BANGLADESH



**This Dissertation Submitted to the Department of  
Marketing, University of Rajshahi for the Partial  
Fulfillment of the Degree of  
Master of Philosophy**

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*Dedicated*  
*To*  
*My Little Angel*  
*Misty Srijeeta*

## DECLARATION

I hereby declare that the dissertation entitled **SUCCESS FACTORS OF MICRO, SMALL AND MEDIUM ENTERPRISES: A STUDY ON BANGLADESH** submitted by me for the fulfillment of Master of Philosophy degree from University of Rajshahi, Rajshahi-6205, Bangladesh, is my self-regulating research work done by me during 2014-2020 under the supervision and guidance of Prof. Dr. A.K.M Golam Rabbani Mondal, Department of Marketing, University of Rajshahi and Co-supervisor Prof. Dr. Md. Mahbubar Rahman, Department of Marketing, University of Rajshahi.

I hereby certify that I am the sole author of this thesis and that neither any part of this thesis nor the whole of the thesis has been submitted for a degree to any other university or institute.

Place: Rajshahi, Bangladesh

Date: 14.01.2020

---

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## **CERTIFICATE**

This is to certify that the thesis, entitled “**SUCCESS FACTORS OF MICRO, SMALL AND MEDIUM ENTERPRISES: A STUDY ON BANGLADESH**” submitted to the University of Rajshahi, in partial fulfillment of the requirements for the award of the Degree of **MASTER OF PHILOSOPHY IN MARKETING** is a record of original research work done by **TAPAS BALA (Res. No. 14303, 2014-15)** during the period 2014-2019 of his study in the Department of Marketing, University of Rajshahi, Rajshahi-6205, Bangladesh, under my supervision and guidance. The thesis has not formed the basis for the award of any Degree/ Diploma/Fellowship or other similar title of any candidate of any University.

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## **CERTIFICATE**

The research work embodied in the present thesis, entitled “**SUCCESS FACTORS OF MICRO, SMALL AND MEDIUM ENTERPRISES: A STUDY ON BANGLADESH**” has been carried out in the Department of Marketing, University of Rajshahi, Rajshahi-6205, Bangladesh. The work reported herein is original and does not form part of any other thesis or dissertation on the basis of which a degree or award was conferred on an earlier occasion or to any other scholar.

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## **EXECUTIVE SUMMARY**

Micro, small and medium enterprises (MSMEs) play a significant role in the development of the country. MSME is the backbone of a nation like Bangladesh. The importance of MSMEs is evidenced by their high presence in the economic structure of the country. If MSME sectors of a country are strong, it will help to contribute in the economy and gross domestic product by reducing the level of unemployment, reducing in poverty levels and promotion of entrepreneurship activity. For this reason, MSMEs are getting the highest priority from the policy maker due to their already proven multidimensional contribution to the socio economic of a country. The aim of the study is find out the success factors of MSME sectors in Bangladesh. The study examined eight factors that influence the MSMEs. These factors are Entrepreneurial Competency and Financial Resource Management, Government Support, Adoption of New Technology, Favorable External Environment, Marketing Capability, Managerial Capacities, Standardization of Products and Services and Business Plan. The theoretical framework has been drawn out and questionnaire was designed based on the factors chosen. Eight hypotheses were developed to find out factors that are affecting business success of MSMEs in Bangladesh. The research has used convenience sampling. The research has conducted 400 MSME entrepreneurs and received 360 questionnaires out of 400. The entire hypotheses were tested with SPSS and five factors were accepted. The regression analysis result shown that the most significant factors affecting business success of MSMEs in Bangladesh were Favorable External Environment, Entrepreneurial Competency and Financial Resource Management, Marketing Capability, Government Support and Standardized Products and Services.

Keywords: MSMEs, entrepreneurial competency, environment, standardization, adoption.



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*Tapas Bala*

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## ACRONYM

ADB	Asian Development Bank
ANOVA	Analysis Of Variance
BIDS	Bangladesh Institute of Development Studies
BSCIC	Bangladesh Small Cottage Industries Corporation
BSCL	Bangladesh SME Corporation Limited
EPZ	Export Processing Zone
EU	European Union
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
ICT	Information Communication Technology
ILO	International Labour Organization
KMO	Kaiser-Meyer-Olkin
LDC	Least Development of Country
MSME	Micro, Small and Medium Enterprise
MSMED	Micro, Small and Medium Enterprise Development
NAICS	North American Industry Classification System
NGO	Non-Government Organization
OECD	Organization for Economic Co-operation and Development
RBV	Resource Based View
RMG	Ready-made Garments
SEDF	Sustainable Environment and Development Foundation
SICI	Shastri Indo Canadian Institute
SMDF	SICI Member Development Fund
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Sciences
UNIDO	United Nations Industrial Development Organization
VAT	Value Added Tax
WB	World Bank



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

Small and medium-sized enterprises (SMEs) influenced mostly economic growth in a country (Akhtar, 1997; CDASED, 1999; Mazzarol, et al., 1999). If the contribution of SMEs is more in the economy, it will play a crucial role in the gross domestic product. SMEs can reduce the level of employment and poverty. Entrepreneurial activity believes to promote the SME (Sitharam & Hoque, 2016). Meanwhile, SMEs are the engines of economic progress all over the world. Poverty alleviation is an important issue for SMEs through job creation. Both industrialized and developing countries are the big beneficiaries of accelerating a country's economy. It is the responsibility to create more jobs and change over the current economy. The sectors dominated by SMEs are capable of achieving dynamic economies of scale. The role of SMEs in the formation of creative jobs is fruitful as it is at the focus of a wide variety of magnitudes and resource concentrations in a growing economy. The emerging economy has begun to focus on the critical role that SMEs will play in their development (Maad, 2008). It is a process of innovation and creation with four-dimensional elements-individual, organization, environmental factors and process - with the support of government, education and the constitution (Kuratko & Hodgetts, 2004). Entrepreneurial Drive can overcome the economic downturn in both industrialized and the state which is under development (Kuratko, 2006).

For this reason, the researcher has tempted to understand the following research study, factors that investigate the success of Micro, Small and Medium Enterprises (MSME) in Bangladesh. This chapter will first give an overview of the research study, describing the context of the research and the problem in the first place. Secondly, the scope of research and justification will be explained based on objectives and research questions. Thirdly, the methodology of the research should explain this study briefly. Finally, this chapter provides an excellent overview of the structure of the thesis.

## **1.2 Background of the Study:**

The significance of SME has established in Education and Politics (Birch, 1989; Storey, 1994; Abdullah & Beal, 2003). All the states have realized the importance of SME for economic and social development. In Europe, the SME report is 99.8% of enterprises are SME and that contributes 66% of all employment.

Given the central SMEs significance to the economies of all countries, the originator of the strategy worldwide has committed to supporting SMEs at their various stages of development. Besides, global organizations example as the International Labor Organization (ILO), the United Nations Industrial Development Organization (UNIDO) and the World Bank have made efforts to condense global phenomena of redundancy and scarcity, showing great interest in helping businesses in the small region. These international organizations sometimes publish reports to evaluate activities in several economies. First, the series of World Bank doing business reports include 2004 annual reports. These reports assess guidelines for relocating domestic industries to 183 economies and rank economies in 10 areas of corporate regulation, including opening a business, paying taxes, debt consolidation and cross-border transactions. The Global Entrepreneurship Monitor (GEM) is one of the most significant ongoing studies on entrepreneurship and its impact on economic growth. The research typically publishes reports on international, national and specific issues that access and analyze the state of entrepreneurship in several countries.

SME works as a significant influence of economic development in Bangladesh. The strong presence country's economic structure has evidence for the importance of SMEs. According to the Bangladesh Bureau of Statistics, Bangladesh has a total of 7.81 million industrial units, of which about 88% are craft businesses, while 11% are SMEs, but actually, 99% of Bangladeshi formal enterprises are SMEs (ADB Institute 2016). They have created about 75 percent of non-agricultural employment, contributing about 25 percent to a national gross domestic product, and these 25 per cents are provided only by manufacturing SMEs. Still, if the service sectors of SME calculate, this amount will much higher. Unfortunately, there is little information on SMEs in the services sector in Bangladesh. Still, this sector accounts for

approximately 56.34% of gross domestic product and the most substantial contribution to SME has expected.

The observation of SME's influence has seen the importance in selected of Asian Countries. The White Paper on Small and Medium Enterprises in Taiwan in 2006 states that about 98.0% of Hong Kong companies, 96.10% in Malaysia, 99.7% in Thailand, 99.6% in the Philippines, 99.7% of the companies in Singapore, 98.9% in Japan and 99.7% in Taiwan SMEs.

SME works as a significant section of the world economy. Although SMEs have proved their multidimensional contribution to the socio-economic environment of a country, they have benefited from the priority of decision-makers. These companies are simple to start, require very little capital, recruit and count more people and produce products that meet the demands of the native people and contribute to export revenues. The principle of determining expenditure, the number of recruits and annual income etc. are the basis of the definition of SME.

### **1.3 Problem of the Study**

The selection of this study has begun regarding the success of MSMEs with apprehension from the authors in Bangladesh. This feeling developed following the visit of various MSMEs at the time of the banking profession. These intentions arouse in 2014 to reach a clear perception of MSMEs in Bangladesh. MSME owners did not have clear concept regarding MSME and its success factors. Bangladesh is a stubborn place to start a business in other Asian countries. It left the author with a sense of uneasiness about the success of Bangladesh. With this feeling, this seems to be the right way to lead this arena.

This study aims to reflect the spirit of identification of the main de facto success stories of MSMEs. One of the main implications of this study is that it helps policymakers, researchers, universities and businesses and to inform the performance of MSMEs in Bangladesh. The persistence of this study, therefore, aims to identify the de facto success stories of MSMEs in Bangladesh.

In Bangladesh, most SMEs use traditional production and marketing principles. The literature review depicts that in developing countries, MSMEs face detachment as the main problem than the size, which is the reason for hindrance in market access, organizational support and funding (Mead & Liedholm, 1998; Swierczek & Ha, 2003). MSME is widely used and known in Bangladesh. However, there are few studies to improve this industry, and most studies have focused on measuring MSME performance.

Also, insufficient studies have examined how to improve business performance. Therefore, this study fills the research gap by developing a tenant model that takes into account success factors that can contribute to the development of MSMEs in Bangladesh. Various factors prevent them from fully exploiting their potential as entrepreneurs, where they could make a significant contribution to society.

#### **1.4 Research Question**

The preceding discussion has summarized in the following three research questions:

- 1) What are the salient factors that contribute to the success of MSME in Bangladesh?
- 2) How are the factors related to the success of MSME?
- 3) What is the relative importance of each factor for the development of MSMEs?

#### **1.5 Research Objectives**

The overall objective of the research is to develop an understanding the success of MSMEs in Bangladesh. To achieve this overall research, the specific objectives are;

- 1) To identify the outstanding characteristics that plays a role in the success of MSMEs in Bangladesh.
- 2) To identify the affiliation between recognized factors and the success of MSMEs.
- 3) To determine the relative importance of each element for the development of MSMEs.

## **1.6 Scope of the study**

This research study aims to develop a situation model of the perceived success factors for MSMEs in Bangladesh. To this purpose, only participation from directly involved business in research related. Also, the established reviews of the conceptual framework have determined the scope of this study. The critical success factors of MSME in Bangladesh are the central area of study.

MSMEs have already identified which is the center of the study. Ministry of Industry, Bangladesh has defined the MSME in Bangladesh. Therefore, we focus on all types of medium-sized enterprises (manufacturing, services and trade), small businesses and micro-enterprises.

Besides, the study focuses on all types of industry, service and commerce.

## **1.7 Justification of the Study**

The main reason for this study lies in the different MSME results states. Although there are several studies on MSMEs, most researchers focus on a narrow range of practical measures. Gray literature finds most of them.

This study will provide many contributions in various ways. From a theoretical point of view, the study adds new perspectives to the growing spectrum of literature in the field of entrepreneurship. The study has the potential to contribute to the understanding of MSMEs in Bangladesh. It aims to produce a situational model based on the perception of Bangladeshi entrepreneurs and enriches current research with new perspectives.

From a practical point of view, it is essential to understand the success of companies based on the different perceived factors. These factors addressed in this study. This study could provide MSME owners with knowledge and advice on how to run their business with great success. Finally, these factors act as actionable solutions to the challenges of MSMEs.

## **1.8 Thesis Structure**

The research work is divided into six chapters, which are structured. Chapter one presents the context of research and the reasons for the analysis. The search vote is a clear position of the scope of initiation of the study. Chapter two describes an overview of a contextualized and detailed description of the structure of MSMEs in Bangladesh. Section three provides a comprehensive overview of emerging studies and the formal and gray literature has presented this. The chapter also draws attention to the gap in entrepreneurial success in writing. Section four discusses the research method used in this study to test conceptual framework conditions, discussion and justification of post-positive philosophy. Chapter five describes the statistical analysis of processes. After such a process, the section will focus on data analysis, data filtering, and biasing reactions and non-reactions. This chapter covers the descriptive analysis. Chapter six examines the overall results of the study, including the effects. The discussion will make concerning earlier work reported in the literature. This article refers to a summary of the findings and conclusions of the research process used in the study. The chapter presented in the contributions to the study. Also, the section highlights the limitations of the research and their impact on practice, policy, and research at a later time.

## **1.9 Chapter Summary**

This chapter provides a context for the study of micro-enterprises, i.e., SMEs in Bangladesh. It also works with the success factors of MSMEs in Bangladesh. Second, describe and solve the problem and expand the research questions. The chapter ends with a brief discussion of the scope and reasons for this research.

## **CHAPTER TWO**

### **OVERVIEW OF MICRO, SMALL AND MEDIUM ENTERPRISES IN BANGLADESH**

#### **2.1 Introduction**

A detailed understanding of the success factors of Bangladesh's MSMEs needs to describe various contexts, especially the economic context. This descriptive section provides a summary from the perspective of Bangladesh. Therefore, details of the structure of MSMEs in the Bangladesh economy have also discussed.

#### **2.2 Overview of SMEs over the World**

SMEs contribute significantly to the economy of this country as it decreases employment levels and promoting business enterprise activity, adding value to the gross domestic product (GDP) by reduced entrepreneurial activity levels and promotion. SMEs play a vital role in developing the country (Bayati & Taghavi, 2007). Due to their documented multi-dimensional contribution to the socio-economic environment in a country, policy maker has given the highest priorities to SMEs. All such enterprises have launched quickly only require a specific amount of capital. These enterprises have employed a relatively higher number of individuals and produce locally demanded goods which contributed to output profit. In particular, the basis of the SME definition is on substitution costs metrics (investment), workers, annual income, etc. The indicator results vary according to the country or even the region's socio-economic situation.

**Table 2.1 Definition of SME**

Various countries						BRICS					
	EU	US A	Asia (Malaysia)	Egypt	Ghana	Brazil (Industrial)	Brazil (Commercial)	Russia	India	China	South Africa
Name											
	SM E	SM E	SME	MSME	MSME	SME	SME	SME	MSME	SME	MVSS ME
Number of Employees											
Micro	<10	-	<5	1-4	1-5	1-19	1-9	-	0	-	<5
Small	<50	<100	5-50	5-14	6-29	20-99	10-49	15-100	0	<300	20-49
Medium	<250	<500	51-150	15-49	30-39	100-499	50-99	101-250	0	300-2000	50-200
Annual Turnover											
Micro	<€2	0	RM250000	0	\$10K	0	0	-	<Rs50m	-	<R200k
Small	<€10	0	RM250000- <RM10m	0	\$100K	0	0	400m RUB max	Rs50-60m	<Y30m	R3m- R32m
Medium	<€50	0	RM10m- RM25M	0	\$1M	0	0	1bn RUB max	Rs60-99m	Y30- Y300m	R5m- R64m

Source: South African Institute of Public Accountants (SAIPA), information drawn from NCR (2011.23) and South African Small Business Amendment Act 2003

In the perspective of economic development and the creation of jobs, SMEs play a pivotal role. Different government agencies, researchers, academics, and scholars, therefore, consistently evaluate them. SMEs are confronted globally with everyday problems. Nonetheless, the various ways in which SMEs support economic growth in each country are to be understood. SMEs support economic and social development in different ways. A sustainable way of encouraging economic growth through wealth and employment seems to be the only way to lower economic inequality. SMEs are the critical source of revenue, and education ground and an initiator of occupation in developing countries (UNIDO, 2005).



There are significant differences between countries and regions, the contribution received by SMEs. While SMEs play a particularly crucial role in heavy-income countries, they play essential GDP and employment contributions in low-income countries too (Dalberg, 2011). SMEs are critical to low-income countries. They also contribute significantly to economic development, partially through collaboration with the broader business community. SMEs that integrated into larger businesses' supply chains can be encouraged to strengthen their technological capital as well as human resource (ACCA, 2010) thereby enhancing their productive capacity and efficiency. As mixing the information for countries with reasonably good info, SMEs make up 52% of private-sector economic benefit, which provides an approximation of the sector's global economic participation (ACCA, 2010).

From 16% of GDP in low-income countries to 51% of GDP in massive income countries enjoy the significance of SMEs. Historically and traditionally, a constitution can also play a key role in the case of SMEs. For example, even if ex-Soviet states control the per capita income, there are usually disproportionately small SME sectors (Ayyagari, et al., 2003). SMEs made a significant contribution of approximately 60 percent of Australia's industrial economic value in 2009–10, according to the (Australian Government, 2011). More than 95% of OECD economies are SMEs, representing about 55% of GDP. An approximate 91% of South African formal enterprises are SMEs, which add 52–57% of GDP. In Ghana, SMEs represent about 92% of Ghanaian companies and around 70% of Ghana's GDP (Abor & Quartey, 2010). In Ghana, they become even more critical in the local economic environment.

In general, figures can sometimes obscure individual sectors contributions. For instance, micro and small enterprises made only approximately 6% of India's GDP in 2006/7. The participation of SMEs to output per firm is usually lower in comparison with more substantial companies since they are more labor-intensive than large companies and focus on the service sector. Thus, they frequently achieve lower productivity levels, although they make an essential contribution to employment. (Wymenga, et al., 2011) The higher work intensity of the SMEs means that the creation of jobs entails a lower capital cost than for large enterprises.

Also, in rural areas, SMEs are usually more prevalent than large companies. SMEs are thus assuring much-needed jobs in rural areas, mostly in emerging countries. Moreover, Due to the rise of growth in SMEs, industrial development and restricting are also noticed in developing countries; thus, SMEs play an essential role in terms of shaping the economy of developing countries. Indeed, SMEs can satisfy increased local demand for services, allowing more significant expertise, and also helping larger companies through services and inputs (Fjose, et al., 2010).

### **2.3 SMEs in Bangladesh**

The key priorities of Bangladesh's current development strategies are driving growth and poverty reduction, income inequality and regional inequalities. The key strategic goals include generating productive jobs and withdrawing employees from the low skilled and low-Retour agricultural sector and informal practices within the industrial and organized manufacturing sectors.

In this strategy, the development of SMEs has visualized. The distinct development of SMEs is measured critical for achieving double-digit progress in production. Improved rural and backward MSMEs activities have considered a vital part of a rural development strategy to reduce poverty and regional inequality (GOB, 2011).

Therefore various small-scale companies such as local craft manufacturer's like- (weaving, sticking, etc.) are now becoming prominent in the economic development of developing countries. Some of them are potteries, food products, little machinery shops, restaurants, sewing and dairy process, etc. For instance, among 1990 and 1995, micro-enterprises in Latin American countries created averages of 84 out of 100 new employments in the country (Orlando & Pollack, 2000).

SMEs in Asia account for 80% of companies that generate 80 and 40% to 70% of value-added jobs. In Bangladesh, the majority of SMEs (87%), which provide 80% total employment and contribute 15% to Bangladesh's Gross National Product (GDP) (Narain, 2003). Six million SMEs of Bangladesh (under 100 employees) have recognized to play an essential role in creating growth and employment (ADB Institute, 2016).

The SME contribution of Bangladesh is about 25% of the gross national product, about 40% of the total output, 80% of industrial jobs and about 25% of all employees in 2003 (ADB Institute, 2016), making the SMEs of Bangladesh, the largest sector in the Bangladesh economy. Bangladesh's textile sector, on its own, hires 2.7 million individuals directly, which includes 1.25 million females and provides 10 million people with direct and indirect jobs (Chowdhury, 2007).

## **2.4 Structure of SMEs**

MSMEs in both developed and developing countries worldwide are known as the driver of economic growth and job creation for sustainable industrialization. In Bangladesh, SMEs have no alternative to industrial growth and domestic investment in economic growth and job creation. MSMEs offer significant economic and social advantages as vital participation in productivity and GDP. Thanks to their local ownership, they provide the opportunity to increase their involvement in the local community.

Bangladesh has a critical role to play in regional industrial development and economic growth for SMEs. SMEs are more modest in overall size and therefore have more significant work creation and technological innovation & growth capabilities. The latter fosters retroactive and forward linkages in value chain increase exports and promotes entrepreneurship. Besides, the experience gained by multilateral, bilateral, and national organizations shows that supporting SMEs have massive potential as a driving force behind GDP growth and job creation. By creating socio-economic stability, the sector often plays a critical role and lessens social inequality. Their versatility in the area is also an important thing to consider growing regional instabilities. Considering its strategic and operational importance in every effort to reshape industrial performance, the future of SMEs is a crucial policy and essential concern. The SMEs in Bangladesh established their distinct position in various types of production environments. It has shown that a vibrant SME sector provides for more excellent social stability and improved distribution of wealth throughout the country. In Bangladesh, SMEs consume between 70 and 80% of the manufacturing workforce and represent over 95%.

#### **2.4.1 Contribution of MSMEs in the Economy of Bangladesh**

The Bangladeshi economy is a growing economy with enormous potential for growth. It depends mostly on the nation's SME market. SMEs have produced and distributed to a majority of products and services of 160 million citizens in Bangladesh. Moreover, it provides the national exchequer with a valuable amount of taxes. Experts believed that economic growth could be accomplished by the sustainable growth of SMEs in the world, which leads to employing the most significant number of people and to a substantial portion of corporate taxes. Nonetheless, SME's progress has depended on several factors such as entrepreneurs, government aid, consumer markets and services. It has produced and provided different types of forces for the control of SMEs. Financial aid usually offered by banks and by other financial institutes is one of the main issues in the SME market.

Entrepreneurs participate directly in practices that contribute to any country's economic growth. The liaison between entrepreneurship and economic progress is robust (Khan, 2000). Businesspeople builds socio-economic development values by providing employment, meeting the customers ' demand, adding to national exchange reserves, reducing poverty, etc. Entrepreneurs are therefore playing a pivotal role in bringing about technological progress, innovation, and output progression in general and rapid job generation, which ultimately leads to changes in the standards of living of the masses in general (Park, 2010). Progress and market loss deeply affect a country's economic growth. Therefore, a pleasant business climate has found for entrepreneurs in the region, both government and other development agencies.

In the growth of industrial entrepreneurship, an entrepreneurial atmosphere plays a vital role (Tandon, 1975). A recent analysis (Rahman, 1970) indicated that industrial entrepreneurship development is achievable in an environment that considers the world organize, discoverable, and manageable. In reality, allowing the entrepreneurs to establish innovative business innovations and their business achievements, such as an adequate supply of services and infrastructure, and contributing to the socio-economic development of the country (Ahmed, 1994).

Bangladesh has distinguished numerous small, medium, and large commercial enterprises. In Bangladesh, small businesses constitute a significant portion of the home markets. According to the projections of the BSCIC, around 523 thousand small companies, including cottage industries, employ some 2.3 million people in the country, representing approximately 82 percent of the total industrial workforce (Khan, 2000). The SMDF reports the number of medium-sized enterprises to be about 20,000 fire units by quoting unexpected planning commissions. The growth depends to a large extent on the participation of SMEs and the role that SMEs play. In the increasing volume of literature OECD (2009), the rising economic importance of SMEs as a source for the growth of entrepreneurship-traditional and technological social entrepreneurship-and the creation of employment in developed OECD countries in particular since the 1970s is also now widely acknowledged. The global economy has undergone a fundamental change to overcome up to market shifts and possibilities, from mass production to much more agile output. In developing countries such as Bangladesh, this has contributed to a strong revival of SMEs. Some sectors should provide numerous cross-cutting individuals in society with sufficient opportunities to engage in income-generating activities—current, technological, technical. It was also enhancing efforts towards a strong and durable economic growth, which is crucial to the elimination of the vicious circle of poverty. A study conducted Papanek, (2010) showed that China's declines in competitiveness offer the chance for 10% growth, economic changes, and drastic reductions in poverty once in a lifetime. It is possible through the establishment in rural parts of the country of labor-intensive SMEs, at which low priced work should be a sharp competitive edge.

Bangladesh's SMEs have also exposed to multiple government policy changes. Therefore, in and outside the country, they face severe rivalry. The competitiveness of SMEs has squandered, and many are in financial distress. Also, SMEs have both a success and a failure for their internal factors in different sectors. State half (RMG) units have decreased sick due to the global crises, market slumps, and other domestic industrial constraints. Miserable areas cover textiles, leather, medicines, looms, foods, chemicals, and rubber in various sectors. There were at least 200 000 employees in these industries, and, in the absence of an alternative source of income, at least 50 000

of them would be jobless. Country civil society, which encompasses well-known economists, entrepreneurs, and chamber leaders, has enabled for the recovery of these harmful industries to protect employment and boost the economy. Therefore, this research has identified the success factors which contribute to the entrepreneurs of SMEs in Bangladesh.

In 2013 Bangladesh National Economic Census reveals that Bangladesh has a total of 7.81 million economic institutions. Roughly 88% of these industries are industrial companies, and 11% are SMEs. In reality, about 99% of Bangladeshi authorized companies are SMEs. They represent approximately 75% of non-agricultural jobs and makeup about 25% of the national GDP. Only the manufacturing SMEs underwrite 25 percent. Nevertheless, if the contribution of the service sector SMEs were to be measured, this number might potentially be much more. Until now, there is little information available on Bangladeshi SMEs in the service sector, despite their contribution to the GDP rate of approximately 56.34%. Export revenues in India account for approximately 42,4% of Indian export profits from SMEs; 41,5% in China, 26,3% in Thailand, 20% in Sri Lanka, 18,8% in the Republic of Korea and 15,7% in Indonesia.

#### **2.4.2 Development of MSME in Bangladesh**

Traditionally, Bangladesh has followed a development strategy in which private investment has regulated through a set of investment restrictions, loan disbursements, import licenses, foreign exchange allowances, and so on. Although such regulatory hurdles, in general, deter private investment, the effect on SMEs has decreased unevenly. SMEs were largely incapable of dealing with legislation compared to their large partners. Therefore, the policy regime has been overwhelmingly biased of SMEs, although the goal of successive governments has been, paradoxically, to encourage the creation of SMEs. Bangladesh has undergone a series of economic reforms in the 1980s, which are backed by the simple structural change strategy. It intended to make its industrial sector internationally competitive and to increase efficiency in its production system. It has consisted of deregulating the sanction

process, eliminating administrative hurdles, promoting import procedures, increasing trade barriers, and introducing financial, monetary, and public sector reforms under a market-oriented exchange rate strategy. Such reforms have assisted in eliminating much of the policy predominance over SMEs. The latest studies have proven that these reforms have had positive consequences in the last decade as the field grew fairly quickly. Nonetheless, due to their structural weaknesses, in addition to further eliminating the policy biases, SMEs may need more pro-active policies for their growth.

### **2.4.3 MSMEs and BD Government**

#### **2.4.3.1 Policy Formulation**

##### **2.4.3.1.1 Public Development Outlay**

Small and cottage businesses have developed on a five-year plan referred to the priority areas. But public spending in this area did not correspond to the policy declared. The updated government allocation for the sector was, therefore, Taka 2016 million under the 4<sup>th</sup> 5 Year Plan, which represented a mere 0.58 percent of the overall public development budget throughout the project. Also, what is even inferior to state, only about 69% of this small allocation during the plan period was financed? The sector's share of the total government development spending has declined even more in the 5<sup>th</sup> 5 Year Plan. On the other hand, the solid development performances of 6<sup>th</sup> five year plan suggest that Government is on right to face the challenge of 7<sup>th</sup> five year plan. In 7<sup>th</sup> five year plan, growth sphere is 6 percent and increase the annual growth rate to 7 percent and adapt well to the urban transition and be environmentally sustainable. In particular, if this industry needs to advance significantly, it needs to increase public investment, especially in education, growth, research, market promotion, etc. This public investment recommended policy collaboration with business associations, NGOs, and other development partners. The sector also needs to be significantly increased in public investment.

#### **2.4.3.1.2 Trade Policy**

Significant improvements in the Bangladesh external trade regime have instigated during the last decade. There is a lot of accessibility and flexibility in the import procedure. Tariffs on imports have reduced and withdrawn numerical limits practically. These all supported increased access to imported raw materials for domestic manufacturers. It has also benefitted SMEs greatly in particular, because the regulated trading administration has influenced them more detrimentally.

#### **2.4.3.1.3 Prior Announcement of Policy Changes**

Sufficient advice on the imminent policy orientation is necessary if domestic manufacturers, especially SMEs, are to start preparing themselves to compete externally. It thus applies to trade policy measures in general. If the Government makes prior notices in specific concerning tariff plans of its imminent trade policy changes, investors will be aware of the amount of competitiveness as well as they will encounter and modify in their investment and production plans.

#### **2.4.3.1.4 Tariff Rationalization**

Sufficient difference between both the duty on raw materials and the responsibility on final products should establish to promote domestic manufacturing. It should take at the time of fixing tariffs on end products under-invoicing and dumping. Otherwise, a higher statutory rate on the end product will reduce efficient products than on the raw products.

#### **2.4.3.1.5 Appropriate Tariff Valuation**

A system of tariff value was established for certain classes of imports to avoid the problem of under-invoicing. There are complaints about the fact that all these tariff values often do not match the current world price, which can sometimes be a comparative drawback for the domestic production sector.



### **2.4.3.2 Fiscal Policy**

#### **2.4.3.2. 1 Value Added Tax:**

Value-added tax (VAT), additional duties, and excise duty are the critical components of ancillary tax in Bangladesh. Following the value-added tax law of 1991, VAT on products or defined services shall apply at 15% at every point of the transfer to the producer, distributor, importer, exporter, or renderer. The input-related VAT will be adjustable against the VAT on output from purchasers, and the net value will be paid to the VAT authority when the goods or services are delivered. Some products or services or specific customers may exclude.

Except for those who manufacture other goods, all cottage industries are free from VAT. However, the supplier, distributor, or service renderer, whose annual turnover is not over Taka 1.5 million, must pay the turnover tax at 2.5% instead of 15% of VAT. For small businesses, this cap is too weak. As a result, a small industry earns the same VAT of 15% as its major counterparts. Extra duties on specific groups of consumer products across all categories also imposed at adaptable tariffs. At last, a certain number of units, regardless of categorization are subject to excise duty.

Therefore, practically, there is no distinction between SMEs and their large partners as regards indirect taxes. However, the majority of enterprises are considered unfair.

#### **2.4.3.2. 2 Tax Holiday:**

Likewise, the regulation of SMEs about capital equipment duty or direct taxes is not unique. Tax holidays have given for undertakings of all sizes according to the rules and procedures laid down by the National Revenue Board. To use tax vacations, businesses approved by the relevant agencies must receive the authorization of a complicated and lengthy process from the National Board of Revenue. However, tax holidays are not available only to small and cottage businesses in Bangladesh. That means a tax holiday.

#### **2.4.3.2. 3 Wealth Tax:**

A property tax is payable on an individual who reaches Taka 2.5 million for its net assets. Under current law, a company, the legal form of a vast industry, is not subject to a property tax. The proper way of the small enterprise, on the other hand, is usually sole ownership, and these firms are therefore required to pay taxes on their assets.

Consequently, Bangladeshi economic policy did not primarily intend to help SMEs, which most SMEs highlighted as one of the barriers to SME growth.

#### **2.4.4 Bangladesh Bank and MSME Development**

Bangladesh Bank has launched multiple plans and initiatives, with which SMEs are thriving and expanding. The refinancing scheme subsidized by Bangladesh Bank, IDA, and ADB has assisted in the progress of the SME sector. Also, in comfortable circumstances, the banks of the Bangladesh Bank have taken various steps to provide institutional financial facilities, such as the opening in banks of the 'Dedicated Desk' for SMEs and the 'SME Service Centre' for women businessmen. However, the expected result in this sector has not yet achieved.

Throughout the light of the recent global recession and changing times, the inclusion of all sectors of citizens in the development process has become important by making it easier to lend to industries. There is less interest due to the current market mechanism, particularly in agriculture and SMEs. The recently established Bangladesh Bank is relatively responsible for the policy formulation and facilitation of funds, supervision, and growth of entrepreneurship in the field of SMEs. Also, the SME and Special Programs Department is a new department.

The following regulations for the development of the SME sector are set out by the newly-established department of conformity for banks and financial institutions:

- ❖ In 2010, banks and financial institutions had set an indicative objective for SME credit distribution that considered as one of the country's most crucial growth agendas in terms of SME development. SME loans to MSMEs and women entrepreneurs shall be paid out under that target.

- ❖ Banks or financial institutions will try to achieve their indicative goals separately by dividing them into branch-wise, area-savvy, and sector-smart banks. Following the area approach method,
- ❖ To ensure a comfortable and quick loan sanction and payout process, each bank/financial institution must adopt a different business strategy in the financing of SME loans with the least formalities.
- ❖ Small businesses should be given inclination.
- ❖ The credit limit for small businesses is Tk. 50,000.00 (50,000.000) to 5,000,000.00 Tk (50 Lakhs).
- ❖ Prospective women entrepreneurs need to given priority over SME credit payment to increase their involvement in the industrial development of the country as well as to conduct business by many women entrepreneurs.
- ❖ In accepting loan applications from SMEs, banks and financial institutions must rank the process of disbursing lends within a very reasonable period from the date of acceptance of their use.
- ❖ A distinct ' Dedicated Desk ' for female entrepreneurs, with appropriate and necessary staff, is established by each bank and the financial institution, qualified for SMEs and named lady officer as the dedicated desk chief.
- ❖ A ' woman entrepreneurs ' branch-wise list should send within two months after this legislation and program has issued to SMEs and the Special Programs Department of Bangladesh Bank.
- ❖ Up to 2,500,000.00 may well be allowed by banks and financial institutions against a personal guarantee for female entrepreneurs. Community safety/social security should take into account in this situation.
- ❖ Progress with the distribution of SME loans will be seen as the criteria to allow new branches of the concerned bank to be approved further. The new enterprise license has delivered in the name of SME/Agriculture rather than just SME Service Centre; to involve banks in financing the priority sector as SME and farming, to fund the priorities of the industry.

- ❖ The interest rate on the SME loans sector and sub-sector wise has fixed by each bank/financial institution.
- ❖ Moreover, banking/financial institutions must instantaneously inform the sector/sub-sector of Bangladesh Bank of the wise interest rates and provide refinanced fund distribution to the clients (female entrepreneurs) at a bank rate of + 5%.
- ❖ Additional education programs for entrepreneurs have arranged.

#### **2.4.5 SME Foundation and MSME Development**

The SME Foundation is a limited company, and a company licensed as a not-profit organization, under the Companies Act of 1994 and registered under the SME Foundation, licensed by the Ministry of Commerce. SME Foundation is known as the SME Foundation. The Memorandum and Articles of Association also direct it. The government of Bangladesh creates SME as a cornerstone for the country through the Ministry of Industries. The SME Foundation's main activities are the implementation of policy initiatives for SMEs, policy advocacy and SME participation, facilitation of financial assistance to SMEs, training in capacity-building and skills development, adaptation to new technology and the provision of ICT support and so on. The foundation works in conjunction with Industrial policy 2016 for the growth of companies and entrepreneurs in MSMEs categories. The Foundation also provides diverse assistance to existing and potential women entrepreneurs to enable them to join the mainstream business community in addition to general support for the development of SMEs and entrepreneurs.

With various kinds of services, the SME Foundation regularly supports SMEs. The BSS wing's main activities are:

- ❖ SME Promotion and market expansion
- ❖ Prepaid business guide/manual and distribution
- ❖ Prepare a market profile of SME product
- ❖ Organize a national SME entrepreneurs Award program

- ❖ Promote and market development of SME product SME / preparing industry-wise SME product catalog
- ❖ Making the connection between buyer and seller
- ❖ Provided guidance and advice to entrepreneurs through advisory services center

#### **2.4.6 BSCL and MSME Development**

The alternative finance company (Bangladesh SME Corporation Ltd.) has aimed at bringing creative finance and technology on the market to improve the MSMEs sector. By researching and providing financial support, statistical analysis, and value-added services for entrepreneurs, BSCL manages a comprehensive list of MSMEs in Bangladesh. Financial support from both formal and informal sources should provide for this.

BSCL was created by a group of Wall Street veterans and local Bangladeshi partners on the premise of sustainable development through the private sector. To determine the deficit in MSME financing in the country and issues with viable sources of funding, the BSCL team conducted comprehensive research and survey. With no robust risk analysis and surveillance infrastructure, the risk of MSME borrowing, leading to increased interest rates, high collateral requirements and high rates of non-performing lending has been difficult to measure adequately. All types of finances fit the size which unable to meet the specific needs of the various sectors and sizes of MSMEs in the country. Refinancing funds attached the terms to make it difficult to match an MSME client. MSMEs, on the other hand, are primarily at the level under which support and capability building is needed to achieve and maintain adequate compliance with regulations, financial planning, financial management, and auditing. This result was the design of our software-based information management system that integrates functionality for the automated risk assessment and regularly reporting for our SME clients, along with an annual audit function for the company. The outsourcing of risk assessment and control ensures the minimization. That's why debt has reduced and guarantor provisions have eliminated.

#### **2.4.7 MSME Development and i-SME**

i-SMEs play an essential role in bridging the gap among financial institutions and MSME. i-SME is an automation platform that converts MSME input data into useful output through our automation modules. The SME platform is at its heart a services system which (1) allows the Financial Institutes to identify the right collection of MSME lenders and (2) assists MSME in the planning and navigation of the dynamic lending process. The system's core functionality engine involves raw inputs from MSMEs and processes into structured and measurable financial institutions outputs. A "Smart" motor—a set of advanced algorithms—is at the heart of the platform.

I am a pioneer in the field of SMEs and growth to promote companies ' compliance with outdated, manual, and labor-intensive processes within their respective national and international jurisdictions. I provide the best possible solution.

We have subcontracted models that follow a wide range of technical concepts and exploit the specialist knowledge of highly skilled professionals. We seek to reduce the uncertainty, which has traditionally associated with the industry through system optimization and process improvement. To modernize the SME market, these work tirelessly on future approaches to further integrate SMEs.

A portfolio of services that i-SME offers:

- ❖ i-SME Accounting service
- ❖ i-SME Audit/certification service
- ❖ i-SME Credit scoring service
- ❖ i-SME incorporation & documentation service
- ❖ i-SME financing product selection service
- ❖ i-SME Loan processing service
- ❖ i-SME borrower identification service

## **2.5 Chapter Summary**

Chapter two described the overview of the SME in all over the world as well as in Bangladesh. This chapter also explained different types of SMEs organizations in Bangladesh and its role for the development of Bangladesh and its applications for the necessary field. It also analyzed the functions of the different organization; that's why entrepreneurs can understand their activities and the proper use of the organization's facilities. Finally, this chapter summarized the objectives of the Bangladeshi Government for establishing the different types of MSME related organization and its effects on MSME development.

## **CHAPTER THREE**

### **LITERATURE REVIEW**

#### **3.1 Introduction**

In this literature review chapter is dully into account the results of previous research. It is necessary to provide a background to determine the factors associated with MSME development. The literature shows the dissimilarity that contributes to the success of MSME, but the researchers do not agree with this review process. While some analysts are of the new dynamic of success of SMEs remains a black box (Deakins, 1998; Dockel, 2005; Ligthelm, 2010)another have argued that enterprise success depends on both extraneous factors and indigenous factors (Penrose, 1959; McCline, 2000; Guzman, 2001; Markman, 2003). A lot of theories have proposed to explain what contributes to the development of the majority of MSME. Though the literature has focused an extent of the opinions and this chapter should not be regarded as a comprehensive review but highlight some crucial point that repeatedly throughout the review literature.

However, it is first necessary to define MSME in light of its importance in the economy. Secondly, relevant success criteria should determine from the perception of MSME entrepreneurs and choose the right measurements that play a role in the success of MSME. It is imperative to have “a compromise” for SMEs performance measures to develop the relationship between the independent variable and business success and to investigate a business success model in smaller firms (Watson, 2000). Since the prior research variable represents in a variety of contexts, the study has a particular application for use in the context of Bangladesh.

Therefore, this chapter firstly begins to describe both recent MSME definition as well as the explanation of modern economics. Secondly, the subject is measured to determine the MSME success. Thirdly, to know the things of success attendant, it proceeds with an investigation of the critical factors that influence MSMEs’ success. Finally, the sums of his main context in which they are found literature review these results and show the relationship with the aim of the study.



### **3.2 Concept of Micro, Small and Medium Enterprises (MSMEs)**

MSMEs are marked with lower/fewer investment companies as express by their size. MSME is also influencing separately to the growth of the economy by contributing to export, job opportunity and output or production. MSMEs are shaping the economy by adding separately to export, job opportunity and production. MSMEs hire unskilled and little trained (semi-skilled) workers, which have a significant impact on the economy. They also influence the export by increasing the output of the manufacturing sector by the supply of raw material, essential goods, finished parts and components.

The definition of MSME is different from one country to another country, even in a single title in the industry. MSME has treated differently in different organizations by individuals and organizations. For instance, an enterprise has treated as SMEs in one country that should be different in another country. In various definitions, some indicators are common kind such as total assets, the size of the employed, annual turnover and capital investment (Baenol, 1994).

#### **3.2.1 Concept of SME as per United States**

An organization has treated as SME where the employee amount is more than 500 or less in the manufacturing sector, whereas in wholesale trades, it is typically 100 employees or less. The change within the industries can differ quite a bit. For example, in the region 21, metals, quarrying and oil and gas production, an enterprise will be treated as SME where the employees can have to 15000 for Copper Ore and Nickel Ore Mining. On the other hand, in the Silver Ore Mining industry, SME employee amount is up to 250 employees (NAICS, 2007).

#### **3.2.2 Concept of SME as per Canada**

Industry Canada uses the term SME to refer to companies with fewer than 500 uses; the companies have categorized into "large" in 500 or more employees. Canadian SME industry defines that—A business is known as small when it has less than 100

employees (if the company is the commodity production) or less than 50 employees (if it is a service company). A company that has more employees cut-offs but less than 500 service holders that are treated as a medium-sized enterprise. An enterprise is known as micro which has less than five employees. Research and development to collect data in their ongoing for the SMEs in Canada, Statistics Canada defines SME as something in US 0-499 employees and less than \$ 50 million of gross income. (Ministry of Industry, 2017).

### 3.2.3 Concept of SME as per European Union (EU)

In the EU, similar argument defines SMEs. A company with fewer than 250 has treated as a medium-sized enterprise. An enterprise that is less than 50 employees is called a small business and less than ten employees in a business are called micro-enterprise. The European also takes into account the turnover rate and the balance sheet of a company.

**Table 3.1 European Union SME Definitions**

<b>Comparison of the European Union (EU) SME Definitions</b>			
<b>Company Category</b>	<b>Staff headcount</b>	<b>Turnover or Balance sheet total</b>	
Medium-sized	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

(the National Development and Reform Commission, July 7, 2011)

### 3.2.4 Indian MSME

The Indian government has passed the law for the development of MSMED, (16th June 2006) in which the definition of MSME is as follows;

- Companies involved in the production, preserving of goods as under;
  - ✚ The enterprise is known as micro in which investment does not get beyond Rs. 25 lakh for plant and machinery.
  - ✚ The investment has started, in which the sole of the equipment in a matter of a small amount of more than Rs. 25 lakh, however, do not exceed 5 crores.

- ✚ A medium enterprise is an enterprise where investment in the plant and its equipment for more than Rs.5 crores but does not exceed ten crores. In the above mentioned-companies, equipment and machines meet the original cost of money into the building and land without certain items from the Ministry of small scale Industries. (S.O.1722 (E) of 5 October 2006.)
- Companies providing services and transactions, and investment in equipment (except for the original price of the land, buildings and furniture, home furnishings and other items that are not directly relevant to the service provided or to be reported to the MSMED, (16th June 2006) has listed below;
  - ✚ A micro-enterprise is an enterprise where the investment in equipment does not go beyond Rs. 10 lakh;
  - ✚ A small is an enterprise where the investment in equipment is more than RS. 10 lakh but does not exceed Rs. 2 crores.
  - ✚ An enterprise is called a medium enterprise where the investment in equipment is more Rs. 2 crores but less than Rs. 5 crores.

### **3.3 MSMEs in Bangladesh**

In Bangladesh, the definition of SMEs is not one but many operational definitions. The definition of SMEs has developed a plan based on the provisions of various documents relating to this type of community and effort because of their small size and relative fragility, a real contribution to economic and employment despite the general excellence.

#### **3.3.1 Micro Enterprise**

If the assets' worth of BDT 1.0 million to BDT 7.5 million (defined as above) or amount of workers within 16 to 30.(Industrial Policy, 2016).

In the manufacturing sector, a micro-industry is called a micro-enterprise where the asset value of BDT 5, 00,000 to BDT 5 million (defined as above), and/or employees 10 to 24 or less.(Industrial Policy, 2010).

In the service industry, an enterprise is called micro-enterprise where the maximum workers capacity of 10 (defined as above) and monetary value of BDT 500,000. (Industrial Policy, 2005)

### **3.3.2 Small Enterprise**

A small industry is an industry where the fixed resource is within BDT 7.50 million to BDT 15 million (excluding the value of land) and employee amount within 31-120 in the manufacturing sector. On the other hand, in the service/trade sector where the value of the asset within BDT 1 million to BDT 20 million and employee amount between 10 to 25. (Industrial Policy, 2016).

In manufacturing, if the value of the asset within BDT 5 to 100 million (defined as above) and the employee amount within 25 to 99, it is treated as a small industry. On the other hand, in the service/ trade sector a small enterprise asset worth is within BDT 500,000 to 10 million and the employee amount within 10 to 25 (Industrial Policy, 2010). Manufacturing industries with fixed assets of less than BDT 15 million (excluding the value of land) and non-manufacturing industries with fewer than 25 workers, has treated as small enterprises. (Industrial Policy, 2005).

"Small industry" as an industrial sector, with limited investment without the sum of the fixed price, high school expenses from the land and machinery and equipment and operation duties and taxes Th. 30 million including initial working capital (Industrial Policy, 1991).

### **3.3.3 Medium Enterprise**

In the manufacturing sector, industry is treated as a medium industry where the value of the resources is within BDT 150 million to BDT 500 million (minus land and factory building and including replacement value) and workers amount within 121 to 300. In the service/trade sector, medium-sized enterprises are those that employ 51 to 120 employees (defined as above), the price of goods from 20 to 300 million (Industrial Policy, 2016).

In the manufacturing sector, the medium-sized industry is that enterprise where the value of the assets is from 100 million to 300 businesses goods (including replacement values for land, factory buildings) and/or 100 to 250 workers. In the service/trade sector medium-sized industry are those that employ 50 to 100 and employees (defined as above) 10 million to 500 million. (Industrial Policy, 2010).

The medium industry is with fixed capital to BDT 15-100 million, excluding the value of land and building, while non-manufacturing sectors are those with employment size within 25-100 employees (Industrial Policy, 2005).

Medium industry covered enterprise employing between 50 to 99 workers and/or with a fixed capital investment between BDT 100 and 300 million (Industrial Policy, 1991).

### **3.4 MSMEs and Economic Development**

MSME is the most crucial segment of the entire world. By receiving the MSME policymakers, it has already proven multidimensional country's socio-economic role. Increasing the speed of growth and poverty reduction, income inequality, and the consent of the entire are equal to those of the region, the overall objectives of the current development models found in Bangladesh. The main battle to achieve this includes the creation of an enterprise or jobs in manufacturing and the service sector and organized labour from the agricultural industry turned from low skills and low income and informal activities.

Considering the importance of the industrial sector of the economy of Bangladesh, the Industrial policy, (2016) has formulated. Some notable features of this policy are;

- i. to increase the production of industrial goods to the growing demand to satisfy the internal market,
- ii. to identify the current and potential barriers to the creation of an export market and solve these problems,
- iii. to reduce the nature of the dependence on imported products, to expand the availability and to use of local raw materials with an aim to sustainable industrialization and the consequent multiplication of industrial products.

The policy has emphasized strengthening the coordinated attempt of the public and private sectors to develop SMEs in the country.

SMEs are the critical element for the development of a country. The corresponding development of SMEs is very crucial to achieve double-digit growth in the manufacturing sector. Increased activities in the MSMEs in the backward and rural areas form a vital component of the war for rural development and reduce poverty and regional inequality (GOB, 2011).

SMEs are the machines of recognized innovation and growth drivers. It influences on job creation. In Bangladesh, the face of the business sector changed. SMEs significantly influence industrialization and accelerated the economy by creating job opportunities. Now SME occupies an essential position in the national economy.

Consequently, it plays a role in about 45 percent of the value and 80 percent industry employment, almost 90 percent of the total industrial units and 25 percent of the working population. The sums of these earnings are different between the 75 and the 80 percent contribution for export. The industrial sectors contribute 31% of the GDP (the maximum part of SMEs). All the SMEs in Bangladesh has estimated at 79,00,000 plants. Of these, 93.6 percent are SMEs is to 6.4 percent. In 2003, the survey indicated that there are about 6 million MSMEs with fewer than 100 employees. About 60 to 65 percent of all the SMEs are outside of the metropolitan areas of Dhaka and Chittagong.

SMEs have already created a 15 lakh job opportunity between 2009 to June 2014 in Bangladesh. A money-lending organization such as public, private and foreign banks are now disbursing all farm loans, and one-third of these loans are going to SMEs. Every year, about 2 million young people join the country's workforce. Half of them work at home and abroad. It is not about the challenge to create more jobs, and other things can use. SMEs have been able to answer the question. SMEs can reduce urban migration; let him grow in the Cash Flow rural areas, so the living standards improve in the head of the rural population than in the other major cities. SME distributes in the entire country, which means that the development of SMEs plays an essential role in bridging the income gap between urban and rural areas and contribute to inclusive

growth. In such a way, inclusive growth can only occur in a country like Bangladesh's dynamic SME sector has not arrived.

Bangladesh, the share of the GDP growth sector, is always expanding. According to the BBS in the financial year, 2015-16 contribution in the industry of GDP is 31.54%. After a preliminary estimate of the BBS for the period 2016-17, this contribution has reached 32.48%. The gift of the industrial sub-sector to the GDP is the highest fares. SMEs are to create new employment opportunities and eliminate poverty and meet the promise of SDGs. It makes the region a commendable contribution to the economic growth by promoting business growth and participation in the foreign exchange gain.

SMEs are quite predominant in the industrial structure of Bangladesh, comprising over 90% of all industrial units. Together, various categories of SMEs have reported contributing between 80 to 85% of the industrial workforce and 23% of total civilian employment (SEDF, 2003). However, serious controversies surround their relative contribution to Bangladesh's industrial output due to the scarcity of reliable information and different methods used to estimate the magnitude. The most often cited number of various sources (ADB, the World Bank, Planning Commission bids) to the attention of the SME value varies between 45-50% manufacturing values of the total. A significant proportion of SME informal actions do not take this to heart in the world. For which there is no specific information on the SME sector. Besides, the survey estimates SME contribution value to use the information in the company, in the development of the demands of profit. Gaining profit and calculation of it is not very easy. That's why the previous contribution of SMEs cannot underestimate.

Further discussions on the role of SMEs in Bangladesh in the economy have found (Ahmed, 2000). While SMEs are characteristically highly diverse and heterogeneous, their traditional dominance is in a limited industrial sub-sector such as food, bamboo pipe, wood, textiles, and behold him coming as a problem. According to SEDF, (2003) from ADB make food, clothing textile companies from over 60% of the registered SMEs. Several recent studies (Ahmed, 2001; ADB, 2001) showed significant structural changes to the SME gone through in terms of product composition, capital ratios related to the globalization of market penetration to

accommodate market changes in technology, market demand and market access requests.

In developing countries, MSME superbly led the nation. Small business is numerous, to form with a vast majority in the domestic markets. According to an assessment by the BSCIC, there are 523,000 small businesses, including cottage industries in the country, employ about 2.3 million people, equivalent to about 82 percent of total industrial employment (Khan, 2000). According to the opinion informal Planning Commission, the average number of companies in the SMDF has estimated that about 20,000. Its development depends on the entrepreneurs' contribution to SMEs. Growing economic importance to the development of SMEs to the source of entrepreneurship - traditional technical and social entrepreneurship - and the creation of jobs in the developed OECD countries, particularly since the 1970s, is generally considered to be ever-growing volume literature (OECD, 2009). The world economy has been experiencing a paradigm structural shift from the mass production to more flexible production to cope with the change in the opportunities in the market. It has led SMEs in developing countries like Bangladesh, a nation, in an elegant manner. These sectors have expected to offer numerous ways to different stakeholders to participate in income-generating activities - traditional, technical, and professional and other activities efforts. The main motive is to achieve high and sustained economic growth and strengthen the things that are essential prerequisites that trigger the exit of the vicious circle of poverty.

### **3.5 Performance of MSMEs in Bangladesh**

Performance is the ability of the results to some extent concerning the target to generate from the beginning (Laitinen, 2002). Hence, in the definition, it may be worth so much the power of the pre of the base. The consequence is that the dual performance variable. This technique can have two documents, as the results often referred to as an integral success or failure (Dess & Robinson, 1984; Ostgaard & Birley, 1995). In the field of management, success and failure can be a reasonable



means to measure or indifferent management (Jennings & Beaver, 1997), but also for other reasons, cannot be happiness (Storey, 2011).

In terms of the number of establishments, the SME sub-sector has exhibited notable dynamism. The table above shows the growth trend of the SME sector 3.5. What is available (Ahmed, 1994) suggests that 60% of new industrial projects in the 1980s were SMEs.

**Table 3.2 Growth of SSIs sector (Excluding Handlooms) in Bangladesh**

Year	No of Units		Employment		Value Added (Tk.) Small and Cottage Combined
	Small	Cottage	Small	Cottage	
1981	24,590	321,743	322,110	855,200	17,987
1991	38,294	405,476	523,472	1,331,032	21,154
2001	55,916	511,621	808,959	1,166,724	29,323
Average Annual Growth Rate	6.4%	3.0%	7.6%	4.7%	3.2%

Source: Ahmad, M. U., 2001.

Growth in SME employment seems to have been better during the same period. Wrong value and performance have explained as a weak and faulty database that uses the Bangladesh Bureau of Statistics (BBS) estimate module (Bakht, 1998). It has increased the annual growth rate of the value-added sector of the SMEs during investigations of this kind under a new system of national accounts estimates of the value of SMEs acknowledged that in the year 1989/90 and 1994/95 is only 7.7% a year. Presently in Bangladesh, four types of energy power used in the MSME sector, such as mechanical, metal products, textiles and clothing and related food film. Some industries, which are not from the chances of the movements of an critical element of the SME sector in recent years out of their places of lighting, clothing and printing the proclamation of his hands, wood and wood products, plastic products, electrical appliances, electronics, art, jewelry, a piece of wood and the iron, furniture, the television and the radio, manner of life, soaps and detergents. And the growth of new sectors into the structural change that reflects a modern SME sector from traditional

types of product, the better the chance higher production techniques and the use of capitalization. In summary, the SEDF sum of the results of many extensive studies to address the following critical positive changes in the state of SMEs in Bangladesh SMEs have diversified their activities at the entry, and exit sector has become more comfortable, and the RMG industry is significantly SMEs have helped the development of the shoe industry increased in the sub-contracting of entrepreneurship and small business has grown substantially to the SMEs in the processing of agricultural products in general and in particular poultry.

### **3.6 Business Success**

The main motive and goal of every company are to reach the top of its success.(Ngwangwamaa, et al., 2013; Foley & Green, 1989). It can also characterize as the ability to achieve acceptable results from the company and measures (Van Praag, 2003). There is no accepted standard common definition of business success and measured the success of the majority of the studies' corporate performance management in the context of (Van Auken, et al., 2006; Reijonen & Komppula, 2007). The company's performance is also complex and has multidimensional facets. Additionally, according to (Islam, et al., 2011), there are at least two dimensions of success: (1) the financial vs. non-financial (2) short term vs. long-term success. On this competition are different ways to measure success, including survival, profits, return on investment, sales growth, many investors, satisfaction, and others report on the company (Weidinger, et al., 2014).

Similarly, many attempts have been made in connection with small business companies to understand the financial performance of the measuring system and indicators (Shailer, 1989). However, a few scholars (Riquelme & Watson, 2002) that particular statement by the lack of reliability in terms of the financial ratios of important accounting information for the small business necessities of life there is no formal reporting financial information. For these reasons, there may be specific enough information to small businesses. Further to this thought,(Wider, et al., 2006) added to the argument that financial accounting measures are not able to tap the

essence of the firm's performance in other aspects as well, such as customer service, quality of the products, produced, innovation and operational efficiency. Relying on the financial information and the ability to explain future performance ends, so this is historical and does not distort oriented (Koufteros, et al., 2014). Many other non-financial and political factors will be included in the light of recent social developments to the company's performance to measure the effectiveness (Abdallah & Alnamri, 2015). In this way the non-financial aspects to consider in Spain, the study can be taken as a sense of direction. Finance accounting measures agree the available financial data of small business. That's why nonfinancial data and information are limited.

### **3.6.1 Success as survival**

Some significant studies in the field of entrepreneurship consider the concept of success might like to survival. For example, (Van Praag, 2003), argued that the longer a business could survive and prevent involuntary exit, the more successful it has been. According to the definition of precise description, safety is always in the event of a failure of the operations of the damage (Reijonen & Komppula, 2007). The authors of the success of survival and new meaning enriched fined support for dynamic models of industrial organization. It shows that young models companies, the gains achieved, decide to stay in the market, companies that generate losses for business (Harada, 2003). Conversely, other studies showed different conceptions of how things should remain former entrepreneur resources could combine with those two variables (Kalleberg & Leicht, 1991; Gimeno, et al., 1997). Also, there are many reasons for the farmer of business, and half or even outstanding performance and profit. Latter, several factors affect the salvation not to be the same MSME left in them. (Bruderl & Preisendofers, 1998)Divided the evidence into three categories of elements: (1) the individual-specific tools, (1) company-specific tools and (3) environmental factors. The human capital theory identifies the founder personal characteristics as pre-requisites for the survival of MSME. Researchers describe these properties in the literature from various fields. For example, sociologists tend to identify socio-demographic attributes to the founder; psychologists tend to list the personality traits.

Existing literature strongly recommended that an entrepreneur's business success depends on the entrepreneur. The business is the creation of an entrepreneur's targeted properties that have deemed firm ground. However, "Pick winners" is often a post-doc activity and trait theory has received heavy criticism (Cope, 2005; Landstrom, 2008). This criticism has motivated the movement to 'values' by researchers such as (Gorgievski, et al., 2011). Conjunction with features of entrepreneurial success only limited success factors that are the "competence" connection with an absolute victory (Pansiri & Temtime, 2010).

As for enterprise itself, most studies of the survival firms primarily find that the survival of companies, especially compared to the size positively influence the survival seems Company (Freeman & Reed, 1983; Dunne & Hughes, 1994; Audretsch & Mahmood, 1995; Henderson, 1999; Mitchell, 1994; Mata & Portugal, 1994). For firm age, it has faced a phenomenon referred to as 'liability of newness'; the effect is well known (Stinchcombe, 1965). It suggests that a new company face a higher risk situation compared to the older one. For this reason, companies compared to younger established companies less likely to have routines more and better access to established processes and resources (Sorensen & Stuart, 2000; Carroll & Hannan, 2000; Nelson & Winter, 1982). On the other hand, with other studies which have found that survival can reduce the firm age. The 'liability of adolescence' effect of (Fichman & Levinthal, 1991) and the effect of 'liability of senescence' proposed by (Hannan, 1998) explain this relationship. "Young liability" introduced an inverted U-shaped rather than non-linear risk models. It suggests that companies because of the protection given to the best resource initial failure from the beginning. However, these resources are not quite enough if the firm may less protect and it had not been faced with the market environment, resulting in an increased risk of the outcome incorporate youth (Perez, et al., 2004). However, there is no expected risk of mortality after puberty decreases to adapt company in the market place and developer support (Perez, et al., 2004). For 'liability of senescence', Hannan, (1998) assumed that the probability of survival decreases overtime and therefore older companies faced with a relatively high chance that exit from the market.

Besides, due to the magnitude, the traditional factors have shown organizational decisions have an impact on the survival of SMEs. Geroski, et al., (2010) showed that there were two different views of the economy and ecology reasons, which are the substantial impact on survival strategies. When economists have based their argument on the adaptive role of stressing change, the survival of firms should remain to depend on the success in adapting to new ways of doing business. Ecologists, however, emphasize the inertia of change and resistances to companies that do not change are more likely to survive. The latter stresses that the magnitude of change, the higher the likelihood of firm exit. That is partly a response to how big the one district from the adaptive to environmental stimuli.

The impact of environmental factors on the survival of companies has known in the literature for a long time. According to Geroski, et al., (1997), there are two different perspectives on this literature. The first perspective, which starts (Hannan & Freeman, 1977), proposed organizational ecology is the concept of density or intention, which considered to increase the mortality force. It implies that many companies likely to favour an increase in the market's survival at a lower density in the end. However, a further increase in the number of companies may lead to increased competition, leading to increased mortality of fortune (Geroski, et al., 1997). The second perspective refers to researchers in the economic field, which argued that the company's survival is significantly in technology and market conditions that are at different stages of the business life cycle (Suarez & Utterback, 1995). An examination available to the survival of perspectives theoretical, you have to change conclusion (Geroski, et al., 1997) how that it is absolutely out of the aforementioned theoretical approaches to the next higher one. All the factors crucially influence for the development of MSME success.

### 3.6.2 Success as growth

Another stream that came down to growth continues with the success of literature (Low & MacMillan, 1988; Perren, 2000; Baum, et al., 2001). Growth has treated as a simple measure of business success (Storey, 1994). Literature has focused much of its importance in the economy due to the increase in growth. However, the deviation on the feature opinions is apparent; it belongs to the study if they have numbered. It is easy to dribble firm growth from the literature of a clear and coherent phenomenon (Storey, 1994; Ardishvilli, et al., 1998; Wiklund, 1998). In fact, signs of confusion and loss are shown when reading the relevant literature. During the years, researchers proposed various theories to explain the stable growth. The principal opinions have usually divided into three groups with classical models and stochastic models; resource-based models. The classic economic theory has addressed the company's growth indirectly since it seeks to extend better enterprise (Viner, 1932). Since this is the optimal size lowest point of the U-shaped curve, the long-term average cost of adoption after the optimum profit gain (Viner, 1932). The classic economic theory has discussed the company's growth indirectly since it aims to magnitude better enterprise (Viner, 1932). Since this is the optimal size lowest point of the U-shaped curve, the long-term average cost of adoption after the optimum profit gain (Viner, 1932). The growth process has failed to the point at which that process has completed; there is no incentive to grow more than the optimal size (Hart, 2000). The main criticism is that the classic economic theory does not explain the presence of companies whose size is larger than the actual size and how to improve the corporate growth process developed through time.

A stochastic model that is the random growth process is that companies and groups of factors cannot be predicted. One of the earliest explanations for the expansion of the company stochastic model has used (Gibrat, 1931), the so-called "law of proportional effect, the company whose growth is independent of size.

The resource-based view theory is proposed by (Penrose, 1959) that is different from the traditional emphasis on the size and growth of the company. This theory reported that a firm's growth depends on the availability and quality of management resources. It focused on the knowledge of coming to the multitude of the administration support

of the organization in the process (Penrose, 1959). This approach assumes that the mobility of the company depends on the internal and external creation and accumulation process of different assets (Penrose, 1959; Chandler, 1962). The main motive of this approach is to analyze why some companies are more competitive than others. Improvement of the company's performance depends on the internal features (Barney, 2001). In particular, the differences in performance are explained in the form of government that is valuable from resources, self-seeking, and put captains in their rare and not natural to imitate (Barney, 2001).

### **3.6.3 Attributes of MSME Success through the Resource-Based View Theory**

Before getting the idea of MSME Resource criteria, we have to know about the resources. A firm has two types of resources, such as perceptible and imperceptible (Galbreath, 2005). Noticeable assets are the monetary assets, physical assets (plant, equipment, machine, etc.), human assets and technological assets. On the other hand, intangible assets are knowledge, skills, reputation. Generally, enterprises seek to obtain and implement permanent or semi-permanent control over resources that provide competitive advantages over the firm's competitors. Though firms may apply different types of control over different types of assets, it would be unique from one another in terms of offering different products or services. Firms use organizational assets such as human resources, management policies and capabilities for the improvement and apply strategies and innovations in those firms. Human assets will have a favourable influence on the firm because there is a proper alignment of high-level skills and achievement between the representation of expertise and the requirement of strategic needs (Crook, et al., 2011). So, the internal factors of the firm are the main reason for the firm's growth and success. We can say in a different way that high quality of resources and capabilities will be the route of gaining and sustaining competitive advantages.

The RBV theory has a specific consequence in the MSME context because it deals that a firm's long term existence depends on its exceptional contributions. By fostering the firm's essential skills, establish this specialty. It is well known that small enterprise

has faced a problem of resource availability. That's why this enterprise has operated under severe fiscal and capability constraints (Phillipson, et al., 2004; Zucchella & Siano, 2014). Moreover, these industries have to focus on short-term goals rather than long term goals because of resource unavailability. So, it hinders the small enterprise from further development and exploitation of opportunities existing in the environment. Hence RBV theory is appropriate because it explains the internal resources and capabilities. For this reason, this theory offers a chance to analyze the MSME. Table 3.3 provides a summary of past pragmatic works and features which have related to enterprise success. As shown in Table 3.3, the list of traits associated to enterprise success is widespread. With reviewed 17 authors' cited features, Entrepreneurial competencies and human resources management, which includes skills, educational background, know-how and personal motivations/goals, appear to be the main contributing factor for MSME success. Most of the sites illustrated that MSME depended on the private sources of business and faced a lot of problems to raise funds. Consequently, the fund problem hampered the business operations. That's why MSME entrepreneurs failed to invest significantly; it increased the payback period and created a hindrance for growth and development of the organizations (Islam & Mukhtadir, 2016; Quadir & Jahur, 2011; Radzi, et al., 2017). The next factor is government support. Many governments in the world have been paying a more devotion to MSME sector for the development of the national economy (Islam & Mukhtadir, 2016; Chowdhury, et al., 2013; Abrar-ul-haq, et al., 2015; Uddin & Bose, 2013; Jasra, et al., 2011; Indarti & Langenberg, 2008). Nevertheless, most of the MSMEs face problems with the latest information. The adoption of new technology also plays an essential role in this report. In support, different studies have also exposed that lack of adoption of the latest technology and equipment are the barriers to MSME success. (Islam & Mukhtadir, 2016; Sitharam & Hoque, 2016; Abrar-ul-haq, et al., 2015; Chowdhury, et al., 2013; Uddin & Bose, 2013; Radzi, et al., 2017; Indarti & Langenberg, 2008; Jasra, et al., 2011) For the successful operation business, quite several studies have related MSME success. Favourable external environment (Islam & Mukhtadir, 2016; Chittithaworn, et al., 2011; Philip, 2010; Chowdhury, et al., 2013; Uddin & Bose, 2013) includes political environment, infrastructure, globalization,



legal and regulatory framework etc. These factors play an important role in the development of MSME success. Marketing Capability is one of the important success factors of MSME success(Radzi, et al., 2017; Chittithaworn, et al., 2011; Philip, 2010; Thapa, et al., 2008; Chowdhury, et al., 2013; Indarti & Langenberg, 2008; Bouazza, et al., 2015). The next factor is managerial capacities, which include managerial support, skills, human resource capacities, supply chain integration, customer management. Managerial capacities(Quadir & Jahur, 2011; Radzi, et al., 2017; Sitharam & Hoque, 2016; Jasra, et al., 2011; Kader, et al., 2009; Uddin & Bose, 2013; Bouazza, et al., 2015)influence the success MSME. Standard of product and services(Sitharam & Hoque, 2016; Kader, et al., 2009; Jasra, et al., 2011; Uddin & Bose, 2013; Bouazza, et al., 2015)is also important factors of MSME success and Finally Business plan(Thapa, et al., 2008; Jasra, et al., 2011; Quadir & Jahur, 2011)an important role for the development of MSME success.

**Table 3.3 Factor Matrix**

	Islam & Muktadir, (2016)	Chowdhury, et al., (2013)	Quadir & Jahur, (2011)	Abrar-ul-haq, et al., (2015)	Radzi, et al., (2017)	Chowdhury, et al., (2011)	Chittithaworn, et al., (2011)	Philip, (2010)	Uddin & Bose, (2013)	Sitharam & Hoque, (2016)	Bouazza, et al., (2015)	Fiamholtz & Aksehirli, (2000)	Indarti & Langenberg, (2008)	Thapa, et al., (2008)	Kader, et al., (2009)	Yusof, (2010)	Jasra, et al., (2011)
Entrepreneur's authority and Marketing Strategy	✓		✓		✓											✓	✓
Nature of Business and Financial Support	✓	✓	✓	✓		✓			✓								
Management Know how	✓		✓				✓	✓				✓					
Use of modern Technology	✓	✓		✓	✓	✓			✓	✓	✓		✓		✓		✓
Market Accessibility	✓	✓										✓					
Networking	✓																
Government Policy and Support	✓	✓		✓		✓			✓				✓				✓
Political Environment	✓	✓															
Owner's Personal Quality	✓					✓											
Age		✓											✓	✓			
Education		✓		✓									✓	✓			
Experience		✓											✓	✓		✓	
Infrastructure		✓				✓									✓		
A willingness to succeed			✓														
Self Confidence			✓														
Clear Idea for their next start up			✓														
Managerial support/skill			✓	✓					✓	✓	✓				✓		✓
Firms well with others			✓														
Business Plan/Success			✓										✓				✓
Knowledge Sharing					✓				✓						✓	✓	
Marketing Capability				✓	✓	✓					✓		✓	✓			
External Environment						✓	✓	✓	✓								
Product and service						✓	✓	✓	✓		✓						
SME Characteristics						✓	✓	✓									
The way of doing business and Cooperation						✓	✓	✓							✓		
Customer and Market						✓	✓										
Resource and Finance					✓	✓	✓				✓			✓	✓		✓
Strategy						✓											
Channel of Distribution									✓								
Human Resource									✓								
Customer Management									✓								
Access to finance										✓	✓	✓	✓				
Competition										✓							
Globalization										✓							
Legal and Regulatory Framework											✓		✓				
Human Resource Capacities											✓						
Characteristics of entrepreneurs											✓		✓				
Corporate Culture												✓				✓	
Information Access													✓				✓
Supply Chain Integration														✓			
Innovativeness															✓		

The performance measure for the SMEs is the problem and a contentious issue. Literature review states regarding the appropriate measures of success and dissent. While some analyst suggested to use financial parameter. On the other hand, others

especially in the recent studies highlighted the significance of the non-financial aspect for business success (Buttner & Moore, 1997; Simpson & Bellamy, 2004; Walker & Brown, 2004). The previous studies argued that the ancient financial indicator of success, such as profitability, sales turnover, increase sales, and ROI, has supreme in assessing the extent to which an enterprise is accepted or not. They argued business is significant to achieve something and profits and generate revenue growth, as indicated in the sales and revenues (Perren, 2000). Hall & Fulshaw, (1993) added to show long-term growth performance, while short-term performance reflects profitability.

However, non-financial performance indicators also stressed the importance of researchers (Frese, et al., 2002; Hoque, 2004; O'Regan & Ghobadian , 2004). The non-financial indicators include individual fulfillment, private progress, improve skills in the professional's lifestyle and survival of the company, customer satisfaction, retention and development of the developer (Buttner & Moore, 1997; Walker & Brown, 2004; Cooper, 1993). The first part of the money is a motivator for many entrepreneurs and pleasant when they have the freedom to determine their future by-product (Beaver & Jennings, 2005).

Preceding guideline studies showed that the 'either-or' approach was going to criticize. They have seen only limited success nearby limited studies that focus on enterprise growth as indicated by 'hard' standards of performance of the business (Parasuraman, et al., 1996). They added that studies "softer" limited expectations generally defined as another developer to ignore the success of an internal reflecting weekend. According to this suggested (Wiklund, 1999) indicated that non-financial provide financial advice to each other and from the description of a broader performance. While this may not be sufficient for a focus only on the financial performance of the rejected things was distorted by the victory is the victory in the measurement of the time that is not even possible indicator of the business (Buttner & Moore, 1997). This view is imitated in Murphy, et al., (1996), who contended that the enterprise performance in several dimensions. Monetary measures are to be essential, but it is not adequate for a rule of life is the performance of the grasp of the whole.

Further studies should endure not only monetary guidance but also non-financial indicators that need to highlight. A more detailed review of these difficulties is

knowledgeable and meaningful, and the powers of sensible things to make an accurate measurement can be the results of what has done it. It has created teaching is consistent and unambiguous.

However, some research contended that business owners value their concerns rather than an opportunity to show. So there is no need to rely on individuals for non-financial measures and indicators that created for financial security (Walker & Brown, 2004). Monetary growth calculates an enterprises' strength to retain and smooth operations of the business. It also ensures the stability to develop in the enterprise. In different circumstances, a non-monetary measure with excellent attainment seemed too relevant for achieving entrepreneurs' objectives of small firms (Walker & Brown, 2004). However, focusing on a narrow range of success sings the wrong access to understand entrepreneurial success (Lumpkin & Dess, 1996). Therefore, conglomerate signals of growth are critical to developing the predictors of enterprise growth (Murphy, et al., 1996). Besides, it is very complex to evaluate the performance of smaller firms because data obtaining is so tricky (Haber & Reichel, 2005). They recommended the use of multiple measures of performance. For this reason, this study involves both monetary and non-monetary steps to investigate the critical factors affecting the success of MSMEs.

### **3.7 MSME Success Factors:**

The Success of MSMEs depends on various aspects such as entrepreneur's authority and human resource management, Government support, marketing strategy, managerial capacities, adoption of new technology, positive external environment, standardization of product and service and business plan. Friedman, (1988) propose the framework for the company's success, which includes marketing approach, good management access, organizational belief to gratify the needs and wants of the different public organizations and ensure the satisfaction of the needs of the organizations itself. Flamholtz & Aksehirli, (2000) noted that a statistical correlation among the development of six critical success factors, such as markets, products and services, asset management, operating systems, corporate culture and management

systems, and overall financial success of the organization. Maltz, et al., (2003) has noted that the measurement of the company's success is a constant challenge from a variety of traditional and non-traditional financial plans. It brings in five key reasons for success, namely finance, market, process, people and future, to assess enterprise success depending on industry type and industries.

Ahmed, et al., (2004) showed that the SMEs in Bangladesh have failed to ensure the quality of products and services both in national and international markets because of the lack of national quality plan and the appropriate support system and a lack of credit quality certification body. He also noted that funds availability prevailed as one of the most critical barriers for the SME in Bangladesh. The essential complaints of the SME are the complexity of investment or operating capital.

Thapa, et al., (2008) showed that the SMEs in Bangladesh have failed to ensure the quality of products and services both in national and international markets because of the lack of national quality plan and the appropriate support system and a lack of credit quality certification body. He also noted that funds availability prevailed as one of the most critical barriers for the SME in Bangladesh. The essential complaints of the SME are the complexity of investment or operating capital.(Song, et al., 2008).

Kader, et al., (2009) seemed that small business entrepreneurs perceived the inner developer distinctions in the country of Malaysia depending on the inherent characteristics such as innovativeness, business knowledge, hard work, reliable financial resources, and corporate networking. For external stress elements to support the country's success in rural areas in the form of Government assistance such as financial support, training, consulting services, marketing, moral support, technical assistance, infrastructure and business-related thought.

Yusof, (2010) noted that some factors have actively correlated with MSME owner's experience and mindset. These factors are entrepreneurial role models, the presence of experienced entrepreneurs, skills and knowledge of the entrepreneurs, cultural attitudes towards entrepreneurship and proximity of entrepreneurial universities. The entrepreneurial support and government policies are related to the business angels and

risk availability. Plenty of monetary assets and Government patronization play an additional role in government policies of entrepreneurial activity.

Omar, (2010) found that competitive advantage, both technical and non-technological innovation, is responsible for the success of the SME owner. The study also showed that change is not only limited to technological advances but also reflected in the new sales and marketing employees, innovative reward departmental structures both the company and to provide added value to customers.

Philip, (2010) found that the greatest success has increased the importance of SMEs to the Bangladesh such as goods and services, and extraneous environmental aspects, management know-how.

Jasra, et al., (2011) have presented a planned study of the company's success factors for SMEs in the economy of Pakistan. In that country, seven essential ingredients have selected for the success of SME, which are financial resources, technological resources, entrepreneurial skills, government support, marketing strategy, business planning and quality of access to information. The authors do not mention whether it considered the human factor in professional and personal excellence among professionals.

Chittithaworn , et al., (2011) have studied the elements of success and a survey of SMEs in Thailand. They reported eight success factors such as entrepreneurial characteristics, SME business characteristics, administration aptitude, goods and services, and customer and market, business path, co-operation, and(Abrar-ul-haq, et al., 2015)financial resource strategy. They also found that SMEs success has a multidimensional phenomenon, both internal and external factors affecting the company's business success.

Song Ng and Mui Hung, (2012) have found that tangible and intangible factors has great importance for the company's success.

Uddin and Bose, (2013) have examined the business growth factors of SMEs in the city of Khulna in Bangladesh. They have reviewed nine factors, such as business outlining, the channel of distribution, management expertise, technology, Government

assistance, capital adequacy, human resources, customer management, and product/service.

Islam and Muktadir, (2016) have examined eight elements associated with the success of the SME entrepreneurs in Bangladesh. These elements are the authority of entrepreneurs, marketing tactics, nature of business and financial supports, management know-how, the use of modern technologies, market accessibility and networking, government policy and support, favourable environment and owners' personal qualities.

Based on different literature review and considering the present aspects of Bangladesh, the researcher has developed the following factors;

### **3.7.1 Entrepreneurial competencies and Financial Resource Management**

Entrepreneurial competency is the small business owner's knowledge, skills and abilities (achieved through learning, training and experience), the effectiveness of interpersonal relationships, communication skill and network effects (Coleman, 2007; Collins-Dodd, et al., 2004). Prior research work has proved that there is a positive relationship between entrepreneurial competence and enterprise success (Coy, et al., 2007; Jasra, et al., 2011; Eggers, et al., 2013; Islam & Muktadir, 2016; Quadir & Jahur, 2011). Therefore, it is essential to know precisely the small business actions as a gatekeeper. Small business owners' use these resources can be optimized the internal affairs of the company to attain success (Ahmad, et al., 2010). According to (Amato, et al., 2016) and (Peris Bonet, et al., 2011) promote the elements to ensure the owner can positively influence communication and very adaptable organization. An entrepreneurial owner can be treated the opportunities into the business activity that ultimately affect enterprise success (Jasra, et al., 2011).

Entrepreneurial competencies have characterized the ingenuity need to perform the individual role. It involves different types of performance, including challenging but achievable vision, strategy formulation, searching unmet customer needs, environment scanning, spotting high-quality opportunities and producing superior goods and services (Chandler & Jansen, 1992; Chandler & Hanks, 1994; Thompson,

1999; Wang & Ang, 2004). Lyons, (2002) described the enterprise owner's tactics has needed to improve product innovations and find the solution to emerging needs in the market place. He has further mentioned that an entrepreneur has three skills for the smooth operation of a business such as;

- i. business concept—business plan, presentation skills,
- ii. environmental scanning—recognize market gap, exploit the market opportunity and
- iii. Advisory board and networking—balance independence with seeking assistance.

In literature, many definitions of diving into "competence (ies)" and provoke a question about what is meant by the term considerable confusion. The system is the most basic of difference 'competence (ies)' and 'competence'. These words often use interchangeably, scholars observed this in different concepts. For example, (Rowe, 1995) defined 'competence' as expertise or standard for performance or capacity, as opposed to competence (ies), which refers to the behavior effect on performance.

Chandler & Jansen, (1992) suggested that to explore the competencies required by entrepreneurs in managing their businesses, the analyst should first understand business owner-managers' role. The available literature suggests that entrepreneurs, particularly those in small business or SMEs, are engaged in three essential characters;

- a) the entrepreneurial function, which assists with the improvement of enterprise;
- b) the managerial role, which helps with functional needs which include human resources management, marketing, operations, administration, finance and planning; and
- c) the functional role which needs for functioning and producing products(Chandler & Jansen, 1992; Ucbasaran, et al., 2004; Baum & Locke, 2004; Beaver & Jennings, 2005).

Financial resources are the crucial importance for the business for the smooth running operations profitably. SMEs have comparatively limited resources, and face a considerable problem for obtaining the fund. For that reason, most SMEs depend on a



single product, and they have less control over the budget and lack of economies of scale (Thurik, 2007). SMEs have limited resources for R&D or to speed up the products. In the latest study, the SMEs have the financial flexibility to a great extent and found correlated with business success. SMEs have the opportunity to raise funds from the third party so that it usually enjoys better chances for its success (Pitman, 2007). In addition, lack of the above mentioned financial support and institutional support was a significant obstacle to the development of SMEs (Mead & Liedholm, 1998; Swierczek & Ha, 2003).

### **3.7.2 Government Support**

Most of the governments in the world are focusing on their support programs for the MSMEs sector development for sustaining a stable national economy (Butler, 2008). Several governments around the globe (Chaston, 1992; Mulhern, 1996; Patrianila, 2003) have been paying more attention to MSME development to strengthen the national economy. Bangladesh's government, through the ministry of industry, Bangladesh Bank, SME Foundation and BSCL, has launched several programs (for financial aid) dedicated to the growth of SMEs. In short, for fostering the MSME development government support is a necessary prerequisite.

The importance of government aid to MSME success has reported in several studies. Yusuf, (1995) listed nine factors that play a role in the success of small businesses. According to him, government support was more critical for the success of small indigenous entrepreneurs than the non-indigenous ones. In a recent quantitative study about the determinants of business success of SMEs in Pakistan Jasra, et al., (2011) found that government support has highly correlated with business success.

### **3.7.3 Adoption of New Technology**

The adoption of technology is a crucial element in the success of any business. Though technology has its high costs at the end of business usually recover this cost as they operate. Still, they can give on the use of new technologies among their competitors. In the third world countries most of the SMEs are failed to install new technology due to its higher cost. However, prior studies show that technology has its

deep roots in the business success of the SMEs. It also positively co-related with the business growth of SME. The technology used strategic importance recognized in the prior studies as a factor that can improve business success (Jasra, et al., 2011; Raymon & Bergeron, 2008; Chatzoudes, et al., 2015). Firms that utilize updated technology tend to capture customers more than their competitors (Valacich & Schneider, 2014). Specifically, small firms that have timely access to technical, industry knowledge and insights into latest technological breakthrough will be more successful. By the use of IT, message and cooperation between small companies and supply chain partners could simplify (Greene, et al., 2015). Moreover, skills, for example e-marketplace for instance, may permit companies to expand internationally and get into a new market, that is inaccessible in prior time due to geographic hindrance with minimum cost (White, et al., 2007). Few studies on small firm's performance have associated an active link between technological resources and business success (Chatzoudes, et al., 2015; Dibrell, et al., 2008; Kim, et al., 2008)

SME should respond to rapid technological change to find alternative ways to secure its competitive advantages to develop a new process and new growing methods. The technology plays a crucial role in this regard. In this context, skills closely related to the production process. However, prior studies have revealed that equipment shortage and backdated technology are barriers to MSME development (Swierczek & Ha, 2003).

### **3.7.4 Marketing Capability**

The RBV theory has suggested learning goals marketing skills that may attempt an inherent part of imitable organizational resources and competitive advantage in sustainability (Kozlenkova, et al., 2014). Marketing capability is the firm's ability to use its tangible and intangible resources to realize the consumer needs and ultimately achieve superior brand recognition (Nath, et al., 2010). It's believed that firms have differed on the tactics which could hold the development of new products and services to maintain firm's competitive advantage (Vinayak & Kodali, 2014). Moreover, these enterprises are not in a position to achieve the returns of potential economic

customers, products, or services which may not be fully aware of the uniqueness (Agrawal & Bhuiyan, 2014). The customer may not spot the unique features or characteristics at first glance because every enterprise needs to have an excellent marketing capability to aware of the individual's interest in purchasing the products (Chin, et al., 2013). Especially for the small business context, insufficient resources wounded the marketing capability, including lack of cash flow and marketing expertise to handle statistical and strategic customer related matters (Doole, et al., 2006; O'Dwyer, et al., 2009).

Despite this, MSMEs strive to focus their marketing capability because of its competitiveness. Prior studies highlight that small firm competent to offer excellent attention, friendly and outstanding service, as well as the customized products as they usually target the small markets (Kim, et al., 2008; Steenkamp & Kashyap, 2010; Benzing, et al., 2009). All these have done for achieving enterprise performance. Besides, rapid globalization has forced them to acquire marketing strength to compete with the large enterprise (O'Cass & Sok, 2013). Further, the resources should use to develop and execute the right strategies for the small business mixes to ensure against the competitors implement (Benzing, et al., 2009). Indonesia, most of the SMEs operate in a very traditional pattern. SME should address proactively increased market competition for doing market development. SMEs face problem to access to the markets (Mead & Liedholm, 1998; Swierczek & Ha, 2003). The market trend is, therefore, critical to maintaining high growth in business. Smallbone, et al., (1995) their studies in the UK found that the vast majority of high-growth SMEs had identified and respond to new market opportunities. New market opportunities included finding new products and services offer for existing customers and to attract new customers for their existing products or services.

### 3.7.5 Managerial Capacities

Managerial capacity is an ability to implement and learn from acquired knowledge, science, and power. It is the competency that allows for superior performance in the area in which the worker has the needed skills. All managers need to process technical, interpersonal, conceptual, diagnostic, communicational and political powers. The professional and diagnostic capabilities are the knowledge and ability to understand to follow and scientifically analyzing problems and opportunities; all other skills deal with people in one form or another. These personal skills are an essential asset of any successful manager.

It is the job of the manager to achieve organizational goals — the proper utilization of its human and material resources. Humans use material resources with equipment, capital facilities, information, and so on. On the other hand, human resources are the most valuable assets of any organization.

Managerial skills are a range of knowledge, skills, behaviours, and attitudes that contribute to personal effectiveness (Hellriegel, et al., 2008). Lyons, (2002) described the managerial competence as skills and techniques that are more than enough to cover every organization. He also described six skills as managerial capacities such as; a) management—planning, organizing, supervising, directing, and networking; b) marketing sales—identifying customers, distribution channels, supply chain; c) financial—managing financial resources, accounting, budgeting; d) legal—organization form, risk management, privacy and security; e) administrative—people relations, advisory board relations) higher-order—learning, problem solving.

Managerial competencies are an essential part of SMEs. A study of (Ibrahim & Goodwin, 1986) conducted in Canada and the United States of America (USA). They reported that the concept of managerial skills of owner-managers was perceived as a critical second factor to consider is the critical factor in success. In this respect, many studies also found that the majority of business is due to a lack of management skills or competencies (O'Neill & Duker, 1986; Terpstra & Olson, 1993)

### **3.7.6 Favorable External Environment**

The Environment variable consists of physic and social factors directly take into account in the design of the organization (Duncan, 1972). In other words, there is uncertainty about its future says the man's inability to distinguish between relevant and irrelevant information. An external environment consists of all the extraneous factors, which have great importance in the smooth operation of the business. The company should act or react to maintain the flow of services.

Macro Environment is containing as factors outside the company, representing the spatial variables that can inhibit or facilitate the beginning with the life cycle of SME (Simpson, et al., 2004). The macro-environment includes more general forces that do not modify the short-term plans or short-term actions directly do not affect, but so often and long term plans. These forces include;

- ❖ Economic forces that regulate the exchange of materials, money, energy, and information;
- ❖ Technological forces generate problem-solving inventions;
- ❖ Political-legal forces that allocate power and provide constraining and protection laws and regulations;
- ❖ Socio-cultural forces that regulate the values, mores, and customer of society (Hunger & Wheelen, 2000).

Taxation can have significant effects on many parts of the economy, including impacts on firm creation and the development of SMEs. Developing an environment conducive to SME growth while ensuring tax compliance is a challenge all countries face. Robertson et al. (2003) pointed out that one of the critical factors for the development of SMEs is taxation. Profits reduce dramatically due to high tax rates (Ahwireng-Obeng & Piaray, 1999). In a study of the Kenyan SMEs (Pratt, 2001; Chu, et al., 2007), tax forms are complicated, stable government, and allowed to complete state laws are common problems for small business owners in Kenya. Then, according to (Ufuk & Ozgen, 2001), in their study, they were handed over to Turkish entrepreneurs such as tax due to leakage the most significant burden.

### **3.7.7 Standardization of Products and Services**

Standardization is the process of creating standards to guide to create a product or service, according to the consensus of all relevant parties in the industry. The standards ensure that goods and services produced in a specific sector come with consistent quality and are equivalent to other comparable products or services in the same industry.

Standardization also helps in ensuring the safety, interoperability, and compatibility of the goods produces in the market. Some of the parties that must be involved in the standardization processes include users, interest groups, and government, corporations as well as standards organizations.

The innovative product gives added value to the customer and it is essential to achieve a suitable balance between product quality and costs. Small-business owners must have a missionary zeal about their products or services, be ready to be personally involved in it, be willing to stick with the business, be able to define the market clearly and pay attention to details and reactivates. Besides that, companies must compete based on their strength and specialization, which has classified as cost leadership, differentiation, and focused (Porter, 1985).

### **3.7.8 Business Plan**

The Business Plan is the vital performance for better business planning reduces the risk associated with any business activity. Not enough awareness of the need for a business plan has identified as a problem concerning the initial stages of MSMEs (Chami, 2006). It assumed that well-planned actions that lead to a better business plan reflected in the performance. In the Indonesian study, it has revealed that business has no sufficient relationship with the success of an SME (Huggins, 2007). Awareness of the business plan was needed for the same problem for SMEs in the initial phase (Chaston, 1992). In this context, a business plan will yield better business performance. McMahon, (2001) revealed that there is a close relation between orientation and business growth. In this context, the most robust feature differs from other companies is their commitment to change (Smallbone, et al., 1995). We should be well-planned business thought that the actions which reflected in the business plan are to lead to better performance.

### **3.8 Chapter Summary**

The literature review chapter is the most vital chapter of this study. It reviewed different types of literature that have related to the success factors of MSME. From these kinds of research, we knew that MSME is an international concept for the success of ideas and these ideas considered as general literature available on these topics. The thesis also investigated the specific situation in Bangladesh. This study provided us with a clear understanding of the identified factors and its' impacts on the success of MSME in Bangladesh. A conceptual framework has developed on the reviewed literature and design to determine the success factors of SMEs in Bangladesh.

## **CHAPTER FOUR**

### **RESEARCH METHODOLOGY**

#### **4.1 Introduction**

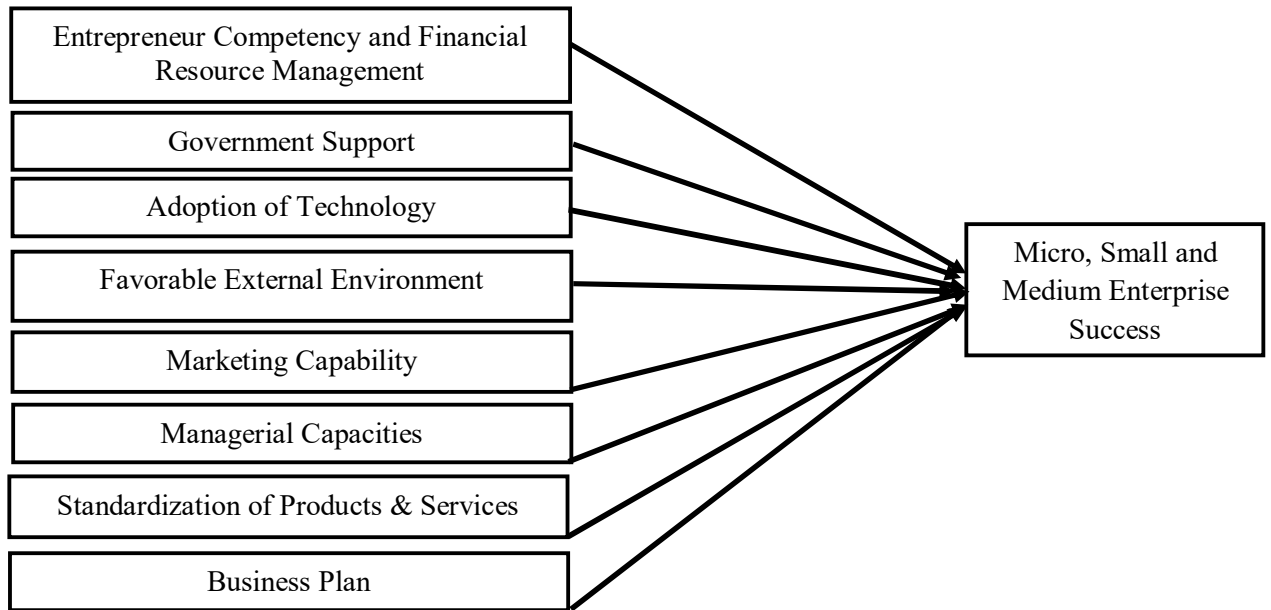
The research methodology chapter has designed to justify and analyze the methodology of the study, which is quantitative and used to examine the concept which imitated from literature. It is the conceptual framework of the hypothesis, research design, data collection method, questionnaire design, sampling plan and data analysis. The research design is the plan, the tactic and the establishment of conducting a research project. It is the support of an evidence-based practice, which is to enhance the value of life for all people (Martin & Guerin, 2006). The method of data collection provides the direction of how the research would conduct. In the questionnaire, the researcher has a different role, such as the language of the survey, pre-test and test pilot. Target population and sample, the sampling method and sample size are the parts of sampling design.

#### **4.2 Concept Development:**

There is no universal definition of MSME, and the researcher attempted to offer a variety of criteria for the meaning, such as size, the number of employees and the annual financial turnover (Devins, 2009; Muhammad, et al., 2010; Mahmood & Hanafi, 2013). In all these different criteria, the employee amount of an enterprise is the base for MSME definition in the Bangladesh context. For example, in this study, the MSMEs are defined based on the Bangladesh aspect (Industrial Policy, 2016).

Based on the relevant study, a conceptual framework has developed. The hypothesized model is covering eight variables, such as entrepreneurial management and human resource management, government support, adoption of new technology, favourable external environment, marketing capability, managerial capacities, and standardization of product and service and business plan.





**Figure 4.1 Conceptual Framework**

**Source:** Author's Computation 2019

### 4.3 Hypotheses Development

Based on the literature review of the business success factors, eight statistical, non-directional hypotheses have developed to describe the causal link between factors and perceived business success. These assumptions can move their business to influence business success in this review of the literature of the study. It is worth mentioning that the investigation now uses the term 'hypotheses' rather than the term 'proposition.' Because the majority of the authors of research indicate that the hypothesis is the testable proposition (Zikmund, 2003; Cooper & Schindler, 2008) table shows the null statistical non-directional hypotheses ( $H_0$ ) that have formulated.

**Table 4.1 Hypotheses of the Study**

**Hypothesis 1 (H<sub>01</sub>)**

H<sub>0</sub> – Entrepreneurial competency and financial resource management and MSME success has no momentous relationship.

H<sub>1</sub> – A momentous relationship has between Entrepreneurial competency and financial resource management and MSME success.

**Hypothesis 2 (H<sub>02</sub>)**

H<sub>0</sub> – A negative affiliation between Government Support and MSME success.

H<sub>1</sub> – A positive affiliation has between government support and MSME success.

**Hypothesis 3 (H<sub>03</sub>)**

H<sub>0</sub> – No important relationship has between the adoption of new technology and the success of MSME.

H<sub>1</sub> – Important relationship has between the adoption of new technology and MSME success.

**Hypothesis 4 (H<sub>04</sub>)**

H<sub>0</sub> – There is a negative affiliation between the positive external environment and MSME success.

H<sub>1</sub> – There is a positive affiliation between the positive external environment and MSME success.

**Hypothesis 5 (H<sub>05</sub>)**

H<sub>0</sub> – Marketing capability and MSME success are in a momentous negative relationship.

H<sub>1</sub> – Marketing capability and MSME success are in a momentous positive relationship.

**Hypothesis 6 (H<sub>06</sub>)**

H<sub>0</sub> – Management policy and MSME success not have any significant relationship.

H<sub>1</sub> – Management policy and MSME success have a significant relationship.

**Hypothesis 7 (H<sub>07</sub>)**

H<sub>0</sub> – An important affiliation has not between standardization of product & service and MSME success.

H<sub>1</sub> – An important affiliation has between standardization of products & services and MSME success.

**Hypothesis 8 (H<sub>08</sub>)**

H<sub>0</sub> – A serious relationship has not between business plan and MSME success.

H<sub>1</sub> – A serious relationship has between business plan and MSME success.

**4.4 Research Design**

Research design plays a vital role in answering the final questions and solving the problems. That's why it has very significant to the researchers (Davis, et al., 1988; Graziano & Raulin, 2000). It is the blueprint of the researcher, which explains the path of the research properly. It starts with operating the variables, selecting the sample, collecting the specific data and analyzing the data, respectively (Kumar , 2005). It helps the analysts to plan their research work, such as data collection procedures and analyzing the data (Hair, et al., 2009). It combines two primary functions; firstly, to create the overall process which maintains a logical order and secondly, to uphold the quality of the whole procedure regarding its validity, objectivity as well as accuracy (Kumar , 2005).

This study started with a relevant literature review, followed by the research approach and data collection procedures. A self-administered questionnaire deployed based on the adapted scale. The study considered a constructive and predetermined survey for designing the research. Data collected with the use of the intended instrument. The phase of the research design includes response format and sampling techniques that the analysis attached.

#### **4.4.1 Research Approach**

Depending on the purpose and nature of the study, one can use an inductive and deductive research approach. In a deductive approach, prior understanding of an aspect of the world has drawn, which leads to the hypothesis composed and tested. Then, the unsubstantiated opinions of real things remain unchanged, while understanding should be modified if not supported. It is because of the common view on the relationship between theory and research (Bryman & Bell, 2003).

On the other hand, in the inductive approach, prior theories attempt to build up an understanding of the world from the data set. According to Malhotra, (1999), the inductive approach recommended in case of not enough knowledge regarding the phenomenon of fragmentation of knowledge. Besides, the inductive approach shifts the data from specific to general is examining the particular cases to merge into a general or a more magnificent statement.

The present study follows the deductive approach as the existing theory has adopted as the basis of understanding of the phenomena and development of the hypothesis. The basic strategy of the study is to collect the available literature, which helps to improve the skills of MSMEs' success. In line with this, the current research has derived raw hypothesis from the prior knowledge and tests if it could use for MSMEs in Bangladesh.

#### **4.4.2 Data Collection**

There are two kinds of data collection methods, namely primary data and secondary data. Primary data is the raw data collected from the respondents for specific research. Thus it fits the study best. Malhotra & Birks, (2007) reported that the data collected by the researcher's first inquiry has used for implementation is called the primary data, which is used in quantitative research and vastly collected from a large scale questionnaire survey. On the other hand, the secondary information is the data that were used before or collected by others, not by the researcher him/herself, and thus this data does not fit the research most of the time (Zikmund, et al., 2010). A survey is an instrument that could access data from a sample of the population(Zikmund, et

al., 2010). The survey method is suitable for an abundant supply of collecting data so quickly to facilitate effectively (Hair, et al., 2010), easy to encode and ease of controlling over questionnaires (Malhotra & Birks, 2007). In addition to these, it can be deemed as a legitimate source of information (Burns, 2000). This research considered the primary data that are relevant to the empirical study.

#### **4.4.2.1 Survey Method**

The survey method is one of the most commonly used ways of data collection tools for collecting primary data (Zikmund, 2003). There are four basic categories of methods that may be used the survey, for example telephone conversations, in a personal interview (drop off method), electronic discussions and personal interviews (Malhotra, 2008). The electronic conference has recently been developed and brought into many forms, such as computer-assisted meetings or any other online or offline survey such as e-mail interviews. Sekaran, (2010) focuses on two points for describing the purpose of survey research, firstly to analyze the population and secondly to test the observed hypothesis, which has expected in certain phenomena. To find a solution to a specific research question, the survey method considered by the most effective means to be the answer to the objects (Brannen, 2010). The current study used the drop-off method and further explained in the self-questionnaire subsection.

#### **4.4.3 Questionnaire Design**

The questionnaire is a formalized framework that covers the questions as well as scales for the acquisition of primary data (Hair, et al., 1998). Inquiries can be able to cope with the knowledge more effectively in collecting information from the respondent. The research questionnaire was a pre-formulated written set of questions that clearly explained the items in the questionnaire for ease of understanding to appropriately record the respondents' information (Sekaran, 2003).

As previously mentioned, the current study used the drop-off method. In the drop-off method, the questionnaire is administered using the face-to-face technique and returned the same way (Saunders, et al., 2009). The method has applied to distribute the survey for recording the responses from different types of owners and managers of MSMEs in Bangladesh. The current study used 5 points Likert scale. The drop-off method for administering the questions has treated the best method of making a social science survey in particular (Malhotra, 1998), where the success rate for gathering is relatively higher compared to other methods (Hair, et al., 2010).

#### **4.4.4 Sampling Procedure**

Sampling is to trace the sample units and extend them to this study. Malhotra, (2004) defines the elements as the object worked as a source of desired information. The research that deals with a survey use respondents as elements while sampling unit contains the elements. The term scope generally refers to the study of the world. A sampling of this study divided into several sub-sections that are target population and sample, sampling method, the correct size and justification of using the sampling method.

##### **4.4.4.1 Target Population**

The population made up of elements that share similar characteristics. At the same time, the sample represents itself as a subgroup or part of the total population means a group of components of the society (Malhotra & Birks, 2007). Gratton & Jones, (2010) reported that it was not possible to collect the data from the whole population. That's why data has generally collected from elements, which is known as the sample. The purpose of using a sample is to generalize the finding the entire population because it is quite tough to get the information from the huge number of population. The target population for this study is the entrepreneurs who have connected to MSMEs in Bangladesh. The study took into account eight divisions, namely Dhaka, Chittagong, Rajshahi, Khulna, Barisal, Sylhet, Ranpur and Mymensingh. This study covers the 30 districts under 8 divisions (Dhaka, Gazipur, Tangail, Gopalganj, Madaripur, Faridpur, Barisal, Pirojpur, Jhalokathi, Khulna, Bagerhat, Jashore, Jhenaidah, Rajbari, Kushtia, Pabna, Natore, Rajshahi, Naogaon, Ranjpur, Dinajpur,

Cumilla, Laxmipur, Mymensingh, Sirajganj, Narail, Magura, Narayanganj, Panchgarh and Kurigram and so on).

#### **4.4.4.2 Sample Size**

To generalize the outcomes, determine the critical size is necessary. Apart from the Kunnan, (1998) argued that to determine the required accuracy, precision and consistency of estimates that are for the outcome of reliability and validity. For that reason, determining the right sample size is crucial. However, there is a modification to the standard specifies the exact size, with at least some recommendations are a number of sample sizes to follow. For example, Ding, et al., (1995) argued that the magnitude of 100 to 150 seems to be enough, while Boomsma, (1985) who had suggested that 300 subjects have to be a good sample size. Sekaran, (2010) proposed a rule that requires the use of 100 to 150 volunteers at the time of structure equation modeling.

Tsugane, et al., (1992) emphasized on the determining the right sample size because it has represented the whole population. While too small is to be seen as insufficient to generalize the results. However, large sample can also lead to erroneous results. In both cases, the validity of the study will be affected. The nature and types of the study determine the number of the sample of the study (Sekaran & Bougie, 2010). On the basis of research questions, sampling design and sample size, a range of thirty to five hundred can be accepted. The determination of size is directly related to the number of variables. Byern (2010) argued that there should be at least five respondents per variable. In addition, the study needs to take more than three hundred respondents in order to minimize the sampling error. Furthermore, the model with many parameters requires a large number of samples.

Hair, et al., (2010) seemed that sample size should depend on the number of items the study is going to deal with. They suggested that the variables should range from 200 to 400 as the modest number of subjects. From the above discussion, the researcher distributed 400 questionnaires to the different types of owner and manager of MSMEs in Bangladesh.

#### **4.4.4.3 Sampling Method**

The quantitative research has used two types of sampling methods, such as probability sampling and non-probability sampling (Hair, et al., 2009; Sekaran, 2003; Malhotra & Birks, 2007). Hair, et al., (2003) and Sekaran, (2003) defined the probability sampling is a specific sample where every element a possible change to be selected. In contrast, non-probability sampling does not have an equal chance to be chosen as respondents. The probability samples include a variety of criteria: a simple random, stratified sampling, cluster sampling multistage sampling. On the other hand, self-selection sampling, purposive or judgment sampling, quota sampling, snowball sampling and convenience sampling are examples of non- probability sampling (Heng, et al., 2011). The study has chosen convenience sampling method.

#### **4.5 Data Analysis**

After collecting the raw data from respondents, the research has required appropriate statistical analysis (Saunders, et al., 2009). Usually, the analyzing procedure begins with identifying the data entered into a statistical package for social sciences (SPSS). It is simple software and researchers widely use this software, mainly in the sector social and behavioral sciences (Landau & Everitt, 2003). The analysis included descriptive analysis of the raw data as well as inferential statistical analysis

The descriptive analysis described the study variables. The investigation started with the characteristics of the sample based on the demographic categories. Then, an item-level analysis conducted on each of the survey items and found the average of each survey variable from variable level analysis. The study provided a description and documentation of sample responses to the survey. The analysis measured Cronbach's alpha to assess the intra-item consistency of the scales for reliability (Vogt, 2007), which has accepted at the 70% level.

Inferential statistics has measured to compare the various participants at the intermediate level of a 5% alpha level. The ANOVA has provided clear participants' responses to different demographic categories like age and gender. An independent sample t-test has assisted in determining different types of responses of the respondent who needed different types of businesses or not. Correlations analyses tested the



hypothesis of independent variables that have correlated with the dependent variables. If the relationship emerged, directions and strengths of connections would examine. All reports were two-sided at a 5% alpha level.

The study included more reports. Confidence intervals and correlational matrices are displayed to understand variable distributions. Figures and tables provided visual representations of the results (Lind, et al., 2014). A regression analysis predicted each of the dependent variables (MSME success) in terms of the independent variables. Multiple regression analysis provided the coefficient of determination,  $R^2$ , which is the strength of independent variables in explaining dependent variables. Regression analysis is an important question to answer and identify the complex task of cooperating in order to explain what dimensions dependent variables.

#### **4.5.1 Validity**

The study includes the perfection of the validity of the internal and external (Creswell, 2008). The main concern of the internal and external validity of experimental designs (Neuman, 2006). The following two sections include a discussion of internal and external validity issues related to the study method and composition.

##### **4.5.1.1 External validity**

To conclude, the research findings across persons, settings, and times is external validity (Creswell, 2008; Neuman, 2006). The study accomplished external validity by removing possible external forces that might be the barrier of study generalization. For example, the researcher asked the participants about their honest and objective responses. The analyst questioned the survey to the owner and manager in standard settings. The sample was too enough to attain statistical representation of all entrepreneurs of MSMEs in Bangladesh. Therefore, it is possible to get consistent outcomes from the replication of the data collection procedure (Neuman, 2006).

#### **4.5.1.2 Internal Validity**

In the research design, internal validity has a tiny amount of error. Internal validity recognized at the time of no internal misrepresentation or disruption occurs. Issues of selection bias have presented the threats of internal validity such as;

- ❖ Mortality (when a participant refuses to finish all parts of the survey)
- ❖ Maturation (when a participant becomes bored)
- ❖ Instrumentation (when a problem occurs to the instrument, such as unclear survey copies or data entry problems), and
- ❖ Contamination (when participants influence each other) (Neuman, 2006).

It removes items from the internal validity of data collection and keeps these issues in mind. With greater confidence in the present day, the survey offered to be able to participate when the clear view of the characters was tedious. The analyst provided a bright photocopying paper in such a way that participants would fill up the instrument with their perceptions. In this study, correlation survey design, the survey, and internal instruments are of great importance. Measurement validity is the extent to survey tool, which is equivalent to being the all desire instrument to catch items as much as in the variables. Measurement validity has referred to as construct, convergent, and discriminate validity (Cooper & Schindler, 2008; Neuman, 2006).

#### **4.6 Reliability**

The focus of the research is to measure the reliability and integrity of careful investigation and planning (Cooper & Schindler, 2008). Reliable research occurs in the results of the study will be the same if replicated under similar conditions (Neuman, 2006). According to (Neuman, 2006), there are three techniques to increase in the quantitative reliability (a) precise level of measurement, (b) multiple indicators and (c) clear conceptualization of constructs. The study included the following techniques;

- i. The Likert type 5-point scale range provided with the optimal level of reliability. Based on research on the Likert type scales, (Neuman,

2006) reported that credibility increases the number of points to five points from the levels increase. Many researchers used a 5-point range (Parasuraman, et al., 1996; Lin & Hsieh, 2006; Zhu, et al., 2002; Cronin & Taylor, 1992).

- ii. Each variable made up several items. A Cronbach's alpha calculated to assess the intra-item consistency of the scales (Vogt, 2007).
- iii. The reason for conceptualization has expected on the basis of literature review. Each measure stated in a uniform concept. The concept clearly defined. Prior research showed valid measurement scales and reliable outcomes (Lin and Hsieh, 2006).

The study included three main scales. The researchers have used RBV based on previous literature (Penrose, 1959; Barney, 2001) scales in the literature as valid and precise ranges (Cornin, et al., 2000; Lin & Hsieh, 2006). Although a careful study concludes the study into the believer in the form of education, it should be the focus of the validity of anything (Vogt, 2007). The reliability and validity of a study determine the results of some scientific research (Creswell, 2008).

#### **4.7 Chapter Summary**

Chapter 4 provided a detailed description of the procedure for the current research study. The study included a quantitative, descriptive, correlation research method. The study design was appropriate and the study involved determining a relationship between the independent variable and the dependent variable. A cross-sectional survey that collects quantitative data on customer attitudes and beliefs and purpose will need to perform correlation analysis (Creswell, 2008). The Chapter included a discussion on the research question and hypothesis; the study population and geographical settings; and sampling, data collection and analysis of information. The surveying instrument has expected to work the fit and appropriate tool to measure customer perceptions of service quality, satisfaction associated with belief in the banking industry (Lin & Hsieh, 2006).

## **CHAPTER FIVE**

### **DATA ANALYSIS**

#### **5.1 Introduction**

The previous chapters contained the background, overview of MSMEs in Bangladesh, a review of the relevant literature, and a description of the method of the study. The result of the data analysis has presented in this chapter, where it addresses all the research questions. With the use of exploratory factor analysis and confirmatory factor analysis the study estimates the construct validity of this particular study. Multiple regression analysis uses to justify the overall model fit and test the observed relationship or hypothesis among the constructs that have drawn from the literature.

This chapter consists of nine sections with many of the sub-sections. The chapter starts with comprising the introduction, describes data screening, discusses the normality of data, analysis the sample demographics, discusses the reliability of the instrument, comprises exploratory factor analysis, comprises the application of multiple regression model, analysis finding, and contains chapter summary respectively.

#### **5.2 Data Screening**

The objective of data screening is to identify the issue of missing data as well as to assess and correct inconsistent, illogical and illegal data. If the problems do not adequately address, they may have several negative consequences on accuracy. For screening the data, the study had run here the factor analysis and scanned the significance values for identifying the variables for which most of the values are higher than .05. The correlation matrix table helped to identify such variables which excluded later on. For observing the collinearity issue, the study then checked whether or not there exists any correlation among the variables more than 0.8 and the determinant value was higher than .00001. The result showed that some items have a collinearity problem.

### 5.3 Normality of the Data

In SPSS, one of the pre-condition for data analysis is to test the normality of the data. There are many ways to test normality. Among the numerous styles, one popular method of testing normality is to decide from the “Skewness and Kurtosis” value. To check the normality of collected data, the Skewness and Kurtosis values comparing with standard error with the help of the Shapiro-Wil test. The result showed that most of the values of Skewness, and Kurtosis were between  $\pm 2$  which indicated the normality. Though most of the items were normal in this case, yet Shapiro-Wil test helped the study to identify some questionable issues, those should remove further. Appendix 2 shows that in most cases the values of skewness, and Kurtosis were between  $\pm 2$ .

**Table 5.1- Normality Test**

	N	Skewness			Kurtosis		
		Statistic	Std. Error	Z value	Statistic	Std. Error	Z value
Ent. Com. & FRM	360	-.225	.129	-1.744	-.494	.256	-1.929
Government Support	360	-.178	.129	-1.379	-.512	.256	-2.000
Adoption Of New Technology	360	-.257	.129	-1.992	.313	.256	1.222
Favorable Ext. Env.	360	-.184	.129	-1.426	-.059	.256	-0.231
Marketing Capability	360	-.193	.129	-1.496	-.153	.256	-0.597
Managerial Capacity	360	-.093	.129	-0.721	.507	.256	1.980
Standardization Products & Serives	360	.246	.129	1.906	.429	.256	1.675
Business Plan	360	-.247	.129	-1.914	-.414	.256	-1.617

### 5.4 Sample Demographics

The survey asked the respondents about their demographics such as gender, age, education, profession, length of transaction and income. This information helped describe and explain the sample under examination and provided a foundation for the findings and conclusions of the study. The following sections include a description and analysis of each demographic.

### 5.4.1 Gender

Table 5.2 shows the number of both male and female participants in this study. However, the number of males is more than their female counterparts. Among 360 respondents' 349 are male where 11 are female. Participated male and female are 96.9 and 3.1 percent, respectively.

**Table 5. 2 Sample Characteristics-Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
male	349	96.9	96.9	96.9
female	11	3.1	3.1	100.0
Total	360	100.0	100.0	

### 5.4.2 Age

The age of the respondent is the next demographic character to discuss. The data shows that near about 34.7 of the respondents are 34 to 45 years and 26 and 35 years. 13.3 percent of respondents fall 46-55. 8.9 percent of the respondents fall in the age group of 18 to 25 and above 55. The frequencies of the respondents are 32, 125, 123, 48 and 32 for the group 18-25, 26-35, 36-45, 46-55 and above 55, respectively.

**Table 5. 3 Sample Characteristics (Age)**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
18-25	32	8.9	8.9	8.9
26-35	125	34.7	34.7	43.6
36-45	123	34.2	34.2	77.8
46-55	48	13.3	13.3	91.1
Above 55	32	8.9	8.9	100.0
Total	360	100.0	100.0	

### 5.4.3 Educational Qualification

Respondents' level of education is the next issue to discuss. The educational level has categorized into eight groups' namely none, Primary Level, Lower secondary level, Upper secondary level, University Diploma, Bachelor's degree, Master's degree and other disciplines. The number of upper secondary level respondents is the highest in number (33.3 percent) followed by Lower secondary level (26.1 percent), Bachelor's degree (about 12.2 percent), Primary level (8.9 percent), Master's degree (7.2 percent) and none (5.8 percent), University diploma (5.6 percent) other discipline (about 0.8 percent). The number of the respondents for these categories is 120, 94, 44, 32, 26, 21, 20 and 3 for the Upper secondary level, lower secondary level, Bachelor degree, Primary level, Master's degree, none, university diploma and others discipline respectively.

**Table 5. 4 Sample Characteristics (Education)**

<b>Education</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
none	21	5.8	5.8	5.8
Primary Level	32	8.9	8.9	14.7
Lower secondary Level	94	26.1	26.1	40.8
Upper secondary level	120	33.3	33.3	74.2
University diploma	20	5.6	5.6	79.7
Bachelor degree	44	12.2	12.2	91.9
Master degree	26	7.2	7.2	99.2
Other	3	.8	.8	100.0
Total	360	100.0	100.0	

### 5.4.4 Previous Experience of the Owner/manager

The previous experience of the owner/manager is the next issue to discuss. 67.8 percent owner/manager has the prior experience and 32.2 percent respondent has not any past experience. The number of the respondents for these categories is 244 and 116 for prior experience Yes and No, respectively.

**Table 5.5 Previous Work Experience**  
**Have you had any previous work experience?**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Yes	244	67.8	67.8	67.8
No	116	32.2	32.2	100.0
Total	360	100.0	100.0	

#### **5.4.4.1 Length of the Experience**

The research report shows that 32.00 percent respondent has no experience about the start-up the current business. In the report, only 24 percent respondent has below two years' experience, 20.2 percent within two to five years, 18.8 percent within six to ten years, only 3 percent within eleven to twenty years and 1.4 percent respondent over 20 years. Two respondents do not provide any types of information. The number of respondent for these categories is 87, 73, 68, 11, 5, 116 for less than two years, (2-5 years), (6-10 years), (11-20 years), (>20 years) and none respectively.

**Table 5. 6 Length of the Experiences**

<b>Experience</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<2 years	87	24.2	24.2	24.2
2-5 years	73	20.3	20.3	44.4
6-10 years	68	18.9	18.9	63.3
11-20 years	11	3.1	3.1	66.4
> 20 years	5	1.4	1.4	67.8
None	116	32.2	32.2	100.0
Total	360	100.0	100.0	

#### **5.4.4.2 Relevant to the Experience**

When we asked our respondents regarding the previous work experience relevant to your current business, 55.3 percent respondent responded with yes and 44.7 percent



replied with no comment. The number of the respondent for these categories is 199 and 161 for yes and no, respectively.

**Table 5.7 Relevant Work Experiences**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Yes	199	55.3	55.3	55.3
No	161	44.7	44.7	100.0
Total	360	100.0	100.0	

#### **5.4.5 Parental Business**

Business possession is the next issue to discuss. 38.6 percent respondent has got the business from his parents and 61.4 percent respondent has started his business first. These respondents didn't get the business from their parents. The number of the respondent for these categories is 139 and 221 for yes and no, respectively.

**Table 5. 8 Parental Business**

<b>Parental Business</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Yes	139	38.6	38.6	38.6
No	221	61.4	61.4	100.0
Total	360	100.0	100.0	

#### **5.4.6 Legal Status of the Business**

The legal status of the business is the next issue to discuss. In the survey report, sole proprietorship business is 83.6 percent, 11.1 percent private limited company, 0.8 percent public limited company and 4.4 other concern business. The respondent of these categories are 301, 40, 3, 16 for sole proprietorship, private limited and public limited and other respectively.

**Table 5.9 The Legal Status of the Business**

<b>Legal Status</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Sole trader	301	83.6	83.6	83.6
Private limited	40	11.1	11.1	94.7
Public limited	3	.8	.8	95.6
Other	16	4.4	4.4	100.0
Total	360	100.0	100.0	

**5.4.7 Category of Business**

The next issues are the different types of activity of the company. 21.9 percent enterprise is the food processing industry, 10.3 percent electrical and electronic industry, 9.7 percent textile and leather industry, 9.2 percent metal and engineering industry, 2.8 percent chemical industry and 46.1 percent other industry. The number of respondents for these categories is 10, 33, 35, 37, 79 and 166 for the chemical industry, metal and engineering industry, Textile and leather industry, electrical and electronic industry, food processing industry and other respectively.

**Table 5.10 Category of Business**

<b>Types of Business</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Chemical industry	10	2.8	2.8	2.8
Electrical & Electronic Industry	37	10.3	10.3	13.1
Food processing industry	79	21.9	21.9	35.0
Metal & Engineering Industry	33	9.2	9.2	44.2
Textile & Leather industry	35	9.7	9.7	53.9
Other	166	46.1	46.1	100.0
Total	360	100.0	100.0	

**5.4.8 Location of the Business**

In the research report, 33.6 percent enterprise locates in district area, 28.6 percent in a rural area, 6.9 percent in BSCIC area, 5.8 in the industrial zone, 0.6 in EPZ area and 24.4 percent in other areas. The respondent for these categories is 2, 21, 25, 88, 103 and 121 for EPZ area, industrial zone, BSCIC area, others, rural area and district area, respectively.

**Table 5.11 Location of the Business**

<b>Location</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Industrial Zone	21	5.8	5.8	5.8
BSCIC Area	25	6.9	6.9	12.8
EPZ area	2	.6	.6	13.3
Rural area	103	28.6	28.6	41.9
District	121	33.6	33.6	75.6
Others	88	24.4	24.4	100.0
Total	360	100.0	100.0	

#### 5.4.9 Description of the Business

The report shows that 51.1 percent enterprise is privately-owned, 39.8 percent wholly family-owned and 8.9 percent partly family-owned and one person does not fill up anything. The respondent for these categories is 32, 143 and 184 for partly family-owned, wholly family owned and privately owned respectively.

**Table 5.12 Business Description**

	<b>Business Description</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Wholly family owned	143	39.7	39.8	39.8
	Partly family owned	32	8.9	8.9	48.7
	Privately owned	184	51.1	51.3	100.0
	Total	359	99.7	100.0	
Missing	System	1	.3		
Total		360	100.0		

#### 5.4.10 Length of the Business

In the survey report, 59.9 percent enterprise has the business operation for more than 5 years, 25.8 percent within (3-5 years) and 14.3 percent within (1-2 years) and 3 persons do not provide any answer to this question. The respondent for these categories is 51, 92, and 214 for 1-2 years, 3-5 years and more than 5 years, respectively.

**Table 5.13 Length of the Business Operation**

	<b>Tenure</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	1-2 years	51	14.2	14.3	14.3
	3-5 years	92	25.6	25.8	40.1
	> 5 years	214	59.4	59.9	100.0
	Total	357	99.2	100.0	
Missing	System	3	.8		
	Total	360	100.0		

#### 5.4.11 No. of Staff of the Enterprise

The research report shows that 36.4 percent enterprise has the amount of employee is (10-50 person), 3.1 percent between 51 to 100 person and only 0.8 percent more than 100 staffs and 59.7 percent the other amount. The respondent for these categories is 3, 11, 131, 215 for (101-200 person), (51-100 person), (10-50 person) and others.

**Table 5.14 Amount of Staff**

<b>No. of Employee</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
10-50	131	36.4	36.4	36.4
51-100	11	3.1	3.1	39.4
101-200	3	.8	.8	40.3
other	215	59.7	59.7	100.0
Total	360	100.0	100.0	

#### 5.4.12 Turnover of the Business

Final issue for demographic is the annual turnover of the business. 14.7 percent owners are not interest to provide the information regarding the annual turnover. 24.2 percent enterprise has a turnover within (500,000 to 1,000,000), 22.2 percent enterprise has a turnover below 500,000, 21.9 percent enterprise has annual turnover within 1000001 to 75,000,000. The respondent for this categories 61, 79, 80, 87 for (>75,000,000), (1,000,001-75,000,000), (0-500,000) and (500,000-1,000,0000) respectively.

**Table 5.15 Business Turnover**

	<b>Business Turnover</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	0-500.000	80	22.2	26.1	26.1
	500.001-1.000.000	87	24.2	28.3	54.4
	1.000.001-75.000.000	79	21.9	25.7	80.1
	> 75.000.000	61	16.9	19.9	100.0
	Total	307	85.3	100.0	
Missing	System	53	14.7		
Total		360	100.0		

#### 5.4.13 Overall Descriptive Statistics

The following table (Table 5.16) shows the overall descriptive statistics of all the screened (selected for further analysis) respondents.

**Table 5.16 Overall Descriptive Statistics of the Respondents**

	N Statiscs		Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Valid	Missing	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Age	360	0	1.00	5.00	2.7861	1.07197	0.435	0.129	-0.351	0.256
Gender	360	0	1.00	2.00	1.0306	0.17235	5.478	0.129	28.165	0.256
Education	360	0	1.00	9.00	3.9444	1.59638	0.471	0.129	0.092	0.256
Owner	360	0	1.00	3.00	1.3083	0.66921	1.904	0.129	1.957	0.256
Experience	360	0	1.00	2.00	1.3222	0.46798	0.764	0.129	-1.424	0.256
Relevant Experience	360	0	1.00	2.00	1.4472	0.49790	0.213	0.129	-1.966	0.256
Length of Experience	360	0	1.00	6.00	3.3389	2.01295	0.316	0.129	-1.525	0.256
Parental Business	360	0	1.00	2.00	1.6139	0.48753	-0.470	0.129	-1.789	0.256
Legal status	360	0	1.00	4.00	1.2611	0.69108	3.015	0.129	8.661	0.256
Types of Business	360	0	1.00	6.00	4.5111	1.60254	-0.506	0.129	-1.212	0.256
Description of Business	360	1	1.00	4.00	4.5056	0.95917	-0.215	0.129	-1.811	0.256
Length of Business	360	3	1.00	3.00	3.3389	0.73166	-0.952	0.129	-0.511	0.256
Business Location	360	0	1.00	6.00	4.5056	1.36815	-1.104	0.129	0.709	0.256
No of Staff	360	0	1.00	4.00	2.8389	1.43635	-0.458	0.129	-1.765	0.256
Turnover	360	53	1.00	4.00	2.3941	1.07756	0.126	0.129	-1.248	0.256

### 5.5 Reliability of the instrument

Cronbach's alpha is the fundamental tool to be used to measure the reliability of an instrument. Cronbach's alpha value of more than .60 has used as the benchmark of a reliable instrument (Gerber & Malhotra, 2008).The following table shows the overall reliability statistics where overall instrument's Cronbach's alpha is .947 which is satisfactory.

**Table 5.17 Reliability Statics**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.947	.938	74

#### 5.5.1 Reliability for each construct

Table- 5.18 below shows the Cronbach's alpha value for each construct of the questionnaire. In all the cases, the values are satisfactory.

**Table 5.18 Construct reliability**

<b>Construct</b>	<b>Item</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Cronbach's alpha</b>
Entrepreneurial Competency and Financial Resource Management.	EC1- Resolve Issues	3.5167	1.37618	.891
	EC2- Recognize external trend	3.3250	1.37727	
	EC3- Building relationship	3.5167	1.26436	
	EC4- Management Skills	3.4472	1.26557	
	EC5- Entrepreneurial Skills	3.4306	1.32078	
	EC6- Technological Skills	3.6611	1.23624	
Government Support	GS1 – Get the permission	3.2306	1.33713	.839
	GS2 – Satisfactory Assistance	3.1000	1.24717	
	GS3 – Problems to contact	3.2639	1.30984	
	GS4 - Training Facility	3.1056	1.17778	
	GS5 – Government Policies	3.3028	1.14905	
Adoption of New Technology	AT1– Achieve customer satisfaction	4.2222	.84151	.808
	AT2 –Improve the quality of products.	4.1056	.86076	
	AT3 – Popularity of online marketing	4.1750	.90183	
	AT4 – improve information	4.2083	.82674	
	AT5 – Reduce communication cost	4.3389	.77685	
External Environment	EE1- Customer Demand	3.8111	1.11854	.854
	EE2- Proper channel of distribution	3.3778	1.25410	
	EE3- Morally right product	3.4667	1.27281	
	EE4- Government rules & Policies	3.5389	1.20521	
Marketing Capability	MC1- Current brand name	3.5167	1.20109	.782
	MC2 – Market Awareness	3.7472	1.24224	
	MC3 – Communication Channel	3.3194	1.22448	
	MC4 – Pricing of the product	3.5639	1.16415	
Managerial skills	MK1- New product development process.	3.7667	.88692	.770
	MK2 – Leads to profitability	3.8444	.91000	
	MK3 – Production ways	3.5806	.92574	
Standardization of product & services	SP 1 – Quality guarantees.	4.4778	.66722	.765
	SP 2 – Clarity of products	4.3833	.75585	
	SP 3 – Promotes the productivity	4.3639	.67451	
Business Plan	BP 1- Best fit for markets.	3.8972	.84970	.7812
	BP 2 – Satisfied your Distribution channel.	3.7056	.98568	
	BP 3 – Satisfied your current supplier	3.7056	1.03260	
Entrepreneur Success	ES1 - Training for confident skills	2.7694	1.30124	.893
	ES2 – Build trust and cooperation	2.9583	1.33558	
	ES3 – specialized knowledge and expertise.	3.3750	1.26708	
	ES4 – establishing right connections.	3.4361	1.30195	
	ES5- Satisfied tax systems	3.1583	1.33516	
	ES6 – Fair for SME product	3.4750	1.30328	

## 5.6 Exploratory Factor Analysis

Factor analysis has used to assess the interrelationship among a large number of constituting variables. It defines the set of items where there is a high interrelationship (Hair, et al., 2010). It helps to reduce the number of total items and select the most relevant ones towards the specific phenomena. Nevertheless, several assumptions are supposed to be satisfied before apply factor analysis and it also treats as the confirmation of the fitness of data.

### 5.6.1 Application of factor analysis

As noted earlier, the purpose of running factor analysis is to find the appropriate items of the specific constructs and this involves a comprehensive process. The application of overall factor analysis discusses in the given subsections bellow;

#### 5.6.1.1 Sample adequacy

Table 5.19, with the value of Kaiser-Meyer-Olkin (KMO) indicates that the study does not have any issue with sample adequacy. It is noted that KMO value is more than .60 and the significant value of Bartlett's test of sphericity is good enough for the study to proceed for factor analysis.

**Table 5. 19 KMO and Bartlett's Test**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.860
Bartlett's Test of Sphericity	Approx. Chi-Square	6493.255
	df	741
	Sig.	.000

**Source:** author's compilation based on field survey, 2019



### 5.6.1.2 Communalities

Communalities represent the overall estimation of the shared variance of the variables. With the extracted factors, the variance in a variable has explained. The value of the communality for each variable has expected to be .50 or more.

**Table 5.20 Communalities of the Constructs**

<b>Communalities (Extraction Method: Principal Component Analysis.)</b>			
<b>SI No</b>	<b>Constructs Name</b>	<b>Initial</b>	<b>Extraction</b>
7	Resolves issues	1.000	.722
5	Recognize external Trend	1.000	.715
57	Strategic thinker	1.000	.701
53	Specialized knowledge	1.000	.709
54	Human Skills to build trust	1.000	.666
56	Political Skills for right connection	1.000	.643
47	Tax system of the Government	1.000	.716
42	Government Assistance	1.000	.754
43	Easy to get government permission	1.000	.769
44	Face problem to contact	1.000	.692
45	Government Policy affect	1.000	.560
46	Government training facility	1.000	.577
25	Technology helps the popularity	1.000	.577
26	Improve the quality of products	1.000	.648
27	Helps to improve information	1.000	.620
28	Helps to reduce communication cost	1.000	.561
29	Helps to achieve customer satisfaction	1.000	.631
36	Satisfied with Communication channels	1.000	.658
39	Market awareness is important	1.000	.759
40	Satisfied from pricing of the product	1.000	.489
41	Satisfied from current brand name	1.000	.737
65	Company's product morally right	1.000	.718
66	Maintained a proper channel	1.000	.711
67	Meet up the demand of the customer	1.000	.726
68	Product quality maintained	1.000	.636
30	Satisfied from new product development	1.000	.624
31	Product development process	1.000	.616
33	Way to produce the product	1.000	.496
70	Improves the clarity of the products	1.000	.585
71	Guarantees the quality of the product	1.000	.655
72	Promotes the productivity of the company	1.000	.545
32	Distribution channel of the product	1.000	.487
34	Current supplier of the product	1.000	.523
35	Fit for potential market	1.000	.608
24	Facilitate the control of the business	1.000	.559
16	Influence access to finance	1.000	.657
49	To create awareness	1.000	.667
13	Management skills	1.000	.665

**Source:** Authors Computation (2019)

### 5.6.2 Factor Extraction

The meaning of factor extraction is to form a cluster or clubbing of variables in distinctive factors. Eigen value has used as a standard method to choose the appropriate number of factors. Latent root value or Eigen value 1 or greater determine the expected number of factors in a study (Malhotra, 2010). The table has shown below where a total of nine factors have extracted. A total of more than 64.27 percent of variance has explained.

**Table 5.21 Total Variance explained**

Total Variance explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.886	20.222	20.222	7.886	20.222	20.222	4.209	10.792	10.792
2	4.402	11.288	31.509	4.402	11.288	31.509	4.009	10.280	21.071
3	3.106	7.965	39.475	3.106	7.965	39.475	3.300	8.462	29.533
4	2.669	6.843	46.318	2.669	6.843	46.318	2.949	7.561	37.094
5	1.898	4.866	51.184	1.898	4.866	51.184	2.618	6.712	43.806
6	1.509	3.869	55.053	1.509	3.869	55.053	2.566	6.579	50.385
7	1.380	3.538	58.590	1.380	3.538	58.590	2.014	5.165	55.550
8	1.140	2.923	61.513	1.140	2.923	61.513	1.877	4.814	60.364
9	1.078	2.764	64.277	1.078	2.764	64.277	1.526	3.914	64.277

Extraction Method: Principal Component Analysis.

**Source:** author's compilation based on field survey, 2019

### 5.6.3 Rotated Factor Matrix

In the unrotated component matrix, most of the variables have loaded in the first factor. Also, many of the items were also cross-loaded to more than one construct. The loading of the unrotated factor matrix defies the possibility of deriving the significant factors.

Factor loadings of correlation coefficient based on Varimax rotation of factors influencing entrepreneurship development and success

**Table 5.22 Rotated Component Matrix**

Rotated Component Matrix <sup>a</sup>	FACTORS								
	1	2	3	4	5	6	7	8	9
Resolves issues as they arise	.792								
recognize external trends and opportunities	.785								
Building relationship with the lender	.784								
Management skills affect access to finance	.779								
Entrepreneurs' skills influence access to finance	.739								
Efficient technological skills of entrepreneurs'	.711								
By arranging training and build the confident		.745							
Able to build trust and cooperation		.728							
specialized knowledge and expertise		.720							
Political skill is required for the right connections		.716							
The tax system of the Government		.710							
Arranged different types fair for SME product		.686							
Easy to get the permission for your business			.813						
Assistance of Government is satisfactory			.799						
face any types of problems when contact with Government			.787						
Government training facility is available			.688						
government policies affect your business			.624						
ANT helps to achieve more customer satisfaction.				.755					
ANT improved the quality of products and service				.755					
ANT help the popularity of online marketing				.747					
ANT helps to improve of information				.717					
ANT helps to reduce communication cost				.708					
meet up the demand of the customers					.799				
maintained a proper channel of distribution					.753				
Company's product morally right					.695				
product quality maintained by govt rules & policies					.633				
current brand name of the product						.805			
market awareness						.777			
communication channels						.720			
pricing of the product						.513			
product development process							.748		
current product development approach leads to profitability							.737		
way to produce the product							.633		
guarantees the quality of the product								.771	
clarity of the products								.732	
promotes the productivity								.690	
best fit for your potential market									.731
distribution channel of the product									.565
current supplier of the product									.515
Extraction Method: Principal Component Analysis.									
Rotation Method: Varimax with Kaiser Normalization.									
a. Rotation converged in 8 iterations.									

**Source:** author's compilation based on field survey, 2019

To avoid the situation, following the varimax procedure to extract the factor rotated component matrix shows the meaningful factor rotation in the table (Table 5.22) above. To avoid the cross-loading of the items of the multiple factors, (Jeanquart-Barone & Sekaran, 1994) suggest suppressing the value of factor loading less than .40 or below. Since each factor is supposed to be unique and distinct, after several runs of the factor analysis with the execution of some items (Table 5.23) the above-rotated matrix shows the ultimate exhibition of items associated with the respective factor. Many of the items have excluded due to the minimum loading and cross-loading issue.

**Table 5.23 Latent Construct**

<b>Variable Name</b>	<b>Removed Items</b>
<b><i>Entrepreneurial Competency and Financial Resource Management</i></b>	
clear sense of values	1
prepared to use fresh approach	2
Risk taking	3
Networking	4
Keeps up to date developments	6
persists in pursuing goals	8
builds trust and long term relationships	9
Create common purpose	10
Existing capital	11
Educational background and experience	12
Able to draw a business plan	15
Co-lateral of assets	17
Firm's age and size	18
Nature of business	19
<b><i>Adoption of New Technology</i></b>	
Helps to access to international market	20
Helps to improve relations with other business partners.	21
Facilitated the growth of business	22
helps to develop new market	23
<b><i>Marketing Capability</i></b>	
Existing methods of promotion is best fit for the organization?	37
Market awareness <b>is important for a company?</b>	38
<b><i>Government Support</i></b>	
Help to find the new market?	48
<b><i>Managerial Capacity</i></b>	
Managerial skills are important for running a successful business	50
Good leadership skills	51
Communication skills	52
Diagnostic skills which is help investigate and analyzes a problem	55
<b><i>Favorable external Environment</i></b>	
Arranging different types of training and providing advice	58
Is infrastructure appropriate	59
Domestic economic condition is favorable.	60
Is supply of raw of your organization accurate?	61
<b><i>Standardization of Product &amp; Service</i></b>	
Improves the clarity	69
Standardization of the product boosts the employee morale	73
Perfect customer service	74
<b><i>Business Plan</i></b>	
Transportation is available for your organization	62
Perception is well accepted	63
Political environment is satisfactory	64

**Source:** Author's Computation (2019)

The omissions of these items are not unexpected, statistically and practically. Since the service provided by banks is dynamic, not all the tools should be significant. (Gerber & Malhotra, 2008), suggests that the items with minimum loading or cross-loading could avoid to see the better result in further analysis

## **5.7 Multiple Regression Analysis**

The study included the use of multiple regression analysis to identify a line of “best fit” (Creswell, 2008) for more than one independent variable in predicting or explaining a dependent variable. This analysis is necessary for attempting to answer the study’s research question. The previous analysis indicated that all independent variables had strong relationships with the dependent variables, but did not explain how they interact to predict dependent variables. Multiple regression analysis has used in an attempt to demonstrate the impact of all independent variables and Entrepreneur success.

Multiple regressions are a statistical procedure that examines the combined impact of several variables to predict or explain a dependent variable. The following two sections include a discussion on the regression analysis for the success factors of MSME in Bangladesh. The researcher used SPSS Version 22 to assess the calculation. Specifically, linear multiple regression analysis with a stepwise method has used. The stepwise method has used because it uses the best predictors in estimating the regression model. The following sections report an analysis of the findings of the multiple regressions.

### **5.7.1 Success factors regression model**

The multiple regression analysis indicated that the success factors of entrepreneurs competency and financial resource management, Government support, Adoption of new technology, Marketing capability, Management policy, Positive external environment, standardization of product and service and Business plan (independent variables) has combined together appear to explain entrepreneur success with  $r = .730$ ,  $r^2 = .533$ , and adjusted  $r^2 = .523$  (Table 5.24). The regression model fit the data with an  $F$  test = 50.139 that was significant at the  $p < .001$  level. Table 5.25 includes the beta weights (slopes) of each variable and a constant enterprise success. The table includes both no standardized and standardized coefficients along with  $t$  value and significance level. The independent variables in combination can predict success factors of MSME in Bangladesh.

**Table 5.24 Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.730	.533	.523	.72920

Predictors: (Constant), Govt. Support, Mgt. Capacity, Entre. Com. & FRM, Business Plan, Standardization of Product and Service, Business Plan, Fav. Ext. Environment and Marketing Capability

**Table 5.25 ANOVA**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	213.286	8	26.661	50.139	.000
	Residual	186.639	351	.532		
	Total	399.926	359			

- a. Dependent Variable: Enterprise Success
- b. Predictors: (Constant), Govt. Support, Mgt. Capacity, Entre. Com. & FRM, Business Plan, Standardization of Product and Service, Business Plan, Fav. Ext. Environment and Marketing Capability

### **5.7.2 Linearity test**

For testing linearity, the study had run here the multiple regressions and scanned the significance values for identifying the variables for which the majority of the values are less than .05. The correlation matrix table helped to identify such variables which excluded later on. For observing the linearity issue the study then checked whether or not there exists any correlation among the variables more than 0.90. The result showed that the highest correlation coefficient was .844. So, no items have the linearity problem.

**Table 5.26 Pearson Correlation**

<b>Construct</b>	<b>Mean</b>	<b>S.D.</b>	<b>Ent. Co &amp; FSM</b>	<b>Govt_ Support</b>	<b>Adoption New Tech.</b>	<b>Ext. Env.t</b>	<b>Mkt. Cap</b>	<b>Mgt. Pol</b>	<b>Stand. Of Pr. &amp; Sr.</b>	<b>Bus Plan</b>	<b>Ent. Success</b>
Ent, Com	3.48	1.052	1								
Govt. Support	3.20	.975	.157	1							
Adop. New. Tec	4.21	.632	.372**	.142**	1						
External.Env.	3.54	1.011	.523**	.152**	.134*	1					
Mkt.Capy	3.53	.940	.285*	.412**	.076	.019	1				
Manageiral Cap.	3.73	.680	.376**	.042	.036	.060	.214**	1			
Stand, of Pr. & Sr.	4.40	.537	.141*	.208**	.215**	.004	.136**	.040	1		
Bus. Plan	3.76	.682	.100	.089	.032	.101	.310**	.407**	.062	1	
Ent. Success	3.19	1.055	.474**	.380**	.076	.579**	.296**	.025	.213**	.070	1

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

Factor 2 (comprising 6 items) is labeled as “Entrepreneurial Success”.

Factor 3 (comprising 5 items) is labeled as “Government Support”.

Factor 4 (comprising 5 items) is labeled as “Adoption New Technology”.

Factor 5 (comprising 4 items) is labeled as “Marketing Capability”.

Factor 6 (comprising 4 items) is labeled as “Managerial Capacity”.

Factor 7 (comprising 3 items) is labeled as “Positive External Environment”.

Factor 8 (comprising 3 items) is labeled as “Standardization of Product and Service”.

Factor 9 (comprising 3 items) is labeled as “Business Plan”.



**Table 5.27 Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.871	.479		1.818	.070
Ent_Comp& FS	.277	.044	.276	6.305	.000
Bus_Plan	-.102	.065	-.066	-1.570	.117
Stad_P&S	-.242	.077	-.123	-3.162	.002
Mgt Capacity	-.078	.063	-.050	-1.245	.214
MKT Cap	.282	.048	.251	5.812	.000
Fav..EE	.431	.045	.413	9.536	.000
Ad. N. Tec	-.013	.065	-.008	-.197	.844
Govt. Sup.	.196	.046	.181	4.291	.000
a. Dependent Variable: Enterprise Success (MSME Success)					

## 5.8 Result of the Hypotheses

**Table 5. 28 Result of the Hypothesis**

	Hypothesized paths	Coefficients Beta ( $\beta$ )	t	Sig.	Remarks
H1	Entrepreneur Comp & FRM→Enterprise Success	.276	6.305	.000	<b>Supported</b>
H2	Government Support →Enterprise Success	.181	4.291	.000	<b>Supported</b>
H3	Adoption of New. Tech→Enterprise Success	-.008	-.197	.844	Not Supported
H4	Marketing Capability →Enterprise Success	.251	5.812	.000	<b>Supported</b>
H5	Managerial capacities →Enterprise Success	-.050	-1.245	.214	Not Supported
H6	Favorable Ext. Environ →Enterprise Success	.413	9.536	.000	<b>Supported</b>
H7	Standardized P & S →Enterprise Success	-.123	-3.162	.002	<b>Supported</b>
H8	Business Plan → Enterprise Success	-.066	-1.570	.117	Not Supported

## 5.9 Discussion of the Findings

- ❖ The study identified several factors from the literature review relevant to MSMEs. Considering all the factors, the study extracted eight factors as independent and one factor as the dependent variable to develop the success model based on RBV theory.
- ❖ Among the eight independent variables five factors (such as Entrepreneurial Competency and Financial Resource Management, Government Support, Marketing capability, Favorable External Environment and Standardization of Products and services) are supported while we test the hypothesis to find the relationship between dependent and independent variables.
- ❖ Among the five factors **Favorable external environment** is the most dominating factor while **standardization of products and services** has least impact on the success of MSMEs.

The purpose of the study was to identify the factors affecting the business success in SMEs in Bangladesh. This research provided some meaningful insights in identifying the success factors for MSMEs in Bangladesh. As the objective of this section is to compose an analysis of the fundamental findings of the study in the line of greater body of relevant knowledge, hence, the comparative analysis of the outcome is made in comparison with the theories or pre-existing understanding of facts.

The results show that standardization of product(s) and services played an important role in ensuring the MSMEs business in Bangladesh. Innovative product, quality, cost, reliability and services are the key strategic dimension in business success. Innovative product gives added value to customer and it is important to achieve a suitable balance between product quality and costs. Small-business owners must have a missionary zeal about their products or services, be willing to be personally involved in it, be willing to stick with the business, be able to define the market clearly and pay attention to details and proactiveness.

Favorable external environment factor play a very important role as well for firm success.

In developing areas, satisfactory government support has shown to be important for small firm success.

The main objective of this present study is to investigate the impact of success factors of MSME in Bangladesh. The findings of the research have confirmed that entrepreneur competency and financial resource management, government support, Marketing capability, positive external environment and standardization of the product and service is the key motivators that influence the success of MSMEs especially from the Bangladesh perspective. However, adoption of new technology, management policy and business plan have no significant influence on success factors when enters into the model. This might be happened due to poor quality education systems of the owner of the MSME in Bangladesh. To overcome these problems, Ministry of Industry, Bangladesh Bank, SME Foundation and BSCL have to ensure different types of training for the MSME owner which will increase adoption power of new technology and will develop the business plan.

**Table 5.29 Rank of the Supported Factors**

	<b>Factors</b>	<b>Standardized Coefficients Beta (<math>\beta</math>)</b>	<b>t</b>	<b>Rank</b>
H6	Favorable External Environment	.413	9.536	1
H1	Entrepreneur Competency & Financial Resource Management	.276	6.305	2
H4	Marketing Capability	.251	5.812	3
H2	Government Support	.181	4.291	4
H7	Standardized Product and services	-.123	-3.162	5

## **5.10 Chapter Summary**

This chapter involved an attempt to include a detailed analysis of the findings of the study. The study attempts to confirm the validity of the survey instrument to measure the success factors of MSMEs in Bangladesh and its adaptation. The chapter also contained a description of the sample and a report of the study's data analysis procedures. Internal consistency of the scale items seemed to confirm survey reliability.

Also reported in the study was a descriptive and inferential statistical analysis. The findings of the study appeared to indicate significant correlations among the study variables. The study hypotheses have tested and the results rejected the null hypothesis and accepted the alternative hypothesis. The findings appeared to indicate that all service quality dimensions have significantly correlated with success factors of MSME sectors in Bangladesh.

The data provided additional findings after allowing for the effects of all other predictors in a combined model. Adoption of new technology, Management policy and business plan appeared to be insignificant in predicting success factors in a regression model. Entrepreneur competency and financial resource management, Government support, Marketing Capability, Positive external environment, Standardization of products and services are the best-predicted success factors for MSME success in Bangladesh. Next chapter will contain the conclusions, implications, and recommendations of the study.

## **CHAPTER SIX**

### **CONCLUSION AND RECOMMENDATION**

#### **6.1 Introduction**

This chapter is going to discuss the key findings of the study. It consists of four sections. The first section introduces the overall idea of the chapter and hence, addressed as the introduction. Section two draws attention to the summary of the entire research where section three highlights the main findings of the study based on the tested research hypothesis. Section four is designed with the conclusion, recommends for future research and discusses the implication of the findings derived from the study.

#### **6.2 A Snapshot of the Total Picture of the Study**

MSMEs occupy dominant positions in any economy of world. SME activities cover all areas of business including manufacturing, mining, wholesaling, retailing, service and the like. This sector is an integral part of an economy and considered as an active engine of economic growth. SMEs including the tiny and ‘micro’ enterprises comprise virtually all (about 99.85%) of all business enterprises outside agriculture in Bangladesh (Rahman, 2009). MSMEs play an important role in economy through the generation of employment, contributing to the growth of GDP, embarking on innovation and stimulating other economic activities (Gamage, 2003). SMEs including micro enterprises account for some 81.2%, while only 0.15% of all business enterprises employ a full 18.8% of the employment of all business enterprises outside agriculture (Rahman, 2009).

Approximately 6 million MSMEs are in Bangladesh, which included enterprises with up to 100 workers employing a total of 31 million people. It is equivalent to 40 percent of the population of the country age 15 years and above. SMEs consisted of primarily wholesale and retail trade and manufacturing only (14 percent). Contribution to GDP varies sector to sector. Manufacturing contributed the highest proportion (38 percent), followed by Agriculture (24 percent) and closely following, wholesale and retail trade and repairs (23 percent) (Mintoo, 2006).

### **6.3 Limitation and Future Research**

It is not possible to collect the information from all the districts of Bangladesh due to time constraints. The researchers' have included the entrepreneur who has enlisted with Bangladesh SME Corporation Ltd. That's why the researcher failed to reach all the entrepreneurs.

The study has been exploring a number of issues that require further investigation. Future research should seek to investigate into other factors that affect the success and growth of entrepreneurship in the country. A combination of survey and case study methods should employ in the future.

### **6.4 Conclusion and Recommendation**

Considering the specific objectives of the study and the tested result of the hypotheses with the use of multiple regressions, a number of conclusions are reached. It is to be noted that the generated outcome of the study supports the idea that behind the success factors of MSMEs in Bangladesh. In greater meaning all the exogenous variables exert positive influence on the endogenous constructs both independently and collectively.

However, considering the significant value, the standard regression weight suggests that entrepreneurial competency and financial resource management, government support, marketing capability and positive external environment play most important role to determine the success factors of MSME in Bangladesh.

Apart from this, the present study will assist the key stakeholders to conceptualize and operationalize the concept. Moreover, it may support them to operate the business more smoothly and expand their knowledge for searching different types of market and implement different types of marketing strategy for the success of MSME.

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## APPENDIX

### QUESTIONNAIRE

#### RESPONDENT'S DETAILS

**Your Position held in the company:**

*(Please tick the box that is relevant to you)*

☐ Owner\* – active in business management –

☐ Owner – not involved in day-to-day management –

☐ Manager – not the owner –

\* “Owner” means anyone who owns or controls the whole or any part of the business.

Dear owner-manager,

Recognizing that the future of micro, small and medium enterprises (SMEs) in Bangladesh is based largely on the efforts of the owner-managers of SMEs like you, we are very eager to learn about your own experiences. In particular, we seek information on what you consider to be key factors of the success of SMEs. Your contribution in this survey is therefore very important to identify these factors. By completing this questionnaire, the data you provide will lead to a series of recommendations to ensure the success of SMEs in Bangladesh.

#### INSTRUCTIONS

- Please complete this questionnaire accurately and objectively. In the absence of an option that accurately reflects your views, please choose the answer that seems relevant, and add any comment or explanation that you deem useful to illustrate your answer.
- Most questions can be answered simply by ticking a box.
- All of the answers you provide in this questionnaire **WILL BE KEPT CONFIDENTIAL**. All information given will be used for the purpose of this research only.
- The results of this research will be presented in the thesis to be submitted to the University of Rajshahi, as required by the Mphil degree.
- If you want a copy of the results of the study, please fill out your name, address or e-mail in the last page of the questionnaire.

**Thank you very much for your cooperation**

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(Please select the appropriate answer by ticking the appropriate box)

(NVI = Not very important (খুব গুরুত্বপূর্ণ নয়); NI = Not important (গুরুত্বপূর্ণ নয়); I = Important (গুরুত্বপূর্ণ); VI = Very important (খুব গুরুত্বপূর্ণ); NO = No opinion (কোন মন্তব্য নয়))

- 1) Entrepreneur has a clear sense of values and beliefs that influence to operate the business smoothly. (উদ্যোক্তার সুন্দরভাবে ব্যবসা পরিচালনা করার জন্য নীতি ও মূল্যবোধ সম্পর্কে স্বচ্ছ ধারণা থাকা উচিত।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 2) The entrepreneur is prepared to use fresh approach that is leading to radical change and takes time to listen to new ideas without pre judgment. (উদ্যোক্তা একটি নতুন পদ্ধতি ব্যবহার করার জন্য প্রস্তুত থাকবে যেটি গুণগত পরিবর্তন বয়ে আনবে এবং বিচার বিশ্লেষণ না করে কোন নতুন ধারণার প্রবর্তন করবে না।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 3) Risk taking is necessary for operating the business smoothly. (ব্যবসা সঠিকভাবে পরিচালনা করার একটি প্রয়োজনীয় উপকরণ হল ঝুঁকি গ্রহণ)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 4) Networking is the key business activity for business success. (ব্যবসার সফলতার প্রধান চাবিকাঠি হল নেটওয়ার্কিং)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 5) Entrepreneur has to recognize external trends and opportunities and able to think through any complex implications for the business. (উদ্যোক্তাকে বাহ্যিক সুবিধা ও উন্নয়নকে সনাক্ত করতে হবে এবং যে কোন কঠিন পরিস্থিতিতে তা ব্যবসায় প্রয়োগ করতে হবে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 6) The entrepreneur keeps up to date with developments in the sector and seeks out best practices that are not obvious to others. (উদ্যোক্তাকে তার ব্যবসাকে এমনভাবে যুগপোযোগী করতে হবে যেন অন্য যে কোন ব্যবসাকে আলাদা মনে হয়।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 7) The entrepreneur resolves issues as they arise and does not get logged down in analyzing during decision making. (উদ্যোক্তাকে সিদ্ধান্ত গ্রহণের ক্ষেত্রে কোন সিদ্ধান্ত ফেলে না রেখে দ্রুত গ্রহণ করতে হয়।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 8) The entrepreneur persists in pursuing goals despite obstacle and setbacks as due to manageable circumstances rather than a personal flaw; (উদ্যোক্তা শত বাধা বিপত্তিকে উপেক্ষা করে লক্ষ্যে অবিচল থাকে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 9) The entrepreneur builds trust and long term relationships with customers. (উদ্যোক্তা ক্রেতার সাথে বিশ্বাস ও দীর্ঘস্থায়ী সম্পর্ক স্থাপন করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 10) The entrepreneur creates common purpose with colleagues through shared vision and values, walks the talks, sees and values the best in others. (একজন সফল উদ্যোক্তাকে তার সকল সহকর্মীর সাথে ভিশন, মূল্যবোধ, কথাবার্তার মাধ্যমে একই উদ্দেশ্যে ধাবিত করতে হয়।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 11) Existing capital is sufficient to maintain and expand the business. (বর্তমান মূলধনই ব্যবসায় প্রসারণ ও ধরে রাখার জন্য পর্যাপ্ত।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)

- 12) Educational background and experience influence access to finance. (শিক্ষাগত যোগ্যতা এবং অভিজ্ঞতা অর্থায়নকে প্রভাবিত করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI (গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I (গুরুত্বপূর্ণ)	VI (খুব গুরুত্বপূর্ণ)



- 13) Management skills affects access to finance(ব্যবস্থাপনার পারদর্শিতা অর্থায়নকে প্রভাবিত করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 14) Building relationship with the lender influence financial availability(ঋণদানকারীর সাথে সুসম্পর্ক অর্থায়নকে সহজতর করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 15) Able to draw a business plan influence access to finance. (ব্যবসায় পরিকল্পনার সামর্থ্য অর্থায়নকে প্রভাবিত করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 16) Higher interest rate influence access to finance. (উচ্চ সুদের হার অর্থায়নকে প্রভাবিত করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 17) Co-lateral of assets is necessary for accessing to finance. (সম্পত্তির জামানত অর্থায়নের জন্য প্রয়োজনীয়।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 18) Firm's age and size influence to accessing finance. (প্রতিষ্ঠানের বয়স ও আয়তন অর্থায়নকে প্রভাবিত করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 19) Nature of business affects access to finance. (ব্যবসায়ের প্রকৃতি অর্থায়নকে প্রভাবিত করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 20) Adoption of modern technology helps to access to international market. (আধুনিক প্রযুক্তির ব্যবহার আন্তর্জাতিক বাজারে প্রবেশে সাহায্য করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 21) Use of modern technology helps to improve relations with other business partners. (আধুনিক প্রযুক্তির ব্যবহার ব্যবসায়ের অংশীদারদের সাথে সম্পর্ক উন্নয়নে সাহায্য করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 22) Adoption of modern technology facilitated the growth of business. ( আধুনিক প্রযুক্তির প্রয়োগ ব্যবসায়ের প্রবৃদ্ধিতে সাহায্য করে। )

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 23) Adoption of modern technology helps to develop new market. ( আধুনিক প্রযুক্তির ব্যবহার নতুন বাজার সৃষ্টিতে সাহায্য করে। )

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 24) Adoption of modern technology facilitated the control of business. ( আধুনিক প্রযুক্তির ব্যবহার ব্যবসায় নিয়ন্ত্রণে সাহায্য করে। )

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 25) Adoption of modern technology will help the popularity of online marketing & sales. ( আধুনিক প্রযুক্তির ব্যবহার অনলাইন মার্কেটিং এবং সেলস এর জনসমর্থন বৃদ্ধিতে সাহায্য করবে। )

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 26) Adoption of modern technology improved the quality of products and service. ( আধুনিক প্রযুক্তির ব্যবহার পণ্য ও সেবার গুণগত পরিবর্তনে সাহায্য করে )
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 27) Adoption of modern technology helps to improve of information and knowledge management. (আধুনিক প্রযুক্তির ব্যবহার তথ্য ও জ্ঞান বৃদ্ধিতে সাহায্য করে।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 28) Adoption of modern technology helps to reduce communication cost. ( আধুনিক প্রযুক্তির ব্যবহার যোগাযোগ খরচ কমাতে সাহায্য করে।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 29) Adoption of modern technology helps to achieve more customer satisfaction. ( আধুনিক প্রযুক্তির ব্যবহার অধিক ভোক্তা সন্তুষ্টিতে সাহায্য করে।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 30) Are you satisfied from your new product development process? (আপনি কি আপনার নতুন পণ্য উন্নয়ন প্রক্রিয়া নিয়ে সন্তুষ্ট।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 31) Whether current product development approach leads to profitability. (আপনার বর্তমান পণ্য উন্নয়ন পদ্ধতি মুনাফা বৃদ্ধিতে যথোপযুক্ত।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 32) Are you satisfied from your distribution channel of the product? (আপনি কি পণ্য বন্টন পদ্ধতিতে সন্তুষ্ট?।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 33) Are you satisfied from your way to product the product? (আপনি কি আপনার পণ্যের পথ পরিক্রমা নিয়ে সন্তুষ্ট?।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 34) Are you satisfied from your current supplier of the product? (আপনি কি আপনার পণ্যের বর্তমান যোগানদাতা নিয়ে সন্তুষ্ট?।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 35) Is existing product best fit for your potential market? (বর্তমান পণ্য কি আপনার সম্ভাব্য বাজারের জন্য উপযুক্ত?।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 36) Are you satisfied from your communication channels to approach to the target segment? (আপনি কি আপনার বর্তমান যোগাযোগ মাধ্যমের বাজার বিভাজনে সন্তুষ্ট?।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 37) Is existing methods of promotion is best fit for the organization? (বর্তমান প্রচার পদ্ধতি কি ব্যবসায়ের জন্য উপযুক্ত?)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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- 39) Is market awareness is important for a company? (বাজার সচেতনতা কি একটি কোম্পানির জন্য গুরুত্বপূর্ণ।)
- | NVI (খুব গুরুত্বপূর্ণ নয়) | NI( গুরুত্বপূর্ণ নয়) | N (কোন মন্তব্য নয়) | I ( গুরুত্বপূর্ণ) | VI ( খুব গুরুত্বপূর্ণ ) |
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40) Are you satisfied from your pricing of the product? (আপনি কি আপনার পণ্যের বর্তমান দাম নিয়ে সন্তুষ্ট?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

41) Are you satisfied from the current brand name of the product? (আপনি কি আপনার পণ্যের বর্তমান নাম নিয়ে সন্তুষ্ট?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

42) Assistance of Government is satisfactory for your organization. (সরকারের সহযোগিতা আপনার ব্যবসায়ের জন্য যথেষ্ট।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

43) It is easy to get the permission for your business from Government. (সরকারের নিকট থেকে আপনার ব্যবসায়ের অনুমোদন খুব সহজে পেয়েছেন।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

44) Do you face any types of problems when contact with Government? (সরকারের সাথে যোগাযোগ করার সময় কোন ধরনের সমস্যার মুখোমুখি হয়েছিলেন কি?।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

45) Do government policies affect your business positively? (সরকারের নীতিমালা আপনার ব্যবসায়কে পজিটিভভাবে প্রভাবিত করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

46) Government training facility is available or not. (সরকারের প্রশিক্ষণের সুবিধা পর্যাপ্ত অথবা অপরিপূর্ণ।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

47) Are you satisfied with the tax system of the Government? (আপনি কি আপনার কর পদ্ধতি নিয়ে সন্তুষ্ট?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

48) Is Government help to find the new market? (সরকার কি নতুন বাজার খুঁজতে সাহায্য করে?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

49) Is Government arranged different types fair for SME product to create the awareness. (সরকার কি এসএমই পণ্যের সচেতনতা সৃষ্টির উদ্দেশ্যে বিভিন্ন প্রকার মেলার আয়োজন করে?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

50) Managerial skills are important for running a successful business. (ব্যবস্থাপনার পারদর্শিতা সফল ব্যবসায় পরিচালনার জন্য গুরুত্বপূর্ণ।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

51) Good leadership skills are required for business success. (সঠিক নেতৃত্ব ব্যবসায় সফলতার জন্য প্রয়োজন।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

52) Communication skills are required for smooth operation of business. (যোগাযোগ পারদর্শিতা সঠিক ব্যবসায় পরিচালনার জন্য প্রয়োজন।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 53) A manager must have some specialized knowledge and expertise which is utilized in dealing with day to-day problems and activities (একজন ব্যবস্থাপকের কিছু বিশেষ জ্ঞান এবং দক্ষতা থাকা উচিত যার মাধ্যমে দৈনন্দিন সমস্যা ও কার্যাবলী সম্পাদনে কাজে লাগাতে পারে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 54) A manager with good human skills is able to build trust and cooperation which is required to motivate and lead the employees. (মানবিক দক্ষতা সম্পন্ন একজন ব্যবস্থাপক বিশ্বাস ও সহযোগিতা স্থাপন করে যা কর্মীদের প্রেরণা ও নেতৃত্ব প্রদানের জন্য প্রয়োজন।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 55) A manager should have some diagnostic skills which is help investigate and analyzes a problem to get optimal solution. (একজন ব্যবস্থাপকের কিছু বিশ্লেষণাত্মক জ্ঞান থাকা উচিত যার মাধ্যমে সমস্যা বিশ্লেষণ ও সমাধানে সাহায্য করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 56) Political skill is required for establishing the right connections and impressing the right people to get your business advantage. (একজন ব্যবস্থাপকের রাজনৈতিক জ্ঞান প্রয়োজন যার মাধ্যমে ব্যবসায়ের সহযোগিতার জন্য সঠিক মানুষের সাথে যোগাযোগ এবং ইমপ্রেশন করতে পারে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 57) A manager should be a strategic thinker who will encourage innovation and change in order to make more productive and profitable (একজন ব্যবস্থাপকের চিন্তার কৌশল থাকা উচিত যে নতুন পণ্যের সৃষ্টি করে পণ্যের উৎপাদন বৃদ্ধি করে এবং লাভের পরিমাণ বাড়ায়।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 58) A manager should work as a mentor by arranging different types of training and providing advice to build the confident and skills. (একজন ব্যবস্থাপক কর্মীদের পারদর্শিতা ও কনফিডেন্স বাড়ানোর জন্য বিভিন্ন ধরনের প্রশিক্ষণ ও উপদেশ মাধ্যমে মেন্টর হিসাবে কাজ করে।)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 59) Is Infrastructure appropriate of your organization? (আপনার ব্যবসায়ের স্থাপনা উপযুক্ত কি না?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 60) Is Domestic economic condition favorable. (দেশের অর্থনৈতিক অবস্থা কি সন্তোষজনক?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 61) Is supply of raw of your organization accurate? (আপনার ব্যবসায়ের কাঁচামাল সঠিক কি না?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 62) Is Transportation available for your organization? (আপনার ব্যবসায়ের পরিবহন কি পর্যাপ্ত)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 63) Is Public perception for your organization well accepted? (আপনার ব্যবসায়ের জন সমর্থন কি গ্রহণযোগ্য)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 64) Is Political environment of your organization satisfactory?. (আপনার ব্যবসায়ের রাজনৈতিক পরিবেশ কি সন্তোষজনক?)

NVI (খুব গুরুত্বপূর্ণ নয়)	NI( গুরুত্বপূর্ণ নয়)	N (কোন মন্তব্য নয়)	I ( গুরুত্বপূর্ণ)	VI ( খুব গুরুত্বপূর্ণ )

- 65) Is Your company's product morally right for the customer's expectation? (আপনার ব্যবসায়ের পণ্য কি ভোক্তার প্রত্যাশা পূরণ করতে সমর্থ। )
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 66) Is your organization maintained a proper channel of distribution. (আপনার ব্যবসায় কি সঠিক বন্টন প্রণালী ব্যবহার করছে?)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 67) Does Product of the organization meets up the demand of the customers? (আপনার ব্যবসায়ের পণ্য কি ভোক্তার চাহিদা পূরণ করতে সমর্থ। )
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 68) Is your product quality maintained by government rules & policies?(ব্যবসায়ের পণ্য কি সরকারের নিয়ম নীতি অনুযায়ী তৈরী হয়েছে কি না?)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 69) Your organization qualifies all the terms & condition international standard. (আপনার ব্যবসায় প্রতিষ্ঠান কি আন্তর্জাতিক মান সম্পন্ন?)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 70) Standardization improves the clarity of the products. (গুণগত মান সম্পন্ন পণ্য পরিচ্ছন্নতা বৃদ্ধি করে)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 71) Product's standardization guarantees the quality of the product. (পণ্যের মান নিয়ন্ত্রণ পণ্যের গুণগত মান সমৃদ্ধ করে?)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 72) Product's standardization promotes the productivity of the company. (পণ্যের মান নিয়ন্ত্রণ পণ্যের উৎপাদনকে উৎসাহ দিয়ে থাকে)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 73) Standardization of the product boosts the employee morale. (পণ্যের মান নিয়ন্ত্রণ কর্মীদের মনোবলকে সমৃদ্ধ করে।)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 74) Employee is able to provide perfect customer service for product standardization. (পণ্যের মান নিয়ন্ত্রণ থাকলে কর্মীরা সঠিক কর্মী সেবা দিতে পারে।)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |
- 75) Standardization decreases the ambiguity of the product. (উদ্যোক্তার সুন্দরভাবে ব্যাচিং।)
- |                                   |                               |                             |                          |                                |
|-----------------------------------|-------------------------------|-----------------------------|--------------------------|--------------------------------|
| <b>NVI</b> (খুব গুরুত্বপূর্ণ নয়) | <b>NI</b> ( গুরুত্বপূর্ণ নয়) | <b>N</b> ( কোন মন্তব্য নয়) | <b>I</b> ( গুরুত্বপূর্ণ) | <b>VI</b> ( খুব গুরুত্বপূর্ণ ) |
|                                   |                               |                             |                          |                                |

## SECTION 2: DEMOGRAPHIC INFORMATION

Here are some questions to seek socio-demographic information of the entrepreneur.

1. Your age:

2. Your gender:

☐ Male ☐ Female

3. Your educational level?

☐ None ☐ Primary Level ☐ Lower secondary level ☐ Upper secondary level

☐ University diploma ☐ Bachelor degree ☐ Master degree ☐ PhD degree

☐ Other (Please specify):

4. Have you had any previous work experience?

☐ Yes ☐ No

4a. If yes, for how long did you work before you started up your current business?

☐ < 2 years ☐ 2-5 years ☐ 6-10 years ☐ 11-20 years ☐ > 20 years

5. Was your previous work experience relevant to your current business?

☐ Yes ☐ No

6. Did any of your parents own a business?

☐ Yes ☐ No

7. What is the educational level of your father?

☐ None ☐ Primary Level ☐ Lower secondary level ☐ Upper secondary level

☐ University diploma ☐ Bachelor degree ☐ Master degree ☐ PhD degree

☐ Other (Please specify):

8. What is the educational level of your mother?

☐ None ☐ Primary Level ☐ Lower secondary level ☐ Upper secondary level

☐ University diploma ☐ Bachelor degree ☐ Master degree ☐ PhD degree

☐ Other (Please specify):

## SECTION 3: BUSINESS INFORMATION

Finally, some questions about your current business.

9. Legal status of the business:

☐ Sole Trader ☐ Private Limited ☐ Public Limited ☐ Other (Please specify):

10. Type of the activity of the business:

☐ Chemical Industry ☐ Electrical & Electronic Industry ☐ Food Processing Industry

☐ Metal & Engineering Industry ☐ Textile & Leather Industry ☐ Other (Please specify):

11. Where is the business located?

☐ Industrial Zone ☐ BSCIC Area ☐ EPZ area ☐ Rural Area ☐ District ☐ Others

12. How would you describe the business?

☐ Wholly family owned                      ☐ Partly family owned                      ☐ Privately owned

**13. How long has the business been in operation?**

☐ 1-2 years                      ☐ 3-5 years                      ☐ > 5 years

**14. How many staff does the business employ?**

☐ 10-50                      ☐ 51-100                      ☐ 101-200                      ☐ Other (Please specify):

**15. What is the annual turnover of the business (In DH)?**

☐ 0 – 500.000                      ☐ 500.001 – 1.000.000                      ☐ 1.000.001 – 75.000.000                      ☐ > 75.000.000

**SUGGESTIONS & COMMENTS**

Please type any suggestions or comments you want to add regarding the topics that have been addressed in this questionnaire or any other subjects related to the success of small and medium enter.

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.....  
.....  
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