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## Factors Affecting Entrepreneurial Intention of Indigenous Entrepreneurs of Bangladesh

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**GJHSS-H Classification:** *JEL Code: L26*



FACTORS AFFECTING ENTREPRENEURIAL INTENTION OF INDIGENOUS ENTREPRENEURS OF BANGLADESH

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# Factors Affecting Entrepreneurial Intention of Indigenous Entrepreneurs of Bangladesh

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## I. INTRODUCTION

One of the main forces behind development in the economy, technological advancement, and social advancement is entrepreneurship. Entrepreneurship is acknowledged as a significant factor in a nation's ability to create new jobs. The entrepreneurial sector may facilitate young people to become less dependent on the job market by providing more opportunities for income and lowering unemployment (Amiruddin et al., 2020). Therefore, rather than being a state of being, entrepreneurship is a process of "becoming" (Rasli et al., 2013). Therefore, governments and policymakers around the world are adopting various actions to highlight entrepreneurship-related opportunities and support entrepreneurs. Several pertinent groups have expressed concern about the significance of influencing entrepreneurial intention, which entails a desire and willingness to launch an enterprise (Al-Harrasi et al., 2014).

For the people of Bangladesh, entrepreneurship has emerged as a significant profession. Bangladesh once had an image as an underdeveloped country and a stagnant economy as a result of the British colonial exploitation and the oppression of Pakistani regimes. However, Bangladesh now has achieved great strides in both economic and social growth. Entrepreneurship is one of the several economic activities that Bangladeshi people are currently involved in. In Bangladesh, it was always believed that only men should engage in entrepreneurship. However, as a result of globalization,

women are now supporting themselves and their families by carrying out their own businesses (Islam, 2019). Therefore, the government is making an additional attempt to empower youth and get them working for themselves in order to lower unemployment. Up until January 2023, the Department of Youth Development provided skill improvement training in a variety of trades to a total of 33.11 lakh youth for their job and self-employment as young people and young women. Among them, 7.54 lakh of the trained young have taken up self-employment (Ministry of Finance, 2023). Like numerous people, there are numerous indigenous people who are entrepreneurs. Indigenous entrepreneurship is a way to create and extract value that is based on the unique socioeconomic conditions of the community where an entrepreneur or business is based (Colbourne, 2017). Along with the predominant Bengali population, Bangladesh is a nation of great historical and ethnic variety, belonging to around 54 groups of Indigenous Peoples who speak at least 35 different languages. The indigenous population of the nation comprises about 1,650,159 people, or 1% of the entire population, according to the 2022 census (IWGIA, 2023). Indigenous populations can be found in several areas of Bangladesh, primarily in the bordering states of Rajshahi-Dinajpur which are located in the northwest, Mymensingh-Tangail which are located in the central north, Greater Sylhet which is located in the northeast, and Chittagong, Cox's Bazar, and Greater Barisal which are located in the south and southeast (Dhamai, 2014).

Indigenous entrepreneurship is a comparatively recent field of study, and much effort is being put into developing theories to help explain its characteristics and have an impact on policy and practice (Paul Mika, 2020). Numerous studies concentrating on entrepreneurship and the factors influencing intentions to become entrepreneurs have been conducted due to the rapid growth of entrepreneurship in Bangladesh. However, there is seldom any research where the attention is centred on the factors that are influencing indigenous people to choose their career in this field. So, this study will try to close the literature gap.

This study attempts to address the question: "What are the factors that are influencing the entrepreneurial intention of indigenous entrepreneurs in Bangladesh?". Based on the research question the data have been gathered, analyzed, and the findings have been accumulated. Based on the description above, the

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objective of the study is to find out the dominant factors that influence entrepreneurial intention of indigenous entrepreneurs of Bangladesh. The article is structured in the following way: first, it describes the pertinent literature. The research methodology was then described after that. Afterwards, it addressed the results of the study. Finally, the study outlined the conclusion.

## II. LITERATURE REVIEW

### a) Entrepreneurship

The words "entreprendre" and "entrepreneur" were created by Richard Cantillon. The word originally came from the French verb "entreprenre," which meaning "to undertake" (Jonsson, 2017). An entrepreneur is a person who provides services or products by combining capital, labor, and other resources while competing with other people in the

market in order to make a profit (Uddin et al., 2014). The process of starting a new business or organization is referred to as entrepreneurship (Shane & Venkataraman, 2000). Entrepreneurship is widely regarded as a vital driver of economic expansion, technological advancement, and job creation (Badulescu & Badulescu, 2013). Several academics have discussed the significance of entrepreneurship in the economy. Kritikos described the role the entrepreneurship on jobs and economic growth. According to him, even though some individual businesses fail, entrepreneurs provide the vitality that keeps economies strong and thriving. If entrepreneurs are persistently supported, in both good and bad economic times, then all enterprises are kept vigilant and inspired to strive constantly to grow (Kritikos, 2014).

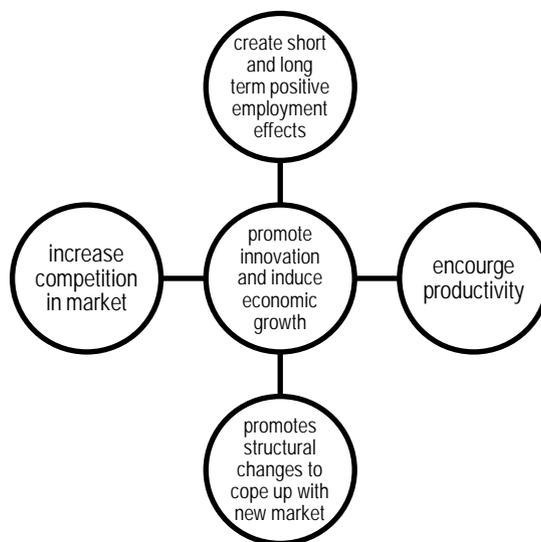


Figure 1: Impact of entrepreneurship on jobs and economic growth. Source: Kritikos, 2014

### b) Entrepreneurial intention

An individual's goals, motivations, and preparedness to get involved in entrepreneurial endeavors or launch a new company are referred to as entrepreneurial intentions. This aspiration is a critical prerequisite behind starting entrepreneurial practice and building a business. In the study of entrepreneurship, entrepreneurial intention has grown to be a popular area. It is an effective method of instilling in people a desire to do something productive and to embark on new projects (Ngat & Tuyet, 2023). Attitudes (attitude toward the behavior, subjective norms, and perceived behavioral control) are the best predictors of intention. Exogenous factors (such as characteristics, demography, skills, and social, cultural, and financial support) also have an impact on attitudes, which in turn affects intentions and behavior (Souitaris et al., 2007). An individual's views of their social and physical settings, as well as their perceived contexts, expectations, attitudes,

beliefs, and choices, all influence their intentions (Boyd & Vozikis, 1994). It has been demonstrated that social models are a reliable and potent indicator of entrepreneurial interests. To put it another way, those who have experienced entrepreneurship to the same extent as family members and/or close acquaintances are generally more inclined to initiate business on their own than people who have not (Hmieleski & Corbett, 2006). People who share numerous similar traits may act differently in a changing context, whereas others who have completely distinct traits may react similarly in the same context. Even if a person has the same talent and resources to succeed as an entrepreneur, it may be difficult to predict their next move across multiple times, and we may not be able to pinpoint the specific element that changed their decision (Ngoc Khuong & Huu An, 2016).

### c) *Indigenous entrepreneurship*

Indigenous entrepreneurship is the notions, management, and development of innovative business processes (startups or enterprises) led by indigenous people who are pursuing their own objectives. These objectives may be viewed as collectively or individually beneficial to the community (Valencia León, 2020). It is a somewhat well-known topic within the field of entrepreneurship. Indigenous businesses and entrepreneurship have the potential to be effective instruments for fostering financial independence, self-determination, and conserving culture in Indigenous communities (Butler & Hinch, 1996). There are several universal factors that define indigenous entrepreneurship- Heterogeneity, resources, sustainability, context and place, success, partner group, culture, sense of community and family and cooperation (Valencia León, 2020).

Experience is one of the factors that can affect the emergence of entrepreneurial intentions among the indigenous entrepreneurs. Experience increases a person's sense of self-efficacy, has a favorable impact on feasibility, which is seen as one of the determinants of entrepreneurial intentions, and also encourages an entrepreneurial mindset. If the entrepreneur began or took over his business in the same industry that his role model operates in, the role model would boost self-efficacy in the first place. Gaining confidence would lead to the development of entrepreneurial intention in

addition to the exhibition of entrepreneurial behavior by positively affecting the perceived feasibility. Thus, Entrepreneurial inclinations are significantly influenced by personal background. Another important component in the development of entrepreneurial intentions is the perception of viability and desirability. An entrepreneur is more likely to develop entrepreneurial intents if they believe that launching or taking over a business is realistic and worthwhile (Uygun & Kasimoglu, 2013).

### III. METHODOLOGY

This study used a descriptive survey approach. Data had been gathered from primary sources. The factors impacting entrepreneurial intentions were examined using primary data. The study drew in a total of 90 respondents. A structured question set of both open-ended and close-ended questionnaire, which comprises of 15 questions, has been constructed as the main data-gathering tool. There were physical and electronic distribution methods used for the questionnaires. The questionnaire is divided into two sections: Section A gathers data on the respondents' demographics, and Section B asks them about the factors they think influenced them. Convenience sampling was utilized in the study since it is both convenient to carry out the study. In order to analyze the data, frequency and percentage in charts, tables were carried out. Table 1 displays an overview of the demographic data provided by the respondents.

*Table 1:* Demographic profile of the respondents

Variable	Frequency	Percentage
<b>Age</b>		
Below 20	3	3.3
21-40	62	68.9
41-60	19	21.1
61-above	6	6.7
<b>Educational background</b>		
Below Secondary	10	11.1
Secondary	25	27.8
Higher Secondary	20	22.2
Graduate	30	33.3
Post-graduate	5	5.5
<b>Marital status</b>		
Single	33	36.6
Married	48	53.3
Divorced	9	10
<b>Sex</b>		
Male	47	52.2
Female	43	47.7
<b>Geographical location</b>		
Chittagong Hill Tracts	42	46.7
Sylhet	26	28.8
Rajshahi	22	24.4
<b>Experience in business</b>		
Less than 1 year	25	27.7
1-2 years	17	18.8

2-4 years	34	37.7
4-above years	14	15.5
<b>Type of business</b>		
Parlour	9	10
Boutique/cloths	28	31.1
Handicrafts	11	12.2
Food	17	18.9
Tailoring	3	3.3
Grocery and stationary	5	5.5
Ornaments	17	18.9

IV. FINDINGS AND DISCUSSION

Responses from indigenous entrepreneurs were used to study the factors affecting Bangladeshi indigenous entrepreneur’s entrepreneurial intentions. The participants were asked to complete the

questionnaire. Table 2 shows the main factors that influence indigenous entrepreneurs' entrepreneurial intentions. Under these key factors, various other factors are also included.

Table 2: The dominant factors that influence entrepreneurial intentions

Factors
Economic
Technological
Psychological
Motivational
Personal traits
Knowledge and skills

a) Economic factors

According to the research, their entrepreneurial decisions are significantly influenced by economic factors. Access to capital and loans was a factor in 10 respondents' entrepreneurial decisions. The COVID-19 pandemic is having a noticeable disruptive effect on a variety of industries. Eleven respondents acknowledged its influence, demonstrating the resilience and perseverance of indigenous businesspeople. During that time, a lot of people experienced financial hardship and job loss, which had an impact on their entrepreneurial decisions. The second largest group of

participants, 23, acknowledges the impact of market conditions on their entrepreneurial decisions. The sample regions are popular tourist destinations in Bangladesh. Since tourists desire to acquire those local products, the business owners use this as an opportunity to sell their goods. Access to Local Markets was highlighted by 15 respondents, which indicates the dependence on the current environment for marketing and distribution. A total of 24 respondents, or the majority, give priority to raw material availability. This emphasizes how essential a reliable supply network is to indigenous enterprises.

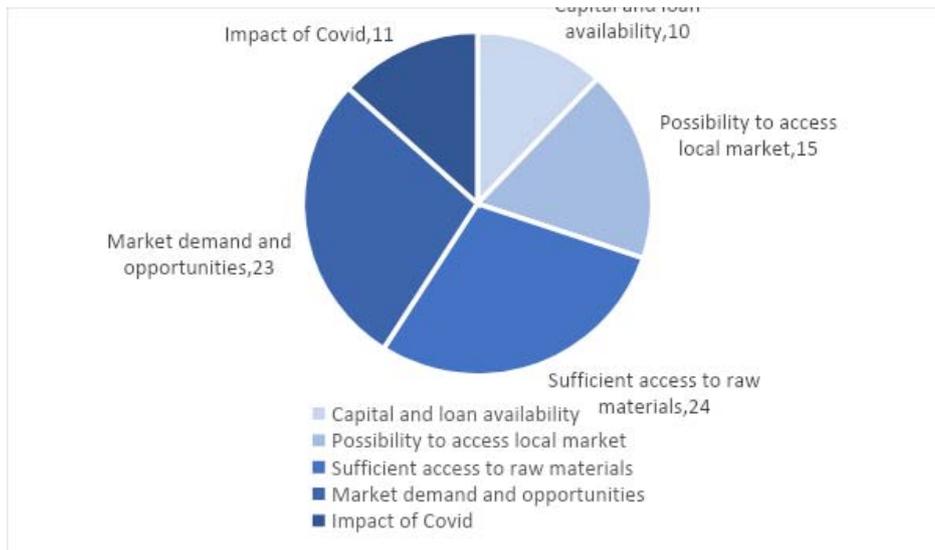


Figure 2: Economic factors



b) *Technological factors*

Among the respondents, 77.8% stated that the availability of modern technology had an impact on their entrepreneurial decisions, and 57.7% highlighted the importance of knowledge of social media marketing in entrepreneurial decision. This demonstrates how technology can be a powerful driver of entrepreneurship. They believe that technology has the power to reshape society, serving not just as a tool but also as a doorway to wider market access, more productivity, and more intense competition. They will be able to engage with

more potential customers by using technology and reaching out to larger audiences. 83.3% of respondents claimed that easy communication and transportation options affected them. This represents their practical viewpoint, which acknowledges that effective networking and logistics support are crucial for addressing operational challenges. Besides that, a vast majority of respondents, around 42.3%, don't have enough knowledge about social media marketing, so that factor did not influence them to pursue their entrepreneurial decision.

Table 3: Technological factors

	Response	
	Yes	No
Availability of modern technology	77.8%	33.3%
Knowledge about marketing in social media	57.7%	42.3%
Easy communication and transportation facilities	83.3%	16.6%

c) *Psychological factors*

Indigenous populations in Bangladesh are motivated to start businesses by psychological factors. Their confidence, freedom, success-hunger, competitiveness, and risk-taking attitude make up the psychological basis driving their business decisions. Twenty-five individuals acknowledge its significant influence. Self-confidence isn't just a quality these business owners possess; it's also an external influence that gives them the courage to take chances, embrace possibilities, and remain positive in the face of

difficulties. Freedom was highlighted by 30 people and stands for the independence to make choices and follow one's own path. Their decision to pursue an entrepreneurial career is driven by their desire for financial independence. Thirst for achievement is a motivational force for 13 people to pursue their businesses as entrepreneurs. Thirteen individuals highlighted the value of taking risks. Nine people defined competitiveness as their drive to succeed in a highly competitive marketplace.

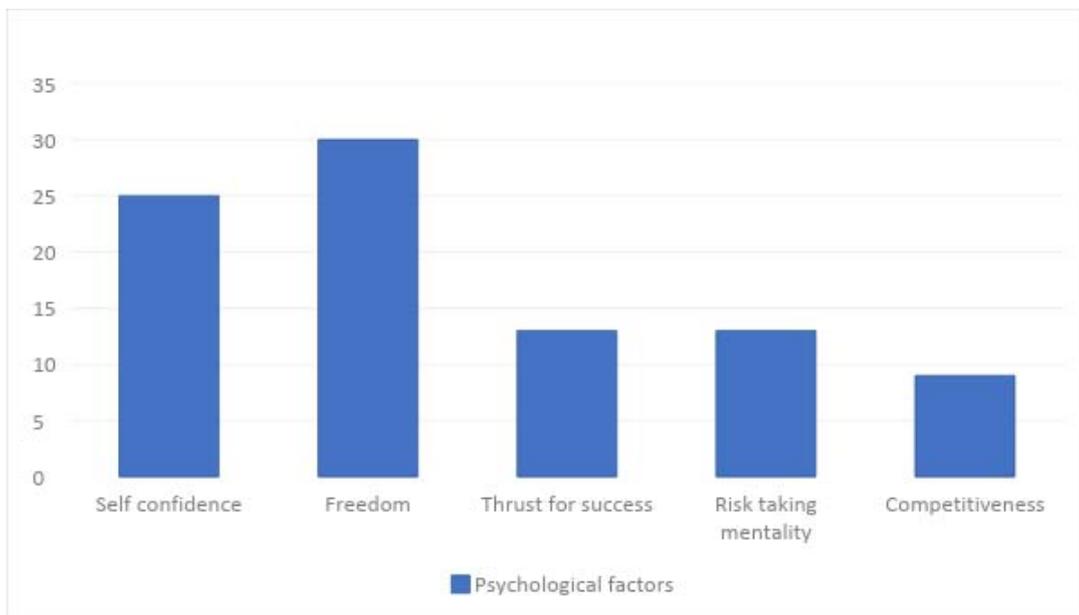


Figure 3: Psychological factors

d) *Motivational factors*

These Indigenous entrepreneurs' motivation is shaped by the success stories of others from their surroundings, support from family, local customs, family challenges, and the uncertain job market. For seven

people, the success stories of others acted as a subtle but powerful motivator. They frequently become motivated by the success of other businesspeople when they see it. The successes of them serve as an example for these indigenous businesspeople. Twenty-



one participants mentioned that their choice was influenced by encouragement from friends and family. For 23 people, the local customs and practices served as inspiration. They recognized how entrepreneurship has always played a significant role in the development of the heritage of their community. They sell their products to tourists since they are from a tourist area, and this encourages them to keep their culture alive. Family crises are cited as a strong motivator by 19

respondents. They were motivated to launch their own firm by the duty to look after their families. Twenty people's thoughts were influenced by the employment market's volatility. Because they have experienced the instability of regular employment, they had taken an alternative path. Bangladesh has a high unemployment rate; thus people turn to business as a means of survival.

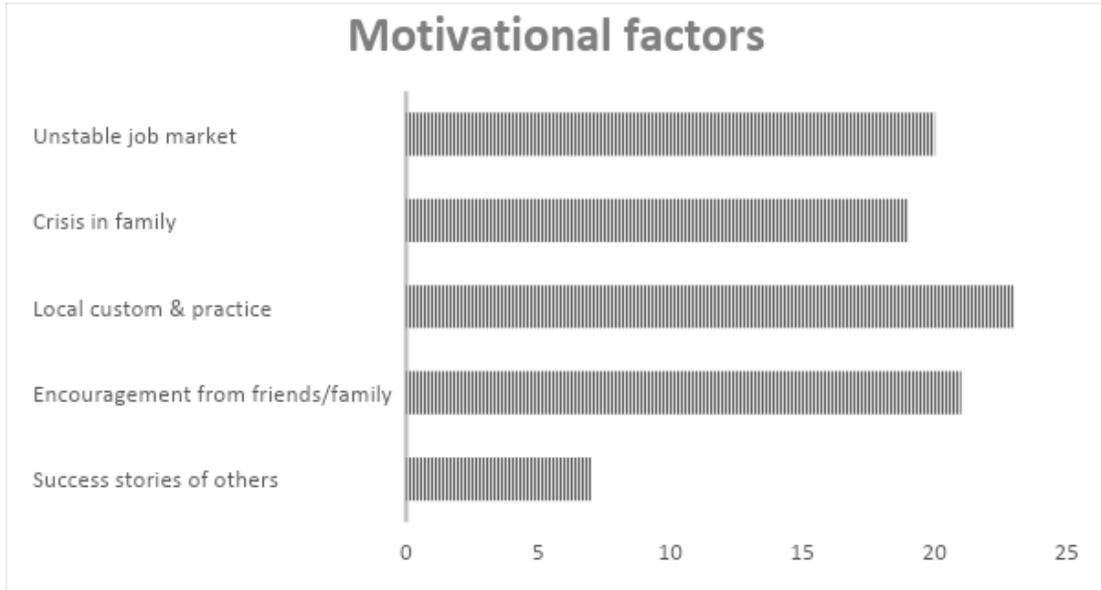


Figure 4: Motivational factors

e) *Personal traits*

Among the participants, 8 people mentioned how their leadership abilities influenced their decision to launch their firm. 15 people have a family background that is deeply connected with entrepreneurship. According to them, business ownership has been transferred to them through the generations as a heritage. Their familial past not only shapes their choices but also firmly grounds them in a culture they

are devoted to preserving their business. Twenty-two individuals launched their businesses with assistance from their surroundings. Eleven respondents said that their decision was impacted by their capacity for innovation and change. The majority of 34 people mentioned autonomy as their influential factor. They felt that following an entrepreneurial career would provide them with the freedom and authority they seek.

Table 4: Personal traits

Factors	Frequency	Percentage
Leadership	8	8.9
Family background related to entrepreneurship	15	16.6
Family support	22	24.4
Ability to make changes, innovation	11	12.2
Autonomy	34	37.8

f) *Knowledge and skills*

Approximately 7.7% of respondents said they had gained expertise and abilities from formal entrepreneurial training courses. This result highlights the potential value of structured training programs in promoting the entrepreneurial mindset. Only 5.5% of respondents said they had learned new information and skills through entrepreneurship education, which influenced them to seek a career in this field. A vast

majority portion, 25.5% of respondents admitted that they had received their entrepreneurship knowledge and skills from their family's business practices. By working there, they acquired practical business experience. Around 33.3% of the respondents said that working part-time jobs helped them advance their entrepreneurship knowledge and skills. This means that practical expertise earned through part-time employment can act as a useful and effective route to entrepreneurship.

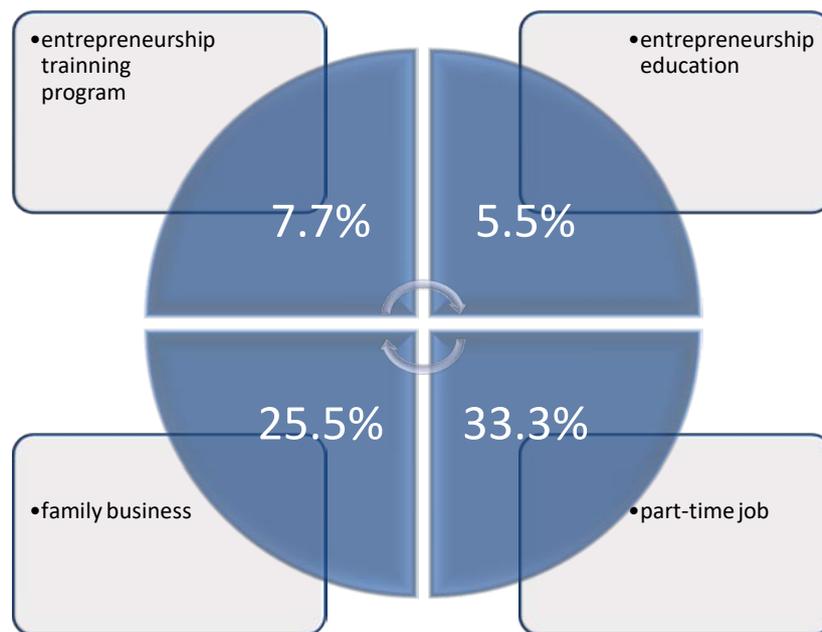


Figure 5: Knowledge and skills

## V. CONCLUSION

Indigenous groups have always protected their distinctive traditions and cultures. These indigenous communities in Bangladesh are representative of the great diversity. In the midst of this diversity, entrepreneurial endeavours have come into their own as a driving force for financial independence and sustainability. Entrepreneurship is more than just a means of financial gain; it is a factor that has the power to reshape societies, advance society, and solve some of the most important problems the world is currently experiencing. It fosters creativity, empowers people, and improves a community's quality of life. This research paper examines the factors that affect indigenous communities' entrepreneurial decisions in Bangladesh. In addition to being crucial for their economic development, these communities' entrepreneurial decisions have a significant impact on both the conservation of their indigenous history and the long-term development of their communities. Recognizing the factors that drive indigenous community's entrepreneurship decisions is critical for developing appropriate plans and policies that foster sustainable and inclusive economic growth.

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