

The Dynamics Of The Bangladesh Economy: Privatization Policy, Entrepreneurship, And Economic Growth

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Abstract – Since its independence in 1971, Bangladesh has had two economic trends: one with and one without the inclusive institution. Bangladesh's economic course has progressed through a period of nationalization with restricted property rights and a liberal economy with an inclusive institution. The study's goal is to see whether privatization has an impact on economic growth via entrepreneurship, as well as to determine the effects of these two policy shocks. Using yearly time series data from 1960 to 2017, the current research offered both trend analysis and econometric modeling. Private property rights, according to the findings, stimulate private entrepreneurial activity by increasing GDP per capita, capital creation, and capital goods imports. Privatization eventually adds to Bangladesh's economic progress. From the viewpoint of Bangladesh, the study's results are novel in comparison to the existing body of research on the economic effects of privatization, and hence the study's conclusions are likely to be useful to policymakers.

Keywords – Economic Development, Privatization Policy, Entrepreneurship, And Bangladeshi Economy.

I. INTRODUCTION

"Nationalization" and "privatization" are two current economic movements in the contemporary world. The central economy stresses the government's nationalization and administration of national resources. The market economy, on the other hand, is based on market interaction, which need less government involvement. The efficiency level differs in both scenarios in terms of institutional architecture and wealth distribution.

In the late 1950s of the nineteenth century, socialism was the dominant economic philosophy (Venturi, 1961). Bangladesh was not exempt from this populist sentiment. Despite the fact that the Pakistani government supported the privatized industrial strategy, the new pro-socialist administration implemented the nationalization program in 1972, shortly after Bangladesh was liberated. Six hundred and twenty major and medium-scale enterprises were nationalized by the government (Griffin & Robinson, 2016). Jute mills made up the bulk of nationalized industries, with steel, sugar, textile, and engineering mills all making an appearance. Following the 1973 industrial strategy, this process of nationalization was undertaken (Yusuf, 1980). Private investment eventually reached a limit. The government's planning commission at the time handled and controlled export and import. The industrial strategy was adjusted to enable private investment when the pro-socialist administration was replaced in 1975. In local currency, the private investment limit was also raised from Tk 30.00 million to Tk 100.00 million (Rahim, 1978). Aside from that, in the 1980s, the IMF imposed Structural Adjustment Program (SAP) loan conditionality, which included the privatization of estate-owned assets as one of the major requirements (Abocejo, 2014; Dasgupta, 1997).

Entrepreneurship is made up of four elements: demographics, associations, environmental variables, and process, all of which are aided by the government, institutions, and constitution. Entrepreneurship development is critical to solving the issue of economic growth by producing local jobs, balancing regional development, decentralizing economic power, and redistributing earnings from the wealthy to the middle and lower classes. According to scholarly studies, SMEs employ around 22% of the adult population in developing nations. Bangladesh, like Kenya, Myanmar, and Tajikistan, has already advanced from low to lower

middle income status. According to statistics given by the Bangladesh Bureau of Statistics, Bangladesh's per capita income has progressively increased from \$1,054, \$1,184, \$1,316, and \$1,465 in the years 2012-13, 2013-14, 2014-15, and 2015-16. Bangladesh's market-based economy is the 42nd biggest in nominal terms and the 32nd largest in terms of purchasing power parity; it is one of the Next Eleven (or N-11) developing market middle income nations. Bangladesh's economy, according to the World Bank (2021), grew at a pace of 7.65 percent in 2016, making it the second fastest growing major economy in the world.

Due to Bangladesh's poverty problem in the early 1980s, the government did not place a high priority on women entrepreneurs in the micro and small business (MSE) or small to medium enterprise (SMEs) sectors. However, when the government understood that women entrepreneurs may assist to increase income and alleviate poverty, several government initiatives were implemented to encourage women to start businesses. Bangladesh's poverty rate has dropped dramatically during the early 2000s, thanks to decades of rapid economic expansion. Bangladesh's poverty rate has decreased from 82 percent in 1972 to 18.5 percent in 2010, 13.8 percent in 2016, and less than 9 percent in 2018. Bangladesh has achieved significant development in the previous several decades in terms of women entrepreneurs, according to recent surveys. Village handicraft manufacturers (weaving, embroidery, etc.), potteries, dying, small machine shops, eateries, knitting, small dairy processes, and other SMEs are becoming more essential to Bangladesh's economic growth. Several significant difficulties, linked to both demographic and environmental variables, have been highlighted as barriers to success for entrepreneurs of small and medium-sized businesses. According to Rao (2018), entrepreneurship education may benefit entrepreneurs, especially women who may have little resources. Economic growth, social environment, familial support, culture, technical progress, and educational advancement are all elements that impact women's entrepreneurship (Brush & Brush 2019). Bangladeshi women entrepreneurs have grown conscious of their equal rights and have taken the initiative to seize possibilities and take on new challenges in their commercial endeavors (Chowdhury and Alam, 2017).

With each economic slump in both developed and emerging nations, history has shown that it is the entrepreneurial spirit and perseverance that delivers us blessings (Kuratko, 1995; Amin, 2018). According to the Monitoring the Situation of Vital Statistics of Bangladesh (MSVSB), Bangladesh's overall population was projected to be 160.8 million in 2016, with males accounting for 80.5 million (50.1%) and women accounting for 80.3 million (49.9%). (BBS, 2019). Women's participation in economic activities is critical in Bangladesh, where women account for half of the population. Women's entrepreneurship is critical to Bangladesh's economic development. It is a process in which women lead small or medium firms with all of the production aspects, take risks, and hire people. As a result, Bangladesh should put a greater focus on women's entrepreneurship (Chawdhury et al. 2019). Bangladesh's capital and biggest city is Dhaka (BBS, 2019). With a population of 17 million inhabitants, it is the world's third most densely inhabited metropolis (Population & Housing Census 2015). The researcher's goal in this study is to concentrate on women entrepreneurship as it occurs in SMEs in the instance of online clothes retailers in Dhaka, Bangladesh. The purpose of this research is to examine the current state (including issues) and future potential of women-owned online apparel stores in Dhaka. There are also certain special aims, such as: a. analyzing women entrepreneurs' behavioral decision-making; b. determining how women entrepreneurs might contribute to economic growth in online clothing businesses via participation in national and international fairs.

II. LITERATURE REVIEW

Entrepreneurs are men and women who operate businesses that make innovative arrangements to generate new items and services (Hussain, 2016). Women entrepreneurs refer to company owners who are mostly women. Many studies in the majority of Western nations have identified three basic categories of impediments to women starting businesses. First and foremost, women's sociocultural position, followed by access to knowledge and aid networks, and ultimately, cash (Wong, 2005). Women entrepreneurs have a difficult time getting funding because of the stereotype that "women can't manage money" (Amin, 2018). In many developing countries, women entrepreneurs are taking the lead in establishing and building strong small and medium companies (SMEs) that contribute considerably to poverty reduction (Schmitt, 2014). (Pamatong, 2014). According to Uddin (2005), SMEs help countries achieve self-sustaining growth and development. Factors like as privatization, specialization, corporate restructuring, and downsizing have aided the development of such businesses in recent years (Marcelin, 2015). Markets and possibilities generated by rising globalization are especially beneficial to small businesses, and an increasing number of small businesses are going worldwide (Adhikary, 2010).

Woman entrepreneurs, according to Mah (2005), are women who are active in making self-governing business choices connected to operating a firm. Despite the fact that women entrepreneurs are becoming more prevalent, there is still little research

on them, particularly in poor countries (Verheul et al. 2019, Welsh et al. (2018). Women entrepreneurs are projected to account for fewer than 10% of all academic study in the area of entrepreneurship (Brush and Cooper, 2019). However, data reveals that women make a major contribution to global economic development. In 2010, 187 million women were active in starting and running businesses, accounting for about 42% of all entrepreneurs worldwide (De Vita et al. 2019, Global Entrepreneurship Monitor) (Hussain, 2016).

Bangladesh was one of the first South Asian nations to implement the SAP (Aminuzzaman, 1994). In 1982, a new industrial strategy was implemented. Claessens (2002) claims that people participating in online enterprises are consciously attempting to use the flexibility of the online environment in order to deliver innovative value to their consumers, frequently via the liberalization of industry and trade policy and flexible private investment policy (Muhith, 1993). Several sectors were "denationalized" or "disinvested" within a year and a half of the policy's implementation. It was entitled to a new horizon for industrial privatization (Sahota, 1991). Because of the liberalization of trade and industry policy, it is now feasible to divide Bangladesh's industrial systems into two segments. It may be classified as a nationalization phase from 1973 to 1982.

According to Daniel et al. (2019) and Di Domenico et al. (2017), people who run internet enterprises from home must also deliver value while keeping operational expenses low, which necessitates finding inventive methods to leverage and combine scarce funds. Transnational entrepreneurship is recognized as a distinct entrepreneurial phenomenon in the global context of internet business (Lin and Tao (2018), Dimitratos et al (2018). As a result, more attention should be put on women's entrepreneurship, especially in developing nations, where women entrepreneurs face a number of challenges owing to a lack of respect for their ideas and engagement in societal issues (Manzanera-Román and Brändle) (2018). Nagler and Naude (2016) discovered that a number of variables influence the entrepreneurship process.

Entrepreneurship (Khajeheian and Tadayoni, 2018), for example, the motivation to be a pioneer and the ability to make and profit-oriented processes (Khajeheian 2016), new products (Emami and Dimov (2017), and business systems underlying innovations give organizations and business entrepreneurs a distinct edge. Miah (2016) found that the major constraints for entrepreneurs in Bangladesh are a lack of adequate investment, a lack of modern technology, a high rate of interest on bank loans, irregular/inadequate power supply, poor physical infrastructure and high transportation costs, poor information about market opportunities, insufficient availability of raw materials, a lack of skilled workers, a lack of research and development, fierce competition, and the absence of a regulatory framework. Sultana (2017) found the same issues that women entrepreneurs in Bangladesh confront. Sheheli (2018) depicts the current state of Bangladeshi rural women and the good influence of NGO operations. Bangladesh's SME performance is substantially behind those of international standards (Ahmed and Chowdhury, 2019). According to Afroze et al. (2018), personal attributes like as hard work, management and marketing abilities, and assistance from spouses or family are the main factors for the success of Bangladeshi women entrepreneurs. (2019, Afroze et al.) Haque (2018) recognized some of the challenges that female entrepreneurs face while running online apparel companies, as well as some of the techniques they use to attract customers. Haque and Quader (2017) looked on how women entrepreneurs in Dhaka who own online baking businesses on Facebook used technology to empower themselves. In Bangladesh, there is a study gap in online apparel retailers run by women-owned businesses. With the use of a qualitative technique, the researcher attempts to concentrate on socio-economic determinants of women entrepreneurs in Dhaka city in this study.

It's exciting to see that women entrepreneurs make up 41.6 percent of the manufacturing and commerce industry. In Bangladesh, women have made a number of notable contributions in the areas of leadership and business growth. This graph clearly shows that their contribution to GDP, as well as all of their economic operations, need independent analysis. If researchers and academics are worried about this problem, all women entrepreneurs will know that they are helping to build Bangladesh now and in the future. Access to information and help networks is often the primary source of connections for small and medium enterprises (Aldrich et al. 2019). In today's environment, anybody may join a social networking site. Many articles have been written in Bangladesh that address the problems of challenge and opportunity for women entrepreneurs. Through in-depth interviews, the author emphasizes the restricted section of women who work in online apparel businesses; their roles in business, family-related variables, socio-economic factors, personal and social networks, behavioral decision-making, and other problems. At addition, this article will include information on the involvement of women entrepreneurs in national and international fairs, which will contribute to future development in this field.

On the other side, it was the time for privatization following the new industrial strategy of 1982. Since 1982, the liberal economy has been in operation. As a result, analyzing the effects of privatization on the economic growth of developing nations

like Bangladesh has become critical. As a result, the current research aims to investigate the effects of privatization policy on Bangladesh's economic growth via private enterprise development. The following are the economic development indicators: Gross domestic product (GDP), gross capital formation (GCF), exports, and imports are all indicators of economic growth.

III. PRIVATIZATION POLICIES IN BANGLADESH

The connection between economic institutions and economic growth although positive as per most of the empirical studies (Acemoglu & Robinson, 2016; Babu & Ashok, 2018; Barro, 1996; Boubakri et al., 2009; Plane, 1997; Sachs & Warner, 1997; Wong et al., 2005) has some exceptions as well. But from an international perspective, only one study (Nwankwo & Richards, 2001) finds a negative relationship between these two variables. Interestingly in the case of Bangladesh, all the previous researches (Nuruzzaman, 2004; Quadir, 2000; Uddin, 2005) (Uddin & Hopper, 2003) demonstrated a negative relationship. The objective of this literature review section is to discover the knowledge breach in the prevailing literature.

Regarding privatization, the European experience is relevant to the study. The acceleration of privatization took place in 1990 in most of the European countries (Bös, 1993). They had attempted to execute privatization to meet the fiscal deficit in their budgets (Bortolotti & Milella, 2006). Schmitt (2014) studied 15 European countries from 1980 until 2007 and showed that privatization spread across the countries in Europe through trade. However, Bös (1993) in his study concluded that privatization in Europe got accelerated due to the EU (European Union) membership criteria. Therefore, the communist countries also moved for the market-led liberalized economy through privatization. Moreover, applying the frameworks of an extreme-bounds analysis (EBA), and using the data from 1988 to 1997 for 63 developing countries including European countries, Cook and Uchida (2003) and Claessens and Djankov (2002) reaffirm the sizable and significant effect of privatization on the economic growth.

Barro (1996) previously offered realistic responses for a panel of approximately 100 nations from 1960 to 1990, suggesting that when political rights are at a low level, expanding them encourages economic development. Sachs and Warner (1997), in their essay on basic sources of long-run growth, used data from the federal government from 1970 to 1990 and came to the same result. Plane (1997) employed a panel of thirty-five emerging market-driven economies from 1988 to 1992 to examine the impact of privatization. The Probit and Tobit models both show a large beneficial impact, demonstrating the importance of divestment. When industries or substructures underwent institutional restructuring, the economic effect got greater.

Acemoglu et al. stated in 2005, based on historical economic research of North and South Korea, that financial institutions fix the incentives of and limits on commercial actors, hence determining economic outcomes. They also came to the conclusion that economic institutions that promote economic development emerge when political regimes delegate power to persons with vested interests in the enforcement of clearly defined property rights (Acemoglu et al., 2005). Filipovic (2005) used cross-country regression analysis to estimate the effects of privatization on economic growth and concluded that privatization, when combined with appropriate operational restructurings, creates incentives to increase investment, improve economic efficiency, and accept newly spread technologies. Boubakri et al. (2009) looked at whether privatization influences economic development for a broad sample of 56 industrialized and developing nations from 1980 to 2004.

They discovered that privatization had a significant and consistent positive influence on an economy's growth using the dynamic panel approach. Acemolu and Robinson (2016) provide a fresh line of thought on the factors that generate and contribute to economic growth in a later research on Early Modern England and Ancient Athens. Such circumstances are characterized by inclusive political institutions, a capable state, and a more evenly distributed allocation of political power (the property right). They demonstrated that inclusive political institutions emerge from a balanced increase in state capacity and power sharing. In a recent research, Babu and Ashok (2018) utilized data from the Indian banking industry from 1998 to 2016. They used data envelopment analysis (DEA) to come up with good conclusions for the banking sector's profitability and efficiency after it was privatized.

3.1. Major barriers faced in Bangladesh's economic developments

Interestingly in the case of Bangladesh, all the previous studies (Nuruzzaman, 2004; Quadir, 2000; Uddin, 2005;

Uddin & Hopper, 2003) reflect a negative relationship. Quadir (2000) suggests that in Bangladesh, economic reforms were applied neither to meet the broader development challenges nor to stabilize the economy. Instead, the pro-market changes were implemented mainly to combine the power of the dominant class. Financial liberalization programs were unsuccessful both in terms of upgrading the living standards for most of the people and widening the range of economic activities.

Similarly, empirical data suggests that privatization has not increased societal returns. As a percentage of value-added and in actual terms, the contributions of privatized enterprises to state revenues have worsened (Uddin & Hopper, 2003). Nuruzzaman (2004) further asserts that, rather than spreading advantages to diverse social strata, Bangladesh's reform initiatives have reaped a disproportionate economic benefit, mostly for the business community and capitalist elites. Textile and jute mills that were privatized failed to improve efficiency, management, or profitability. Uddin (2005) studies the performance of enterprises privatized under the supervision of Bangladesh's Privatization Board from 1996 to date. The study's important conclusions do not support the success of the privatization approach. It suggests that the economic performance of privatized organizations has not significantly improved.

According to the research, these hurdles have not altered in the previous 23 years and are seen in studies from the 1990s forward all over the globe. Foon and Eu-Gene (2006), Saleh and Ndubisi (2006), Bardasi and Guzman (2007), MIDAS (2009), Bilal and Mqbal (2015), and Chowdhury et al (2015), for example, all recognized these issues in their investigations. Political restrictions, a lack of infrastructure, corruption, poor productivity, rules and regulations, and a lack of clear direction and strategy for the sector's growth have all surfaced as additional challenges in their investigations. On the other hand, these studies have shown that forming a SME in various nations is simpler and less costly than forming a private limited company or a joint venture. As a result, the research suggests that the challenges faced by SME entrepreneurs in Bangladesh, regardless of gender, are comparable to those faced in other nations throughout the world.

A significant difference in experience between Bangladesh and other nations is that female entrepreneurs in Bangladesh encounter more challenges than male entrepreneurs (Bardesi and Guzman, 2007; MIDAS, 2009; Alaudin and Chaowdhury, 2015). The most major impediments for SMEs in Bangladesh include difficult and delayed access to credit, inadequate infrastructure, high expenses, and a lack of marketing facilities (Shakantu et al, 2007; Bahkt and Basher, 2015; Fatima and Ahmed, 2017). SMEs owned or managed by women are discriminated against by institutional financing authorities, according to Bahkt and Basher (2015) and Ghosh, et al, (2017), and low social acceptability of females as company owners is another barrier to the growth of female-owned SMEs in Bangladesh. SMEs, on the other hand, have been shown to be an alternative driving force for economic development in emerging nations such as Bangladesh and should be promoted (Hasan and Jamali, 2014; Chowdhury, et al, 2015, Fatima and Ahmed, 2017). In this sense, educated persons, especially graduates, whether men or females, may play an important role in the growth of SMEs rather than working for a company or another business owner provided they are given the required help to overcome the hurdles outlined in our study (Chowdhury, 2007; MIDAS, 2009; Bahkt and Basher, 2015). Significant research have been done, according to the literature, to recognize and emphasize the hurdles encountered by entrepreneurs in Bangladesh and other nations. However, it is unclear from these research what specific circumstances prevent many Bangladeshi female graduates from starting and managing a small business. As a result, the goal of this research is to identify such hurdles so that the Bangladeshi government and other development partners may take steps to encourage more female graduates to start their own businesses.

Existing research in Bangladesh focused on the performance of the production sector after privatization, especially the returns of privatized firms. According to Marcelin and Mathur, the poor outcome has underlying factors (2015). They came to the conclusion that privatized enterprises performed better in nations with greater monitoring and legal frameworks. In Bangladesh's situation, the same thing may have occurred. Several recent research (Hakimi & Hamdi, 2016; Marcelin & Mathur, 2015; Molinos-Senante & Sala-Garrido, 2015; Sakyi et al., 2015) also imply that liberalization has a favorable influence on the economy as a whole. Finally, the overall consequences on Bangladesh's economy following the liberalization activities under the new industrial strategy in 1982 and the IMF prescription under SAP remain unexplored from a larger viewpoint. Furthermore, since the available research demonstrates the diverse consequences of privatization both internationally and in Bangladesh, a more complete examination is required.

IV. THE THEORETICAL FRAMEWORK

A vast percentage of current literates argue that financial constraints are the primary factor limiting SMEs' global potential expansion (see for an instant, Adomako and Kwabena 2012; Mori and Richard 2012; Martey et al. 2013; Banerjee 2014; Udell 2015). Supporting capital accumulation in a big way may help them contribute more to socioeconomic progress. In terms of SMEs financing, several financial innovations have been implemented throughout the globe to help SMEs' growth and development during the last decade. Specialized financial services by the government and formal financial institutions, as well as the entrance of informal financial institutions into the economy, such as MFIs, NGOs, cooperative societies, and so on, are

examples of financial innovation for SME financing. Commercial banks prefer to assist SMEs with a formal and substantial company (Angilella and Mazzu 2015), whilst other informal financial institutions concentrate on servicing small businesses and informal institutions (Angilella and Mazzu 2015). SME financing of innovation is exceptional, and it plays a critical role in accumulating starting and operating capital for company growth (Liu 2014).

Microfinance is not a new concept in SMEs financing; it primarily offers financial services outside of the official financial channel when SMEs are unable to get financial facilities via traditional financial intermediation channels (Ly and Mason 2012). According to Mwajuma (2012), the advent of microfinance acts as an alternate source of funding for SMEs and plays a vital part in resolving the eternal access to capital issue. Microfinance has been utilized as a vital instrument to reduce poverty in several countries by channeling economic resources to rural areas where official banking institutions are unable to serve (Briere and Szafarz 2015). Microfinance is being viewed as an alternative channel for delivering financial services to company growth in the society, with both short- and long-term lending facilities, as part of the financial innovation process (Auren and Krassowska 2004). Microfinance's evolution in SME financing is regarded as the lifeblood of SME growth, since it provides a diverse variety of financial services (Gitau 2013). Furthermore, obtaining credit from MFIs involves less methodological complexity; even SMEs may acquire a loan at a lower cost with no necessity for collateral (Montgomery and Weiss 2011).

Over the last decade, policymakers, economists, researchers, and academics have made significant efforts to invest microfinance in the long-term growth of SMEs. A large number of studies show that microfinance has a favorable influence on SMEs' growth and development all over the globe (Bello 2013; Siyad 2013; Abdulsalam and Tukur 2014; Kamau and Kalio 2014; Ravi and Roy 2014; Afolabi and Oni 2015; Awuah and Addaney 2016). Microfinance loan helps SMEs not only to improve their financial strength and performance stability (Simeyo, Lumumba, and Lumumba 2011), but also to raise family income levels in society (Zimba 2016). Only by generating revenue through SMEs can the SME sector maintain steady growth. Earning maximization of SMEs can be possible by capitalizing productivity through substantial investment. Capital adequacy and revenue maximization are positively correlated (Rahmat and Maulana 2006; AkotoSampong 2011; Fauster 2014; Irene, Charles, and Japhet 2015). (Rahmat and Maulana 2006; AkotoSampong 2011; Fauster 2014; Irene, Charles, and Japhet 2015). It implies that excess capital allows SMEs to expand their operation by producing more goods and service to the economy and can able to become profitable eventually.

Microfinance provides an extended range of financial services to economy along with credit facility to poor for capital accumulation. Across the world, microfinance is now performing a pivotal role in the financial industry among other informal financial institutions for business development of SMEs, having a positive impact on steady economic growth. Role of microfinance, according to Thrikawala, Locke, and Reddy (2013), is not limiting only toward the financing of SMEs. In a study, Obianuju (2012) argued that getting much-needed capital from entrepreneurs can boost their earnings by maximizing productivity, output growth, and general welfare of the society. The productivity of SMEs immensely depends on optimal capital investment in the business. Capital adequacy, moreover, has a significant paly role for increasing productivity, especially those SMEs involving in the manufacturing area. In different studies, Olakojo and Olanipekum (2011) and Valentine (2014) observed a positive relationship between manufacturing SMEs productivity and availability of financing from commercial banks and MFIs. SME banking, according to Agbaeze (2014), services were promoted, across the world, to assisting in the capital accumulation of economically active poor to create financial inclusion environment to boost small and medium business in the rural area. In a research, Subhanij (2016) indicated access to loans from major financial institutions mainly commercial banks may improve SMEs stable development by assuring a constant flow of money, having appropriate operational assistance lets them reach SMEs in no time.

Microcredit is a special sort of credit facility to those individuals, having little income, hasten their living standard via converting unemployment to self-employment (Bauchet and Morduch 2013). (Bauchet and Morduch 2013). Microcredit is emerging as an alternative source of financing in the economy, not just for self-employment but also for the growth of small and medium-sized businesses (Kisaka and Mwewa 2014; Yusuf, Amao, and Olawale. 2014). Microcredit, a kind of financing innovation, emerges as the final answer to an eternal funding challenge, particularly in rural areas where official financial channels can not reach a newly founded enterprise. Because it enables a freshly founded company to acquire external finance that might otherwise be unavailable via regular financing means (Rupeika-Apoga 2014). Existing research supports the idea that entrepreneurial development with the help of microcredit has a favorable impact on economic growth (see for an instant, Kent and

Dacin 2013; Turan 2015). Microcredit provides a buffer stock for small businesses in the event of unforeseen circumstances (Bradley et al. 2012), as well as speeding up the creation of jobs (Erhardt 2017).

SMEs in Bangladesh, like those in other developing nations, are attracting special attention from policymakers, economists, and financial experts because to their significant contribution to GDP. However, owing to several obstacles that are impeding growth and development, SMEs are still falling short of their full potential. A considerable number of empirical research imply that SMEs in Bangladesh are unable to attain their full potential due to a lack of external financing (see Ahmed and Chowdhury 2009; Quader and Abdullah 2009; Chowdhury, Islam, and Alam 2013; Alauddin 2015; Habib 2015). In order to address the challenge of SMEs' capital sufficiency, numerous financial products have emerged in Bangladesh's financial system during the last decade to assist SMEs financing via both official and informal financial institutions². Under the 'Refinance Scheme of SME Financing,' banking institutions give external loans to SMEs under the direct supervision of the central bank. Aside from that, every financial institution provides loans to SMEs via the introduction of financial services. In Bangladesh's economy, MFIs, NGOs, and other loan facilitating institutions have all had comparable experiences.

Several empirical studies on SMEs funding have been undertaken in Bangladesh by academics, academicians, and policymakers during the last decade. A group of academics, including Akterujjaman (2010), Chowdhury and Ahmed (2011), Uddin (2014), and Chowdhury, Azam, and Islam (2015), as well as Bosri (2016), explored the prospects and obstacles in SMEs funding. In SME finance, Islam, Yousuf, and Rahman (2014) conduct comparative research between conventional and Islamic banking. Adhikary (2009) measured the degree to which venture capital may alleviate the requirement for SME finance in another research. Salam (2013) examined the influence of leasing on the performance of SMEs in a research. According to the available literature review on financing innovation and SMEs development, no such empirical research has yet been undertaken in Bangladesh to investigate the association between SME financing innovation and SMEs growth. This study aims to close a research gap by gaining fresh insights and developing new ideas on SME financing, as well as the influence of innovative finance on SMEs' long-term growth. The results of this study will make a significant contribution to the government's formulation and implementation of financial policies aimed at increasing SME financing by fostering financial innovation in the form of new financial products or improved financial services in the economy.

V. METHODOLOGY

The study uses secondary data sources. To find the outcome, we use the GDP per capita or GDP constant at 2010 US\$ as a proxy of economic performance. The determinants of economic performance are consumption, savings, gross capital formation, exports, and imports following Barro (1996). All data are collected from the World Bank Data Bank under World Development Indicators. This annual time series data is contained from 1960 to 2019. To begin, the notes from the interview transcripts were examined to see whether there were any dangers to the axial coding methods. As a result, the codes were created first, and then certain categories were created, which helped in the development of the final themes. The analysis was thematic in order to make sense of the replies of the participants. The topics served as a springboard for study and conversation. As a result, the data will be presented and discussed in the following section.

VI. DISCUSSIONS AND SUGGESTIONS

After running the multiple regression with a dummy variable, we scrutinize the trend of macroeconomic factors. It

offers us an overall economic view of Bangladesh. These individual graphs show the definitive trend for each element. While the Bangladesh government had squeezed the property rights, it has created the barriers to build an inclusive institution, which is conducive for economic development. The negative shock resulted in the downward economic trend, such as the graph of GDP per capita, consumption, gross capital formation, imports, and exports of goods and services have developed.

It is evident that after taking the nationalization policy, it affects economic indicators through the inclusive institution. Although the first industrial investment policy was formulated in January 1973, the plan was under process since 1972. To exclude the lag periods effect, we fix a standard time period, 1974, which represents the actual effect of nationalization. Export and consumption are exceptional points in this case. Despite moderate property rights and liberal economy, export and use did not make a breakthrough under inclusive institutions. There is possibly one explanation that capital formation was not enough to compete in the market. However, import for goods and services has been increasing in the liberal economy. Through value

addition, imports of capital goods can boost up the consumption and exports under a liberal economy. It bolsters our logic that enough capital formation is required to boost up the trading in a competitive market (Adhikary, 2011).

The discussions also show that the nationalization policy had downward economic performance when the property right was restricted. It affects the institution, which does not hold general characteristics. On the other hand, the secured property pursues the tightness of institutions, which increases the GDP per capita, gross capital formation, and import. A favorable time trend indicates that the economy is growing over time when the liberal economy holds an inclusive institution. However, consumption and export did not shift dramatically either after or before the policy shock.

The regression coefficients are also coherent with this graphical presentation as analyzed earlier except the parameter of \ln_import . Although it has a direct negative impact on the GDP per capita Bangladesh is one of the world's fastest expanding economies, and the growth of female entrepreneurs would be very beneficial to the country's overall commercial prospects. As a result of the major hurdles identified in this research, female entrepreneurs should be given with a variety of perks to help them overcome them (Esayas & Tolossa, 2015; Connerley & Wu, 2016; Ghosh et al, 2018). This is also corroborated by prior research, which have indicated that the obstacles identified in this study are mainly comparable to those reported in previous studies, and have made similar suggestions (Nawaz, 2012; Baporikar, et al, 2016; Jannuzi & Peach, 2019). Because the current government constantly presses banks to make the lending procedure easier, the presence of this barrier is quite concerning for policymakers. Furthermore, technology advancements in Bangladesh, notably in private, commercial, and public banks, are expected to reduce the difficulties of the loan distribution procedure (Hasan et al, 2016). As a result, this research might serve as a basis for senior government officials and bank officials to take the necessary steps to simplify lending procedures. This study also makes a substantial contribution to supporting the necessity for interest rate reductions. If the interest rate is lowered, more entrepreneurs will be able to start businesses, and current SMEs will be able to take out loans. Furthermore, this research reveals that bank officers do not give much help to female entrepreneurs, which has to be addressed since if female entrepreneurs in Bangladesh's rural regions do not get support from bank officers, they will not establish accounts or take out loans. This is also corroborated by the findings of (Chowdhury, et al, 2013; Sattar et al, 2016), who advocated that bank staff establish positive attitudes toward women seeking loans and other financial services (De Vita et al, 2014; Ghosh et al, 2018). The report also shows a prejudice among officers when it comes to offering loans to female entrepreneurs, which must be addressed since women may succeed in business and repay their debts.

This study also acknowledges that officers' unfavorable perceptions of women who possess bank accounts are a barrier (Connerley & Wu, 2016; Ghosh et al, 2018). As a result, bank officials may get training and development so that their attitudes toward female entrepreneurs and other female clientele might improve. Furthermore, the research reveals that the higher bank maintenance costs in Bangladesh are a barrier for female businesses. In general, small and medium-sized businesses in Bangladesh do not make a lot of money; thus, when interest rates are high, it is difficult for small and medium-sized company owners to make a profit. As a result, banks' interest rates should be cut. Overall, if the hurdles to obtaining loans and other financial services from banks and other forms of financial institutions are removed, female entrepreneurs will be able to grow their businesses and contribute more to the nation.

VII. CONCLUSION

Finally, the inclusive institution within a free economy helps to the growth of private enterprises and economic progress via privatization. There is a huge difference in Bangladesh's economy before and after privatization and liberalization. The study's dummy variable technique exposes the impact of Bangladesh's privatization program on the country's GDP growth. This is a statistically significant outcome. Importing capital goods allows private enterprises to generate completed products and services. As a result, the open economy stimulates greater capital equipment imports, which boosts growth indirectly. Following the implementation of the privatization program, graphical analysis demonstrates that main economic indicators have a favorable tendency. Consumption, gross capital creation, and exports are all favorable indicators for Bangladesh's development. Import substitution, on the other hand, may be used as a policy tool since it has a negative impact on growth notwithstanding capital goods imports.

VIII. RECOMMENDATIONS

Future studies may be done to examine the effect of privatization, using both primary and secondary data at the business level. There are certain limitations to this research, as with any empirical investigations. To begin with, the sample size is a limitation

since the results are not generalizable. Female entrepreneurs from a variety of business organizations who resided in a rural area were also included in the research. In future investigations, however, a larger sample size may be employed. Future researchers may utilize this study's results in a quantitative fashion, such as a survey, to generalize the data in similar and distinct contexts, such as Bangladeshi cities and other countries. Future research might include a hybrid approach that includes surveys, interviews, and focus group discussion procedures.

The Bangladeshi government must take more concrete actions to reduce and remove the barriers that graduate female entrepreneurs face while establishing and operating SMEs in Bangladesh. Female-owned and managed SMEs have a lot of potential to flourish and contribute to the economy, but that potential is presently hampered by the issues discussed in this article. The majority of pupils, according to the data, have the potential to be outstanding entrepreneurs in a number of professions. Government procedures, confusing, expensive, and unfair financing sources, logistical obstacles, and a lack of family support have all been identified as important impediments to both starting and growing SMEs in the United States. A basic question is what can various stakeholders, such as the government, financial regulators, NGOs, and corporations, do about these challenges. Following the interview, an online discussion including three academics and four female graduate entrepreneurs proposed a number of issues that should be investigated by these authorities in order to make SME startup and operation processes easier: i. Improve digitization to make it simpler for businesses to register and communicate information with different co-authorities, such as banks. In this respect, an online secure form and an entrepreneur's profile might be valuable; ii. Make loans to entrepreneurs readily available based on their company ideas and lower the interest rate on loans to female graduates.

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