

# Women Entrepreneurship Development in Bangladesh: A Descriptive Study on Challenges and Prospects

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## Abstract

*Economic empowerment of women is an inevitable part of the development discourse. Women entrepreneurs in Bangladesh represent a large group of women who are exploring new panoramas of economic participation. In this paper researcher has tried to investigate the challenges faced by women entrepreneurs for starting up and also doing up of business. Furthermore researcher has explored the prospects of women empowerment in Bangladesh. By using convenient sampling technique and a structured questionnaire an exploratory survey was conducted on 100 women entrepreneur to reach those objectives. Some secondary data sources have also been applied. Data have been analyzed by using SPSS version 16.0. The findings of this study disclose that women entrepreneurs (20.7% of the total respondent) face hostile environment both in and outside their family. 14.9% and 12.2% of the total respondent find competitive pressure and financial problem respectively as major impediments. Moreover, difficulty in purchasing raw materials and selling goods, lack of adequate knowledge about running business, fraud customers, lack of skilled worker, unhealthy competition put some pitfalls in the way of developing women entrepreneur. This study also finds that women entrepreneurs are choosing digital means for marketing their goods which show a very good prospect*

**Keywords:** women entrepreneurs, challenges, prospects, Bangladesh.

## Introduction

Bangladesh is a developing country which positioned in South Asian region. Where per capita national income is US\$ 621 and which is far beneath in rural areas. Bangladesh is a populated country where about 50% of the population falls below income poverty line. Women participation is not notice as male participation. Gender discrimination cannot be reduced

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without the participation of women entrepreneurs. Women can contribute directly to their family and the economy by doing business. Women make nearly half of the population which means huge potential to be utilized for the socio-economic development of the country. All concerned gradually has realized the importance of women entrepreneurs and wanted that a society must not lag behind because of discriminating of gender. This rising awareness is the part of the government which leads to women entrepreneurship development on economic activities. Entrepreneurship has become an important profession among the women of Bangladesh. The rationale behind this interest varies according to different class of the society. According to the UNDP: Human Development Report (2004), A woman entrepreneur is defined as a woman who has alone or with one or more partners started or inherited a business, and is eager to take financial, administrative, and social risks and responsibilities, and participate in the day-to-day management activities. Sultana (2006) agrees all developments cannot be achieved without women's participations in the development sectors of the country. In present global economy participation of women is essential to reduce poverty, play their active role in the economy and contribution in the GDP. In a word it can be said that, there participation contributes to change the whole economy of a society. But implementing is a challenge because they face some problems. These have some problems-the problems and challenges faced by women entrepreneurs. Hossain and Rahman, (1999), Chowdhury (2000) Afrin et al (2008) and Tambunan (2009) confers that in Bangladesh women are victimized more because of their illiteracy, deprivation, lack of knowledge, unorganized, powerless or less political representation, rigid social customs, and injustice by their counter partners. These challenges should be faced for prosper of women entrepreneurship development .Resource may be available but it will not be rational use when they have lack of knowledge to utilized the production process.

Braun (2011) explains women entrepreneurs have improved their living conditions and earned more respect in the family and the society. The progress has acquired by the dual participation of governmental and non-governmental financial institutions along with other support services institutions and government policy supports. Bangladesh Bank issues policy guideline for listed banks to give priority to women by disbursing Small and Medium Enterprise (SME) credit. The main aim is to paper is find out the problems and prospects of women entrepreneurship in Bangladesh. Challenges are the main obstacle for the women entrepreneurs. If women entrepreneurs encounter to their challenges they will develop their business like male entrepreneurs.

### **Objective of the Study**

The objective of the study is to identify the major challenges and future prospects of women entrepreneurship in Bangladesh.

## A Review of Literature

An entrepreneur is a person who possesses the entrepreneurial qualities, bears the risk provides capital and uses them in setting up business. They generate innovative business ideas, take new business opportunities, make investment by themselves or borrow, take risk and enjoy profit as a reward of their endeavor and expand the business. Begum (1993) identifies the definition of entrepreneur that one who initiates and establishes an economic activity or enterprise. Aktaruzzaman (2001) defines the set of characteristics of women entrepreneurs includes self-confidence, result-oriented, risk taking, leadership, originality and future-oriented. Carter, Anderson and Shaw (2001) considered women as a failure because they were deficient in to adequately conceptualize and build explanatory theories. Khanka (2002) said, woman entrepreneurs are those who innovate, imitate or adopt a business activity is a women entrepreneurs. Women in entrepreneurship have been neglected in society and science. Scholars began the study of female entrepreneurship in the late 1970s. When women joined professional workforce in higher numbers compared to previous years (Parker.2010). Although women's entrepreneurship research started in 1970s, a more intensified research on women's small businesses essentially dates from the mid -1980s. The increase in the number of women entrepreneurs has generated a number of important research studies investigating the issue of gender and entrepreneurship. Before many countries women were not counted as a distinctive group of business owners in man .There was no media attention focused to the women owners as a consequence, the area of female entrepreneurship deprived from the studied by academics. Moreover, many scholars have assumed that there is no difference among male and female entrepreneurs. (Jennings & Brush 2013, Further John (2004) observed that when women entrepreneurship is to be promoted it is important to differentiate entrepreneurs on the basis of gender. The study of women's entrepreneurship has become one of the fastest growing fields of research in recent decades (Alecchi & Markovic. 2013). A study by Das (2000) shows that more than 50 per cent of the women used their own funds or funds borrowed from their spouse or family to set up their business. Another such study done among women entrepreneurs in Coimbatore District, Tamil Nadu points out financing the enterprise as a major problem faced by the women entrepreneurs (Mangai et al., 1992). It is noticeable that, Financial problem is a major problem faced by all respondents. They face this problem at the time of starting, as well as during the operations of their business enterprises, problem of getting loan and subsidy, insistence of collateral security and margin money requirement, time taken to process loan, tight repayment schedule, poor financial management and maintenance of accounts. (Jayammal, 2012)According to a report by the United Nations Industrial Development Organization (UNIDO), 'despite evidence that women's loan repayment

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rates are higher than men's, women still face more difficulties in obtaining credit. Lack of knowledge about marketing the product was the major problem faced by 76 per cent of the respondents. 74 per cent faced financial problems regarding loan and subsidy, whereas inadequate government assistance was reported as a problem by 70 per cent respondents (International Journal of Social Science and Interdisciplinary Research, 2013). Women entrepreneurs are more likely to cite access to finance as the first or second barrier to developing their businesses (BBR Women Entrepreneurship 2013).

### Data and Methodology

#### Data

The broad perspective of this study is to identify the major challenges and future prospects of women entrepreneurship in Bangladesh.

In order to make the study more meaningful and presentable, data were collected from both primary and secondary sources. Primary data were collected from 100 women entrepreneurs' majority from Chittagong city. Secondary data were collected besides the primary sources and those are gathered from internet, journal, and different articles.

#### Research Design

In this study, the choice criteria of this women regarding different living place majority from Chittagong city. So as first an exploratory research has been conducted to gain with a primary understanding about the persuading factors to choose a woman entrepreneur from the women then the descriptive research has been conducted.

#### Sampling Techniques and sample size

Non probability sampling has been used because it is less costly and less time consuming to prepare a sampling frame. Among the various techniques of non probability sampling convenience sampling techniques has been used because it is more convenient and generates relatively low cost. Sample size is 100.

#### Data Processing and Analysis

To process and analysis the data SPSS 16.0 has been used. Frequency Analysis has been used to evaluate the responses.

#### Analysis and Findings

#### Problems Faced By Women Entrepreneurs at the Time of Starting Business

**Table: 4.1** Percentage distributions of several starting business problems

<b>Problems</b>	<b>Percent</b>
Supporting problems	20.7
Adverse environment	20.7
Purchase and sell problems	11.7

Financial problems	17.0
Lack of knowledge	9.0
Source problems	5.3
Hampered study	2.7
Customer reaching problems	3.7
Confusion to take decision	3.7
Fraud customer	3.0
Lack of worker	2.7
Total	100.0

A number of problems have been identified those are faced by the women entrepreneurs when they take challenge to start a business. Highest percentage of the respondents found no support from the family (20.7%) and adverse social environment (20.7%) as their main problems while starting up a business. It would be possible that because of adverse surroundings families do not want their women to do business. The second most problem that stands on the way is lack of financial support (17.0%) followed by purchase & sell problems (11.7%), lack of knowledge (9%), source problems (5.3%), hampered study (2.7%), customer reaching (3.7%), and confusion take decision (3.7%), fraud customer (3%), and lack of worker (2.7%) respectively (Table-4.1).

### **Problems faced by women entrepreneurs due to running their business successfully**

**Table: 4.2** Percentage distribution of several business running problems

<b>Business Running Problems</b>	<b>Percentage</b>
Unhealthy competition	9.7
Copy design	9.0
Financial problems	12.2
Communication problems	9.0
Competitive pressure	14.9
Gain people's trust	10.8
Lack of workers	6.9
Raw materials	6.2
Facilities problems	9.4
Customer satisfaction problems	3.5
Supporting problems	1.7
Lack of time	3.5
Worker mistakes	3.1
Total	100.0

Table- 4.2 has been seen that there are thirteen problems in running of business and among them competitive pressure is a major problems due to running their business successfully. And 14.9% of the total respondent argued on it. Then 12.2% respondent that financial problems is an obstacles of running business successfully. Rest problems are unhealthy competition

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(9.7%), copy design (9%), communication problems (9%), gain people trust (10.8%), lack of workers (6.9%), raw materials (6.2%), facilities problems (9.4%), customer satisfaction problems (3.5%), supporting problems (1.7%), lack of time (3.5%), worker mistakes(3.1%) respectively.

### Educational Status

**Table: 5.4** Percentage distribution of highest education level of women entrepreneur

Highest level of Education	Percent
SSC	4.2
HSC	17.0
Undergraduate	39.4
Graduate	39.4
Total	100.0

Now most of the women entrepreneurs are educated. From the table 5.4 it has been seen that 39.4% women entrepreneurs are graduate and 39.4% also undergraduate. The SSC and HSC levels are 4.2% and 17.0%. And they are new comer of a business.

### Major Sources of Money for Starting Business

**Table 4.4** Percentage distribution of major sources of money

Money Sources	Percent
Own savings	64.0
Borrowed money from bank	5.0
Others	31.0
Total	100

From the table it has been seen that, most of the women entrepreneurs started their business with their own savings and 64% respondent response on it. And 31% respondent responses others sources of money with their started business. And only 5% respondent response that they started business from borrowed money from bank. So, it is clear from the interview that women entrepreneurs face bank loan problems when they started their business.

### Repay the Loan with Sufficient Guarantee

**Table 4.5** Percentage distribution of loan guarantee

Repay the loan	Percent
Business assets	74.0
Own land	11.5
Good credit history	14.5
Total	100.0

If women entrepreneurs secured a loan from a formal financial institution then most of the women entrepreneurs assure that they could repay the loan from their business assets and 74.0% respondent argued on it. This depicts that they are confident about their business income. And then others women

entrepreneurs argued that they could repay the loan from mortgage their own land and good credit history and 11.5% and 14.5% respondent argued on it (table 4.5).

### Problems of Women Entrepreneurs When Borrowing Money

**Table 4.6** Percentage of problems associated with borrowing loan

<b>Borrowing Money</b>	<b>Percent</b>
Didn't borrow money	60.7
Banks were not interested to give loan to the women	14.3
Strict Conditions	8.0
High Interest	17.0
Total	100.0

From the table-4.6 it is seen that maximum number of respondents did not borrow money and 60.7% respond on it. It may arise because they felt uneasy or difficult to borrow money. High interest prevents 17.0% of the respondents from taking loan. Again 14.3% of the respondents grumbled that banks are not ready to give them loan as they are women which depict a serious gender discrimination issue. Banks also impose strict conditions (8.0%) for disbursing loans.

### Services Provided for Doing Small Businesses

**Table 4.7** Percentage distribution of services for small business

<b>Services</b>	<b>Percentage</b>
Management training	10.0
Marketing advice	45.5
Computer training	10.0
others	34.5
Total	100.0

From table- 4.7 it is found that most of the women entrepreneurs (45.5%) take marketing advice support from small business development services providers during their business. And others women entrepreneurs take management training, computer training and others training received from any small business development services providers and 10.0%, 10.0%, 34.5% respondent argued on it respectively.

### Family Response

**Table 4.8** Percentage distribution of family response

<b>Family Response</b>	<b>Percent</b>
Very supportive	41.4
Supportive	34.6
Not supportive	24.0
Total	100.0

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Most of the women entrepreneurs' (76%) families are found very supportive and supportive after starting the businesses though in previous section it has been found that women entrepreneurs don't get enough support from their families for starting up businesses. It may be for the reason that while starting the business family members are afraid of the adverse social environment but afterwards women run their businesses successfully as well as making profits then their families start to support them (Table 4.8).

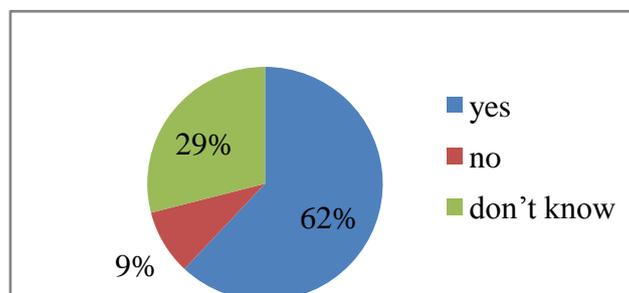
### Negative Factors

**Table 4.9** Percentage distribution of negative factors

Negative Factors	Percent
Law and order situation	7.0
Lack of adequate financing facilities	11.5
Lack of business development services	40.5
Economic slow down	17.5
Unfavourable Surroundings	23.5
Total	100.0

While running businesses 40.5% of the total respondents found lack of services for developing their businesses in recent past. Most faced the unfavourable surroundings in recent past and 23.5% respond on it followed by economic slowdown (17.5%), lack of adequate financing facilities (11.5%) and low and order situation (7.0%).

### Government Support



**Figure 4.1** Percentage distribution of Government support

According to the graph (Figure 4.1) it has been seen that the 62% women entrepreneurs find that the government is supportive of women as business owners while 9% find it not supportive. And 29% women entrepreneurs have no idea about government support.

### Means of Operating Business

**Table 4.10** Percentage distribution of means of operating businesses

Means	Percentage
Direct trade	25.6
Online trade	58.7
Manufacturing	9.8
Others	5.9
Total	100.0

More than half of the respondents (58.7%) operate their business by using online system of trade. It is evident that prospects of the women entrepreneur are increasing through the means of information and communication technology. Following 25.6% respondent argued that they operate their business by direct trade, 9.8% by manufacturing and 5.9% by unspecified means.

### **Summary Findings**

From the study it has been found that the women entrepreneurs in Bangladesh faced many challenges in starting and also running up their business.

- The main business starting problems is lack of support from the family and adverse social environment.
- And competitive pressure is a main challenge for running up business successfully. Women entrepreneurs are increasing day by day and following the present fashion and fulfilled the customer demand various dress collection is their main business. So it creates the competitive pressure among them. And it becomes a challenge for them to remain in the best position.
- A good number of women entrepreneurs don't know about the government support for them.
- They also face financial problems. It is found from the study that when women go to the bank for loan the bank seek male support to endorse the loan. It is immense discriminatory which is not ignorable.
- Women entrepreneurs started their business by their own savings. It is a negative factor which mentioned that the government support from public and private bank at starting business was not found to be significant.

Despite all of these problems women are ready to do something new which creates future prospects for women entrepreneurs themselves and also the economy as a whole.

- Study has found that women of the day want to be more independent, create their own identity as well as earn money which helps to contributes with their family income.
- Online system of trading helps women to do business. More than half (58.7%) of the respondents operate their businesses in online or home delivery basis which is feasible for the customers. By this process women can easily establish their business by their own self without much effort.
- Most of the women entrepreneurs were uneducated in the recent past. It was thought that women those who are less educated or uneducated enter

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into the small business. But this mentality has changed with the time. Now most of the women are educated. And they created their own business position and make a job for others unemployed women. They developed their position without or less working experience.

- It is noticeable from the study that despite of having children women are involved in the business. They maintain both family and business life successfully.

### **Recommendations and Conclusion**

#### **Recommendations to Support Women Entrepreneurs**

- Government should come forward at first followed by NGOs; SMEF to meet financing need of women entrepreneurship.
- The government can offer few particular opportunities like initial funding, training and motivation for women entrepreneurs.
- Utility and infrastructural facility to flourish women entrepreneurship development since these creates a hurdle in their development.
- Lengthy formalities in securing loans should be reduced and simplified.
- Courses should be introduced on Entrepreneurship in both formal and informal educational institutions in Bangladesh.
- Information and communication system support for all women entrepreneurs to expand and progress their business.

#### **Conclusion**

As mentioned earlier that without creating employment opportunity for women, it is not possible to boost up the economic development of the country. Creating jobs is not the solution as we know that a large number of women do not have sound education to manage any jobs. So it will be more effective to create a women entrepreneurship friendly environment so that they can contribute to the country's economic development based on their merits and opportunities. Thus we can also ensure the equal rights for women as it is conceivable that economic freedom will encourage women empowerment.

In developing women entrepreneurs in Bangladesh banks, financial institutions, Micro Finance Institutions and NGOs have also given importance for the meantime. These financial institutions in line with Bangladesh Bank guidelines offer credits mainly the women entrepreneurs in MSMEs sector; still, there is a greater lack of incorporation among various supportive organizations and lack of communal efforts to have sustainable benefits. There are many barriers to develop the women condition. From this paper the main starting business problems of women entrepreneurs is lack of support and adverse environment and running main business problem is competitive pressure and financial problems. The others remaining barriers and challenges are lack of access to collateral free loans,

skilled and trained manpower, infrastructure facility and utility services, traditional technology, training and educational institutions, access to markets, information, land and so on. Government policy sometimes becomes a barrier. Hence, there should be rights to policy adjustment, their proper implementation and others necessary initiatives. Both the governments and NGOs support is needed to solve the existing problems of women entrepreneurship development. If it can be ensured, it will pave the way for the emergence and development to women entrepreneurship in Bangladesh.

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