

The background of the slide is a photograph of several large, green bell peppers hanging from a vine. The peppers are in various stages of growth, with some being larger and more rounded than others. The leaves of the plant are visible in the background, and the overall lighting is bright, suggesting an outdoor setting.

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Barriers to International Entrepreneurship in Agricultural Sector of Bangladesh: Focus on Vegetable Production

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The background of the slide is a photograph of several large, green bell peppers hanging from a vine. The peppers are in various stages of growth, with some being larger and more rounded than others. The leaves of the plant are visible, showing a vibrant green color. The lighting is bright, suggesting a sunny day in a greenhouse or field.

Background

- Bangladesh is a tropical country with three separate seasons – temperate summer, monsoon with flood, and cold (mild) winter.
- Suitable land for producing vegetables: more than 60 types of vegetables.
- Mostly small and marginal farmers, who live in poverty, involved in production of vegetables
- Country has comparative advantage in vegetable production
- Exports to Europe, Middle East and East Asia



Background

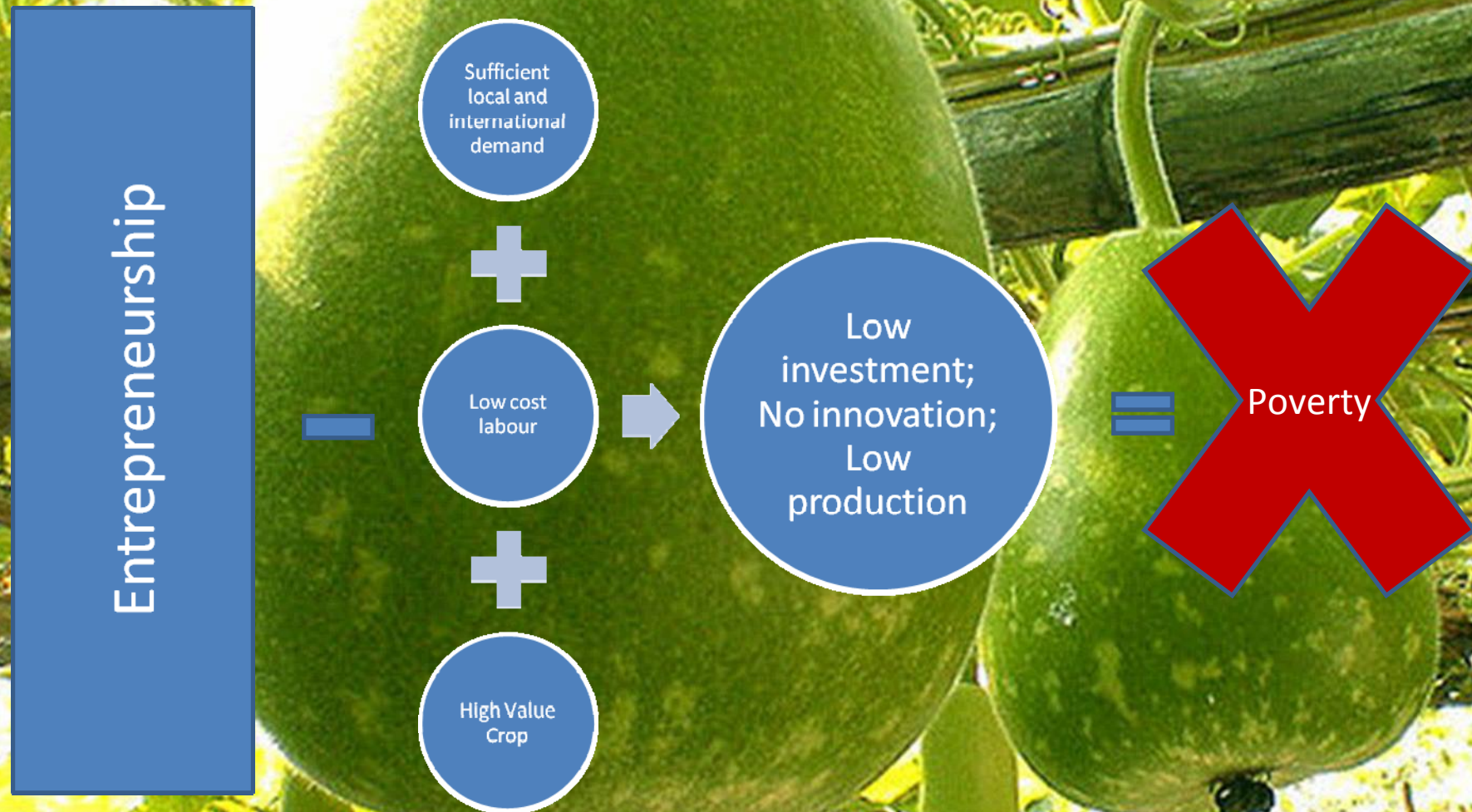
- Low productivity because:
 - Lack of technology/innovation
 - Lack of capital investment
- Unorganised market
 - price fluctuation
 - Small and marginal producers suffer

The background of the slide is a photograph of green vegetables, likely bitter melons, growing on a trellis. The vegetables are large, green, and have a bumpy texture. They are hanging from a wooden trellis structure. The leaves are green and some are showing signs of being eaten, with small holes visible. The lighting is bright, suggesting a sunny day.

Background

- Vegetable is a high value crop (HVC)
 - Higher value addition compared to value addition of paddy production under one decimal area (CARE Bangladesh Study 2010).
- Global demand and thereby international trade of fresh vegetables is scaling up:
 - Improvement of transport systems
 - Health concern of people
- Pro-poor growth with benefits to small and marginal farmers is possible if the country may ensure export of vegetables

Unrealistic Economic Equation



Entrepreneur

- Joseph Schumpeter (1934) in his book, the *Theory of Economic Development* defined entrepreneurship as the creation of “enterprise” that means the making of a new combination of resources with objectives to introduce new goods, new method of production, operating in new markets, conquest of a new sources of supply, and carrying out of the new organisation of any industry.
- Ability to find new opportunities across national boundary and utilisation of those is termed as international entrepreneurship. It combines innovative, proactive, and risk-seeking behaviour across national boundary and creates value in organisation (McDougall and Oviatt, 2000).



Need for Entrepreneurship

- The state is unable to take all the initiatives for investment to organize and management of vegetable production and export at large scale.
- An alternative to direct role of state mechanism in vegetable sector is to facilitate development of entrepreneurship for the sector who may invest in vegetable farming and trade to initiate commercialisation of vegetable production.
- An entrepreneur invests capital and builds organisations through risk and initiative.



Assumption of Research

- The assumption of this research is that effective entrepreneurship is alternative to government initiatives in economic sectors.
- The entrepreneurs shall arrange necessary capital and knowledge to initiate commercial operations in any sector if favourable social, political, legal, and security environment exists.

Assumption of Research

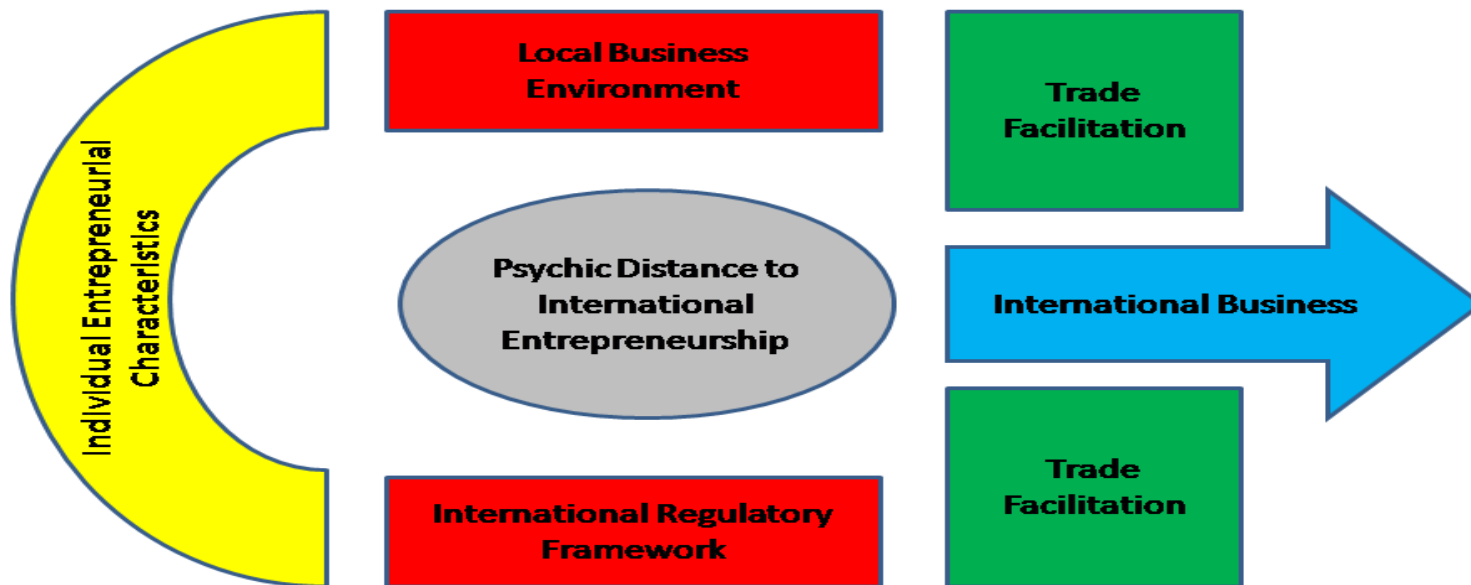
- It is the responsibility of the state to ensure appropriate facilities for entrepreneurial development for economic growth and poverty alleviation in rural areas.
- Assisting and ensuring successful entrepreneurship development, especially international entrepreneurship, is trade facilitation procedure.
- Also public private partnership (PPP)

The background of the slide is a photograph of several large, green, unripe papayas hanging from a vine. The papayas are elongated and have a bumpy texture. They are surrounded by green leaves and other parts of the plant. The lighting is bright, suggesting an outdoor setting.

Research Objectives

- 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



Methodology

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

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

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

Survey Methods

- Sample of Survey
- Method of Survey
- Location of Survey
- Instruments of Survey

Sample of Survey

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.

The background of the slide is a photograph of several green eggplants hanging from a vine. The eggplants are large, elongated, and have a bumpy green skin. They are surrounded by green leaves and stems, with some sunlight filtering through the foliage, creating a bright, natural setting.

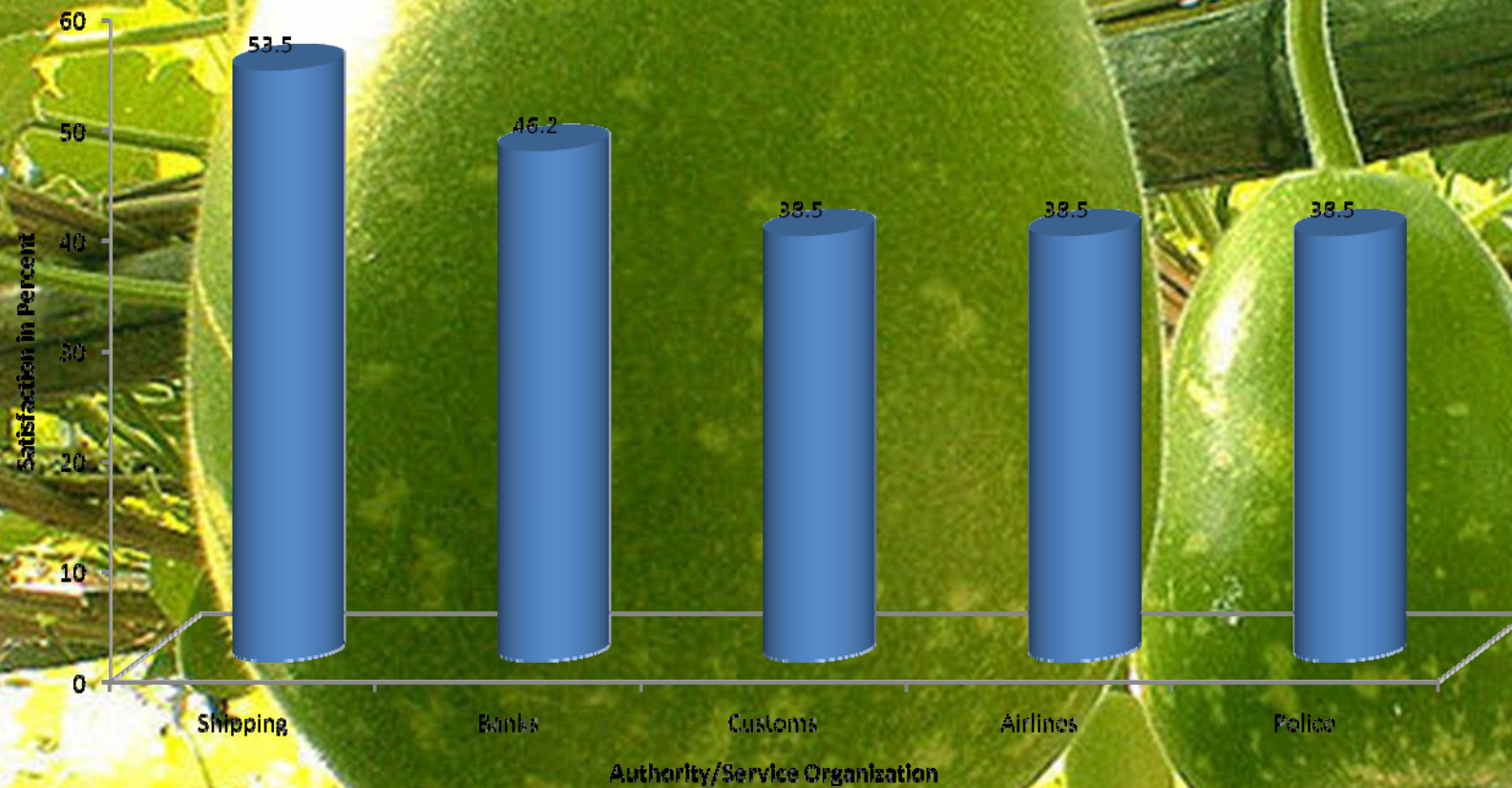
Analytical Methods

- Impact of trade facilitation on international entrepreneurship
- Analysis of strength and weakness of vegetable trade
- Analysis of determinants of international trade of vegetables
- Trade Facilitation Measures

Vegetable Export from Bangladesh: Favourable and Unfavourable Conditions

Conditions	Sl No.	Reasons for Exporting Vegetables	Mean Score	Std. Deviation	Skewness
Favourable or Strength	1	Profit from this business	45.38	31.256	0.295
	2	Easy procedures for exporting vegetables	20.77	30.676	1.654
	3	Stable demand of vegetables in global market	29.23	27.222	0.183
	4	Huge supply of vegetables in local market at low cost	23.85	35.482	1.437
	5	Expansion - expected opportunities to export in many other countries	16.15	22.56	1.494
	6	Government and other institutional support for this trade	32.31	35.626	0.574
	7	Low capital investment required in this business	34.62	33.57	0.446
Unfavourable or Weakness	1	Low profitability	35.38	33.321	.191
	2	Perishable item	50.00	35.119	-.164
	3	Insufficient production	26.92	36.144	1.270
	4	Weather related uncertainty of production and supply	40.00	30.822	-.040
	5	Limited demand and no chance for expansion	8.46	24.781	3.469
	6	Too many traders already doing the trade	33.85	34.044	.479

Level of Satisfaction with Service Agencies



Internal Barriers to Export of Vegetables

Internal Barriers to Export	Mean	Standard Deviation	Skewness
Insufficient facilities at airports for exporters of vegetables	80.77	14.979	-.065
Inadequate transport infrastructure of the country	76.92	31.394	-1.660
Inadequate electricity supply	51.92	40.132	-.289
Behaviour of customs officials	38.46	29.957	.408
Banking procedures related to export of goods from Bangladesh	36.54	37.660	.087
Unacceptable behaviour of police and other officials	34.62	46.254	.822
Criminal activities by different people (mastans, political activists etc)	32.69	47.197	.880
Insufficient facilities at sea port for exporters of vegetables	25.00	38.188	1.326
Foreign exchange control rule of Central Bank in country	19.23	34.086	1.655
Customs rule and procedures of Bangladesh	17.31	25.789	1.271
Various rules and procedures of Ministry of Commerce of Bangladesh Government	15.38	29.823	2.288
Various rules and procedures of Ministry of Industries of Bangladesh Government	13.46	28.165	2.780
Tax and duties imposed by Bangladesh Government.	11.54	24.185	2.085
Export-import control rules of the land	5.77	10.963	1.451

External Barriers to Export of Vegetables

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

Awareness to Global Requirements for Vegetable Exports





Determinants of Transaction Costs

- About 92 percents of the respondents said that unreliable local transport systems and insufficient cargo facilities provided by the airlines operating from Bangladesh are adding additional costs to their operations.
- The second most important determinant of transaction costs is the lack of facilities to preserve the vegetables (76.9%).
- About 84.6 percent of the respondents emphasised on the establishment of modern processing and preservation facilities near to airports to scale up export of vegetables.

Determinants of Transaction Costs

- Payments to law enforcing agencies (46.2%) and other government officials (38.5%) are increasing transaction costs of operations.
- Some added roles of middlemen (16.7%), unavailability of information about export markets (23.4%), unregulated market system (16.7%), and higher price of electricity (9.7%) to the list of determinants of transaction costs for vegetable exports from Bangladesh.

To be in fresh vegetable business?

Groups	Do you have any intention to be involved in vegetable trade anytime in future?			
	Yes (%)	May be (%)	Do not know (%)	No (%)
Group 2: involved in vegetable trade inside country	100.00	0.00	0.00	0.00
Group 3: Involved in trade in agro related items other than vegetables	14.00	6.00	2.00	78.00
Group 4: Involved in business of non-agriculture items	7.84	7.84	5.88	78.43
All Groups	40.40	4.64	2.65	52.32



Responses of firms about their intentions to become international entrepreneurs of fresh vegetables when favourable business environment created for international entrepreneurship.?

Groups	Do you have any intention to be involved in vegetable trade anytime in future?		
	Yes (%)	Not Sure (%)	No (%)
Group 2: involved in vegetable trade inside country	70.00	20.00	10.00
Group 3: Involved in trade in agro related items other than vegetables	36.00	22.00	42.00
Group 4: Involved in business of non-agriculture items	15.69	17.65	66.67
All Groups	40.40	19.87	39.74

Impact of Trade Facilitation on International Entrepreneurship

$P(VT_i)$		$P(IVT_i VT_i)$		$P(VT_i) \times P(IVT_i VT_i)$	
Yes	0.405	Yes	0.738		0.2989
		Not Sure	0.18		0.0729
		No	0.082		0.0332
May be	0.046	Yes	0.286		0.0132
		Not Sure	0.428		0.0197
		No	0.286		0.0132
Do not Kn	0.026	Yes	0		0
		Not Sure	0.5		0.013
		No	0.5		0.013
No	0.523	Yes	0.177		0.0926
		Not Sure	0.177		0.0926
		No	0.646		0.3379

Probability to become international entrepreneur after trade facilitation = $P(IVT_1)$	0.405
Probability impact on international entrepreneurship of Trade Facilitation = $P(IVT_1) - [P(VT_1) \times P(IVT_1 VT_1)]$	0.106
Motivation of firms existing entrepreneurs of fresh vegetable to become international entrepreneurs of fresh vegetable after trade facilitation:	0.739
Motivation of who are probable (may be) entrepreneurs of fresh vegetable to become international entrepreneurs of fresh vegetable after trade facilitation:	0.033
Motivation of undecided (do not know) entrepreneurs of fresh vegetable to become international entrepreneurs of fresh vegetable after trade facilitation:	0.000
Motivation of unwilling entrepreneurs of fresh vegetable to become international entrepreneurs of fresh vegetable after trade facilitation:	0.229

Determinants for International Trade of Vegetables for Bangladesh

Product it sales	Exporter of vegetables	Involved in vegetable trade inside country	Involved in trade in agro related items other than vegetables	Involved in business of non-agriculture items	Total
Taste and quality of vegetable produced in this country.	67.69	73.40	61.00	56.67	63.96
Low production cost of vegetables.	28.46	50.00	50.00	44.71	46.65
Large scale production of vegetables in the country.	36.15	58.40	46.40	52.16	51.04
Participation of large commercial organizations in production and marketing of vegetables in country	18.46	23.00	28.80	31.37	27.01
Existence of large number of expatriate Bangladeshi people around the world	60.00	44.20	48.60	56.86	50.73

Areas for Trade Facilitation

Areas for Trade Facilitation	Export vegetables abroad	Involved in vegetable trade inside country	Involved in trade in agro related items other than vegetables	Involved in business of non-agriculture items	Total
Government initiatives to provide agricultural loans for production of vegetables	66.15	68.18	67.76	71.76	69.01
Regular supply of agricultural inputs for production of crops (fertilisers, irrigation etc)	52.31	64.78	62.04	76.47	66.62
Ensure supply of high-yielding vegetable seeds.	52.31	65.18	68.16	65.88	65.27
Training to farmers on modern technologies of vegetable production and processing for international and local markets	55.38	74.38	61.43	73.33	68.64

Areas for Trade Facilitation

Improving effectiveness of transport facilities for perishable vegetable products	72.31	62.38	63.27	67.06	64.90
Reducing transport cost for vegetable items.	55.38	61.58	64.08	54.90	59.75
Making information available on types of vegetable items those have demand in foreign countries and price in foreign markets to farmers.	40.00	57.18	55.10	67.08	58.28

Areas for Trade Facilitation

Help creating link to local and international markets for vegetable traders.	33.85	49.58	56.33	56.08	52.39
Train vegetable traders on international requirements and rules related to vegetable exports.	44.62	57.38	46.94	55.69	52.69
Governmental institutional supports to export and commercial production of vegetables in the country.	53.85	60.78	62.86	56.80	59.62