



# Entrepreneurship Development by Small & Medium Enterprises in Sylhet: Problems and Prospects

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## ABSTRACT

This paper analyses the entrepreneurship practices in the small and medium enterprises in Sylhet. In this study forty- five samples have been surveyed under nine different categories of Small and Medium Enterprises (SMEs) operating in Sylhet. The categories were –retailing, tailoring, boutique shop, flowers shop, pharmacy, restaurant, mobile servicing shop, fast food shop and phone and fax shop. Both structured and unstructured questions were used in the questionnaire to collect the data and also some published materials are studied to find out the business constraints and potentiality of SMEs in this region. This study reveals that SMEs are contributing as engines of economic growth to a large extent in this region. The finding of the study reveals that, besides possessing a high potentiality, SMEs are facing a lot of problems like inadequate capital, raw materials collection, high cost of operating, financing and marketing, insufficient support facilities, unstable political situation, etc. An attempt has been made to identify major obstacles and potentially of doing business by using SMEs and recommend some policy measures for overcoming the constraints.

**Keywords:** Entrepreneurship, enterprise, SMEs, Sylhet, business problems, prospects of SMEs

## INTRODUCTION

Small and Medium Enterprise is a vital force to activate the economic condition of a developing country like ours. Bangladesh is reeling under the brunt of acute shortage of capital and alarming problem of unemployment, threatening to the economic development. In this context, a small and medium enterprise with low capital and enormous employment generation potential can serve as the agent to break the vicious cycle of poverty and stoke engine of economic development. Being considered as major forces of economy, SMEs are capable of creating employment opportunities through personalized flexibility, creativity, specialization, communication and performance resulting in rise in per capita income of the people. Lack of prior business experience, poor management, inadequate initial capital, wrong location, insufficient support facilities, etc. are some of the major constraints faced by the small and medium enterprises. In spite of having different problems, those enterprises can compete vigorously through flexible management, financial access, generating proper knowledge of customers and markets, developing and expanding the market as well as removal of the various constraints of doing business. In this context, highly coordinated efforts by individual enterprises and the government are the most important factor.

## OBJECTIVES OF THE STUDY

The study emphasizes on the present scenario of Small and Medium Enterprise practices and different problems faced by them in Sylhet and recommends some policy measures. More elaborately the objectives of the study are to:

- Bring into focus the practices of SMEs by entrepreneurs in Sylhet.
- Analyze the present status of SMEs in Sylhet.
- Examine the economic contribution of SMEs.
- To find the prospects of SMEs.
- Identify the major problems faced by SMEs in conducting business.
- Recommend and suggest some particular measures for smooth operation and future growth of SMEs in Sylhet.

## RESEARCH PROBLEM

Entrepreneurship is an important topic for research, and a lot of research works have been done based on it. But what are the different problems being faced by them in starting an enterprise and doing business is not analyzed to that extent. Therefore, the pivotal question of the study is what problems and potentiality are existent for the SMEs in Sylhet. The study area is Sylhet City, which is Bangladesh's third largest metropolitan city and has a bright prospect in the SME sector.



Many of the Sylheti people are living abroad and send remittances to their families, friends and relatives here. Despite this fact, the SMEs of Sylhet are facing credit constraints besides the others. If those can be solved and adequate facilities are provided, then, entrepreneurship development could lead to a greater economic contribution by the means of SMEs.

## RESEARCH METHODOLOGY

Both primary and secondary sources were used for collecting information and data relevant to the study. For the study, a particular district is chosen to bring uniform treatment of the enterprises by a single authority. A survey was conducted through structured, and semi structured questionnaire and also personal observation is used for meeting the primary data requirements. The survey was conducted over forty- five sample enterprises under nine different categories of SMEs through face to face interviews. The categories of SMEs were fast food shop, pharmacy, restaurant, tailoring shop, boutique shop, flowers shop, phone and fax shop, retailing shop, and mobile service center. Different published materials in journals, books, articles, newspapers, the internet, etc. were used as secondary data sources. The collected data were then analyzed and interpreted by both quantitative & qualitative analysis. Then the data collected so, have been processed manually and paper in the present form has been prepared to make the study more informative, analytical and beneficial for the users. MS Word was used for tabular representations.

## LITERATURE REVIEW

SMEs have been playing a pioneering role in respect of employment generation, economic growth, and industrialization. A good number of academics, professionals, and research work have endeavored to explore the different aspects of entrepreneurship development through creating SMEs. The findings of these studies vary widely and somewhere the elements are homogeneous in nature. In a study, (Hossain, 1998) states that the development of SMEs are contributing to decentralized job creation and output generation. The dominant sources (80%) of industrial employment in Bangladesh are constituted by SMEs, and about 90 percent of the industrial units fall into this category. However, the performance of SMEs depends on the relative economic efficiency, the macroeconomic policy environment and the promotion policies pursued for their benefit. Winfred (2006) showed that, SMEs need less capital investment per unit of output and give rise to greater opportunities for direct or indirect employment. SMEs provide sustainable business solutions that simultaneously fight poverty and accelerate economic growth. Traditionally SMEs are contributing to a great extent to eliminate poverty as well as to the economic growth in developing countries because developing initiatives are targeted at them to create job and increase productivity. According to (Rahman, 2007), it is indicated that the percentage of people of Bangladesh engaged in MSMEs is so large that the micro, small and medium enterprises (MSMEs) together employ a total of 31 million people. This is equivalent to about 40 percent of the population of Bangladesh, aged 15 years and above. MSMEs provide more than three- quarters of the household income in both urban

and rural areas. Zaman et al., (2011), Depicts that lack of access to finance is a major impediment to SME development in Bangladesh. His study also reveals that, SME loans meet around one third of the working capital demand. NGO sources, own sources, and partly by bank loans under other heads, friends, and relatives etc help to meet the rest of the demand.

Mazumder et al., (2001) Argued that SMEs, in order to flourish, didn't got much help from the existing policy environment. The authors cited the overall problems of managing SMEs and provide limited suggestions for the removal of problems and development of SMEs.

Zaman et al., (2011) Also showed that, The Govt. is extending institutional financial support through State Owned Commercial Banks (SOBS), Specialized Banks (SCBS), No-Bank Financial Institutions (NBFIS), domestic Private Commercial Banks (PCBs), Foreign Commercial Banks (FCBs) and some government and non-government organizations. The problems of SME financing may be addressed through several policies taken by these institutions. It is also stated that, the government should take initiative in defining a secure and pragmatic policy for the SME development in the country. Thus, it is evident that entrepreneurship development is an area regarding which further research can be conducted on various micro and macro issues.

## QUANTITATIVE ANALYSIS

Table I depicts that among the forty- five entrepreneurs interviewed in Sylhet city who is between the age of 16-25 is the highest in number (38%). Whose age is between 26-35 is of 27%, age between 36-45 is 22%, and 6 of the respondents belong to the lowest number found is 13% in which the age group is 45 and above. It shows that age is a vital factor for entrepreneurship development. The young people give their full effort for the establishment of small and medium enterprises.

Table I: Percentage distribution of entrepreneurs by the age pattern

Age Group (Years)	Frequency	Percent	Valid Percent	Cumulative Percent
16-25	17	38	38	38
26-35	12	27	27	65
36-45	10	22	22	87
45- above	6	13	13	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

Usually higher education leads individuals to other elite professions in most underdeveloped societies. But, in this survey it is found that majority of the entrepreneurs start their business after completing graduate level. Education helps the entrepreneur to run their business effectively and efficiently. The percentage is 33% and in the second position took the respondents who obtain 22%. Their educational background is HSC. And it is also showed in

this table that 18% of the respondents enter in the business with less than SSC background.

Table II: Distribution of the entrepreneurs by their educational level

Educational level	Frequency	Percent	Valid Percent	Cumulative Percent
Below SSC	8	18	18	18
SSC	6	13	13	31
HSC	9	20	20	51
Degree	15	33	33	84
Masters	7	16	16	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

Table III: Distribution of entrepreneurs by family type

Type of family	Frequency	Percent	Valid Percent	Cumulative Percent
Nuclear	23	51	51	51
Joint	22	49	49	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

The status of family is an important factor to determine the entrepreneur's socio-economic contribution. Table III showed that the entrepreneur's family status is almost same (49% and 51%). Among the 45 respondents 23 belongs to nuclear family and 22 belongs to joint family.

Table IV: Distribution of entrepreneurs by Gender

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	38	84	84	84
Fe-male	7	16	16	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

This table showed that majority of the entrepreneurs is male. 84% of the respondents are male and only 16% are female. The reason behind it may be the nature of sample enterprise selected for the study mostly is male operated.

Table V: Distribution of entrepreneurs by family size

No. of members	Frequency	Percent	Valid Percent	Cumulative Percent
2-5	20	44	44	44
6-10	16	36	36	80
11-15	8	18	18	98
15 & above	1	2	2	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

This table showed that majority of the entrepreneur's (44%) falls in the category of 2-5 in family member size, 36% of the respondents are 6-10 in numbers, followed by 18% in 11-15 and only 2% are 15+ in family member size. It reveals

that entrepreneurs' family size is not so small or not so large, it is average in size.

Table VI: Distribution of entrepreneurs by Objectivity

Objective	Frequency	Percent	Valid Percent	Cumulative Percent
Earning profit	34	71	71	71
Employment Generation	7	15	15	86
Contribution to society	5	10	10	96
Others	2	4	4	4
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

Here it is found that, some entrepreneurs have more than one objective. The study showed maximum number of entrepreneurs has the objective of earning profit and the percentage is 71%. Other entrepreneurs have the objectives of generation employment and some opines to contribute to the society. Among them, some possess more than one objective of doing business.

Table VII: Distribution of entrepreneurs by Previous Occupation

Previous Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Service holder	13	29	29	29
Student	10	22	22	51
Business	12	27	27	78
Others	10	22	22	100
Total	45	100	100	

The entrepreneurs who are at the present business came from different other occupations. The majority of them (29%) came from service. The reason behind this is they start the enterprise for better source of income. In the second position is business background (27%). Others came into the business after studentship and some are housewives, teachers who started the enterprise to make some profit.

Table VIII: Distribution of entrepreneurs by Sources of ownership:

Source	Frequency	Percent	Valid Percent	Cumulative Percent
Self-initiated	30	67	67	67
Bought	9	20	20	87
Inherited	6	13	13	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

When entrepreneurs start business, some start by their own, some bought the enterprise and some ownership is inherited. From the respondents surveyed in Sylhet City it is found that, majority of the ownership of enterprises (67%) is self-initiated because everybody wants to design their business in their own way. It is also found that a few numbers of enterprises (13%) are inherited.

Table IX: Distribution of entrepreneurs by types of ownership/Investment

Types of Investment	Frequency	Percent	Valid Percent	Cumulative Percent
Sole ownership	28	62	62	62
Partnership	12	27	27	89
Others	5	11	11	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

Entrepreneurs take initiatives to start a new business in the form of sole ownership, partnership and others such as co-operative, franchise. From this survey, it showed that dominant type of the enterprises (62%) is in the form of sole-ownership and 27% of the enterprises are partnership or jointly owned. It indicates that the entrepreneurs intend to run their business by themselves.

Table X: Distribution of entrepreneurs by Sources of capital

Types of Investment	Frequency	Percent	Valid Percent	Cumulative Percent
Own savings	17	37.78	37.78	37.78
From family	15	33	33	70.78
From relatives	6	13	13	83.78
By selling property	3	6.67	6.67	90.45
Bank loan	3	6.67	6.67	97.12
Others	1	2	2	99.12
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

To start any business capital is the primary tool. It was found from the survey that most of the capital initially came from entrepreneurs own savings (38%). Then it followed by 33% that came from family, by 13% that came from relatives and 7% is for both bank loan and by selling property. Only one enterprise came into existence by taking loan from NGO.

Table XI: Distribution of entrepreneurs by amount of capital

Amount (in lacs)	Frequency	Percent	Valid Percent	Cumulative Percent
0-5	26	58	58	58
6-10	6	13	13	71
11-15	6	13	13	84
16-above	7	16	16	100
Total	45	100	100	

Among the respondents surveyed 58% started their business with initial capital of less than Tk. 5 lacs which is followed by 13 percent both by Tk. 6-10 lacs and Tk. 11-15 lacs and by 16% by Tk. 16 lacs and above. The result states that the entrepreneurs are not capable enough to invest more in business and unwilling to take risk due to financial constraints.

Table XII: Distribution of entrepreneurs' Monthly sale volume  
This table shows the target achieved by the respondents. It is found that, the maximum no. of enterprises monthly sale volume is more than Tk. 1,00,000 which is 19%, thereafter 22% of the entrepreneurs who earn 40,001- 60,000 per month, 11% earn 60001-80,000 and also below 20,000 and

both 20001-40000 and 80001-100000 amount are earned by 7% of the respondents.

Amount	Frequency	Percent	Valid Percent	Cumulative Percent
Below 20,000	5	11	11	11
20,001-40,000	3	7	7	18
40,001-60,000	10	22	22	40
60,001-80,000	5	11	11	51
80,001-1,00,000	3	7	7	58
1,00,001-above	19	42	42	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

Table XIII: Distribution of entrepreneurs by Percentage of profit

Profit as of sales	Frequency	Percent	Valid Percent	Cumulative Percent
0-5	9	20	20	20
5-10	12	27	27	47
11-15	9	20	20	67
Above 15	15	33	33	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

Everybody run a business to earn profit. From the table 10, it is showed that 33% of the entrepreneurs earn profit as a percentage to sales is more than 15%. About 12 respondents (27%) earn within 6-10% of profit and both 0-5% and 11-13% of profit is earned by 20% of respondents.

Table XIV: Distribution of entrepreneurs by duration of existence of the Enterprises

Duration (Years)	Frequency	Percent	Valid Percent	Cumulative Percent
0-3	14	31	31	31
4-6	13	29	29	60
7-9	9	20	20	80
10-above	9	20	20	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

This table showed that the duration of the business continues from 1 year to more than 10 years. It was observed from the survey that 31% of the respondents are continuing their business for 5 years 29% for 6-10 years, 20% for both 11-15 years and more than 16 years. Therefore, it can be stated that most of the entrepreneurs were in the business for a longterm and experienced in their business.

Table XV: Distribution of entrepreneurs Employee size

Number of employees	Frequency	Percent	Valid Percent	Cumulative Percent
1-5	19	42	42	42
6-10	17	37.78	37.78	79.78
11-above	9	20	20	99.78
Total	45	100	99.78	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

This table depicts that most of the enterprises are operated with a small number of employees. It was observed from the survey that 42% of the enterprises are doing business with 1-5 employees, 35% are operated with 6-10 employees and rest of the enterprises are continuing their business with 11+ employees.

Table XVI: Distribution of entrepreneurs Satisfaction regarding present performance

Level of satisfaction	Frequency	Percent	Valid Percent	Cumulative Percent
Satisfied	17	37.78	37.78	37.78
Neutral	13	28.89	28.89	66.67
Dissatisfied	15	33.33	33.33	33.33
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

Among the 45 entrepreneurs, 38% possess the highest percentage of satisfaction regarding performance of their business which is followed by 33% of dissatisfied entrepreneurs and 29% of them are neutral regarding performance of the enterprise.

Table XVII: Distribution of Entrepreneurs by familiarity with support institutions

Familiarity	Frequency	Percent	Valid Percent	Cumulative Percent
Familiar	20	44	44	44
Not familiar	25	56	56	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

Table XVII depicts that 44% of the surveyed entrepreneurs are aware about the support institutions that assist them in operating business. It was also found from the survey that 56% of the respondents were not familiar with the support institutions even they didn't know about those institutions availability.

Table XVIII: Distribution of entrepreneurs by training received

Training Taken	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	17	38	38	38
No	28	62	62	100
Total	45	100	100	

Source: Field data collected from Sylhet city dated January, 2015 – June, 2015

To perform any kind of business efficiently, training is a must. But the survey result showed that only 38% of the respondents have taken training on their entrepreneurship practices, and the percentage which has not taken any training is 62%. It is evident from the study that the entrepreneurs not so much trained up in their area of operation. They just initiated their business and gather experience day by day.

## PROSPECTS AND PROBLEMS OF SMEs IN SYLHET

There is a huge potentiality of small and medium scale enterprises in Bangladesh specifically in Sylhet region. With a small capital one can initiate the small and medium enterprise thus, it can employ a vast number of unemployed and under employed human resources to ensure balanced growth in the economy. Thus, it can increase the income level of people and change the life style or living pattern that can affect the minimization of rural-urban migration to a large extent. Finally, small enterprise created by entrepreneur is so small but innovative in most cases. It motivates others to start new avenue and creates self-employment revolution to the country.

Sylhet is the district possessing different mineral and natural resources like forestry, fisheries, horticulture, etc. The availability of gas, silicon, sand, stones provide the avenue to set up industrial concerns. The forest resources provide raw materials for establishing rubber, paper, and furniture industry. The fish processing industry also holds immense promise due to availability different fish resources in rivers and haors of the district. Recently Honeybee production has emerged as a profitable business in this area which may lead to a large amount of foreign remittance by exporting honey. Furthermore, there is a scope to set up fruit processing plants because of the availability of various fruits here in Sylhet.

In this region, most of the families have relatives living abroad who in turn send remittances to them. There is a large amount of capital which kept idle in the banks or other financial institutions. Through utilizing this unused capital and taking proper initiatives, different types of small and medium enterprises can be established.

Besides these prospects, small and medium entrepreneurs are facing a lot of problems, according to the survey. The respondents of the study encounter the following major problems:

- **Unavailability of raw materials:** In Sylhet all types of raw materials are not available which creates an obstacle for the entrepreneurs. In case of flower shop flowers collected from other districts, in a boutique shop and tailoring shop, most of the materials are collected from Dhaka. This unavailability also creates problems in terms of pharmacy, mobile servicing center, retailing shop and phone and tax shop.
- **The cost of doing business:** It is much in Sylhet than that of Dhaka due to the unavailability of everything related to the enterprise operations. Transport cost in this case plays a vital role.
- **Financing:** In this survey it was found that, most of the entrepreneurs are facing financing problems. Some were willing to expand the business or shift the center to a better location or increase the number of outlet. When was not possible due to less financing. For the shortage of capital many cannot start their enterprise though they were capable of doing so. Some possess great innovative idea, but due to financing problem they could not go forward.

- Problems of getting loan: It was found that many entrepreneurs were in the problem of getting loan from banks and other financial institution. The overall process is much time consuming in many cases to get loan.
- Marketing: In this survey many entrepreneurs told about the problem that they were far behind from their competitors due to the shortage of marketing. Marketing here they means, to advertisement of the shop or the product. It was also found that a few enterprise try to change their place due to the absence of advertising of the location where they at present running their business operations. So it is a vital factor for the development of the entrepreneurship.
- The industrial policy of Bangladesh Government emphasizes on developing enterprise not developing entrepreneurship. Moreover, it focuses on the other factors of production rather than the human factor. Another problem was that no clear cut policy is created by the Government for developing small scale enterprises. Lastly frequently changed policy is a major force that de-motivates the entrepreneurs.
- There was problem in getting proper incentive facilities such as tax holiday, lower interest rate, relaxed loan repayment etc.
- There were several financial facilities available for the entrepreneurs, but the entrepreneurs were not aware about the programs or facilities as because less of publicity.
- The available training facilities are not enough for the development of SMEs.

Others: There were several other problems found by the survey that maximum member of the entrepreneur told about the political problem of the country. Because the unstable political situation affect the overall economic condition of the country and as part of the economy the small and medium enterprises in Sylhet City also facing problem like the other business. Load shedding was another root cause that creates problems for the smooth running of the business.

Furthermore, the mobile phone servicing center mentioned that, they were far behind from the competitors because of the technology. The latest version of all the software and equipment, which were needed to solve the mobile phone problems, were not available in Sylhet or even in Bangladesh. The software they download from the Internet is not so much strong like the real one. The original software will take much more time to be available in the market; this is very much threatening for their business. Form this survey, it was found that good location, managing capacity, hard work, honesty, skilled employee - etc matters are needed for the success of the organization. We know that "behind of every success there is a reason" and this reason or factors lead them to the highest position of success.

## SUCCESS FACTORS

There are several success factors identified by the entrepreneurs. It ranges from good location to honest and hard working characters of the entrepreneurs themselves, advertisement, etc. The major factor, depicted from the

study, is the location of the enterprise. There was also another group who recognized themselves as their fortune - bringing factor. They thought their individual effort, managing capacity, good connection with the influential body and, of course, their honesty has led them to the success. Some other entrepreneurs considered their better quality in different sectors have caused their success. Some emphasized on product quality, low price while other put stress on quick service, proper employees training, employees hard work, experienced & efficient employee etc. There also some other facts, which were scattered, highlighted by the entrepreneurs. It includes- the employees' behavior with customer, lack of competitors, banking facility, social condition, etc.

## SUGGESTIONS

- Clear-cut government policy should be framed: Government can provide special financial support for new entrepreneur. To develop entrepreneurship and small business in Bangladesh clear cut policy should be made. Government should identify the prospect of small business first and then they should make a broad entrepreneurship policy regarding the small business in Bangladesh.
- An arrangement of adequate incentive measure for the small enterprises: Financial support, tax holiday, law interest rate, loan policy, etc. are to be arranged to encourage small entrepreneurs to develop small enterprise in Bangladesh. So that they can get help to establish a new venture.
- Creates awareness program of training facilities: In developing small entrepreneurship in Bangladesh, the government should organize special awareness program to make the entrepreneur expertise by training. The government can enhance training program to train up the entrepreneurs. They can create special small duration work shop to develop entrepreneurial capacity. Some innovative training institute can be created by the govt. for providing special training to develop the entrepreneur real ability.
- Incubator business organization should come forward: Incubators are those organizations which have developed their technology and other capabilities in business through learning by doing and learning by experiencing. They can provide helps to entrepreneur and small business in the country by providing expert services.
- To develop the proper channel for the improvement of the process of supply, the government can develop a new innovative policy.
- A peaceful and stable environment should be ensured by the government, where entrepreneurs can run their business smoothly. The government should give assurance for free political movement.
- Sufficient salary should be paid to the employees in order to reduce the wage dissatisfaction and ensure better performance.
- Strict import restrictions should be made flexible for the betterment of the business.
- These are the some policy measures or suggestions for solving the enterprises' problem.

## CONCLUSION

Entrepreneurship development is the key for the progress of a developing country like Bangladesh. Small and medium enterprises are the most important driving forces in this context, which is the area of the present study. The role of this survey will be helpful for the entrepreneurs because it presents the different practices served by certain types of small and medium enterprises in Sylhet. The researcher expect that the finding of this study also will be useful to the policy-makers to identify precise policy measures for enterprises, their requirements etc. If we follow the survey and if the proper authority could take the necessary steps to solve the problems of the surveyed enterprises than more potential entrepreneurs will come forward with innovative ideas and the existing entrepreneurs will be motivated to their business and also it will increase the number of new enterprises. Which will ultimately leads to successful entrepreneurship development. The creation of small and medium enterprises under diversified sector is very much essential to solve the unemployment as well as other socio-economic problems of Bangladesh. Therefore it can be said that "the development of the small and medium enterprises is the development of the nation".

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**APPENDICES**

**Appendix-A**

**Interview Schedule**

Questionnaire Survey on “Entrepreneurship Development by Small and Medium Enterprises in Sylhet: Problems and Prospects”

(Thank you very much for your willingness to this survey. The survey is asking the question about your enterprise. Your accurate and frank response is the key. The survey result will be used only for the research purpose and be presented only in an aggregate manner without revealing the identity of the individual enterprise).

Research Project: Selected Small and Medium Enterprise

**1. General Information:**

- i) Owner of the Enterprise (Name):
- ii) Name and Address of the Enterprise:
- iii) Nature of Enterprise:
- iv) Age of the Entrepreneur when started:
- v) Present age of the Entrepreneur:
- vi) Gender
- vii) Marital Status
- viii) Previous Occupation:
- ix) Educational background:  
(a) Below SSC [ ] (b) SSC [ ] (c) HSC [ ] (d) Degree [ ] (e) Masters [ ] (f) Others [ ]
- x) Family status: (a) Nuclear [ ] (b) Joint [ ]
- xi) Number of family members: [ ]
- xii) Family members (regarding employment):  
(a) Employed [ ] (b) Unemployed [ ] (c) Minor age [ ]
- xiii) Is any of your family members involved in the present business?  
(a) Yes [ ] (b) No [ ]
- xiv) If yes, how they influence the interest?  
.....
- xv) Grandfather's occupation:
- xvi) Father's occupation

**2. Regarding the Business:**

- i) Who influence you to start the enterprise?  
(a) Parents [ ] (b) Relatives [ ] (c) Friends [ ] (d) Self [ ] (f) Others [ ]
- ii) Does your family member provide any support to run the business?  
(a) Yes [ ] (b) No [ ]
- iii) If yes, please mention specifically:  
.....
- iv) When do you start the enterprise?  
.....
- v) Why have you chosen this location for the business?  
.....
- vi) Sources of ownership:  
(a) Self-initiated [ ] (b) Bought [ ] (c) Inherited [ ]
- vii) Forms of ownership:  
(a) Sole-trader ship [ ] (b) Partnership [ ] (c) Co-operative [ ] (d) Franchise [ ] (e) Others [ ]
- viii) Sources of capital:

Source	Initial	Present	Total
(a) Own			
(b) Bank Loan			
(c) Family			
(d) Relatives & Friends			
(e) Others			



- ix) Number of employee in the enterprise:  
 (a) 1-5 [ ] (b) 6-10 [ ] (c) 11-15 [ ] (d) 16 [ ]
- x) How do you take your business decision?  
 (a) Self consultation [ ] (b) Self + Family [ ] (c) Family [ ] (d) Self + Employee [ ]
- xi) Objective of doing the business:  
 (a) Earning profit [ ] (b) Generation of employment [ ] (c) Contribution to the society [ ] (d) Others.....

**3. Regarding Performance:**

- i) What is the number of your monthly sales volume?  
 .....
- ii) What is the percentage of profit you earn?  
 .....
- iii) Are you satisfied with the last year's performance of the current business?  
 (a) Satisfied [ ] (b) Neutral [ ] (c) Dissatisfied [ ]
- iv) Express your satisfaction regarding present performance:  
 (a) Satisfied [ ] (b) Neutral [ ] (c) Dissatisfied [ ]
- v) Express your satisfaction regarding the growth of your business?  
 (a) Satisfied [ ] (b) Neutral [ ] (c) Dissatisfied [ ]
- vi) What is your opinion about future business growth:  
 (a) Positive [ ] (b) Neutral [ ] (c) Negative [ ]
- vii) What is your future plan about the existing business?  
 .....
- viii) What type of problems are you facing to run the business?  
 Raw materials [ ]                      Security [ ]  
 Cost of doing business [ ]        Others [ ]  
 Financing [ ]  
 Marketing [ ]  
 Management [ ]  
 Please explain the problems to support your answer:  
 .....
- ix) What is your suggestion to solve the problem of your business?  
 .....
- x) Mention the success factors of your business?  
 .....

**4. Regarding Support Services:**

- i) Do you know any name of the supporting organization (a) Yes [ ] (b) No [ ]
- ii) If yes, specify the name and about their services:  
 .....
- iii) If no, do you think that support service is essential for the improvement of the present business?  
 (a) Yes [ ] (b) No [ ]
- iv) If yes, that type of services is essential and what is your suggestion?  
 .....



## Appendix – B

### Review of different categories of SMEs

**Restaurant:** Restaurant is one of the most profitable sectors in Sylhet. Day-by-day the number of restaurants are increasing. From the surveyed restaurants, it is found that with a small amount of capital ranging from Tk. 50,000-3,00,000, a restaurant can be started. They are suffering from the problems of a high price of materials, load shedding, no proper management, high rent of hotel space and inefficient employee. Reducing materials price to a reasonable level, increasing supply of electricity, well trained managers and employees and in sufficient number and a low rent space for business, etc could enable restaurant business a more profitable sector.

**Pharmacy:** As the numbers of disease are increasing day-by-day, the number of pharmacies also increases. Pharmacy requires high-educated personnel. So one person cannot start a pharmacy with lower education. It was also found that, a pharmacy can be started with a capital of Tk. 20,000-7,00,000. The very profit percentages are ranging from 10-20%. They have faced with the problems of licensing, financing the high cost of doing business and outstanding balance. If they could perform the business at a lower cost, get the license to do business and provided with highly educated, well-trained employees then they would earn more profit.

**Fast food shop:** As people get more and more busy day-by-day and spend most of their time outside from the house, they are depending on fast-food to a great extent. Therefore fast-food shop is one of the most profitable businesses in the recent time. The survey showed that within Tk. 1,50,000 - 16,00,000 a fast-food shop can be started. Their profit percentage is ranged from 15-20%. They are basically suffers from the problems of increasing price of raw materials, load shedding and marketing. Establishing enterprise in a good location and providing quality products and better service are the success factors for them.

**Tailoring Shop:** Now-a-days people are becoming more fashionable, and they have a high-need for tailoring shop to make clothes in their own choice. To meet that high demand the number of tailoring shop is increasing. Among the five samples surveyed, one is started with only Tk. 3 thousand and rest of them invest capital of Tk. 50 thousand to 5 lacs. Their profit percentages ranged from 15-60%. Their main problems were high price of raw materials, high cost of doing business, financing, improper management, import restrictions, irresponsible employee and social and political instability. However, the success factors for their business are proper management, large number of customers, good banking facility, effort of the entrepreneur, well-trained and sufficient number of employees, experienced tailors and good behavior with consumers.

**Retail Shop:** A retail business is one of the easiest small enterprises to establish and maintain. The retail shops are extending their business to different areas to meet the overflowing demand from an increasing number of people. The capital needed for establishing the surveyed retailing shops were ranged from Tk. 40,000- 2,50,000. They are earning the profit percentages of 2-10%. They are suffering

from the problems of high cost of operation, financing, security to operate smoothly and outstanding balance. Their success factors are good location, less competitor within the area, honesty, and effort of the entrepreneurs.

**Mobile Service Center:** There are lots of poor and illiterate people who use mobile. Even many educated persons do not know various functions of mobile and faced many problems. For this reason, mobile service center is a profitable area of income. However, from the surveyed samples in Sylhet, it was found that establishing mobile service center requires comparatively a high amount of capital ranging from Tk. 1,50,000-6,00,000. They have faced the problems of financing, marketing, collecting raw materials and management. Their success factors are self-industry and providing prompt service to the customers.

**Boutique Shop:** In the past time, people used to buy readymade clothes available in the market. But now a days they like to design their cloths by own through block, boutique, etc. To meet the demand, boutique shop is increasing its number day by day. There are many persons; basically the female entrepreneurs want to start with a boutique shop. The study found that with the capital of Tk. 45,000-16,00,000 they have started their enterprises. They have faced the problems of financing, the high cost of trading, marketing, the inefficiency of suppliers and security. The success factors for them are good quality, familiarity with customers for a common location, good service, reasonable price different price level for different customers, high-quality product at low cost and hardworking employees.

**Flower Shop:** Flower shop is that type of small enterprise which provides flowers bunch of flowers lighting decoration of stage, flower basket, balloons, turbans etc. In the past few years, flowers are used on special occasion or ceremony. But, now-a-days people buy flowers almost around the year. So it has become a profitable business under small enterprise day-by-day. We have selected five different flowers shop for survey. Their amount of capital ranges from Tk. 1,50,000 - 8,00,000 and the percentage of profit earned ranges from 3-5%. The major problems faced by them are regarding raw materials and financing, security, tax, supply of factors of their success are good location hardworking employees, advertisement and owner's communicating ability.

**Phone and Fax Shop:** Most of the people depend on the phone for communicating in the modern age. But not everyone has the phone of their own and fax is a means of sending a message with a short time. So many takes the initiatives to start phone and fax business for income. The surveyed entrepreneurs had started their business with a capital of Tk. 50,000-1,25,000. The percentage of profit earned by them is within the range of 4.25 - 7.00%. The problems faced by them are high rent for space, improper use of materials, financing, etc. Their success factors are dealing with customers in good manner and good behavior with them.

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