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Youth Employment and Entrepreneurship Scenario in Rural Areas of Bangladesh: A Case of Mohammedpur West Union

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Youth Employment and Entrepreneurship Scenario in Rural Areas of Bangladesh: A Case of Mohammedpur West Union¹

Technical Report



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Over the years, we have observed a transparent and accountable system of policy to identify evidence based poverty monitoring and reducing the poverty for social security and obviously it should be user friendly. CBMS is such a system where the local people can collect the data through user friendly Tab and can upload it to the server. Then the local government bodies can download the database for using this for decision making specially for selecting the beneficiaries of government safety net program for social security.

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The Authors

Table of Contents

| | Page Number |
|------------------------------------------------------|-------------|
| Acknowledgement | 2 |
| Table of Contents | 3 |
| List of Tables | 4 |
| List of Figures | 5 |
| List of Acronyms | 6 |
| Abstract | 7 |
| 1 Introduction | 7 |
| 1.1 Conceptual Framework | 8 |
| 1.2 Objectives of the Study | 11 |
| 1.3 Study Methods | 11 |
| 2 Findings | 11 |
| 2.1 Socio Economic Condition of the Youth | 11 |
| 2.2 Youth Labor Force | 13 |
| 2.2.1 Unemployed Youth | 14 |
| 2.2.2 Employed Youth | 17 |
| 2.2.2.1 Students with Part Time Employment | 17 |
| 2.2.2.2 Paid Employer | 17 |
| 2.2.2.3 Employment in Family Business | 18 |
| 2.3 Entrepreneur | 19 |
| 2.4 Entrepreneurial Environment | 21 |
| 2.5 Entrepreneurial Environment and Entrepreneurship | 23 |
| 3 Conclusion and Recommendation | 24 |
| References | 26 |

List of Tables

| Table Number | Titles | Page Number |
|--------------|---------------------------------------------------------------------------------------------|-------------|
| 01 | Major Occupation of Youth by Gender | 12 |
| 02 | Youth Labor Force by job Category | 13 |
| 03 | Entrepreneurial Environment in Rural Areas | 22 |
| 04 | Concentration of Entrepreneurs in different Wards by Quality of Entrepreneurial Environment | 23 |
| 05 | Regression coefficients of Factors Contributing Positive Entrepreneurial Environment | 25 |

List of Figures

| Figure Number | Titles | Page Number |
|---------------|-----------------------------------------------------------|-------------|
| 01 | Pattern of Using Day Time by Unemployed Youth | 14 |
| 02 | Preferred Areas of Employment by Unemployed Youth | 15 |
| 03 | Parato Diagram for Problems to get Employment | 16 |
| 04 | Sector of Part time Employment of Youth Students | 17 |
| 05 | Paid Employee in different Sector | 18 |
| 06 | Youth Employment in Family Enterprise by Different Sector | 19 |
| 07 | Entrepreneurial Activities by Different Sector | 20 |

List of Acronyms

| | |
|--------------|------------------------------------------|
| RNF- | Rural Non Farm |
| ILO- | International Labor Organization |
| CBMS- | Community Based Monitoring System |
| SSC- | Secondary School Certificate |
| NGOs- | Non Government Organizations |
| DYD- | Directorate of Youth Development |

Abstract

Bangladesh has been striving to harness the demographic dividend through creating decent employment opportunities for youth and entrepreneurship development. In most of the cases youths prefer salaried job for job security. But the opportunities for salaried job are very low comparative to the number of potentials youths. Therefore, huge number of youths becomes unemployed. In that context, entrepreneurship development for adding value in the product, service and process is very much essential. Problems identified by the unemployed and persons who were preparing to enter in the labor market emphasized on three major factors. These are low level education (16%), lack of skill (35%) and poor networking (29%). More than 70 percent of the problems can be solved by addressing these three problems. In the study area, low level of education is the result of demand factor. Especially when around 13 % of boy student does not want to enroll themselves in the higher education believing that it is better to earn money by going abroad. They try to pressurize the family members to invest money for going abroad rather than investing higher education. Besides this, some of the students of poor family need to support their family income after completing primary education. Technical and financial assistance is needed to transform the endeavor of youth into a rewarding venture. In that way, entrepreneur can create their gainful employment as well as transform skill to their employee. Public sector should give more emphasis on ensuring quality education, providing skill, having market demand and organizing them into formal organization. Financial and private organizations need to be more innovative to cater the need of financial and other advisory support for starting an enterprise. Female youth need special attention as a good portion of them need to be busy with household works. The article explores the youth employment situation in rural areas by different categories of them and makes some policy recommendations for developing a congenial environment for entrepreneur development in rural areas of Bangladesh considering the potential areas of entrepreneurship like cattle rearing, food processing, fish farming, poultry farming etc. The overall entrepreneurial environment in rural areas is not satisfactory. Among the different dimension of entrepreneurial environment like financial, credit availability, insurance services, skill development, facilities of technical training, institutional environment, promotional activities of both GOs and NGOs, rules of laws, infrastructure, transport and electricity facilities, marketing, social environment, risk factors, comparison between self employment and salaried employment, infrastructural environment score was highest and it was followed by institutional environment. So, it needs equal attention of every dimension of entrepreneurial environment for entrepreneurship development in rural areas. Assisting rural

entrepreneurs for transforming their endeavor in a lucrative sector for employment generation may motivate others to come forward in this area

Key Words: employment, entrepreneurship, youths, congenial environment

1. Introduction

Bangladesh economy has experienced a structural change over the years; the contribution of agriculture to the GDP has been decreased gradually from 33 percent in 1980-81 to 16.33 percent in 2013-14². Simultaneously, the structure of the rural economy is also changed and it is found that the share of labor force employed in Rural Non Farm (RNF) sector is increased to 45.5% in 2010 compared to 39.9% in 1996. The share of agriculture income in rural areas has reduced from 49.9 percent to 47.8 percent during 2000 to 2010 period and it was offset by the increase of RNF sector's income at 52.2 percent from 50.1 percent during the same period. Other than the agriculture, trade and manufacturing of RNF sector contribute 11.2 percent and 8.9 percent respectively to the rural income while the share of service sector is only 7.2 percent. Landless and marginal farmers among the people who are involved in RNF are found higher than the medium and large farmers (Rahman R. I., 2014).

Bangladesh is expecting to get potential benefit from demographic dividend- shifts of population age structure i.e. surplus of the working populations against the non-working populations. Almost three fifths of total populations belong to the working age group while more than one fourth of the same is youth (15-29 years). Youth constitute one-third of the labour forces in 2010. Almost half the youth labor force is involved in agriculture while around 7 percent of them are unemployed (GoB, 2011). Employment in low productive and non-formal sectors like, agriculture has very little potential to get expected gain from the population age structure advantage. In that case entrepreneurship development can play a vital role for self-employment and generating paid employment in rural areas. (Bakht, 1984), found that there is dearth of high level entrepreneurial talent in rural areas in innovation of process or products. He also found that performance of initiation of entrepreneurial activity and management activity among the entrepreneurs are moderate.

1.1 Review of Literature

² Bangladesh Economic Survey 2014

Mostafa K. Mujeri (2005) found that unemployment rate in Bangladesh among the youth population is higher than the overall unemployment rate in Bangladesh. Among the unemployed youth, 63 percent had secondary or higher education. The major problems identified as mismatch between supply and demand of labor market, inappropriate and inadequate skill to perform effectively in the labor market and inability to adequate job creation in the formal sector of the economy. To solve this problem the economy should generate employment opportunities for educated youth in a faster rate. The youth unemployment rate was recorded 10.3% in 2013 that is higher than the regional average of South Asia. Almost all or 95 percent work in informal sector and 32 percent are self-employed and 11 percent are unpaid family worker. Most of the business leaders (75%) identified that scarcity of skilled young worker as one of the challenges for hiring them. (Goldin, N. & M. Hobson with P. Glick, M. Lundberg, *Towards Solution for Youth Employment: A Baseline for 2015*).

Little employment opportunity is created for the 20 percent of youth population. The root cause for unemployment is personal i.e. lack of skill, lack of contacts, limited awareness about job availability, limited means to travel. Situational factors related to skill mismatch, lack of jobs, limited opportunities, poor economy and gender discrimination are also identified major problem for employment of rural youth. Personal factor was identified more responsible for unemployment in Bangladesh. Disconnection between employer and employees is also liable for limited persons to work in the rural areas and surplus on the capital city. Nearly half of the youth found interested to have business in retail sector of their own, but they need training and access to capital and mentoring. Mobile penetration in Bangladesh is 65% but they hardly use for searching for work (Dawes & Marom, 2013).

It was found that on an average only .2 million formal jobs are created against the demand of 2 to 2.2 million job in a year in Bangladesh. Job creation in informal sector has been increasing over the years (ILO, 2013). On the other-hand, all job creation in the formal sector is not full time job. Underemployment is persistent in nature and the rate of underemployment is increased 16.6 percent in 2000 to 20.3 percent in 2010. Youth unemployment is very crucial in Bangladesh and the challenging feature is that unemployment increases with the educational attainments. In spite of substantial progress in female engagement and empowerment the gender gap in employment in 2010 was recorded 32 percentage points. Youth especially in rural areas try to migrate in other countries for the prospect of higher earnings. The report

recommended among others to leverage the training and educational system so that. Formal job creation the youth force need to be trained to assume job higher value added sector.

The government of Bangladesh (2015) identified poor job market and lack of organized network to distribute centralized information on various development sectors are major problems for generating gainful employment opportunities. The plan also identified that generating employment for all youth is a challenging job. Creation of self-employment opportunities, improving link between training and job markets, strengthening institutional capacity and infrastructure, considering youth as a separate segment , ensuring access to technology and information system would be priority areas for employment generation of youth. Besides, grooming the youth with secular, democratic, ethical, and human values should be done for extracting demographic dividend. There were four specific areas identified by Khuda,*et al.*, (2014) to get benefit from demographic dividend i.e. i) supply of labor force and absorb them in the productive sector of the economy, ii) increase investment through saving iii) increase human capital through better education and health care service and iv) increase domestic consumption through better purchasing power.

From the above discussion, it is clear that youth in general is not homogeneous in-terms of skill, attitude, knowledge, expectation etc. Problems of youth unemployment in rural areas can be attributed broadly to demand and supply factors. On the supply side, lot of youths are qualifying to get enter into job market but their skill , awareness and contact is not matching with the demand of labor market. On the demand side, job creation is lower than the supply of youth labor force. For that reason, entrepreneurship development in rural areas is essential for generating gainful employment opportunity both for entrepreneurs and paid employee in the enterprises. Michael H, P, & Donald, 2005 provided an integrative picture of the entrepreneurial process. They identified five factors related to environmental opportunities, individual entrepreneur, organizational context, business concept and resources which contribute to the entrepreneurial process. Bradley, 2005 explained environmental factors as a. capital availability b. presence of experiences entrepreneurs, c. technically skill labor force, d. accessibility of suppliers e. accessibility of customer or new market f. government influence g. availability of land or facilities g. accessibility transportation h. attitude of the area population i. availability of supporting services etc. In that case personal attitude of entrepreneurs and entrepreneurial environment plays important role for entrepreneurship development.

The study design concentrates more on assessing personal attitude of youth and entrepreneurial environment in rural areas for employment of rural youth. Field observation suggests that youth labor force in rural areas are employed as paid employee in an enterprise, paid or non-paid employee in a family enterprise, entrepreneurs. Some of the youth are found to have involved in part time economic activities along with studying while some others are unemployed. Regarding entrepreneurial environment; i).financial environment; ii).skill formation environment; iii).institutional Environment; iv). infrastructural environment; v). supply chain environment; and vi. social environment was considered very important for the study. Detailed understanding about the employment experiences of different subgroups along with their experiences towards entrepreneurial environment in rural areas certainly gives new insights for the policy planners and researchers to take pragmatic action for reaping demographic dividend through gainful employment generation. It was observed that in most cases the young people prefer to salaried job for job security. A good portion of young people are employed to the family enterprises in most cases these are traditional in nature with low labor productivity. Field observation also suggest that risk avert tendency of the young people, lack of information, low level access to technical knowhow in the potential areas, societies preference towards salaried job, skill training in traditional sector create hindrances to positive entrepreneurial environment in the rural areas. Considering the gender issues, female are lagging behind than the male in labor market. Capturing the information related to youth employment status in rural areas and issues related to entrepreneurial environment may provide some new insights for policy planners. The article explores the youth employment situation in rural areas by different categories of them and makes some policy recommendations for developing a congenial environment for entrepreneur development in rural areas of Bangladesh.

1.2 Objectives of the Study

The general objective of the study is to assess the employment condition of rural youths and quality of entrepreneurial environment in rural areas. The specific objectives encompass the following:

- to investigate the employment scenario and enterprising initiative among the rural youth ;
- to assess the quality of entrepreneurial environment for starting a new venture and its relationship with entrepreneurship development; and
- to make policy recommendations to improve the opportunities of youths for gainful employment generation and entrepreneurship development.

1.3 Study Methods

The report was written on the basis of CBMS Accelerated Poverty Profiling (APP) census information of a Union namely Mohammedpur (west) Union of Daudkandi Upazila, Comilla. CBMS-Bangladesh has introduced APP based census with the help of CBMS Network in the project area for capturing information related to human and income poverty. Along with this initiative a rider questionnaire was administered to know the situation of youth employment in rural areas. Other than students, youth who were available in the study area were interviewed. Census data as well as rider questions' information were used for writing the article.

To assess the entrepreneurship decision in rural areas a five-point scale was used to assess the perception in six dimension: i. Financial Environment; ii. Skill formation environment; iii. Institutional Environment iv.; Infrastructural environment; v. Supply chain environment; and vi. Social environment and socioeconomic characteristics. Some items were selected in each dimension to assess the environmental condition of that category. Students with part-time job and youth labor force answered against each item, where 5 indicates complete agreement and 1 indicates complete disagreement. Finally, the mean score was calculated to determine the status of each dimension.

By using the multiple regression models entrepreneurial environment can be assessed. The following formula was used to analyze the data.

$$y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + e_i$$

Here y_i = Positive entrepreneurial environment/ Condition

X_1 = Years of schooling of the youths

X_2 = Financial availability for the youths

X_3 = Skill development training received

X_4 = Institutional Involvement

X_5 = Family support

X_6 = Law and order situation

X_7 = Land ownership

X_8 = Marketing facilities

X_9 = Transportation facilities

β_0 = Intercept

β_i = Regression coefficients of the respective variable

e_i = Random error, which is normally and independently distributed with mean zero and constant variance.

Here the positive entrepreneurial environment is the explanatory or independent variable which is dependent on year of schooling, financial availability of the youth, skill development training received, institutional involvement, family support, law and order situation, land ownership, marketing and transport facilities.

2. Findings

2.1 Socio Economic Condition of the Youth

People who belong to 15 to 29 years old are considered as youth. In the surveyed area, youth population constitutes nearly one fourth of total population wherein 23 percent male and 23.9 percent are female. Around 50 percent of youths are married. Three fourths of female youths are married compared to one fourth male youth. One fourth of the youth are students. Remittance earner followed this with 12percent. Other prominent professions are agricultural laborer, business, service holders and non-agricultural laborer. Only few (3.6 %) are involved in business among the youths and more male are involved in business than female.

Table: 1 Major Occupation/Profession of Youth by Gender

| Profession | Male | | Female | | Total | |
|--------------------|--------|-------|--------|-------|--------|-------|
| | Number | % | Number | % | Number | % |
| Housewife | - | - | 1863 | 73.09 | 1863 | 35.05 |
| Remittance Earner | 631 | 22.80 | 9 | 0.35 | 640 | 12.04 |
| Agr. Labour | 435 | 15.72 | 17 | 0.67 | 452 | 8.50 |
| Business | 182 | 6.58 | 9 | 0.35 | 191 | 3.59 |
| Service Holder | 175 | 6.32 | 32 | 1.26 | 207 | 3.89 |
| Non Agr. Labour | 171 | 6.18 | 0 | 0.00 | 171 | 3.22 |
| Unemployed | 128 | 4.63 | 41 | 1.61 | 169 | 3.18 |
| Irregular Students | 96 | 3.47 | 33 | 1.29 | 129 | 2.43 |
| Agriculture | 77 | 2.78 | 0 | 0.00 | 77 | 1.45 |
| Rickshaw Pulling | 47 | 1.70 | 0 | 0.00 | 47 | 0.88 |
| Mason | 44 | 1.59 | 0 | 0.00 | 44 | 0.83 |
| Driver | 15 | 0.54 | 0 | 0.00 | 15 | 0.28 |

| | | | | | | |
|------------------|------|------|------|------|------|------|
| Livestock | 10 | 0.36 | 0 | 0.00 | 10 | 0.19 |
| Others | 39 | 1.41 | 30 | 1.18 | 69 | 1.30 |
| | 2767 | 100 | 2549 | 100 | 5316 | 100 |

Source: CBMS Census, 2015

It was observed that reliance on agriculture for employment generation among the rural youths has been reducing in the study area. The most important issue is that three fourths of female youth are housewives. Within the youth cohort 3 percent reported that they are unemployed. Considering the human capital of youth population it was found that 17 percent youth were illiterate and more than one third youth completed Secondary School (year of schooling 10) certificate to masters degree. Forty seven percent completed up to 09 years of schooling. Gender disaggregated data informed that female outnumbered the male in passing Secondary School Certificate (SSC) examination and graduation and post graduation level male outnumbered the female.

2.2 Youth Labor Force:

Excluding the full time students, disabled, full time housewife from the youth cohort youth labor force was calculated. The employment category was categorized into 7 categories. Those are i. Paid laborer as per capacity of youth ii. involve in work but temporarily absent from the work iii. self employed iv. Employed but searching for better works f. unemployed but actively searching for work in the preceding week. g. does not ready to enter labor market now but preparing themselves for labor market . Self reporting was used during data collection. Poultry and livestock rearing are common to every household and women were involved in those activities. But due to high competition with the commercial farming subsistence farming is not profitable as a result youth women are not encouraged to rear in a wider scale. As a result proportion of housewife is recorded highest. Under reporting of housewife with other income generating activities make female labor force smaller in size.

Table 2: Youth Labor Force by job Category

| Work Category | Male | | Female | | Both | |
|-----------------------------|--------|-------|--------|-------|--------|-------|
| | Number | % | Number | % | Number | % |
| 1 Involve in salaried/ wage | 908 | 44.82 | 37 | 24.18 | 945 | 43.37 |

| Work Category | Male | | Female | | Both | |
|----------------------------------------------------------------------|--------|--------|--------|--------|--------|-------|
| | Number | % | Number | % | Number | % |
| work as capacity to Work | | | | | | |
| 2 Temporary absent from Work | 397 | 19.60 | 47 | 30.72 | 444 | 20.38 |
| 3 Self Employed | 320 | 15.79 | 19 | 12.42 | 339 | 15.56 |
| 4 Employed but searching for better | 107 | 5.28 | 6 | 3.92 | 113 | 5.19 |
| 5 Unemployed but ready to work and searching job | 137 | 6.76 | 8 | 5.23 | 145 | 6.65 |
| 6 Not Ready to work for preparing themselves to join in labor market | 141 | 6.96 | 32 | 20.92 | 173 | 7.94 |
| 7 Involved in IGAs as part time | 16 | 0.79 | 4 | 2.61 | 20 | 0.92 |
| | 2026 | 100.00 | 153 | 100.00 | 2179 | 100.0 |

Source: CBMS Census, 2015

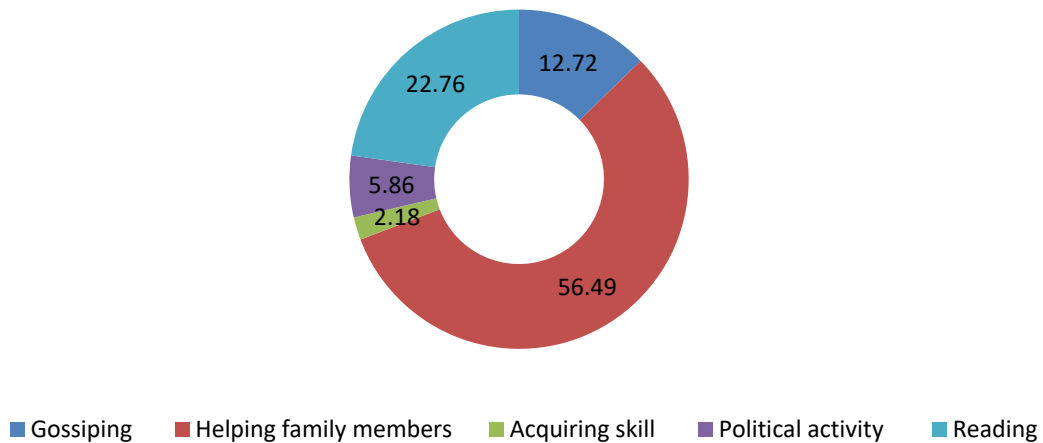
However, available information tell that 43 percent of the youth labor forced are employed in the work according to their capacity and one fifths of youths are employed in economic activity but temporarily absent from their works. In case of male, a good portion of the people are remittance earners they come after a long interval on leave and join after a stipulated time they were considered as temporarily absent from their work. Other than that, both agricultural worker and non-agricultural worker remain absent from their work temporarily due to seasonality of works. Sixteen percent of the youth labor force were recorded as self-employed. Unemployment was considered a person who is ready to work and actively looking or not looking for works. It was found that 8 percent youth are not ready to enter job market right now rather they are preparing themselves by getting training or looking for some linkage to go abroad. Three percent female youth are found to have involved in income generating activities along with their household chores.

2.2.1 Unemployed Youth

Among the unemployed youths eighty percent did not search for job last three months. The major reasons are preparing themselves by acquiring skills, waiting for the results of previous interview and waiting to go abroad reported by 15 % in each case. Another fifteen

percent respondents told that they remain busy household chores and they don't find suitable work which can balance between household works and economic activity. Three percent respondents in each case believe that low level of education and plenty of property of their parents has discouraged them to search any works last three months.

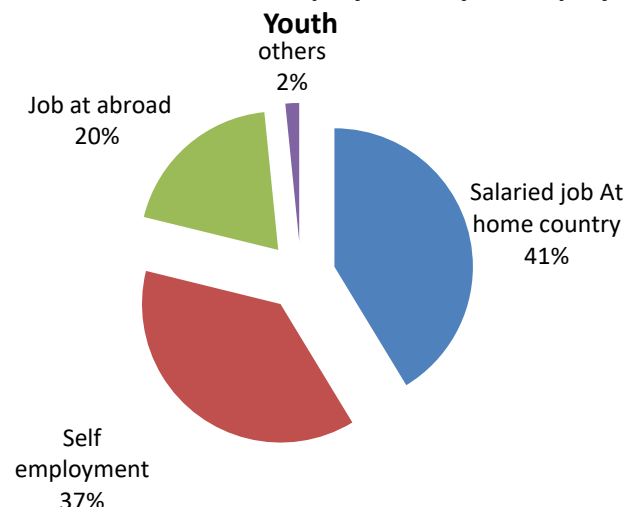
Fig. 1: Pattern of Using Day Time by Unemployed Youth



Source: CBMS Census 2016

Pattern of day time spent by youth implies that more than one half of them help their family members while 13 percent spent their day time by gossiping with their friends. Twenty two percent spent their day time by reading books. Around six percent and 2 percent of the unemployed youth spend their time by doing some political activity and acquiring skill according to the demand of job market.

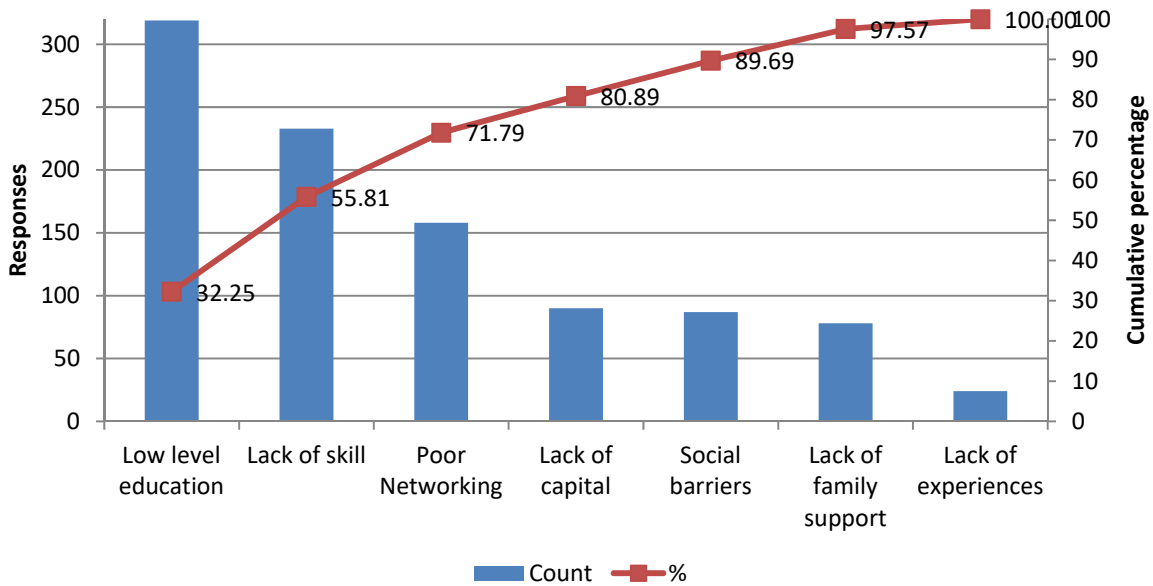
Fig. 2. Preferred Areas of Employment by Unemployed



In case of preferred areas of employment two fifths of unemployed youth are found to have interest in the salaried job at home country and one fifth have interest in the job at abroad. Thirty seven percent of the unemployed youth were found to prefer self-employment. During field works it was observed that youths are lacking of required educational qualification or adequate household assets are more interested to be self-employed. Regarding the competence to enter into formal job market nearly 57% claimed that they are well educated with general education while one thirds believe that they have technical knowledge to enter into formal job market.

Problems identified by the unemployed and persons who were preparing to enter in the labor market emphasized on three major factors. These are low level education, lack of skill and poor networking. More than 70 percent of the problems can be solved by addressing these three problems. In the study area low level of education is the result of demand factor. Especially boy student does not want to enroll themselves in the higher education believing that it is better to earn money by going abroad. They try to pressurize the family members to invest money for going abroad rather than investing higher education. Besides this some of the students of poor family need to support their family income after completing primary education.

Figure :03 Parato Diagram for Problems to get Employment



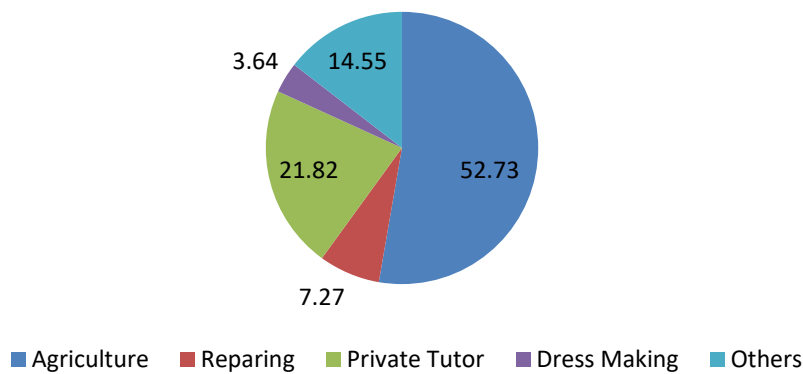
Lack of skill and poor networking were identified as major two other problems to be employed. It was found that lot of NGOs and government program are being implemented but few of those are working explicitly for youth people. After attaining the age of 18 years they can join any program but need and expectation of youth cohort is different from the other people. There is a government department for Youth and Development (DYD) this department is trying to support endeavor of youth by providing training , credit and organising them. ILO 2013 found that DYD cater only 10% of yearly new entrants in the job market and hardly able to provide skill that can be transferable to the job market. Personal or family linkage also play important role to get entry into job market. It was observed that the family linkage of the poor households mostly developed within same professionals group and with their neighbours. Without proper education next generation of poor household can not develop vertical relationship with the people of upper class as a result they need to fall in a trap of being involved themselves in low productive work. The government has a plan for arranging quality and vocational training at minimum cost for transforming the unemployed youth to skilled manpower. Developing strong network among the youth, capacity of the youth organizations need to be strengthened.

2.2.2 Employed Youth

2.2.2.1 Students with part time employment

55 students were interviewed who works on part time basis for earning. Among the working students 53 percent are involved in agriculture and 22 percent involved as private tutor and 8 percent are involved in repairing works related to television, mobile phone, electricity line etc. Some of the students are working in retail shop and service providing institute i.e. health service and local government institute. The average monthly income from part time work registered Tk. 4,800 per month.

Fig. 4 Sector of Part time Employment of Youth Students

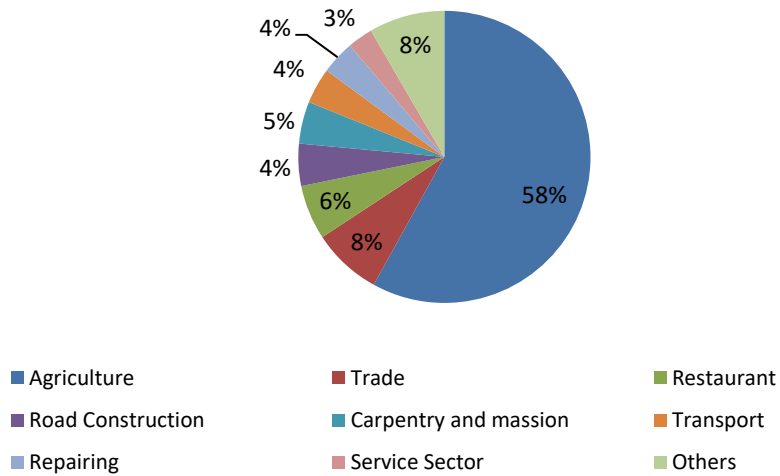


The major causes for working as part time work are contributing to family income reported by 35 % respondents. One third of the respondents told that gaining experience was major motive to work as part time work. One fifth of the students were compelled to involve work for meeting their educational expenses while 10% of the students involved in work for saving money to collect capital to start a personal initiative after completing education.

2.2.2.2 Paid Employee

In total 453 paid employees in the form of wage or salary earners were interviewed through rider questionnaire. It was found that 64% of the paid employee are involved as day laborer or service holder in the broad category of agriculture i.e. crop, fishery, livestock, poultry sector. Next big employer is retail trade and restaurant sector which constitutes 8 and 6 percent respectively. Road construction, carpentry & masonry, transport sector, repairing of television, mobile phone are major sectors that employs a good portion of paid employee.

Fig. 5: Paid Employee in different Sector



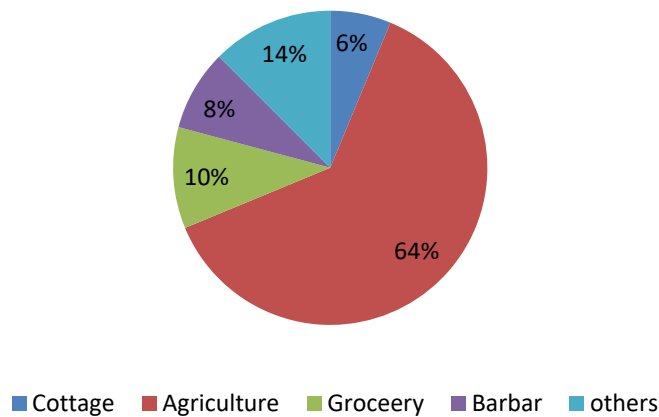
Around three percent of paid employee is involved in teaching and health sector as service providers. Formal sector employee in teaching and health sector at public sector are covered under social security program i.e. pension, insurance, leave with pay during sickness or accidental incidence. Female workers at the public office are allowed six months maternity leave for two times giving birth. But in the informal sector there is no coverage of social security program. Average monthly income for the fixed salaried people are Tk. 10,000 and temporary paid employee Tk. 6,650 that makes on an average monthly income for paid employee is Tk.8000. Private industrial sector also create a good number employment opportunity but the employee need to migrate from home to major cities as most of those are located at big city. As a whole there is strong demand of paid employee in the public enterprises due to job security but huge supply in contrast to demand of paid labor inhibits youth to get into formal sector. Some of employees of informal sector are covered under life insurance through their personal initiative.

2.2.2.3 Employed in Family Business

Enterprises owned by the ancestor in rural areas are prospective area of employment for the comparatively low educated and low skilled youth. It was observed that in most cases higher educated youth are not interested to join to the family enterprises due to low level productivity. As a result transformation of business knowledge from the ancestor to the better educated next

generation is missing sometimes it is also one the inhibiting factors to modernize the family enterprise. Forty eight youths employed in family enterprise were interviewed.

Figure- 6: Youth Employment in Family Enterprise by Different Sector



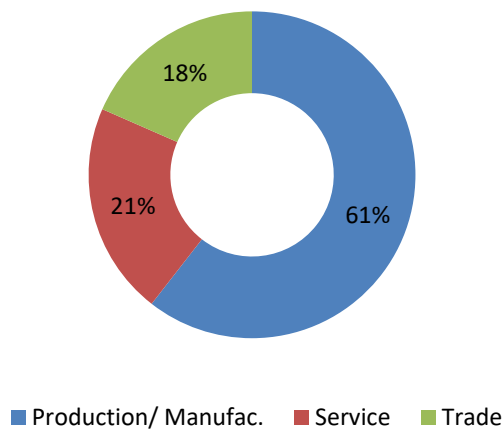
In case of employment in a family business agriculture comprises 63 percent. Grocery shop followed this sector with 10 percent. Other sectors of family enterprises are barber shop, cottage, transport business. Out of the employed youth 59 percent are paid regularly from the business. Forty two percent- a good portion of female are not paid for their services from the family business. The average salary of paid employee is around Tk. 4,000 per month. The unpaid worker in the family used to take money from the guardian of the family whenever they need it. Sixty seven percent of the workers in the family enterprise are not satisfied with their job within enterprise. More than one third of the employed youth has plan to start new business or expand existing business by utilizing their gained knowledge while one third of youths working under family enterprises has their plan to move into salaried job. Twenty eight percent of them want to continue their job in the existing business. Seventy six percent of employed youth believed that market demand for services or goods under family enterprises are very good

2.3 Entrepreneur

Entrepreneurs are those who usually transform their idea into reality through starting a new venture according to the market demand. Calculative risks are common component for entrepreneurship development. An initiative that is transformed into an enterprise of generating at least one employment opportunity was considered as entrepreneur. Generally, two kinds of youth are found in the rural areas for starting a new venture i. youth who fail to enter into job market due to their low level of competence or job condition are below their expectation ii. Youth

who gained some experience through working as apprentice or employee. Only 29 entrepreneurs were interviewed through rider questionnaire. Some of the entrepreneurs who started their endeavors outside the home area were not possible to contact them during data collection. The mean age of youth entrepreneurs were found 23 years and 10% of them were female.

Fig. 7. Entrepreneurial Activities by Different Sector



Agricultural goods production and a small number of manufacturing sectors in the field of light engineering products constitute three fifths of entrepreneurial initiative in rural areas. Agricultural production constitutes poultry, livestock, fishery and paddy processing. The second highest entrepreneurial sector is service sector especially in the field of rural transportation, repairing, restaurant etc. In the trade sector the common area is retail trade of grocery, vegetables etc.

The average initial capital required for starting their endeavors was Tk. 43,000. Fifty five percent entrepreneurs collect the initial amount from their personal savings or family support. Non Government Organizations (NGOs) supports the initiatives of nearly one fourth entrepreneurs. Bank and Department of Youth Development (DYD) each supported 5 percent initiative. Besides, 11 percent entrepreneurs had to depend on taking credit from informal money market. Twenty five percent of the entrepreneurs gained previous experience before starting entrepreneurial activity either working in a family enterprise or working as an apprentice in a related organization. In case of training only 7 percent of the entrepreneurs got training from department of youth and NGO. Monthly average profit from theses endeavor is recorded Tk. 4,619.

On average an entrepreneurs spend 7 hours to their established organization and employed two persons in their business. Generally, entrepreneur himself/herself or family members work as a manger in that organization. In most cases there is no product, process or supply chain innovation in their endeavors. They used to concentrate on contributing to the traditional business by supplying quality goods on a reasonable time frame.

The prohibiting factors related to high risk to be entrepreneurs and lack of information were identified by the 28 percent and 5 percent entrepreneurs respectively. The potential risks in the area of financial loss, technological change and market demand were perceived by the 31 percent, 10 percent and 15 percent entrepreneurs respectively. But, no entrepreneurs faced any problem related to their anticipated risks in doing business. The attracting factors for starting their endeavors were requirement of small amount of money and to do something for survival mentioned by 27% and 18 % respectively. Availability of raw materials and existing market for entrepreneurial product or services were other areas of attraction for starting new venture mentioned by 12 percent entrepreneur in each case. Other areas of attraction were doing something residing at home, prospect of bright future and work with more freedom were identified by 7%, 15% and 10 % respondents, respectively.

Eight and ten percent of the respondents have their plan to expand area of operation and diversify their business endeavor respectively. In case of expansion they have their plan to invest some more money in their existing enterprise. For diversifying their services entrepreneurs are thinking to add some related products or services specially, value adding activities through supply chain improvement. But most of the expansion and diversification plan are in a consultation stage. They are continuing their consultation with their friends, technical persons and financial organizations.

2.4 Entrepreneurial Environment

Perception of entrepreneurial environment is related to six Dimensions i. Financial Environment ii. Skill formation environment iii. Institutional Environment iv. Infrastructural environment v. Supply chain environment vi. Social environment. Some items were selected in each dimension to assess the environmental condition of that category. Students with part-time job and youth labor force answered against each item, where 5 indicates complete agreement and 1 indicates complete disagreement. Finally, the mean score was calculated to determine the status of each dimension. From the above table it is clear that overall

entrepreneurial environment in rural areas is not satisfactory. Among the different dimension of entrepreneurial environment infrastructural environment score was highest and it was followed by institutional environment. So, it needs equal attention of every dimension of entrepreneurial environment for entrepreneurship development in rural areas. Assisting rural entrepreneurs for transforming their endeavor in a lucrative sector for employment generation may motivate others to come forward in this area (Table-3)

Table 3: Entrepreneurial Environment in Rural Areas

| <i>Sl. No.</i> | <i>Opinions</i> | <i>Mean Score</i> |
|----------------|----------------------------------------------------------------------------|-------------------|
| 1 | 2 | 3 |
| A | Financial Environment | 2.11 |
| i | Credit availability for managing startup capital is excellent | 1.89 |
| ii | Insurance services is satisfactory | 2.36 |
| iii | Bank Services are satisfactory level | 2.19 |
| B | Skill formation Environment | 2.19 |
| i | Training Facilities to be acquainted with new technology is adequate | 2.13 |
| ii | Technical skill of potential employee is satisfactory | 2.29 |
| iii | Adequate information is there for entrepreneurial development | 2.21 |
| iv | Formal education is most essential for entrepreneurship dev. | 2.13 |
| C | Institutional Environment | 2.28 |
| i | Promotional activities of Government department is satisfactory | 2.33 |
| ii | Promotional activities of Non Government department is satisfactory | 2.21 |
| iii | Rules and laws are entrepreneur friendly | 2.30 |
| D | Infrastructural Environment | 2.38 |
| i | Transportation facility is very satisfactory | 2.45 |
| ii | Quality of Electricity Supply is satisfactory | 2.32 |
| E | Supply Chain Environment | 2.15 |
| i | Easy to get entry in market with new product | 2.14 |
| ii | Raw material suppliers of existing enterprises are very much cooperative | 2.31 |
| iii | Raw materials for starting and enterprise are available in the rural areas | 2.00 |
| E | Social Environment | 2.18 |
| i | Community People respect the self employment initiative | 2.13 |
| ii | Due to risk factor it is better to be employed in a low salaried job | 2.53 |
| iii | Suggest future generation to be employed in inherited enterprise | 1.99 |
| iv | Suggest future generation to be self employed | 1.95 |
| v | Self employment provides more incentive than salaried employment | 2.31 |

Source: CBMS Census, 2015

2.5 Entrepreneurial Environment and Entrepreneurship

Entrepreneurial environment was assessed by the youth following 5 point Likert scale, where 5 means strongly agree and 1 mean strongly disagree. 20 issues were considered under six categories. An average score of all items was calculated to assess the overall entrepreneurial environment. For differentiate the quality of entrepreneurial environment of different Wards, the cutoff point was determined as 2.5 - score lower than 2.5 was assessed as poor environment and the score higher than 2.5 was considered as good environment.

Table 4: Concentration of Entrepreneurs in different Wards by Quality of Entrepreneurial Environment

| Ward Number | Quality of Entrepreneurial Environment (%) | | Number of Entrepreneur (%) |
|-------------|--------------------------------------------|-------|----------------------------|
| | Poor | Good | |
| 1 | 98.61 | 1.39 | - |
| 2 | 98.57 | 1.43 | - |
| 3 | 36.78 | 63.22 | 12 (41.37) |
| 4 | 82.07 | 17.93 | - |
| 5 | 98.15 | 1.85 | 4 (13.79) |
| 6 | 36.84 | 63.16 | 9(31.03) |
| 7 | 81.55 | 18.45 | - |
| 8 | 100.00 | 0.00 | 1(3.44) |
| 9 | 51.92 | 48.08 | 3 (10.34) |

Source: Field Survey, 2015

Cross tabulation of perception of entrepreneurial environment quality and concentration of entrepreneurs in different Wards depicts that nearly three fourths of the entrepreneurs belongs to Ward number 3, 6. Interestingly, nearly two thirds of the respondents of respective Ward no 3 and 6 assessed the entrepreneurial environment as good. Although, it needs further systematic study to reach concrete conclusion but the research findings gives an indication that good entrepreneurial environment plays important role for entrepreneur development.

Table 5: Regression coefficients of Factors Contributing Positive Entrepreneurial Environment

| Explanatory variables | Regression coefficients |
|-----------------------|-------------------------|
| Constant | 6.104** |

| | |
|---------------------------------------|----------|
| Years of schooling of the youths | 0.513** |
| Financial availability for the youths | 0.775** |
| Skill development training received | 0.570** |
| Institutional Involvement | 0.659** |
| Family support | 0.837** |
| Law and order situation | 0.768** |
| Land ownership | 0.622* |
| Marketing facilities | 0.829** |
| Transportation facilities | 0.258** |
| Adjusted R ² | 0.783 |
| F Value | 53.289** |

*Note: * indicates significant at 5 percent level of significance, ** indicates significant at 1 percent level of significance*

From the above regression analysis it is obvious that entrepreneurial environment is significantly dependent on education, financial availability, getting skill development training or not, involvement in cooperative or other institutions or not, family support to become an entrepreneur, local law and order situation, ownership of lands, marketing facilities of the products, and the transportation facilities.

3. Conclusion and Recommendations

Youth labor force constitutes a good portion of active labor force in Bangladesh. They are homogeneous in respect of their age but they are heterogeneous in respect of their demand, skill, attitude, family status, educational qualification etc. Paid job at home and abroad is the most preferred area of youth to be employed in a gainful way. But, it would be difficult to create a lot of jobs in the formal sector. In that context, entrepreneurship development for adding value in the product, service and process is very much essential. Technical and financial assistance is needed to transform the endeavor of youth into a rewarding venture. In that way entrepreneur can create their gainful employment as well as transform skill to their employee. Public sector should give more emphasis on ensuring quality education, providing skill having market demand and organizing them into formal organization. Financial organizations, private organization need to be more innovative to cater the need of financial and other advisory support for starting an enterprise. Female youth need special attention as a good portion of

them need to be busy with household works. Innovative mechanism is needed to employ them in a gainful way by balancing load of household and economic works. The most important thing is that for developing entrepreneurial environment in rural areas through public-private partnership. Government and NGO sector can come forward with financial support and Local Government (LG) sector with the administrative support. Both of them can play their potential role on the basis of competitive advantage in a coordinated manner.

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