

## **Determinants of Entrepreneurial Spirit: A study on BSCIC Industrial Estates of Sylhet Division, Bangladesh**

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### **Abstract**

*Without the growth and development of entrepreneurship the development of country would always be unattained. It is a study where researchers try to analyze the forces behind the spirit of entrepreneurship development. The study tried to explore the ambitions, compulsions, facilitations and expectations which lead them to industry, the idea generation process and motivators in that process of entrepreneurships and also the primary obstacles in entrepreneurships in Industrial estates. In this context an extensive survey is made and data have been collected from some entrepreneurs in five BSCIC industrial estate of Sylhet division in Bangladesh. From that study it is revealed that the leading ambition is making profits, compulsions are dissatisfaction in present job and unemployment and facilitating factors are technical skill and experience. The main source of idea is the entrepreneur himself and he is also the motivator in that process. Obstacle in emergence of entrepreneurship in industrial estates is revealed as the procedural hazards. Therefore it is suggested that proper counseling in presence of family members and minimizing the procedural hazards in facilitating supports should be emphasized in entrepreneurial development program.*

### **Introduction**

The growth and development of entrepreneurship depends on many factors. By various studies researchers identified those factors, however there are no mathematical functions regarding the growth and development of entrepreneurship. Sometimes people like to take risk and uncertainty, someone may want to innovate something new. By unveiling oneself as an entrepreneur people establish themselves as a skilled leader. There are some scholars who identified some factors that motivate people to be an entrepreneur. The experts identified the struggling against uncertainties (A.R.Khan, 30) , emphasized on religious belief (Max Weber, 1930) , identified innovation (Schumpeter, 1934), skill and leadership (Hoselitz, B.F. 1960), emphasized on high achievement (McClelland, 1961); stressed on social status withdrawal (Hagen, 1962) and identified market gap filling (Libenstein, 1968) as the main factors of entrepreneurship. Rao and his team [1986] have identified the factors behind entrepreneurial spirit as under:

**Ambition related Factors:** Such as to make money, to continue family heritage, to gain social prestige, to make self employment, to fulfill self or others' desire and others as pleasure of doing something creative, creating employment of others etc..

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**Compelling Factors:** Such as unemployment, dissatisfaction in existing job/ occupation, family pressure, revival abandoned/sick units owned by the parental or wife's family, make use of idle funds, and make use of available- technical or professional skills.

**Facilitating factors:** Such as success story, previous experience in the line of activity, influence or encouragement of powerful quarters, Association as apprentices/ sleeping partners, inherited business etc. (Rao, 132-133).

Entrepreneurial attitude depends on the ambition of entrepreneur, aspiration of the others, compulsions to do and also on the expectations of entrepreneur himself. The attitude of people in different socio-economic structure is the most important factor of entrepreneurship. The most important attitude in this regard is to innovate, to take risk, and to plan. Entrepreneur has the vision, detail work out plan, ability to attract investment for the investment, run the project and make new products or services, calculate risk and achieve success by the skills developed through experience and efforts.

This research attempted to explain the factors for entrepreneurial growth and development. Luck and other virtues like ability, hard work, initiative, planning and execution of project and adaption to environment are the important factors for agricultural, commercial or industrial entrepreneurship. In addition to the attitudes of the entrepreneur himself, the attitudes of others, i.e., his family members, friends and relatives and the government, sometimes compulsions have also impact on entrepreneurship. Other important factors are the encouragement and the assistance received from governmental agencies, friends and relatives and the experience gained either in trading or in employment etc.

### **Objectives of the Study**

The objectives of the study are as follows:

- i. To analyze the forces behind the spirit of entrepreneurship development
- ii. To measure the ambitions of entrepreneurs of industrial estates
- iii. To enquire into the aspiration of others in building entrepreneurial attitude
- iv. To assess the compelling factors in entrepreneurship development
- v. To check the expectations and fulfillment of expectations in building enterprise and maintaining struggling attitude.

### **Methodology of the Study**

The major objective of the study is to analyze the contribution of forces behind entrepreneurship development. The complete methodology and technique applied to the research may be cited step by step as follows:

- Data collection
  - A. Primary data have been collected through:
    - i. Face to face interview and
    - ii. Questionnaire

B. The source of secondary data are:

i. Books and Scientific journals

- Sort out the primary data
- Statistical analysis of the primary data
- Analysis with the help of statistical findings along with the researchers' understanding
- Finally conclusive remarks and suggestions to stimulate the spirit in order to have launched a successful and effective entrepreneurship.

To achieve the objective, from the study area of four BSCIC industrial estates thirty eight entrepreneurs are selected conveniently. The selection was carried out from the estates as follows:

BSCIC Industrial estates	No. of respondents
Gutatiker, Sylhet	12
Khadimnager, Sylhet	18
Giasnager, Moulabibazer	04
Dulaikhal, Hobigong	04
Total	38

The respondents are selected from different industrial sectors as follows:

Industrial Sectors	No. of respondents
Chemical and Pharmaceuticals	05
Cloth	01
Food	20
Engineering	08
Paper, Printing and bindings	03
Others	01
Total	38

This study was basically conducted based on mainly primary data collected from selected entrepreneurs by interview and questionnaire method. The primary data would be collected from selected entrepreneurs by the mentioned methods in the area of industrial estates. The industrial estates are selected for avoiding any ambiguity regarding the definition of entrepreneurs and spirit may be properly examined by examining the entrepreneurs of SMEs. The problems that hamper the spirit of entrepreneurship were identified from the survey on both respondents. Afterwards suggestions will be made to solve the problems as per recommendations of the sampled entrepreneurs and four industrial estate's officers (one from each estate) and by the knowledge of the authors as gathered through conducting the survey.

## Findings and Analysis

The inner spirit of entrepreneurs may be measured by their ambitions, aspiration, compulsions, expectations, fulfillment of expectation and motivations. The spirit face obstacle from some elements that should be examined:

**i. Ambitions:** Entrepreneurs' ambitions which lead them to Industry: Ambition encourages entrepreneurs to set their vision, motivate them to start a new venture and activate them to implement the plan. Only ambition cannot make the entrepreneurs succeed (Lakshmi Sha, 2003). A well understood careful planning, risk calculation, decision making and proper execution lead the entrepreneurs to achieve a meaningful ambition. To examine the ambitions of entrepreneurs of selected industrial estates, they are supplied with a list of ambitions and asked to mark their ambition in order of their importance. To rate these ambitions on weighted score the 1<sup>st</sup> ranking weighted by 3 points, the second by 2 points and the third by 1 point. On the basis of percentage of weighted score the ambitions are ranked. The remarkable ambitions identified in other researchers are money making (Saleh [1995], Mohiuddin et.al. [1998], Akhtaruddin [1999]), independent career (Akhtaruddin [1999]), to gain social recognition (Akhtaruddin [1999])

**Table 1: Ambitions: Entrepreneurs' ambitions which lead them to Industry**

Ambitions	Entrepreneur's ranking of Ambitions			Weighted Score	Rating (%)	Rank
	Number One	Number Two	Number Three			
1. To make profit	12	5	3	49	40.83	1
2. Independent Career	2	4	5	19	15.83	3
3. To fulfill the desire of himself	3	7	3	26	21.67	2
4. To fulfill the desire of his parents, brothers or sisters	1	1	2	7	5.83	5
5. To fulfill the desire of his wife, children		1	3	5	4.17	6
6. To gain Social recognition	2	1	3	11	9.17	4
7. Other Ambitions		1	1	3	2.50	7
8. Not responding				0	0.00	
Total	20	20	20	120	100.00	

(Source: Field Survey)

Nearly 41% of the entrepreneurs marked making profit as their most important ambition. This ambition stands first in the overall ranking of all the ambitions. The fulfillment of the desire of himself or father or wife becomes a close second 32% to the money gain ambition. Fulfillment of the desire of him stands second 21.67 % in the overall rating. This reveals that entrepreneurs' father or his wife plays a less leading role compared to the entrepreneur himself, since fulfillment of the desire of entrepreneur's parents is ranked fifth and his wife sixth and in both cases the percentage scores are very low. Ambition of independent career and social recognition are the third (15.83%) and fourth (9.17%) respectively. Under "other ambitions" the desire to do something creative, creating employment opportunity, self-employment of children etc., are included.

**ii. Compulsions of entrepreneurs:** Sometimes the entrepreneurs are thrown in an environment of entrepreneurship; they have to enter the industry. Consequently, they make profits and create the opportunity for employment of others. Reasons for compelling may be different. What is the ambition for one may be the compulsion for other. It is the attitude that makes the difference. The common compelling factors may be, dissatisfaction with present job, being unemployed, have to use the idle fund, diversifying himself and others. The entrepreneurs asked to mark these factors in order of importance and accordingly they are ranked.

**Table 2: Compelling factors of entrepreneurship:**

Compelling Factors/compulsions	Entrepreneur's ranking of Compelling Factors/compulsions			Weighted Score	Rating (%)	Rank
	Number One	Number Two	Number Three			
i. Being unemployed	07	02	07	32	26.67	2
ii. Dissatisfaction with present job	12	08	08	62	51.67	1
iii. To use the idle fund	01	04	01	12	10.00	3
iv. Diversifying himself		02	02	06	5.00	5
v. Others		04	02	08	6.67	4
Total	20	20	20	120	100.00	

(Source: Field Survey)

The leading compelling factor for entrepreneurship is dissatisfaction with present job (52%), the second important factor is unemployment (27%). 10% entrepreneurs started venture to use the idle fund, 6% did not mention the reason but indicated that their factor is not mentioned in the list and only 5% mentioned the factor as diversifying in other field. Being dissatisfied in the present job, may be due to the superiors' rude behavior, misleading, dull job, and non-hygienic work atmosphere many entrepreneurs started the independent job of being entrepreneur. The second largest factor is unemployment. Due to the alarming unemployed economy, the prospective candidate became frustrated in finding a suitable job and think about starting the independent task. A small portion has and think about being entrepreneurs due to utilizing idle fund.

**iii. Facilitating Factors of entrepreneurships:** The study on facilitating factors on entrepreneurship is shown in the following table:

**Table 3: Facilitating factors on Entrepreneurship:**

Facilitating factors	Entrepreneur's ranking of Facilitating factors			Weighted Score	Rating (%)	Rank
	Number One	Number Two	Number Three			
Stories of successful entrepreneurs	03	07	06	29	24.17	2
Experience in Industry	06	03	04	28	23.33	3
Property suited for Industry	02	04	05	19	15.83	4
Encouragement of friend and family	01	04	03	14	11.67	5
Technical or professional skill	08	02	02	30	25	1
Total	20	20	20	120	100	

(Source: Field Survey)

Facilitating factors are any factors which encourage, offer, or promote, a productive environment for entrepreneurship, a movement for individuals to take more responsibility and risk for their enterprise. The stories of successful entrepreneurs, experience in managing industrial affairs, available assets that suit for industrial assignment, encouragement of friend and family and the technical and professional skill opt for entrepreneurship are examined in the cases of selected entrepreneurs. Arjun Kumar (2012) observed that the spirit of entrepreneurship can be increased by EDPs. From the analysis of the table, it is apparent that technical or managerial skill ranked the 1<sup>st</sup> with rating of 25%, very close to that, the stories of successful entrepreneurs and experience in the industry ranked 2<sup>nd</sup> and 3<sup>rd</sup>. The least effective factor is identified as encouragement of family and friend. By this observation it is concluded that encouragement of friend and family do not facilitate sufficiently to be an entrepreneur because of its complexity and inherent risks.

**iv. Expectations of entrepreneurs:** The expectation of entrepreneurs is another inner source of spirit. The collected information on expectations is presented on the following table:

Table 4: Expectations of entrepreneurs

Expectations:	Frequency	Percent
1. Allotment of plot/ shed in industrial estates	27	70
2. Financial assistance from nationalized sources	30	80
3. Financial assistance from private sources	2	05
4. Financial assistance from family members, friends and relatives	10	25
5. Assistance from government agencies in importing machinery or raw materials	0	0
6. Ancillary relations with large firms	0	0
7. Dependable partners or shareholder	6	15

(Source: Field Survey)

Entrepreneurs' expectations stimulate their desire to enter industry. Distribution of the expectations is shown in Table 4. Almost all the entrepreneurs out of 38 expected financial assistance from nationalized banks, BASIC bank, Bangladesh Shilpa Bank and other organization. Nearly 70 % of entrepreneurs out of 38 expected a plot in an industrial estate. Next to these two expectations, the leading expectation was financial assistance from family members, friends and relatives followed by dependable partners or shareholders. Only two entrepreneurs expect assistance from private banks.

This reveals that Industrial estates are an effective tool in stimulating entrepreneurship. Govt. agencies like the nationalized banks are the stimulating agents of entrepreneurship. Expectations from the family members, friends and relatives are significant in this region as Sylhet is rich with foreign currency. Nonetheless, partners or shareholders are expected to help the entrepreneurs.

**v. The degree of fulfillment of entrepreneurs Expectations:** The fulfillment of expectation accelerates or decelerate the spirit. Positive result strengthens the spirit of existing entrepreneurs and encourages the new entrepreneurs and negative consequences bring negative result in the spirit. The collected information in this respect is shown in the following table.

**Table 5: The degree of fulfillment of entrepreneurs Expectations**

Degree of fulfillment	No. of entrepreneurs	Percent
Fulfilled	21	55
Partly Fulfilled	17	45
Unfulfilled	00	00
Total	38	100

(Source: Field Survey)

The expectations of 55% are fulfilled. Though the expectations of 45% of entrepreneurs are partly fulfilled, no one left behind whose expectation remained unfulfilled. This explains the general positive attitude of the entrepreneurs.

**vii. Idea generation:** To examine whether the idea of establishment of the enterprise in the estate was generated by himself or influenced by the advice of others, the selected entrepreneurs were asked to mark the right options as number one, two and three as their rank of importance in idea generation and tabulated in the table below:

**Table 6: The person advised entrepreneurs to move into Industrial Estates**

Adviser	Entrepreneur's ranking of Adviser			Weighted Score	Rating (%)	Rank
	Number One	Number Two	Number Three			
1. Own idea	10	6	5	47	39.17	1
2. Advise of a government, non-government agency	2	3	5	17	14.17	4
3. Advise of family members	3	6	5	26	21.67	3
4. Advise of friends and relatives	5	5	5	30	25.00	2
5. Not answering				0	0.00	
Total	20	20	20	120	100	

(Source: Field Survey)

Entrepreneurs consider themselves to be their own adviser as is revealed by Table 6. Next to himself, he is influenced much by the advice from friends and relatives. Advice to the entrepreneurs has come in the next from the family members. The influence of the advice of family members is significant which is ranked third. Entrepreneurs' decided to set up their enterprise in the industrial estate carried nearly 40% of the weighted score.

### vii. Motivators

Motivation is more than material support. Akhteruddin, M. (1999) observed that most of the entrepreneurs are self motivated. The entrepreneurs also get encouragement from their own idea or somebody's sound advice and motivation. Entrepreneurs describe those people as friend, philosopher and guide. Samson H. Chowdhury, Zohurul Islam, Abul Khaer, are mentioned by entrepreneurs as their source of inspiration.

Entrepreneur's answer regarding the guide, philosopher is shown in Table. Over 50% of the entrepreneurs made no mention of their friend philosopher and guide. They do firmly believe on their self development. About 10% named their family members as guide, philosopher and friend.

**Table 7: Entrepreneur's friend, philosopher and guide**

Entrepreneur's friend philosopher and guide	No. of entrepreneurs	Relative frequency
Self-developed	17	45%
Family members and relatives	05	15%
Renowned Entrepreneurs	04	10%
Teachers	04	10%
Other	08	20%
Total	38	100%

(Source: Field Survey)

Nobody mentioned the person as their guide who provides them with financial and material assistance. That reveals the fact that material assistance alone does not cause emergence of entrepreneurship.

### viii. Obstacles:

There are several reasons that delayed the establishment of enterprises and starting the operation. The reasons for delay may be the setback in getting allotment of plot, construction of shed for late approval of design, lack of labor and materials, fund, supply of machinery, power, gas and water connection, shortage of working capital and others. Entrepreneurs discouraged in such obstacles as because of such delay they have to incur great loss and sometimes it is not recoverable.

**Table 8: Units reporting delay in**

Description	Units surveyed	% of units
Total units surveyed	38	100%
Reporting delay in operation	32	84%
Reporting no delay	04	10%
No response	02	06%

(Source: Field Survey)

84% of the units reported undue delay between application for plot and starting of operation. The researchers mentioned no delay according to the opinion of entrepreneurs. Here no reasonable time limit was used to distinguish between no delay and delay. However only 10% of the entrepreneurs reported no delay and 6% did not answer the question.

**Table 9: Causes of delay in commencement of operations:**

Impeding factors	Number of enterprises suffered	Percent
Delay in allotment of plot	12	32
Delay in construction of shed	06	16
Delay in supply of machinery	06	16
Delay in operation for want of material/ skilled workmen/ power	03	8
Shortage of working capital	08	20
Other Factors	03	8
<b>Total</b>	38	100

(Source: Field Survey)

The factors that are discouraging or slowing down the operation are shown on the table above. Examining the factors it was found that delay on allotment of plot is the number one constraint (32%). Shortage of working capital is the number two discouraging factor (20%). Factors like delay in construction, delay due to power, gas connection stand the third position (16%). Delay in machinery supply and other personal factors are in the last position (8%). Entrepreneurs need all information regarding machinery, raw materials, skilled labors and finance. These steps may reduce the discouraging factors of entrepreneurs in operation of any industrial units.

## Recommendations and Conclusion

From the above study it is found that there are lots of factors that act as the determinants of entrepreneurial spirit. So the following steps can be taken to optimize this spirit of the entrepreneurs.

1. In order to make profit and build independent career entrepreneurs enter into an industry. Family members play significant role in building up entrepreneurs' motivation. It is apparent that profit making is the most significant ambition that drives the entrepreneurs. So the approaches and importance of profit making should be taught in the home by parents and in the school by teachers. Govt. agencies may arrange program on the methods of profit making by entrepreneurship to encourage prospective youths.
2. Compulsions cited by the entrepreneurs as dissatisfaction in jobs, unemployment, utilizing idle fund, and others should be used to drive in the way of entrepreneurship. It can be done by proper investment counseling service.
3. Facilitating factors like technical skill, experience in the industry is to be properly guided by the more experienced counseling. Success stories of entrepreneurs are to be included in the reading curriculum of prospective youth at the right age.
4. Friends and family members can also play a vital role through encouraging, motivating, and also providing financial support. Reluctant attitude of family members may delay the emergence of entrepreneurship for some time. Entrepreneurship development program for the prospective entrepreneurs should be arranged together with family members to help in solving the problems.
5. In many cases entrepreneurs face financial problems to start. If nationalized financial sources extend their helping hand to provide adequate funds to the entrepreneurs, it will be easier for them to develop themselves as entrepreneurs in the industry. Various financial institutions should introduce loan and advances for entrepreneurs. The terms, conditions, and procedures for getting loan should also be less complicated.
6. Infrastructural facilities (i.e. power, gas, water etc.) should be ensured by the government. One stop service should be started with greatest emphasis.
7. The procedures regarding plot allotment and starting of operation should be simplified.
8. SME center in every district level should be established to provide support services and information to the entrepreneurs. Entrepreneurs need all information regarding machinery, raw materials, skilled labors and finance. Providing these information may reduce the discouraging factors of entrepreneurs in operation of any industrial units.

The development of a country mostly depends on the growth and development of small and medium enterprises. The process of emergence of entrepreneurship should be analyzed in order to properly guide the youths in the way of entrepreneurship. Thorough analysis of ambitions, aspirations, compelling and facilitating factors, the idea generation process and the motivators in that process may help in guiding the entrepreneurship development. Nationalized and private

financial institutions should provide various forms of opportunities for entrepreneurs to help them pave the way for greater entrepreneurship development. The BSCIC should organize convention of entrepreneurs, discussion meeting on the problems and prospects of entrepreneurship development. In order to motivate the entrepreneurs' sometimes new and prospective entrepreneurs should be provided special facilities to develop their enterprises.

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