Exploring Barriers to Entrepreneurship among Unemployed Educated Youths in Bangladesh

Md. Sohel Rana, Shadia Sharmin, Faham Ahmed Kalam, Rezwan Ul Haque Aubhi, and A. T. M. Fahimul Islam*

ABSTRACT

This study highlighted the barriers to entrepreneurship among unemployed, educated youths. In-depth qualitative interview was conducted with unemployed educated youths from Dhaka city in Bangladesh until it reached theoretical saturation. It explores the barriers to entrepreneurship among unemployed educated youths, such as lack of aspiration to be a successful entrepreneur, the tricky at educational system orientation, complex regulatory environment, social pressure and stigma, psychological barriers, lack of favorable environment, financial constraints, lack of confidence and calmness in confronting difficulties, family deterrence and lack of support, limited access to networks and resources and lack of role models. The study's findings have some important implications for researchers in the area of entrepreneurship and policymakers.

Keywords: Bangladesh, Barriers, Educated youths, Entrepreneurship.

1. Introduction

Bangladesh is a densely populated country with a youth population of 45.9 million, according to the census report published by the Bangladesh Bureau of Statistics [BBS] (2022). In the report, 10% of university graduates were found to be unemployed. Unemployment ratio in the youth age group was 8.7% (Bangladesh Bureau of Statistics [BBS], 2022). For these unemployed, educated youths, the government and authorities are emphasizing how crucial it is to encourage entrepreneurship so that individuals can work for themselves. Youths with risk-taking abilities who can address current challenges and exploit opportunities in the context of the nation’s economic development are needed in Bangladeshi society. Entrepreneurship may be defined in several ways. One perspective views it as the effective organization of a venture, while another perspective defines it as the development of a mentality and acquisition of skills necessary for entrepreneurship. Nevertheless, the ultimate objective of defining entrepreneurship is to provide employment opportunities and foster economic growth (Hessels & Naudé, 2019). Especially entrepreneurship in developing countries can accelerate economic development and provide a long-lasting foundation for advancement in the economy (Cockalo et al., 2020). Moreover, entrepreneurship growth in Bangladesh is essential for providing new job possibilities, generating revenue, and reducing poverty (Ria & Islam, 2021). Furthermore, entrepreneurship is seen as the primary economic force of a nation, essential to socio-economic development and employment creation (Chowdhury, 2017). Thus, it plays an essential role in exploring barriers to entrepreneurship among unemployed, educated youths in Bangladesh. This research was conducted in this context.

2. Literature Review

The definition of “youth entrepreneurship” is the practical application of enterprising traits like initiative, inventiveness, creativity, and risk-taking in the workplace (either as independent contractors or as employees of small start-up businesses) while utilizing the right skills required for that particular environment and culture (Schnurr & Newing, 1997). This definition, according to Chigunta (2002), is predicated on three tenets: (i) young people will grow and utilize their own abilities to the fullest, whether working alone or in groups; (ii) they will define their own issues, find solutions, and locate resources to realize their vision; and (iii) they will realize their own potential and vision, gaining self-assurance and becoming engaged members of their communities.

Entrepreneurship and entrepreneurs are crucial for economic development since they create new jobs, employment prospects, and inventions and stimulate competition...
and competitiveness (Stoica et al., 2020a). Accordingly, a number of scholars claim that entrepreneurship may play a vital role in economic development by facilitating the introduction of innovations, information sharing, fostering competition, and diversifying firms (Acs et al., 2005; Mueller, 2007). Therefore, the consequences of entrepreneurship on economic growth and the advancement of an economy are extensively explored and acknowledged (Bosma et al., 2018; Doran et al., 2018; Ivanovic-Djukic et al., 2018). Furthermore, entrepreneurship is considered an essential component of business and an essential factor in the economic and social development of the country (Gu et al., 2021). Admittedly, entrepreneurship is seen as a significant catalyst for employment development in developed and emerging nations (Decker et al., 2014). Nevertheless, entrepreneurship is a very beneficial choice for utilising economic and social resources in developing economies like Bangladesh (Chowdhury et al., 2021). The sustainable economic and social development of Bangladesh depends on this youth entrepreneurial growth, an achievement for a significant extent (Polas et al., 2022).

Young individuals encounter several obstacles when attempting to launch a business worldwide. A few stand out as being inaccessible to institutional capital, untapped into profitable markets, inadequately planned, lacking access to suitable workspace, lacking the necessary business management skills and abilities, having inadequate, inaccurate, or nonexistent financial records, not developing new products, and not receiving ongoing business support (Kambewa, 2001; Smallbone, 2000).

3. Methodology

Though the concept in this study has been infrequently studied previously, mostly in a Western environment, research on examining the barriers to entrepreneurship is not as broad as that on discussing the motivating elements of entrepreneurship. Asia is little covered in literature; most of the work that does focus on emerging nations is on Bangladesh, which is not typical of many Asian nations. Thus, this research conducted a qualitative study to analyse the barriers to entrepreneurship among unemployed educated youths in Bangladesh in order to obtain a deeper understanding of the challenges in the context of that country. When investigating different points of view in the early phases of a study, a qualitative approach offers greater depth, which helps the researcher better grasp the issue at hand and recognize phenomena, attitudes, and impacts (Maxwell, 1996; Healy & Perry, 2000).

The respondents were unemployed, educated youths from Dhaka who had graduated from various universities in Bangladesh. Two groups of respondents were targeted, the first of which graduated from public universities and the second of which graduated from private universities. They were all chosen using judgment sampling.

The qualitative study involved in-person, in-depth interviews with young, educated people who were unemployed. Respondents were given the opportunity to voice their own opinions during the semi-structured interviews (Flick, 2002). All in-depth interviews took place in Bengali; the first author translated some conversation quotes into English. The interview was conducted with copious notes being taken. We compiled the most often brought up concerns from the interviews and emphasized the most important points raised in each one. According to Hsieh and Shannon (2005), qualitative content analysis is a research method that involves the systematic classification of text data through coding and the identification of themes or patterns, allowing for the subjective interpretation of the content. We continued interviewing until we reached theoretical saturation.

4. Findings and Discussion

The content analysis explored eleven barriers to entrepreneurship among unemployed, educated youths in Bangladesh. The respondent’s gender, age, educational background, and marital status are the four components that make up the demographic data (Table 1). In terms of gender, males made up the bulk of respondents. The distribution of ages was quite even, with the 18 to 24-year-old age group having a slightly greater percentage. With a background in business studies, six out of eleven participants had such a background. Among the eleven interviewees, seven were from public universities, and four were from private universities. The majority of respondents were single; however, there was a varied representation of people in different marital categories.

4.1. Lack of Aspiration to Be a Successful Entrepreneur

Big ideas and aspirations are necessary for becoming an entrepreneur. This problem has been identified in numerous other nations by earlier research; Kolvereid (1992), for instance, discovered a strong correlation between growth aspirations in entrepreneurship and the success motive. According to one of the study’s interviewees:

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Note: Source: Authors’ own estimation.
“I’d like medium-level work and a very basic lifestyle. I don’t even consider launching my own business at this time because I don’t have many more desires in my life. I prefer to focus on meeting my needs and living comfortably without the stress and pressure of running a business. I am content with my current situation and do not feel the need to strive for more. My main priority is finding a job that provides stability and fulfillment rather than pursuing entrepreneurship. I am content with a simple and straightforward lifestyle and do not see the need to complicate things by taking on the responsibility of starting a business. Instead, I am happy with medium-level work that allows me to support myself and live comfortably” (Interview No. 04).

4.2. The Tricky at Educational System Orientation

Peterman and Kennedy’s (2003) work examines how education shapes entrepreneurial goals and highlights the importance of entrepreneurial education. Academic success is frequently given precedence in traditional educational systems over the development of business abilities. A decreased propensity for entrepreneurship is the outcome of less exposure to entrepreneurial education and skill development.

“After receiving my degree in geography, I haven’t received a single word encouraging me to take initiative. Instead, my seniors have greatly inspired me to study hard for the job” (Interview No. 07).

4.3. Complex Regulatory Environment

Strict and convoluted regulatory frameworks present formidable obstacles to aspiring enterprises. The perceived intricacy and administrative obstacles could discourage individuals from pursuing entrepreneurship. Research such as that conducted by Djankov et al. (2002) emphasize how regulatory costs affect entrepreneurship, especially in nations with complex regulatory frameworks.

“How can I launch my own business in a sector where getting permission without bribery is impossible? How can I even begin the process of obtaining a trade license? I’m refraining from doing something similar because of it. I’m now looking for job” (Interview No. 03).

4.4. Social Pressure and Stigma

Individuals are discouraged from pursuing entrepreneurship by societal expectations and the stigma associated with it, particularly in countries that place a high emphasis on established professional pathways. Kautonen et al. (2013) examined the impact of societal pressure and social norms on entrepreneurial ambitions in a prior study. Students are discouraged from contemplating entrepreneurship since established professional choices are preferred by society’s norms and expectations. Our research also revealed the same.

“My society has taught me that the top job in a career path is BCS cadre. My goal in life is to become a BCS cadre. I will keep trying to acquire a chance to be a BCS cadre as long as I am of legal age” (Interview No. 01).

4.5. Psychological Barriers

A lessened desire to pursue entrepreneurship might be caused by psychological issues such as a loss of confidence in oneself or a fear of failing. Some individuals might think that being an entrepreneur is too hazardous or difficult for them. The study of Krueger and Dickson (1994) discusses the influence of psychological factors on entrepreneurial goals, highlighting the significance of self-efficacy and fear of failure.

“Even though the business world has its unique set of difficulties, I’ve discovered that psychological elements like self-doubt, fear of failing, and the demands of being an entrepreneur have proven to be major roadblocks. Sometimes, the psychological components of launching and operating a business present just as much of a challenge as the outside variables” (Interview No. 10).

4.6. Lack of Favourable Environment

Many individuals place more value on having a steady job and income than they do on the risks that come with being an entrepreneur. Fear of failure and unstable finances prevent individuals from wanting to start their own businesses. According to a study by Shane et al. (2010), risk aversion has a big impact on the choices individuals make to become entrepreneurs.

“My biggest problem right now is that there’s not a lot of atmosphere that encourages entrepreneurship. The current state of the economy, the regulatory environment, and the dynamics of the industry are not totally favorable to the successful launch and expansion of new enterprises. The demanding surroundings present a number of challenges. For a new business like mine, getting funding gets harder, figuring out complicated rules can take time, and there are more obstacles due to market uncertainty” (Interview No. 05).

4.7. Financial Constraints

One of the biggest obstacles facing aspiring entrepreneurs is having limited financial resources. People who want to pursue entrepreneurial endeavors find it difficult to obtain funding and other forms of financial assistance. Financial limitations are a significant factor influencing entrepreneurial actions, especially for people with restricted access to outside capital, according to a study by Block and Sandner (2009).

“Yes, I have been actively investigating a number of funding sources, such as crowdfunding, angel investors, and conventional loans. Even though I have high hopes for my project, getting the initial funding has proven to be difficult. I’m willing to look into partnerships or any other innovative ways to help me get past this obstacle” (Interview No. 02).

4.8. Lack of Confidence and Calmness in Confronting Difficulties

The youth’s lack of self-assurance and composure when facing challenges is a major obstacle to entrepreneurship. Being an entrepreneur means that one will inevitably encounter obstacles, doubts, and failures. Young people who lack confidence may find it difficult to overcome these obstacles. A study by Rauch and Frese (2007) found that confidence influences risk-taking, perseverance in the face of difficulty, and decision-making, all of which are critical components of successful entrepreneurship. Furthermore, Hmieleski and Baron’s (2008) research emphasizes how crucial emotional stability and serenity are for handling
the strain and stress that come with starting and running a business. “I have faced obstacles on my path to become an entrepreneur that have brought to light my battle with a lack of self-assurance and composure. I find it challenging to face challenges with the confidence and poise required for success because of the unpredictability and pressure. But right now, I’m putting a lot of effort into developing these traits so I can go the entrepreneurial route again in the future” (Interview No. 11).

4.9. Family Deterrence and Lack of Support

A family’s lack of appreciation or support about entrepreneurship can make someone less inclined to pursue it. Research by Aldrich and Cliff (2003) discusses the impact of family on entrepreneurial intents and emphasizes the significance of family history in forming entrepreneurial goals. The expectations of one’s family and the lack of sufficient support provide formidable obstacles for those who aspire to become entrepreneurs.

“For me, family disapproval stands in the way of my ambition to pursue entrepreneurship. Their inclination leans towards a conventional job route, perceiving entrepreneurship as an uncertain and hazardous undertaking” (Interview No. 08).

4.10. Limited Access to Networks and Resources

Aspiring entrepreneurs may face obstacles if youths do not have access to resources, mentorship, or entrepreneurial networks. When there is no environment to assist them, individuals are discouraged from looking into entrepreneurship. Research like Ucbasaran and Westhead (2009) explore how resources and social networks affect the goals and deeds of entrepreneurs.

“The lifeline of entrepreneurship is networking. It takes more than just meeting new people to locate possible clients, partners, and mentors. Any startup needs resources to get off the ground. All of it, from technology to finance to mentoring, is essential. I find it quite regrettable that I am unable to launch any startups since I do not have access to these networks or tools” (Interview No. 06).

4.11. Lack of Role Models

Without the presence of successful business owners or other role models in one’s social circle, one might not find the motivation and direction needed to pursue their entrepreneurial goals. In Obschonka and Stuetzer (2017) research, the lack of entrepreneurial role models is examined as a factor that may influence entrepreneurial inclinations.

“Who are the ideal citizens of our nation to be businessman? Almost every businessman is dishonest. In the corporate world, there’s hardly anyone I can emulate to be like them. There are plenty of successful, great entrepreneurs abroad. Not that there isn’t someone, but our options are really limited” (Interview No. 09).

5. Conclusion and Future Research Agenda

Numerous studies have been conducted specifically on women’s entrepreneurship in Bangladesh and entrepreneurship in general. But the goal of this study was to investigate the obstacles that educated, jobless young in Bangladesh face while trying to start their own business. Previous research has omitted certain significant factors and situations that bear significant relevance to the current investigation. Additionally, this study offered a more precise list of the obstacles that educated young people without jobs face when trying to start their own business in Bangladesh. This result is consistent with earlier research. However, they do increase the accuracy of the collection of variables associated with this topic. Bangladesh has not yet seen a significant increase in the development of young entrepreneurship. Both the government and the financial institutions should adopt youth-friendly policies and initiatives in order to create a level playing field.

This work lays the groundwork for future research in the subject using fresh insights while taking into account the current state of affairs, which eventually acts as a suitable point of reference and advances the field with the acquisition of specific information. But young people without formal education could not be included in this study. Significant prospects for more study in the field of young entrepreneurship in Bangladesh may arise from this report. This study is qualitative in nature and only focuses on the city of Dhaka. Future researchers might conduct quantitative studies and cover a larger area.

Conflict of Interest

The authors declare that they do not have any conflict of interest.

References


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