

# BARRIERS TO INTERNATIONAL ENTREPRENEURSHIP IN AGRICULTURAL SECTOR OF BANGLADESH: FOCUS ON VEGETABLE PRODUCTION

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# Objectives

- The research problem of this study is to identify the determinants of psychic distance in international entrepreneurship of vegetable trade and required policy interventions for trade facilitation to reduce psychic distance. Accordingly, the study has three objectives explained in the following sections.
  - Identification of deterring factors to international entrepreneurship (Psychic Distance)
  - Review of Administrative and Regulatory Framework for International Entrepreneurship
  - Identification of and Suggestion on Trade Facilitation Procedure

# Methodology – Framework of Analysis

Interactive framework of determinants of psychic distance and trade facilitation to facilitate international business of vegetables



The psychic distance (D) is the function of personal characteristics of individuals (I), surrounding business environment (E), and regulatory framework (R).

$$D = f(I, E, R)$$

When T is the trade facilitation initiatives for international business of vegetable from Bangladesh, the international trade of vegetables is possible if,  $T \geq D$

# Methodology – Data Collection

- Two sources of data
- Secondary sources are FAO, World Bank, UNIDO, IFAD and other sources.
- Primary data through a survey on respondents.
  - **Location of Survey:** Interviewers collected data from vegetable trade centres outside Dhaka (Narayangonj, Gazipur, Narsinghdi), Cox's Bazar and Chittagong, Faridpur, Sirajgonj, Panchagarh and Rangpur, and Dhaka Metropolitan area)

Group	Description of Respondents
Group 1 (G1)	Firms or organisation currently involved in export of vegetables in other countries
Group 2 (G2)	Firms are engaged in trade or production of vegetables for local market but not involved in export of vegetables in other countries.
Group 3 (G3)	Firms involved in trade or production of agriculture items other than vegetables. It includes other crops like rice, pulses etc as well as agricultural inputs like fertiliser, insecticides etc.
Group 4 (G4)	Firms involved in trade or production of items those are not agricultural in nature, like clothing, shoe etc.

# Findings – Barriers : Psychic Distance

## Unfavourable Conditionsn

**Low Profitability**

**Perishable item**

**Insufficient Production**

**Weather Induced  
Uncertainty of  
Production**

**Limited Demand and  
Low Growth Potential**

**Too Many Traders  
Already Involved in  
Business**

**Level of Satisfaction  
with Service Agencies**

## Internal Barriers to Export

**Insufficient facilities at airports for exporters of vegetables**

**Inadequate transport infrastructure of the country**

**Inadequate electricity supply**

**Behaviour of customs officials**

**Banking procedures related to export of goods from Bangladesh**

**Unacceptable behaviour of police and other officials**

**Criminal activities by different people (mastans, political activists  
etc)**

**Insufficient facilities at sea port for exporters of vegetables**

**Foreign exchange control rule of Central Bank in country**

**Customs rule and procedures of Bangladesh**

**Various rules and procedures of Ministry of Commerce of  
Bangladesh Government**

**Various rules and procedures of Ministry of Industries of  
Bangladesh Government**

**Tax and duties imposed by Bangladesh Government.**

**Export-import control rules of the land**

# Findings – International Business Environment

External Barriers to Export	Mean	Standard Deviation	Skewness
Competition from other vegetable exporting countries	71.15	26.705	-.617
Health and hygiene related requirements in other countries	59.62	29.823	-.548
Strict environmental and pollution related rules in other countries	28.85	33.613	.403
Different types and uncertain administrative rules in the importing country	28.85	32.026	.509
High duty/tariff in the importing country	11.54	24.185	2.085
Quota restriction in the importing countries	1.92	6.934	3.606

# Findings – Trade Facilitation

## Areas for Trade Facilitation

**Government initiatives to provide agricultural loans for production of vegetables**

**Regular supply of agricultural inputs for production of crops (fertilisers, irrigation etc)**

**Ensure supply of high-yielding vegetable seeds.**

**Training to farmers on modern technologies of vegetable production and processing for international and local markets**

**Improving effectiveness of transport facilities for perishable vegetable products**

**Reducing transport cost for vegetable items.**

**Making information available on types of vegetable items those have demand in foreign countries and price in foreign markets to farmers.**

**Help creating link to local and international markets for vegetable traders.**

**Train vegetable traders on international requirements and rules related to vegetable exports.**

**Governmental institutional supports to export and commercial production of vegetables in the country.**

# Recommendations to Remove Barriers or Psychic Distance

1. Reorientation of programs of government organisation engaged in development and research of agricultural sector to give priority to vegetable production. High yielding vegetable seeds, new agro-technologies, and new variety of vegetables should be introduced among farmers to improve productivity, diversify of cropping and to reduce cost of production.
2. Government should create environment for establishment of appropriate storing facilities for preservation of vegetables across the country. Financing plans through commercial banks for establishment of store facilities may encourage private sector to build store facilities. The rental of store facilities may grow and help growing vegetable exports.
3. Incentive policies may be formulated for enhancing air-cargo facilities from airports for export of vegetables. Adequate storage facilities must be available at airports.



# Recommendations to Remove Barriers or Psychic Distance

4. Adequate information regarding vegetable markets, characteristics of demand for vegetables across the boundary of country, health and hygiene standard of importing countries may be made available for farmers and exporters of vegetables through state agencies. If possible, training programs may be arranged for farmers and workers involved with vegetable farming to teach the process of production following global sanitary and phytosanitary standards.
5. Financing programmes through banking sector may be arranged to provide seed investment to establish firms for exporting vegetables to other countries. If it becomes successful, external demand for vegetables will ensure right price for vegetable farmers. Economic profits will motivate farms to produce quality vegetables for exporters.