

Factors Influencing Growth Of Smes For Employment Generation: A Study In The Context Of Bangladesh

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Abstract

The purpose of this study is to identify the factors influencing growth of SMEs for employment generation in Bangladesh. This study used a cross-sectional, mixed-methods design, emphasizing quantitative analysis. Data were gathered from 200 entrepreneurs throughout several regions in Bangladesh through a structured questionnaire using convenience sampling. The computer-based Statistical Package for Social Science (SPSS) was used to process all of the data. All information was first transformed into numerical codes and stored in a code book before being sent to the computer. This descriptive research used several statistical methods, including a mean, median, mode, reliability test, correlation, and regression analysis. The findings indicate that SME policies, SME finance, management know how and entrepreneurial quality have a great influence on empowering SMEs for generating employments.

Keywords: Small and Medium Enterprises (SMEs), Employment Generation, SME Policies, Entrepreneurial Quality, Empowerment.

1. INTRODUCTION

Small and Medium-sized Enterprises (SMEs) have a great impact on the overall economy of Bangladesh. Less than five hundred employees are involved in an SME business (Vives, 2022). SMEs play an important role in job creation, economic growth, poverty reduction, employment generation, and overall economic development in several countries worldwide. In a developing country like Bangladesh, the contribution of SMEs is greater as it helps to foster sustainable economic growth by reducing unemployment problems (Manzoor et al., 2019). This study aims to examine the way SMEs contribute to employment generations and the overall economic development of Bangladesh. The population of Bangladesh is much more than its area and resources. It is tough to ensure employment for this increasing population. Empowering SMEs can be an effective solution to deal with such problems (Islam, & Miajee, 2018). In Bangladesh, different industries including manufacturing, trade, agriculture, and services are considered SMEs. These industries need a huge number of workers to perform their economic activities. So, these organizations will help the nations by providing employment opportunities, reducing poverty, and fostering entrepreneurship. Available data shows that SMEs contribute 50.91 percent of the macroeconomic sector, 48.41 percent to Bangladesh's GDP, and employ 35.41 percent of workers. According to World Bank data (2022), 90% of businesses are SMEs and these businesses generate more than 50% of employment worldwide. SMEs play a significant role in job creation. It is not possible to create 100% employment in the government of Bangladesh. For that reason, there are a lot of jobless young people in the country. SMEs can create an opportunity to be entrepreneurs. SMEs can utilize the young and growing workforce of Bangladesh (Rahman et al., 2020). To do so, they need support from both public and private organizations. Empowering SMEs will be beneficial for both public and private organizations in Bangladesh. SMEs will balance the development of rural and urban areas equally. In Bangladesh, rural areas are not as developed as the cities. There are fewer employment opportunities in rural areas compared to the cities. In Bangladesh, SME plays a vital role in economic development. SME is contributing to the country's economy by Employment generation. The opportunities for government jobs are limited. In such a situation, the country's unemployment rate is increasing daily. Because of SME organizations, a wide range of work opportunities are being created. SMEs produce products for low-income people at a cheaper rate. It also develops rural areas by ensuring work opportunities. The

GDP and economic value of Bangladesh are also influenced by SME organizations (Jahur, 2020). According to the Bangladesh Bureau of Statistics (BBS), 25% of the total labor force is employed by SMEs. That means many people get the job opportunity because of SMEs. Such employment creation enables the country's people to improve their standard of living. It also enables the country to poverty alleviation (Islam, 2020). SMEs are contributing to the country's economy by developing manufacturing, trading, and services. The GDP rate of Bangladesh is increasing day by day. The country's GDP is increasing yearly at a more than 6% rate. In FY18, it was 7.32% and in FY19 it was 7.88% (Begum et al., 2022). Due to the COVID-19 pandemic, economic development was interrupted. SMEs in Bangladesh are also impacted by the pandemic (Islam et al., 2020). But the country is trying to overcome this situation. Regional economic development of Bangladesh is also influenced by the development of Small and Medium Enterprises. Manufacturing industries are increasing in rural areas. This ensures the decentralization of industries which will enable the country to ensure rural development. It will improve the less developed areas of Bangladesh. Besides, this type of decentralization of industries will reduce urban migration also. SMEs are contributing to economic development by fostering innovation and entrepreneurship (Storey & Greene, 2010). Youth are being motivated to be an entrepreneur. SMEs can be a good option to start a business with a new product, service, or business model. To motivate people, the government of Bangladesh has taken different initiatives to empower SMEs. The government of Bangladesh has identified SMEs as a poverty reduction tool (Ahmed & Chowdhury, 2009). For that reason, different training and support programs are designed to empower SMEs. The World Bank also highlights SMEs. Different commercial banks in Bangladesh are granting easy loans to entrepreneurs at low interest rates. The government facilitates entrepreneurs through recognition, rewards, tax alleviation, and other initiatives. SMEs have a great influence on the export and import of Bangladesh. Due to SMEs, the export earnings of Bangladesh are being increased. Handicrafts, garments, textiles, leathers, agricultural products etcetera are some export sectors of SMEs. Small and medium enterprises enable the country to increase exports after fulfilling the country's internal demand. This is the way SMEs are strengthening the foreign exchange reserves of Bangladesh (Biswas et al., 2017). Rural women are being empowered by Small and Medium Enterprise. They can contribute to their family by being financially solvent. SMEs are contributing to the country's economy by supporting large industries in Bangladesh. They are acting as a supplier to large organizations. This relationship between SMEs and large organizations will improve the productivity and efficiency of large industries. It seems SMEs play a vital role in the overall economic development of Bangladesh. Small and medium enterprises in Bangladesh are facilitating the country by ensuring sustainable economic growth (Haque, 2012). So, the country should take proper initiatives to empower its SMEs for economic growth and sustainable development.

In Bangladesh, not much study has been done on SMEs. These studies concentrated on a variety of SMEs-related topics, including strategic thinking, management of entrepreneurs, technology-based development, an emphasis on entrepreneurship, Market Access, Access to Finance, and the effects of SMEs on performance. These studies concentrated on the important SMEs-related aspects. There's a lack of research that suggests that these studies do not negatively focus on the effects or economic impact of SMEs in producing jobs. The focus was not on the growth of SME barriers. Analyze whether there is a gap in the availability of resources for innovation and whether encouraging innovation can result in more jobs for SMEs. Analyze the difficulties facing female employees and entrepreneurs to determine whether special policies or initiatives are required to advance gender equality in SMEs. Look into the value of SMEs working together and networking. Bangladeshi SMEs can more easily join global value chains, especially in important industries like apparel and textiles. A barrier assessment is crucial for the smooth operation of numerous SME functions. This is going to make it easier for enterprises to guarantee effective allocation of resources. Therefore, the research will examine how SMEs in Bangladesh affect employment. There is not much study being done in this area. Various researchers concentrated on various nations. Recent studies on such a crucial industry from the viewpoint of a developing nation like Bangladesh have been lacking. Therefore, the study's goal is to examine the challenges faced by SMEs in Bangladesh in creating new jobs.

2.0 LITERATURE REVIEW

2.1 Growth of SMEs & Employment Generation

Bangladesh has limited resources, an elevated rate of unemployment, and a third of the population living in poverty. Therefore, it is quite challenging for the government or public institutions to provide work to this large

population. Thus, it is equally crucial for the private sector to be involved in this development process. The majority of jobs and revenue prospects in the private sector are produced by micro, small, and medium-sized businesses. As in other LDCs, reducing poverty is one of Bangladesh's main concerns. One of the most promising LDCs is Bangladesh. As per the HES 2010 data, over 31.5% of the nation's population is impoverished. There are over 56.7 million persons in Bangladesh who are considered workable, of which 2.6 million are either unemployed or underemployed (LFS 2010). In addition, the number of persons entering the labor force increases year by year by about 1.8 million. For every nation in the world, employing such a large population is a significant challenge. Bangladesh's National Private Sector Survey of Enterprises was carried out in 2003 by the UK's International Consultancy Group (ICG) in association with Micro Industries Development Assistance and Services (MIDAS). Based on survey data, an estimated 6 million Small and Medium Enterprises (SMEs)—which comprised businesses with up to 100 employees—employ 31 million people in total, or 40% of the nation's workforce aged 15 and up. According to the survey, the industrial structure of SMEs was mostly made up of manufacturing solely (14%), services (15%), production and sale of agricultural commodities (22%), wholesale and retail trade and repairs (40%), and services (15%). As a result, the survey highlighted the possibility of using the substantial unrealized potential for manufacturing and production growth and making a more substantial contribution to the country's economy. A significant additional result from the study under consideration was that in 2003, SMEs contributed BDT 741 (\$12.5) billion, or about 25% of the GDP (BDT 2,996 billion). The study shows that businesses with 2-5 employees account for 51% of all SME contributions to the economy. Businesses with one employee account for 26%, while businesses with 6-10 employees account for 10%. SMEs are a very affordable path to industrial growth for LDCs like Bangladesh.

2.2 SME Policies

The macroeconomic policy environment and particular promotion policies implemented for their benefit have a significant impact on the economic efficiency and overall success of SMEs, particularly in emerging nations. Examining the institutional support and policy framework that the SMEs operate in is crucial. Even though supporting the growth of SMEs has been a declared goal of governments since the days of Pakistan, the general macro policy framework has remained skewed against SME development in many ways. Public sector investment allocation, trade regulations, and tax laws, in particular, have primarily been anti-SME development in nature and substance (ADB, 2002). Certain promotional policies and support measures, such as extension services, and financial and physical assistance from public sector organizations and development partners, have also been insufficiently successful. Weak and inefficient management, as well as a lack of proper implementation of various policy support measures, have made various business advisory services, such as training, credit marketing, and physical infrastructural facilities (via BSCIC's Industrial Estates Program), much less effective than desired. The private sector's initiatives, with the cooperation of MIDAS, BASIC, and selected NGOs (particularly GB, BRAC, and Proshika), have not been enough, particularly in the development of SMEs. Because of structural disadvantages like as scale obstacles, poor management, and limited technology capabilities, SMEs require proactive policies and institutional assistance, as well as the eradication of current policy prejudices. Even though BSCIC has long been the primary public sector body in charge of promoting SMEs, its operational efficiency remains low due to a variety of structural, administrative, and managerial constraints. Even though "getting the government out of business" and increased private sector involvement are now emphasized as crucial development strategies, some public sector participation will still be required for desirable monitoring of a few key public services, including efficient legal and judicial processes, commercial contracts, land settlement agreements, etc.

H1: There is a positive relationship between SME Policies and Growth of SMEs & Employment Generation

2.3 SME Finance

The expansion of aerobic processing and key consumer goods items is the primary factor propelling the promotion of SMEs in Bangladesh. Through SMEs, several national entities are helping entrepreneurs around the nation. Commercial banks, specialized financial institutions, and government-sponsored industrial banks provide the funding for industrial loans in Bangladesh (ESCAP, 2003). Bangladesh's SMEs have an extremely difficult time getting funding for their operations. These issues make it more difficult to get the necessary funds at the right time, at fair rates, with acceptable terms and conditions and the fewest possible bureaucratic obstacles. In this context, the National Task Force Report on SMEs (2004) identifies a shortage of funding as the primary barrier to the growth of SMEs in Bangladesh. The largest obstacle that SMEs face when starting, operating, and

growing a firm is still handling institutional funding. The most significant obstacle to the growth and expansion of SMEs is the lack of consistent access to institutional finance, which is a persistent issue (Manu, 1988). It is often acknowledged that uncertainty plays a role in the difficulty of providing SMEs with sufficient funding. The element of unpredictability in their operations is one of their characteristics. That is undoubtedly not a characteristic of big firms, though. Big companies have grown out of smaller ones, and as a result, they have experience, particularly when it comes to establishing a lasting rapport with lenders. Over time, bankers see that well-run firms have managers who can effectively handle their affairs. As a result, they can trust these organizations and provide bank loans to them in a responsible manner (McLaney, 2000). SMEs, or new enterprises, clearly do not have this history. Even bad is another issue. Big companies engage in more public business and are scrutinized by the public, something that SMEs do not pursue. However, disclosing facts to the public reduces uncertainty in general. Many SMEs lack audits and don't provide their financial statements to the media, which makes lenders hesitant to discuss them. Therefore, the primary issue facing SMEs is how they can overcome the barrier of demonstrating that, with the right funding, they can run profitable enterprises. The security-based loan practices of banks and other financial institutions provide a significant challenge to small and medium-sized enterprises (SMEs), as these businesses frequently lack assets that satisfy the institutional lending agencies' accepted standards for collateral. SMEs are typically associated with little capitalization, a lack of assets, and the inability to come up with criteria for security. However, because SME loans require continuous monitoring and control, banks and other financial institutions (FIs) incur considerable administrative costs. Because they view SME funding as riskier investments, banks and financial institutions charge comparatively higher interest rates to offset portfolio risk. In these situations, central banks' attempts could not even succeed. It is clear from Bangladesh Bank's demise. Bangladesh Bank's move to make loans to SMEs more accessible did not help this industry because of the exorbitant interest rates that financial institutions were charging. Interest rates on loans made available under the central bank's SME refinancing program can reach 20–24% for banks and nonbank financial institutions. By government directives, the central bank launched a Tk 100 crore SME refinancing plan (revolving) in 2004 to expand SMEs' access to bank financing at a reduced interest rate. In fiscal year (FY) 2007–08, the fund was increased to Tk 300 crore, and in FY 2008–09, it was raised to Tk 500 crore. Interest rates were increased from 4 percent to 6 percent by the Bangladesh Bank. No FI, however, adopted the rate. Later, in May 2004, Bangladesh Bank was forced to revoke the interest rate order, allowing FIs to choose their interest rates (Rahman, 2008). As a result, most SMEs thought the process of obtaining financing from banks and FIs was complicated. SMEs must properly manage and control technology know-how to become competitive in the financial market. SMEs in Bangladesh have not yet demonstrated any notable success in this regard. However, SMEs need to be innovative and constantly advancing technology and methods. In reality, because of their limited resources, SMEs find it difficult to actively invest in or develop any new technology. However, technology transfer makes this possible at a low cost (Ahmed, 2003).

H2: There is a positive relationship between SME Finance and Growth of SMEs& Employment Generation.

2.4 Management Know-how

SME performance greatly depends on the management capability of the entrepreneur. Expertise in management needs to be ensured as it plays a vital role in the success of SMEs. According to Addis and Pruna (2019), management practices enable organizations to ensure a high level of productivity, innovation, and profitability. SMEs often face the problem of not having the necessary management skills and knowledge. It may create problems for the organization to ensure effective competition strategy, strategic planning, and proper resource management (Imran and Hossain, 2019). SMEs must make strategic decisions. Without ensuring an effective management team, it is not possible to make strategic decisions. Effective management know-how enables entrepreneurs to ensure growth and competitiveness. Haleem et al., 2019 emphasize the importance of strategic planning and decision-making skills to develop the performance of SMEs. Management knows how to help SMEs to understand market dynamics. Management know-how enables SMEs to ensure innovation and creativity. In this competitive business world, it is necessary to ensure creativity and innovation to achieve competitive advantages. Studies by (Rumanti et al., 2023) found the contribution of organizational creativity and open innovation in enhancing SMEs performance. Management know-how enables organizations to practice innovation and creativity. Managers who have creative problem-solving skills are more successful in introducing new ideas, products, and services which helps a business to achieve competitive advantages. Management know-

how also plays a vital role in human and other resource management. A leader can enhance the productivity of employees by guiding and motivating them. So, it is important to ensure proper human resource management practices in business enterprises in Bangladesh (Moyeen and Huq, 2001). Sound financial management is a factor of management know-how that plays a vital role in the empowerment of SMEs in Bangladesh. Managers who have strong financial management skills can manage profitability, liquidity, budget, cash flows, and other financial aspects of SMEs. Besides management know-how enables organizations to access external financial sources and helps to make the right investment. A study (Islam and Hossain, 2019) highlights the impact of financial management practices on SME performance in Bangladesh. Customer relationship management is also a factor that plays a vital role in the performance of SMEs. Customer satisfaction is the main motive of today's business. Without ensuring customer satisfaction, it is not possible to achieve organizational goals. Management know-how enables businesses to build strong and sustainable relationships with customers. Research (Kaul, 2017) highlights the importance of customer relationship management (CRM) strategies in enhancing customer satisfaction and customer lifetime value. Customer relationship management also enables organizations to enhance customer loyalty towards organizations. A manager who has sufficient knowledge of customer relationship management can implement different CRM tools and techniques to understand the customer's needs and preferences. By understanding customers' needs, managers can deliver personalized products and services that help businesses achieve competitive advantages. From the above discussion, it can be said that management know-how is important for SMEs in strategic decision-making, creativity and innovation, managing human and financial resources, and building a strong customer relationship. By managing these mentioned factors, SMEs in Bangladesh can enhance their performance, competitiveness, and capability for employment generation.

H3: There is a positive relationship between Management knowledge and Growth of SME & Employment Generation

2.5 Government Assistance

Small and Medium Enterprises (SMEs) make up a sizable share of the economy in Bangladesh and play a major role in both creating jobs and reducing poverty. Government support initiatives aimed at SMEs are essential to promoting their expansion and strengthening their contribution to the creation of jobs. The Bangladeshi government has put in place several laws and initiatives to assist SMEs in expanding since it understands how important they are to the country's economic progress. The SME Policy 2019 is a thorough framework designed to support the growth of SMEs through programs like market expansion, technology adoption, skill development, and financial availability. The government has various kinds of rules and regulations for SMEs. It aims to support the growth of SMEs and to decrease the poverty level in Bangladesh (Chowdhury, 2017). It provides support to SMEs for technology advancement, the expansion of the market, and financial aid. It also provides various types of skills related to SMEs and the employment of SMEs. As a result, entrepreneurs of SMEs can expand their business areas with the helping hand of the government. It facilitates employment generation because their business activities can be increased with government assistance. Moreover, Bangladesh Bank brings different kinds of financial schemes to help SME development (Rahman et al., 2020). Commercial banks that lend to SMEs can apply for refinancing arrangements from the Bangladesh Bank. The government provides support like skill development and training, support services, infrastructural support, and so on. Now, the government collaborates with private training programs and designs different training programs for potential and current employees. The government brings funds for training and development for SME employees. These initiatives can improve worker quality and create more job opportunities for SMEs. Lack of infrastructural support hampers economic growth. In that case, the government introduced different economic zones and industrial parks to employment opportunities. The Bangladesh Small and Cottage Industries Corporation (BSCIC) offers services for business development, including consulting for product design and marketing. A more favorable business climate may result from improved infrastructure and support services, which may draw in new SMEs and encourage the development of jobs. The training and development programs aim to develop employee's skills, experiences, and abilities (Khan et al. 2018). There is a positive impact on financial help from the government and employment generation in SMEs. As a result, SMEs' business operations can be increased and they provide more employment opportunities to employees (Chowdhury & Rabbani, 2013). However, the government provides various opportunities for the growth of SMEs. Some barriers hamper the employment generation in SMEs. There is still a lack of information about government assistance and access to financial help. In particular, rural entrepreneurs

lack information and lack of awareness about government assistance. Difficulties in accessing financial assistance are the main problems in SME development to create employment opportunities. The government can reduce bureaucratic barriers, and increase the promptness of financial support to facilitate employment generation. The government needs to collaborate with industry stakeholders, financial institutions, and concerned authorities for SME development. Though there is a lack of available information, access to information, financial help, training opportunities, and so on, government initiatives can still increase SME operations, create employment opportunities, and increase economic growth (Faruk et al., 2016).

H4: There is a positive relationship between Government Assistance and Growth of SMEs & Employment Generation

2.6 Products and Services

Product is something that entrepreneurs produce or bring to the market for acquisition, attention, and consumption while creating customer satisfaction. Products can be anything like mobiles, cars, clothes and so on which is tangible. Moreover, products include places, ideas, persons, events, services, and so on. Services are something that includes benefits, activities, and offerings which is intangible. The example includes banking services, airline services, hotel, restaurant, communication and so on. Entrepreneurs need attractive and unique products and services for the growth, sustainability, and empowerment of their businesses. Empowerment must need unique and attractive products and services that have market demand. Entrepreneurs need to match their products or services with customer choices. Entrepreneurs can bring unique and attractive products or services that can create a competitive advantage for an organization (Chowdhury, 2007). SME brings innovative products and services that generate more job creation and hiring. It also impacts on higher growth rate. SME includes producing products and services that create competitive advantage and relate to customer demand and wants. Products that are related to customer choices significantly create employment opportunities. Innovative products and services impact on higher growth rate that facilitates higher job creation and hiring. In that case, resource availability, government support, and financial support facilitate entrepreneurial growth and employment generation. Innovative products and services differentiate entrepreneurs from other competitors in the market. It leads to increased recruitment, hiring, and increased business operation. It involves developing products and services that increase market competitiveness and meet customer demand. Islam et al found that entrepreneurs develop and provide quality products that have higher growth rates and then can hire and recruit more employees (Jahed et al., 2011). Different kinds of industries like garments and textile industries develop unique and designed products that have higher growth rates. Then, it also leads to employing more employees. Hossain et al found that SMEs face problems and difficulties in arranging capital for developing unique products or services and to refine existing products and services based on customer demand and wants. Moreover, the scarcity of skilled employees, scarcity of resources, and information brings barriers to business growth and to the production of unique and innovative products and services. Zaman et al found that SMEs now adopt digital platforms and e-commerce systems. The digital platform facilitates increased sales and creates loyal customer groups. Adoption of new technologies can produce innovative and unique products with limited time and resources. Digital platforms and digital technologies impact in products and services development process, increase business operations, and improve the product and service delivery process (Ullah, 2020). Ahmed & Chowdhury (2019) provide some suggestions for SME development such as offering tax incentives, decreasing bureaucratic barriers, providing financial aid, developing innovative and creative entrepreneurial environments, infrastructural development, and creative entrepreneurial supportive regulations.

H5: There is a positive relationship between Products and services and Growth of SME & Employment Generation

2.7 Entrepreneurial Quality

SME needs different kinds of entrepreneurial qualities such as innovation, attractiveness, risk-taking, effective decision-making ability, and so on to become successful and create entrepreneurial qualities. Entrepreneurial quality impact on SME performances and competitiveness in the market. SMEs that have high entrepreneurial qualities such as innovation, attractiveness, creativity, and effective forecasting can create a competitive advantage. These qualities impact entrepreneurial growth which leads to creating more employment opportunities. SMEs that have entrepreneurial quality adaptability and quality can identify opportunities and also can overcome challenges. Then, it facilitates entrepreneurial growth and employment opportunities (Rattana Wiboonsom &

Ali 2016). Support network is another quality that helps entrepreneurs to get different kinds of support from consultants, and financial institutions. Innovation helps entrepreneurs to develop or discover new products or services. Innovation brings a competitive advantage for an organization. Moreover, entrepreneurs need a high level of adaptability and creativity qualities. Adaptability and creativity quality help them to find out opportunities and to exploit opportunities. Proper exploitation of opportunities facilitates overcoming risks and challenges. However, entrepreneurs may not have different kinds of qualities. Training and development, financial support, mentorship support, easy access to financial support, and arrangements for entrepreneurial education consultancy support help to develop these kinds of qualities. A strong network is another quality of an entrepreneur. Entrepreneurs must have a strong network that helps to get different kinds of information, valuable materials, resources, insights, and support. Adaptability quality allows them to face changing market demands and conditions. It also allows them to control new situations and to make proper decisions based on the situation (Uddin & Bose, 2012). Self-discipline includes proper time management, prioritizing tasks, focusing on tasks, and determining goals. They always agree to take risks and make bold decisions to reach their goals. The quality of risk-taking also helps in innovation. A specific vision helps entrepreneurs to determine goals that are clear and achievable. It also helps in making the right decision and tracking the business in the right way. Entrepreneurs have to consider their failures as learning opportunities. They may use these learnings to rethink their strategies and to make accurate decision-making. Entrepreneurs need to have passion to be successful. They need to have passion for their business and ideas. Their passion motivates, inspires, and drives them to be successful. Entrepreneurs need to be effective communicators. They need to communicate effectively with stakeholders and potential stakeholders. Successful entrepreneurs are also effective leaders. They guide and inspire their teams. They effectively build and manage their teams to be successful (Azim, 2008). Strong decision-making and problem-solving skills help them to find problems and to find solutions effectively. They are always customer-focused. They focus on customer demand and wants. Then, they develop products or services based on customer demand. They need to listen to what customer wants and then need to provide feedback. Ethics and integrity are other important entrepreneurial qualities. Their ethics and integrity can win the trust of employees, partners, and customers. Entrepreneurs collaborate and negotiate with customers, investors, employees, and partners for valuable advice, support, and opportunities. This quality effectively contributes to allowing entrepreneurs to be competitive in the market (Islam et al., 2020).

H6: There is a positive relationship between Entrepreneurial Quality and Growth of SME & Employment Generation

3. METHODOLOGY

3.1. Research Design

This study uses quantitative methods. "The collecting of data using bigger, more representative samples and numerical result computation" is the definition of quantitative research (Wiid & Diggins, 2009). This study employed an expressive, causal, and exploratory research design. The study will include surveys on the characteristics of SME Finance, SME Policy, Employment Generation, and SME Constraints, with an emphasis on the expressive kind to bear primary data.

The study will be presented to have a relationship between reward system, supervisor support, fairness, and career development, with employee turnover intention.

3.2. Sources of Data

In this study, primary and secondary data are used. Primary data are those that the researcher gathers to assess the validity of the study. A thorough questionnaire that is well-structured is used to collect primary data. The secondary sources used in this investigation were the basis for developing the literature review. Secondary data sources include things like yearly reports, PhD dissertations, textbooks, periodicals, and daily newspapers.

3.3 Sampling Method and Data Collection Procedure

To gather primary data from the respondents, a survey method was employed in this study. Secondary sources, such as papers published in various journals, books, working papers, conference papers, and websites, were also used to enhance the insights of this paper. A suitable selection of 200 entrepreneurs has been included in the sample. Additionally, a pilot survey with 30 respondents was conducted to test the questionnaire's dependability and remove any unclear areas.

3.4 Data Interpretation Technique

The computer-based Statistical Package for Social Science (SPSS) was used to process all of the data. All information was first transformed into numerical codes and stored in a code book before being sent to the computer. This descriptive research used several statistical methods, including a mean, median, mode, correlation, and regression analysis.

3.5 Model Specification

The following regression model was proposed based on the review of the literature:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \varepsilon$$

Where, Dependent Variable

Y = Growth of SME & Employment Generation

Independent Variable

X1 = SME Policies

X2 = SME Finance

X3 = Management Know How

X4 = Government Assistance

X5 = Products and Services

X6 = Entrepreneurial Quality

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 = Coefficient to estimate

β_0 = Constant and

ε = Error Term

4.0 Data Analysis

4.1 Reliability Analysis

Table 1: Reliability Test

| Factors | Cronbach's Alpha | No. of Variables | Result |
|---|------------------|------------------|----------|
| Factor-1: SME Policies | .721 | 4 | Reliable |
| Factor-2: SME Finance | .698 | 4 | Reliable |
| Factor-3: Management Know How | .690 | 4 | Reliable |
| Factor-4: Government Assistance | .793 | 3 | Reliable |
| Factor-5: Products and Services | .737 | 3 | Reliable |
| Factor-6: Entrepreneurial Quality | .792 | 3 | Reliable |
| Factor-7: Growth of SME & Employment Generation | .714 | 4 | Reliable |

Table 1 displays the Cronbach's Alpha values for the following: government assistance (.793), products and services (.737), entrepreneurial quality (.792), management know-how (.690), SME finance (.698), SMEs policies (.721), and overall Growth of SMEs and employment generation (.714). The alpha value is greater than 0.650, indicating probable correlations between the indicators and the linked components, therefore it fits the criterion.

4.2 Demographic Information

Table 2: Demographic Information of Respondents (n=200)

| Characteristic | Number (n) | Percent (%) | Characteristics | Number (n) | Percent (%) |
|--------------------|------------|-------------|-------------------------------------|------------|-------------|
| Gender | | | Mphil | 40 | 20% |
| Male | 120 | 60% | PhD | 55 | 27.5% |
| Female | 80 | 40% | Total Job Experience (years) | | |
| Age (years) | | | ≤ 5 | 80 | 40% |
| 25-35 | 70 | 35% | 5-15 | 90 | 45% |

| | | | | | |
|--------------------------------|-----|-------|-----------|----|-----|
| 35-45 | 77 | 38.5% | ≥ 15 | 30 | 15% |
| 45-55 | 33 | 16.5% | | | |
| 55-above | 20 | 10% | | | |
| Education Qualification | | | | | |
| Bachelor | 5 | 2.5% | | | |
| Master | 100 | 50% | | | |

Males made up 60% of the population in Table 2, while females made up 40%. Of the respondents, 35% were under 25 years old; 38.5% were between 35 and 45 years old; 16.5% were between 45 and 55 years old; and the remaining 10% were beyond 55. In terms of educational background, 2.5% of respondents had a bachelor's degree, 50% had a master's degree, 20% had an M.phil, and the remaining 27.5% had a PhD. In addition, 40% of respondents reported having worked for 0 to 5 years, 45% for 5 to 15 years, and 15% for more than 15 years.

4.3 Factor Analysis

To determine the latent variable's structure, the study used an exploratory factor analysis. Principle component analysis (PCA) was used to determine the maximum variance recovered from the variables using varimax rotation processes to conduct factor analysis. Significant criteria factors are those with eigenvalues greater than 1.0. When the Kaiser-Meyer-Olkin (KMO) measurement is 0.50 or above, it suggests that the data may be suitable for the factor analysis recommended by Hair et al. (2003).

Table 3: Summary of Rotated Component Matrix, Cronbach's Alpha, Kaiser-Meyer-Olkin (KMO), Variance and Eigenvalues

| Factors | Variables Items | Items Loading | Cronbach's Alpha | KMO | % of Variance [Cumulative] | Eigenvalues |
|---------------------------------------|-----------------|---------------|------------------|------|----------------------------|-------------|
| SME Policies | SP1 | .901 | .716 | .645 | 54.615 (54.615) | 2.185 |
| | SP2 | .794 | | | | |
| | SP3 | .766 | | | | |
| | SP4 | .156 | | | | |
| SME Finance | SF1 | .890 | .699 | .641 | 53.072 (53.072) | 2.123 |
| | SF2 | .778 | | | | |
| | SF3 | .748 | | | | |
| | SF4 | .166 | | | | |
| Management Know How | MKH1 | .883 | .689 | .644 | 52.352 (52.352) | 2.094 |
| | MKH2 | .761 | | | | |
| | MKH3 | .752 | | | | |
| | MKH4 | .170 | | | | |
| Government Assistance | GA1 | .863 | .793 | .702 | 70.841 (70.841) | 2.125 |
| | GA2 | .845 | | | | |
| | GA3 | .817 | | | | |
| Products and Services | PS1 | .886 | .737 | .619 | 66.067 (66.067) | 1.982 |
| | PS2 | .775 | | | | |
| | PS3 | .772 | | | | |
| Entrepreneurial Quality | EQ1 | .862 | .792 | .702 | 70.727 (70.727) | 2.122 |
| | EQ2 | .842 | | | | |
| | EQ3 | .818 | | | | |
| Growth of SME & Employment Generation | EEG1 | .897 | .714 | .652 | 54.481 (54.481) | 2.179 |
| | EEG2 | .790 | | | | |
| | EEG3 | .769 | | | | |
| | EEG4 | .160 | | | | |

Dimension 1: The first factor to be extracted is SME Policies, with an eigenvalue of 2.185 and a KMO value of 0.645. Four factors (SP1, SP2, SP3, and SP4) together account for 54.615% of the variance in this factor. The variables' factor loadings vary from 0.156 to 0.901.

Dimension 2: The second factor is SME Finance, which displays a KMO of 0.641 and eigenvalues of 2.123. The four variables (SF1, SF2, SF3, SF4) that make up this component account for 53.072% of the variance; the variables' range is 0.166 to 0.890.

Dimension 3: The eigenvalues and KMO for the third factor, management know-how, are 2.094 and 0.644, respectively. The four variables (MKH1, MKH2, MKH3, and MKH4) that make up this factor account for 52.352% of the variance and have a range of 0.170 to 0.883.

Dimension 4: Government Assistance is the fourth factor, with eigenvalues of 2.125 and KMO of 0.702. Three variables, GA1, GA2, and GA3, which together account for 70.841% of the variance, are used to represent this component. The variables' range is 0.817 to 0.863.

Dimension 5: Products and Services is the sixth factor, with eigenvalues of 1.982 and KMO of 0.619. Three variables, PS1, PS2, and PS3, which together account for 66.067% of the variance, are used to represent this factor. The variables' range is 0.772 to 0.886

Dimension 6: The eigenvalues of the sixth factor, entrepreneurial quality, are 2.122 and the KMO is 0.702. Three variables (EQ1, EQ2, and EQ3) that vary in value from 0.818 to 0.862 account for 70.727% of the variance associated with this factor.

Dimension 7: Growth of SME & Employment Generation, the eighth factor, has a KMO of 0.652 and an eigenvalue of 2.179. The four variables (EEG1, EEG2, EEG3, and EEG4) that make up this component account for 54.481% of the variance; the variables' range is 0.160 to 0.897.

4.4 Correlation Analysis

Table 4: Correlation Test

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---------------------|--------|--------|--------|--------|--------|--------|---|
| 1. SME Policies | Pearson Correlation | 1 | | | | | | |
| 2. SME Finance | Pearson Correlation | .996** | 1 | | | | | |
| 3. Management Know How | Pearson Correlation | .984** | .980** | 1 | | | | |
| 4. Government Assistance | Pearson Correlation | .987** | .983** | .969** | 1 | | | |
| 5. Products and Services | Pearson Correlation | .879** | .880** | .863** | .855** | 1 | | |
| 6. Entrepreneurial Quality | Pearson Correlation | .924** | .919** | .900** | .934** | .863** | 1 | |
| 7. Growth of SME & Employment Generation | Pearson Correlation | .884** | .880** | .867** | .860** | .996** | .869** | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4 displays a correlation matrix with all values of (r) for the independent and dependent variables. Organizational performance is strongly correlated with SME Policies ($r=.996$, $p<0.01$), SME Finance ($r=.984$, $p<0.01$), Management Know How ($r=.987$, $p<0.01$), Government Assistance ($r=.879$, $p<0.01$), Products and Services ($r=.924$, $p<0.01$), and Entrepreneurial Quality ($r=.884$, $p<0.01$), according to the results of the Pearson correlation coefficient (r). This suggests that all of these factors have a significant impact on Growth of SME & Employment Generation.

4.5 Regression Analysis

Table 5: Regression Analysis

| Model Summary ^b | | | | | |
|---|-------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .997 ^a | .995 | .995 | .03491 | 1.582 |
| a. Predictors: (Constant), SP, SF, MKH, GA, PS, EQ b. Dependent Variable: EEG | | | | | |
| ANOVA ^a | | | | | |

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|----------|-------------------|
| 1 | Regression | 63.135 | 6 | 10.522 | 8634.634 | .000 ^b |
| | Residual | .235 | 193 | .001 | | |
| | Total | 63.370 | 199 | | | |

a. Dependent Variable: EEG; b. Predictors: (Constant), SP, SF, MKH, GA, PS, EQ.

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------------------------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.058 | .020 | | -2.854 | .005 |
| | SME Policies (SP) | .658 | .033 | .654 | 20.015 | .000 |
| | SME Finance (SF) | .147 | .024 | .143 | 6.252 | .000 |
| | Management Know How (MKH) | .191 | .029 | .184 | 6.613 | .000 |
| | Government Assistance (GA) | -.233 | .039 | -.308 | -5.900 | .000 |
| | Products and Services (PS) | -.003 | .012 | -.003 | -.218 | .828 |
| | Entrepreneurial Quality (EQ) | .252 | .040 | .334 | 6.378 | .000 |

a. Dependent Variable: Growth of SME & Employment Generation (EEG)

The explanatory variable SME Policies in Table 5 has ($\beta=0.658$, $p=.000$), indicating that, when holding the other variables fixed, a single unit change in SME Policies resulted in a 0.658 unit change in Empowering SME & Employment Generation. The following variable, SME Finance, had ($\beta=0.147$, $p=.000$), meaning that while other variables were constant, a single unit change in SME Finance brought about a 0.147 unit change in Empowering SME & Employment Generation. The third independent variable, Management Know How, has a value of ($\beta=0.191$, $p=.000$), meaning that while the others are constant, there is a 0.191 unit change in Empowering SME & Employment Generation as a result of the unit change in Management Know How. Considering Government Assistance, the change in Government Assistance ($\beta=0.233$, $p=.000$) results in a 0.233 unit change in Growth of SME & Employment Generation, with all other variables remaining constant. Next, Products and Services had ($\beta=0.003$, $p=.828$), which indicates that while other factors remained constant, Products and Services changed, resulting in a 0.003 unit change in Empowering SME & Employment Generation. Keeping the other variables fixed, there was a 0.252 unit change in Empowering SME & Employment Generation due to a single unit change in Entrepreneurial Quality ($\beta=0.252$, $p=.000$).

4.6 Hypotheses Evaluation

| Hypothesis | Decisions |
|---|-----------|
| H₁ : There is a positive relationship between SME policies and Growth of SMEs & employment generation | Accepted |
| H₂ : There is a positive relationship between SME finance and Growth of SME & employment generation | Accepted |
| H₃ : There is a positive relationship between management know-how and Growth of SME & employment generation | Accepted |
| H₄ : There is a positive relationship between government assistance and Growth of SMEs & employment generation | Accepted |
| H₅ : There is a positive relationship between products and services and Growth of SME & employment generation | Rejected |
| H₆ : There is a positive relationship between entrepreneurial quality and Growth of SME & employment generation | Accepted |

(Significance level at 5%)

5. DISCUSSION

The growth of SME businesses and the creation of jobs are attributed to a variety of factors, including the entrepreneur's authority and command over the company, the marketing strategy they use, the type and quantity of financial and business support, management expertise, use of modern technology, market accessibility and networking, government policy and support, favorable external environment, and the owner's personal qualities, among others. SME entrepreneurs succeed because they have a competitive advantage, or because they pursue both technology and non-technological innovations. Innovation is not limited to technological advancements; it can also take the form of new marketing and distribution strategies, creative reward structures, and departmental structures that add value to the company and its clients. The external environmental conditions, management expertise, and products and services are the main determinants of the commercial success of small and medium-sized enterprises (SMEs) in Bangladesh. Bangladeshi SMEs must make sure that clients receive high-quality goods and services if they are to continue to prosper. The external environment concept is acknowledged since social networks assist Bangladeshi entrepreneurs in lowering risks and transaction expenses while enhancing access to finance, information, and company ideas. To assure the future commercial success of SMEs, government backing is essential for SMEs' development, and legal considerations are also taken into account while making operational decisions. Thailand's corporate performance can be attributed to several major strategic characteristics, including innovative products, quality, cost, reliability, and services. Customers receive extra value from innovative products, so striking the right balance between price and quality is crucial. In addition, businesses need to compete based on their capabilities and areas of expertise, which can be categorized as targeted, differentiating, and cost leadership. An external environmental component is also crucial to the success of a corporation.

The three most important strategic elements of the external environment for corporate success are social networks, government support, and legality. Success may be influenced by inter-firm collaboration, consultation, performance evaluation, and adaptability. Building a positive reputation in the marketplace and obtaining organizational legitimacy are two benefits of inter-firm cooperation. The success of rural entrepreneurs is influenced externally by government support in the forms of financial aid, technical help, marketing, training and extension services, moral support, and technical. Yusop (2010) asserts that several factors, including the presence of seasoned entrepreneurs, entrepreneurial role models, entrepreneurial knowledge and skills, cultural attitudes toward entrepreneurship, and the proximity of entrepreneurial universities, are strongly correlated with entrepreneurial cultures and mindsets. The policies and supports for entrepreneurship are linked to the availability of risk capital and business angels, financial resources, government influences and supports for entrepreneurship, and the effect of government policies on entrepreneurial activity. The ability to recognize abilities, personal qualities, and managerial skills influences venture performance through awareness and past knowledge (Sambasivan et al., 2009). The managerial abilities and expertise of entrepreneurs are equally important and should be enhanced in every way.

In Bangladesh, SMEs play various forming activities in both urban & Rustic ranges. In the case of employment generation SMEs are a crucial part of the labor market. Because they provide maximum capital for business opening Especially in the provincial zone. where bigger organizations rarely do that. As a result, ultimately it helps reduce unemployment & underemployment problems among the country's youth. Besides these in rural areas, SMEs help engage people by offering a means of secure livelihood. This in turn leads to a progress framework and living conditions for extreme poverty-line people. SMEs also contribute to empowering women, such as many women finding employment in small and medium-sized businesses giving them financial independence. They are regularly found in rural and semi-urban areas, which is important for Urban mitigation and improves local economic growth. Sometimes SMEs Provide on-the-job training and skills development programs. That's why people become adaptable doing any job and involved with profitable abilities for future openings. Creating a network of interdependent businesses SMEs frequently source their inputs locally. That helps not only small enterprises but also strengthens the local supply chain, decreasing the dependency on imports. SMEs adapt to changing market conditions so that they can transfer technology and knowledge ensuring economic growth. They are also concerned with social obligations (CSR) activities supporting neighborhood schools, health care offices, and other community improvement organizations. Ultimately that makes social community bonds. In some cases, SMEs play a part in protecting neighborhood culture and conventional.

So finally, it can be said that SMEs in Bangladesh are not just an economic helping hand but a crucial part of social development. Their contribution expands employment generation, gender equality, destitution mitigation, rustic advancement, ability advancements, and many other dimensions of social development as well as ensures the overall progress and well-being of Bangladesh.

CONCLUSION

Small and medium enterprise has some essential possibilities to create employment opportunities, to decrease the poverty level and economic development of Bangladesh. SMEs foster economic growth through developing creative products and services, creating employment opportunities, facilitating competitive advantages, and so on. Some promotional supports and policy measures like development partners, extension services, financial support from the government, and development partners are effective for SME development. Though there are some private sectors like MIDAS, BASIC, and selected NGOs (particularly GB, BRAC, and Proshika) imitative and support for SME development, their assistance and support are not enough for SME development. SMEs need institutional assistance, proactive policies, and the eradication of current policy prejudices. Moreover, some policies can be taken for SME development such as efficient legal and judicial processes, commercial contracts, land settlement agreements, and so on. Some organizations provide financial assistance for SME development such as commercial banks and specialized financial institutions. SME in Bangladesh faces difficulties in getting financial assistance from banks or other financial institutions at the right time and with fair prices, terms and conditions, and the fewest possible bureaucratic obstacles. Lack of financial assistance is the biggest obstacle to SME expansion and growth. Moreover, banks and financial institutions charge higher interest rates to offset portfolio risk. SME finds it difficult to develop any new products services or technologies because of their limited resources and limited access to financial assistance. The success of an entrepreneur greatly depends on the capability of entrepreneurs. The capability and expertise of entrepreneurs allow a high level of creativity, innovation, productivity, and profitability. SMEs often cannot be successful because of not have the necessary knowledge and skills. It creates a hamper in proper resource management, strategic planning, and competitive strategy. If entrepreneurs do not know effective management, they cannot make strategic decisions. Management knows how to assist in ensuring innovation and creativity. Innovation and creativity allow organizations to get a competitive advantage. Creative and innovative skills allow entrepreneurs to develop new products, services, and technologies. Entrepreneurs with strong financial management skills can manage profitability, liquidity, budget, and cash flows. Management knows how can create a strong and long-term relationship with customers which allows them to get competitive advantages. Government assistance aims to expand, increase, and develop the operational activities of SMEs. The government of Bangladesh has also some laws and regulations for expanding SME activities. The government provides different assistance such as financial assistance, technology development, market expansion, and so on. The government also arranges and funds for training and development opportunities for employees. Training and development opportunities aimed at making employees more skilled. Moreover, the government introduces different types of economic zones and industrial parks. Entrepreneurs can develop innovative and creative products and services. They often develop creative and innovative products and services that can allow them to get competitive advantages. Innovative products and services impact economic growth which also impacts job opportunities. The digital platform has a major impact on products and services like products and services delivery systems and business operations. Entrepreneurial qualities such as innovation, attractiveness, risk-taking, and effective decision-making ability are effective in becoming successful. Entrepreneurs with qualities like innovation, creativity, and forecasting power can create a competitive advantage. Moreover, they need adaptability and decision-making skills to overcome challenges and adapt to any critical situation. These qualities can be developed through training and development. Moreover, they need qualities like risk-taking, self-discipline, communication skills, decision-making and problem-solving skills, collaboration and negotiation skills. Though there are many benefits to SMEs, SMEs in Bangladesh have many challenges like limited financial assistance, limited resources, unskilled labor, and infrastructural problems. These challenges hamper innovation, creativity, and job opportunities. The government can take policies like technological help, financial help, training and development, and innovative and creative environment to overcome these challenges. Moreover, advancements in technologies and digital platforms can significantly impact on creation of job opportunities, and the development of innovative and creative environments.

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