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Impact of Sociocultural Factors on Entrepreneurship Development in Bangladesh

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ABSTRACT

Entrepreneurship and financial development are closely connected. That's why entrepreneurial development is a significant facet in economic development, and therefore the entrepreneur is the key to financial growth. No matter be the form of the financial and political setup of the country, entrepreneurship is crucial for development. In broad terms, the sociocultural environment encompasses both the social system and the way of life. As a lower-middle-income country, practical entrepreneurial activities and initiatives can influence Bangladesh's social and economic policy transformation and development outcomes. Here entrepreneurial culture plays a vital part in our GDP. So, we should connect more people to develop an entrepreneurial culture. This research found that sociocultural influences might have a favorable or unfavorable impact on the emergence of entrepreneurship in society. This study also examines the role of entrepreneurship in national economic growth, analyzes the effects of sociocultural factors on entrepreneurship development, identifies barriers to becoming an entrepreneur, and offers recommendations in Bangladesh from a social science viewpoint.

Key Words: Entrepreneur, Entrepreneurship, Development, Sociocultural Factors, Economy, Bangladesh.

INTRODUCTION

Entrepreneurship orientation is essential for entrepreneurial corporations as it is the groundwork for distinguishing and exploiting opportunities. Entrepreneurial orientation has developed as entrepreneurship exhibits a different and intricate model concerning social group impact (Halberstadt et al., 2020). An entrepreneur continuously looks for a change, reacts to it, and seizes it as an opportunity. An energetic youth

can turn into decent business people with adequate capital, education, creativity, and intelligence. These characteristics are supported by a country's socio-cultural and economic elements. As a result, entrepreneurship may also be defined as the process of attempting to increase commercial enterprise profits through the use of innovation in the face of risk. Furthermore, an entrepreneurial attitude refers to a person's or a company's ability to demonstrate creativity, proactiveness, and risk-taking (Canestrino et al., 2020).

"Social entrepreneurs" see the societal divide as an opportunity to help the poor and create a positive social effect. Social entrepreneurs employ modern business models to organize available resources and provide essential services to the masses long-term (Rosca et al., 2020). Entrepreneurial behaviors, creativity, probability identification and exploitation, and mobilization of resources around a technology solution are all used by social entrepreneurs (Gali et al., 2020).

Entrepreneurship has long been thought of and debated as being limited to profit-driven undertakings aiming to maximize entrepreneurs' profits (Campbell, 1992; Caisson, 2003). In the present day, identifying commercial prospects while considering specific social and environmental challenges has become difficult for entrepreneurs. Throughout the social enterprise, social entrepreneurs face a variety of problems. Social entrepreneurs face multi-dimensional challenges all through the whole existence cycle of the organization. Researchers have identified several significant issues, including a lack of money for social entrepreneurship, managerial challenges, institutional and regulatory environment challenges, and various challenges such as affect assessment, a changing socio-cultural milieu, and aid migration (Gupta et al., 2020).

Professional abilities such as marketing, sales, and product development are required to establish a business. Entrepreneurs who are educated are more likely, to be honest about their economic freedom, stability, and importance to society. Growing social entrepreneurship is a well-established governmental goal in several countries. Governments should, however, keep the pursuit of social well-being in mind (Torres & Augusto, 2020). Practical entrepreneurial endeavors and initiatives can significantly impact social and economic policy reform and development results in a lower-middle-income country like Bangladesh. It can escalate and provide rapid and long-term poverty reductions. However, Bangladesh presents a complex environment for development attempts due to its large population and pervasive poverty.

OBJECTIVES OF THE STUDY

1. To explain what extend entrepreneurship contributes to the development of Bangladesh;
2. To identify the socio-cultural factors influencing entrepreneurship in Bangladesh;
3. To suggest strategies and tools that motivate entrepreneurship.

RATIONALE OF THE STUDY

Entrepreneurship and economic development are closely connected. That's why entrepreneurial development is also a significant facet in financial development, and therefore the entrepreneur is the key to financial growth. No matter be the form of the economic and political setup of the country, entrepreneurship is crucial for development. In broad terms, the sociocultural environment encompasses both the social system and the manner of life. However, it mainly refers to intangible artificial variables that influence people's behavior, relationships, enjoyment and way of life, and survival and existence. In other words, the social-cultural context is made up of all of the components, conditions, and influences that shape a person's personality and influence their attitudes, dispositions, behaviors, decisions, and activities. Such aspects are examples of beliefs, values, attitudes, habits, patterns of action, and lifestyles established through cultural, religious, educational, and social conditioning. These elements are learned and shared by society, passing them down from generation to generation.

Thus, the social and economic environment surrounding entrepreneurship can be defined as all parts of a people's social system and income that affect and influence entrepreneurial emergence, behavior, and performance, and entrepreneurship development in general, positively or adversely. Likewise, the social-cultural environment of entrepreneurship comprises all such components that influence an individual's values, ideas, and actions about entrepreneurship.

THEORETICAL FRAMEWORK

Various ideas have been used throughout the years to explain the impact of the socio-cultural environment on entrepreneurial development. These theories attempted to explain the social and cultural characteristics that drive people to become or not become entrepreneurs. Max Weber, a German sociologist, had the first concept about the impact of the socio-cultural environment on entrepreneurship. Weber explained that society has a significant role to play in the development of entrepreneurs. This is frequently because an individual's characteristics are shaped by the societal values, norms, and institutional environment in which he lives (Van de Ven, 1993). In addition, he claims that culture has a significant impact on people's demeanor and behavior and their way of life.

Furthermore, whether or not a person will produce and become a businessperson is primarily determined by his surroundings and upbringing. He sees religion as a component of culture that directly impacts people's decision to become entrepreneurs. Weber's principle states that the sociocultural structures in which people live provide a set of qualities that positively or negatively affect men and women's decision to be entrepreneurs, i.e., whether or not to be entrepreneurs. Fundamentally, social structures and tradition boost entrepreneurial spirit and motivation by displaying ideals that either encourage or discourage entrepreneurial behavior and drive. From Bangladesh's perspective, we have attempted to construct our research while keeping these beliefs in mind.

The Family Orientation hypothesis stressed the role of the family in forming an entrepreneurial personality. It is thought that the domestic atmosphere and ideals of an entrepreneurial family can provide a great deal of nurturing and aid to build the entrepreneurial persona or character (Kuratko 1989). This is because his family background influences his qualities and persona and thus serves as a vital source of influence whether or not he becomes an entrepreneur. According to the household embeddedness hypothesis, the roles and interactions of household members in entrepreneurship can impact the entire entrepreneurial system, from organizational emergence to success. Therefore, entrepreneurs can take full advantage of the sources provided by household persons to interact with entrepreneurial activity, which is a distinguishing feature of relational embeddedness. Labor, knowledge, information, and finance are examples of these sources (Xu et al., 2020).

The dominant view of knowledge generation within entrepreneurial ventures led to the development of the knowledge spillover hypothesis of entrepreneurship. According to this notion, it aids in the establishment of entrepreneurial chances. This hypothesis was expanded by introducing concepts such as entrepreneurial absorptive capacity, which argues that, in addition to information spillover, the creation of new ventures will depend on the entrepreneur's ability to assign knowledge and generate successful business ideas (Sahasranamam et al., 2021). According to the Educational Incubation theory, academic advancement supports entrepreneurial emergence by introducing recognition, fresh direction, and information. It claims that social orders with a high level of education produce more business visionaries than social orders with lower levels of education. Such social arrangements are referred regarded as examples in industrialized countries.

As a result, many societies have focused on educational growth (Kuratko, Block, and Stumpf, 1992). Sarasvathy (2001) introduced alternate project initiation techniques via causation-effectuation logics, which changed research on entrepreneurial processes. In the most recent entrepreneurship literature, effectuation theory is a commonly utilized theory to examine the process and logical steps entrepreneurs take to develop and maintain their businesses. According to effectuation theory, entrepreneurs' focus should be on using the supplied units of potential and choosing between possible consequences made with this potential. It focuses on individuals and women who start with a broad aspiration and take advantage of environmental factors while crafting a mission (Rosca et al., 2020).

METHODOLOGY OF THE STUDY

This study is qualitative because the secondary sources of data have been conducted. Secondary data are the information that is already collected and analyzed by somebody and promptly obtainable for use. Such information is cheaper and simply available. The secondary data sources are from various books, journals, newspapers, etc.

CONTRIBUTION OF ENTREPRENEURSHIP IN THE ECONOMY OF BANGLADESH

Developing countries confront severe underemployment issues, which results in the economy's stagnation (Islam & Akter, 2014). With the significant prospect for entrepreneurship enhancement, Bangladesh can flourish the scope throughout the countrywide boundary line to improve the constraints confronted by entrepreneurs. The entrepreneurs can scan, analyze and pick out possibilities in the environment radically change them into business propositions via financial entities. Entrepreneurship and economic development are intimately connected (Chowdhury, 2017). Today, some Governments and a few non-government organizations have better services for entrepreneurs. A significantly high growth rate in readymade garments, agro-based & agro-processing industry, pharmaceuticals, telecommunication computer, software program & ICT goods, fowl industry, leather-based goods, ceramics, and tourism proves the positive side of entrepreneurship. Many organizations function efficaciously in city and rural areas and guide different companies regarding entrepreneurship and operational elements (CPD, 2008). Whatever be the monetary and political setup of the country, entrepreneurship is essential for economic growth. Entrepreneurs play an indispensable role in the financial development of a country in the following ways:

- By organizing the commercial entity, entrepreneurs make investments of their assets and appeal to capital from investors, lenders, and the public. This mobilizes public wealth and lets human beings achieve entrepreneurs' success and generate businesses.
- Entrepreneurs help to advance the quality of living within a community. They are doing this not simply by doing jobs, however additionally by developing and adopting innovations that cause enhancements within the quality of lifestyles of their employees, customers, and other stakeholders in the community.
- Entrepreneurs play an essential function in producing and exporting handicraft items. They usually use the local traditional skill, age-old technology, local know-how, and knowledge for making traditional artwork and craft and handicraft items.
- Entrepreneurs constantly look for opportunities to discover and use opportunities, motivate people, mobilize capital and skill, convey new merchandise and offerings, and improve markets to advance the economy. In this way, they assist growing the gross national product and per capita income of the populace.
- An entrepreneur comes up with thoughts of using what others might also think about waste. This improves the financial system via taxes and creating jobs, enhancing the popularity of residing the beneficiaries.
- The development of industries and enterprises leads to infrastructure enhancements like roads and rail links, airports, constant electricity, water supply, schools, hospitals, department shops. Entrepreneurs assist in developing infrastructural services such as roads, bridges, buildings, factories, etc., which are the cornerstones of financial growth.

SOCIOCULTURAL FACTORS INFLUENCING ENTREPRENEURSHIP DEVELOPMENT IN BANGLADESH

Informal institutions appear to regulate individual resources and entrepreneurial activity. However, depending on entrepreneurship, such as business versus social entrepreneurship, this influence may vary (Sahasranamam et al., 2021). As a result, understanding the scope and nature of formal institutions' impact on social entrepreneurship helps formulate higher-level policies to encourage the establishment of social enterprises. To begin, authorities must pay close attention to the monetary system's orientation to encourage men and women to make financial investments in social business. Second, because education can effectively indoctrinate prosocial impulses, academic standards must be improved to enable the financial backing of individual human capital in social enterprise. Third, given the importance of political system institutional support, policymakers must enact legislation that strengthens the legitimacy of social enterprise as a business model and promulgate a regulation that would provide helpful resource aid (Sahasranamam & Nandakumar, 2020).

Aside from that, the family is crucial to the entrepreneurial process because there are strong linkages between home embeddedness in the company and entrepreneurial movements or outcomes. Moreover, the impact of the household system on entrepreneurial products is influenced by various social interactions and business settings (Xu et al., 2020). As a result, educators must employ a variety of holistic approaches to entrepreneurship education, highlighting the heterogeneity of the individual-opportunity nexus and the variety of configurations that underpin the desire to behave entrepreneurially (Douglas & Prentice, 2019).

Cross-cultural analysis, conversely, confirms the impact of culture on people's and businesses' willingness to engage in social concerns (Canestrino et al., 2020). Furthermore, according to Warnecke (2018), country-level wages disparity will raise the likelihood of social entrepreneurship participation, while earnings mobility harms the same (Gupta et al., 2020). As a result, social entrepreneurship is influenced by both sociocultural and economic forces. The social environment is crucial in supporting entrepreneurial activity in sociocultural aspects. The Government promotes social entrepreneurship by providing a legislative framework and a set of guidelines and supporting financially to ensure that social entrepreneurship organizations run smoothly (Bozhikin et al., 2019). The sociocultural environment in Bangladesh demonstrates that it is defined by numerous aspects that either positively or negatively influence entrepreneurship. The sociocultural features include:

i. Traditional Culture and Social Characteristics

This group includes traditional views and values, fatalistic attitudes, and religiosity. Furthermore, societal issues such as low literacy and poverty due to high unemployment or joblessness can be seen in society. Those factors have a substantial impact on the rate at which entrepreneurs develop.

ii. Education Level

Society's interest in education increases, and people get more education than before. However, the business volume and proprietorship identified with the populace are diminishing. It indicates schooling is negatively affecting entrepreneurship in Bangladesh. Educated people are more eager to do a job than start a new business of their own. Self-employment considers a significant challenge in the Bangladeshi business environment because success is not confirmed or maybe at slowly.

iii. Poverty

Bangladesh's prevailing degree of poverty prevents a considerable section of the poor population from starting a business. Due to a shortage of funding, many people may have been unable to participate. On the other hand, many others were pushed into entrepreneurship to survive and escape poverty. Many people have altered their thinking to be entrepreneurs due to socioeconomic hardships, notably during the 1990s. One of the effects was the growth of Bangladesh's readymade clothes industry.

iv. Gender Role

The impact of sociocultural factors on entrepreneurship is also visible among Bangladeshi women entrepreneurs. In general, men's and women's roles in the workplace differ significantly. Moreover, in many societies, women are not treated equally to males. As a result, how women can participate in business activities impacts their desire to start a firm. Aside from that, men's and women's family beliefs and roles influence entrepreneurship.

v. Political Instability

Political instability must be kept under control to foster entrepreneurship in a country. Corruption, among other things, and persistent political instability, hasten the downfall of a business. People are understandably concerned about the rising levels of sabotage, death, and property loss resulting from political unrest. On the other hand, entrepreneurs are often returning to start a new initiative or expand their existing business.

vi. Peer Group's Influence

Prior entrepreneurs inspire people to launch their own companies. Many garments industrialists, for example, had worked as employees in the garments industry in Bangladesh. Colleagues can even help peer groups emerge as entrepreneurs to establish a new enterprise through casual chats.

LIMITATIONS FOR BEING AN ENTREPRENEUR IN BANGLADESH

Following limitations of the sociocultural factors faced by entrepreneurs for being an entrepreneur:

- Sometimes Government provides facilities for developing entrepreneurs on a limited basis. But, unfortunately, those are not appropriately informed to the remote people. Therefore, the facilities cannot work well.
- Lack of sufficient pre-investment arrangement most entrepreneurs cannot operate their activities successfully.
- Entrepreneurs face problems collecting required working capital, fixed capital, and capital to expand a business.
- Due to scarcity of raw materials and other factors of production, entrepreneurs cannot take the initiative to establish business smoothly.
- People don't become entrepreneurs because of proper training and guidance unavailability.
- Lack of knowledge regarding technology and management we cannot produce dynamic entrepreneurs.
- Government and non-government sectors don't provide enough package help to create entrepreneurs.

RECOMMENDATIONS

The study has reviewed sociocultural elements that impact entrepreneurship development in Bangladesh. A center of attention on the suggestions exhibits the following:

- a) The investment climate must improve due to sound policies, improved access to capital, and more vital institutions.
- b) The financial sector must become more diverse, competitive, and efficient to provide entrepreneurs with alternative sources of investment capital, a diverse selection of new and innovative goods, competitive rates, and effective services to realize their dreams.
- c) In addition to the present poverty-eradication program, the Government should launch a new entrepreneurship development initiative.
- d) Include entrepreneurship development lessons in the educational curriculum.
- e) Regularly provide counseling and training to entrepreneurs, and extend these services to rural areas.
- f) Expand the Government's entrepreneurship development research program and provide financial support to institutions currently conducting entrepreneurship development research.
- g) To build and maintain an entrepreneurship-friendly atmosphere, counseling on project ideas, methodologies for selecting acceptable projects, preparation of the business plan, management, and maintaining support, among other things, should be offered.

CONCLUSION

Bangladesh is an emerging lower-middle-income country. Here entrepreneurial culture plays a crucial part in our GDP. So, we should connect more people to develop an entrepreneurial culture. The study discovered primarily that sociocultural factors could positively and negatively influence the emergence of entrepreneurship

in society. According to the survey, entrepreneurial development appears to be anchored in social behavior. It also focuses on the beliefs and agreements that sociocultural factors impact and motivate behavior and individual decision-making processes. The impact of the socio-cultural environment on entrepreneurship raises the need for new values and orientations conducive to entrepreneurial development in Bangladesh. This research will significantly assist policymakers in creating a entrepreneur-friendly climate and societal structure that will carry our beloved country's development activities into the future. In addition, it will provide society the option of transforming challenges into potential opportunities.

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