Determinants of International Competitiveness of SMEs in a Developing Economy: Evidence from Bangladesh

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Abstract

While small and medium-sized enterprises (SMEs) are playing a vital role in the development process of countries, there is lack of studies examining the issue of international competitiveness of SMEs. Therefore this study fills this gap. The objective of this paper is to identify and explain determinants of international competitiveness of SMEs from developing economies, Bangladesh. Primary data from a sample of 130 SMEs in agriculture and agro-processed goods-oriented industries in Bangladesh were analysed using logistic model to empirically identify the determinants of SMEs international competitiveness. Results suggest that the access to finance, entrepreneurial factors, government policies, technological factors and number of countries to export are significant determinants of exports of SMEs. Findings of this study are of greater importance to the SMEs and policymakers of developing economies like Bangladesh, because on the one side, using findings of this study, managers of SMEs can run their organizations in a manner to compete with their counterparts throughout the world. On the hand concerned policy makers can use these findings to undertake conducive polices to foster export business of SMEs which ultimately will lead to the acceleration of the economic growth of the country.

Keywords: Small and medium-sized enterprises, exports, Bangladesh

1. Introduction

A vibrant Small and Medium Enterprises (SMEs) sector is central to the economic development of developing countries and thus studying international competiveness of SME sector of developing nations is of greater significance. SMEs encourage private ownership and innovative skills and can adapt quickly to varying market situations, create employment opportunities, diversify economic activities, and contribute significantly to exports of a country. As such SMEs have attracted a growing interest from academicians, policy makers, businessmen and researchers across the world. In Bangladesh, this sector is considered as the driving force for industrialization as because with cheap labour SME sector is more capable to generate employment and thus increase national income.   Accordingly, policies and strategies to foster SMEs and to increase their international competitiveness are a priority for Bangladesh.

Exports of SME sector, especially from developing countries, plays a vital role in country's development process as it exemplify economic opportunities (Peña-Vinces et al., 2012). Recognizing the importance, there exists a chunk of studies examined the factors of international competitiveness of enterprises of developed countries (Buckley et al., 1990; Cho et al., 2007; Dunning & Lundan, 1998; Elenurm, 2007; Fahy, 2002; Jones & Crack, 2001). There have been, however, very few studies carried out in developing countries. As the developing countries economic structure, behaviour, political and educational systems and level of industrialization differs from the same of developed countries, findings based on studies of developed countries cannot be always applicable to developing countries. (Casanova, 2004; Cuervo-Cazurra, 2008; Peña-Vinces et al., 2012).

In the context of Bangladesh, a very few studies exists that are related to this discourse, though none of them are focused on the international competiveness of SME sector. Mintoo (2006), for example, by using the data of 1999–2004, described that contribution of SME sector to the GDP of Bangladesh had increased significantly. Ahmed and Chowdhury (2009) observed that performance of SMEs, measured by employee turnover rate, quality assurance, allocation of funds, of Bangladesh is below international standard. Authors also found the development rate of SMEs is very low.

Bangladesh is an agro-based country. Now a days, after meeting the domestic demand, a number of agro-products such as vegetables, fruits, fish, are being exported and thus contributing more to the development process of the country. As such, agro-based SME sector is more prospective and hence efforts such as more researches, policies and strategies should be taken to boost up the exportable agricultural products.   From the above discussions, it is evident that to date, there is no study investigating the determinants of international competiveness of SMEs operating in Bangladesh. In this study, we attempted to explore the determinants of international competiveness of SMEs of agriculture and agro-processed goods, since Bangladesh is an agro-based country and the agriculture sector is considered as the most diversified one.

2. Literature Review

2.1 Definition of sme in Bangladesh

The definition of small and medium-sized enterprises (SMEs) varies from country to country. In Bangladesh, a number of criteria, with changing nature, have been used to distinguish between 'micro', 'small' and 'medium' enterprises. Presently it is being defined as follows:

Table 1. Definition of SME in Bangladesh (Note 1)

Type	Sector	Fixed asset, other than land and building		Employed manpower
		BDT (In Million)	U.S Dollar*	
Micro	Manufacturing	1.0 -7.5	$ 12, 294 - $ $ 92, 213	16-30
	Service	Less than 1.0	Less than $ 12, 294	15
	Business	Less than 1.0	Less than $ 12, 294	15
Small	Manufacturing	7.5 -150	$ 92, 213 - $ 18,44,258	31-120
	Service	1.0-20	$ 12, 294 - $245,872	16-50
	Business	1.0-20	$ 12, 294 - $245,872	16-50
Medium	Manufacturing	150 -500	$ 18,44,258 - $ 61,47,527	121-300
	Service	20-300	$245,872-$ 3,687,450	51-120

* 1 USD = 81.3430 BDT (Note 2).

According to Zaman and Islam (2011), in Bangladesh, there are 31 million people employed in the micro, small and medium enterprises and more than three quarters of the household income are provided by the SMEs. Also, SMEs in Bangladesh represents 99 percent of industrial units contributing over 85 per cent of industrial employment, including micro enterprises comprise over 99 per cent of all industrial units, contributing over 85 per cent of total employment of industrial sector. So, it is envisaged that SME sector has a greater contribution to the economy of Bangladesh and thus studying international competitiveness of SME sector is of greater significance.

2.2 Theoretical Perspective on SMEs Competitiveness

Since SMEs are small in size, this type organizations are more exposed to changes in the business atmosphere around the world. As such managers of SMEs have to undergo rigorous analysis of identification of opportunities and threats that they might face in such changing business world. Until 2000, researchers around the globe used Porter (1998) model to analyze the international competiveness of firms and economies. Considering the fact that Porter (1998) model doesn't recognize the international context, (Chen & Lin, 2006; Hitt et al., 2006; Moon & Lee, 2004) suggested that while assessing international competitiveness, not only a local view but also the capability of local businesses for venture abroad should be taken into account. Similarly, Cerrato and Depperu (2011) strongly argued that firms' competitiveness refers to the degree of capability of firms to efficiently compete in domestic and international markets. Referring to the international of competitiveness of firms, (Cerrato & Depperu 2011; Zeng et al., 2008) used market share, export performance to measure the international performance of firms. On the other hand, According to (Barney, 1996; Fahy, 2002)Resource Based View (RBV) considers that all firms' resources are not same and some particular resources of firms have competitive advantage and thus RBV plays a crucial role in determining firms' international competitiveness. In essence, Porter (1998) model considers the external, industry-level, features; Whereas, in addition to recognizing the fact that for developing economies, institutional factors are much important, RBV depicts the significance of internal resources of firms (Welter & Smallbone, 2011).

Based on the complexity of the competing drivers, researchers adopted a combination of both theories discussed

above by considering external and internal factors. For example, Man et al., (2002), applied four constructs of SME competitiveness external factors, internal factors, entrepreneur profile, and firm performance. In addition to use of the RBV based determinants where external factors were separated as industry conditions and government regulations and internal factors were operational, Sirikrai and Tang (2006) considered financial and non-financial firm's performance indicators to assess the international competitiveness of firms. In the context of Chinese SMEs competitiveness, Yan (2010) proposed a model which incorporates strategic alliances, innovation and differentiation strategies of firms and found that variables considered are significant. Using data of less developed countries, Awuah and Amal (2011) observed of less developed countries, Awuah and Amal (2011) observed that innovation, learning, and internationalization as determinants for SME competitiveness. Based on the literatures discussed above, we propose a model of determinants of international competiveness of SMEs located in Bangladesh where we consider firm's internal factors, entrepreneurial factors and institutional factors as determinants.

3. Research methodology

3.1 Selection of Sample

Our main interest is of SMEs which produce and exports agriculture and agro-processed goods. Agriculture goods include fresh vegetables and fruits, potato, tea, tobacco, meat etc. Processed food are those which are prepared using agricultural products. Spices, rice, puffed rice, juice, canned food, snakes, mustard oil, rice bran oil and so on are the agro-based processed food. Due to the classification of the agriculture and agro-processed goods into groups we adopted stratified sampling technique. From the export promotion bureau of Bangladesh, we have collected a comprehensive list, with address, of 376 manufacturers and exporters of agriculture and agro-processed goods and then send them a structured questionnaire during the month of April, 2017. We also contacted them over the phone to make sure that they have received the questionnaire. Out of 376 manufacturers and exporters, 198 responded. To serve our purpose, we adopted following criteria to be included in our sample:

i) The firm must be small or medium-sized in order to adhere to the definition of SMEs as put forward by Bangladesh government.

ii) The exporting firm must have a minimum of five years of experience, excluding domestic market experience.

Adopting the selection criteria, we get 130 SMEs eligible for analysis purpose.

3.2 Formulation of Hypotheses

Based on the literatures discussed above, we have formulated hypotheses of determinants of SMEs international competitiveness. According to Awuah and Amal (2011), firms with more innovative activities are more able to internationalize their business, exploit opportunities home and abroad and face globalisation challenges. Arguing that innovation activities contributes positively to SMEs international competitiveness, we formulate the following hypothesis:

H1: There is a relationship between innovative adoption and SMEs international competitiveness.

Firms operate in different economies with varying business and economic environments and as such subject to face diverse challenges. Martins (2010) argued that the more the government support would be provided to SME exporters resolve problems at home and abroad, the more the SMEs international competitiveness would be. Based on the same premise, we formulate the following hypothesis:

H2: Government support for SMEs exporters have positive influence on international competitiveness of SMEs

In order to be competitive in international markets, SMEs are required to have characteristics of risk taking, pro-activeness, innovativeness and competitiveness. In addition they also have to face the changing business world and consumers' need. (Arshad et al. 2014; Zeebaree & Siron 2017) observed a positive impact of entrepreneurial orientation on firm performance. We believe that entrepreneurial characteristics are positively related to the SMEs international competitiveness and thus postulate the following hypothesis:

H3: There is positive relationship between entrepreneurial orientation and SME international competitiveness.

It is commonly argued that experienced firm, who are in business for more years, will have the opportunity to perform better than that of the firms that just started business of the same industry. Haenfler and Johnson (2002) found that older firms have more competitive advantage in the export market than that of younger firms. Arguing the same, we formulate the following hypothesis:

H4: Number of years in business positively influences SME international competitiveness.

Another important determinant of SMEs international competiveness is the size of SMEs. Akben-Selcuk (2016)

found a positive influence of size on Turkish firms' competitiveness and thus concluded that larger firms are more likely to be effective exporters than firms small in size. Thus, we propose the following hypothesis:

H5. SME's size has positive influences on its international competitiveness

Table 2. Summary of the research hypotheses

	Hypotheses	Prior Studies
H1	There is a relationship between innovative adoption and SMEs international competitiveness	Awuah and Amal (2011)
H2	Government support for SMEs exporters have positive influence on international competitiveness of SMEs	Martins (2010), Cho et al., (2008), Abor et al., (2014)
H3	There is positive relationship between entrepreneurial orientation and SME international competitiveness	Brouthers et al., (2009), Mudalige et al., (2016)
H4	Number of years in business positively influences SME international competitiveness	Haenfler and Johnson (2002)
H5	SME's size has positive influences on its international competitiveness	Akben-Selcuk (2016)

3.3 Variables Considered in the Study

Since the main of this study is to identify the determinants of SMEs international competitiveness, the dependent variable is SMEs international competitiveness which we measured by SMEs involvement in export business. Following the work of Appiah et al., (2015) and Mittelstaedt et al., (2003) we measure the involvement of SMEs by their activeness in export business. If SME is active in export business, it takes value 1, otherwise 0.   Based on the prior studies, following table summarizes independent variables considered in our model:

Table 3. Summary of the independent variables considered and their legend

	Variable name	Legend
	Innovation activities	IA
	Access to finance	AF
	Trade promotional activities	TP
Independent Variables	Entrepreneurial factors	EF
	Government policies	GP
	Technological factors	TF
	Number of countries the SME export	NC

3.4 Regression model

In order to determine the international competiveness of SMEs, following the work of Appiah et al. (2015), we adopted and applied logistic regression model as follows:

$$\text{logit}(p) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \ .... + \beta_k X_k \tag{1}$$

In the above model, p is the probability of the characteristic of interest

$$\text{Odds} = \frac{p}{1-p} = \frac{\text{Probaility of presence of characteristic}}{1 - \text{Probaility of presence of characteristic}}$$

and

$$\text{logit}(p) = \ln(\frac{p}{1-p})$$

4. Results and discussion

We present this section in two parts. First part exhibits the descriptive statistics of data set whereas the second part reflects the inferential statistics.

4.1 Descriptive Statistics

We aimed to get the key information. According to Table 4, the highest 46.15% respondents were the managing

directors followed by 33% export managers who usually have key information and deep knowledge and understanding of their SME. The third highest respondents were the assistant managing director who presumed to have better understanding of the nature and strategies of the SME. Thus, it could be argued that, based on the survey we received the valuable information about the SMEs.

Table 4. Respondent's position

Respondent's position	Frequency	Percentage
Managing Director	60	46.15
Assistant Managing Director	26	20.00
Production Manager	9	6.92
Export Manager	33	25.38
Administration Officer	2	1.54
Total	130	100.00

According to Blunck and Martin (2011), with more number of years in business, firms slowly gain experience about changing nature of business and then undertake methodological strategies to face the situations. Since this study investigates the international competiveness of SMEs, data set reflects the same as we see in Table 5 that highest 43.08% SMEs engaged in export business for 11-15 years, followed by 21.54% engaged for 5-10 years. As per Table 5, more than 97% sample SMEs have engaged in export business for more number of years, so data fits our purpose of investigation.

Table 5. Years in export business

Respondent's position	Frequency	Percentage
Managing Director	60	46.15
Assistant Managing Director	26	20.00
Production Manager	9	6.92
Export Manager	33	25.38
Administration Officer	2	1.54
Total	130	100.00

One of the main challenges of SMEs in international market is of limited resources to face the global competition. Though Cavusgil and Knight (2004) opined that firms with less resources still can experience better performance when combined more entrepreneurial capability, our study is based on developing economy with much more constraints to entrepreneurship. Thus, we argue that, size can affect the firm performance. Our data set also describes the same as can be seen from Table 6 that a total of about 93% SMEs have employees more than five where the highest 28.46% is the case for 16 to 20 employees followed by 25.38% is the case for more than 40 employees.

Table 6. Size of the firm

Number of employees	Frequency	Percentage
less than 5	4	3.08
5 to 10	7	5.38
11 to 15	17	3.08
16 to 20	37	28.46
21 to 30	27	20.77
31 to 40	5	3.85
More than 40	33	25.38
Total	130	100.00

To get the picture of what innovation activities are undertaken by the SMEs, respondents were asked on following issues on a five-point likert scale ranging from strongly disagree(1) to strongly agree (5). As shown in Table 7, the highest innovation activities of SMEs, with a mean value of 4.87, was that they applied research

findings to become internationally more competitive followed by the fact that SMEs have available research and development units.

Table 7. Innovative activities

Innovative Activities	N	Range	Min	Max	Mean	SD
Availability of R & D unit	130	4	1	5	2.31	1.01
Sufficient expert for R & D	130	3	1	4	1.97	1.04
Use of research findings	130	4	1	5	4.87	0.091
Professional training of R & D unit	130	3	1	4	1.62	0.92

Table 8 reveals the sources of finance used by the SMEs where we used the same five-point likert scale as indicated in case of Table 7. It can be seen from the table that SMEs mostly use their own fund to meet the financing need of their organizations which is indicated by the highest mean value of 4.44. The second most source of fund they applied is bank loan to meet their working capital requirements.

Table 8. Sources of finance

Financial Instruments	N	Range	Min	Max	Mean	SD
Bank loan for working Capital	130	3	1	4	2.26	1.05
Overdraft	130	3	1	4	1.37	0.53
Financial leasing (for procurement of equipment, automobiles)	130	2	1	3	1.48	0.76
Venture capital	130	3	1	4	1.11	0.38
Loan from family and friends	130	3	1	4	2.13	1.04
Owner(s) own finance	130	2	2	4	4.44	0.43
Government funding	130	4	1	5	1.72	1.24

Following George and Marino (2011), we adopted four components of Entrepreneurial Orientation of SMEs, namely Innovativeness, Proactiveness, Risk Taking and Competitiveness. On a basis of five-point likert scale, we observed, as shown in Table 9, that risk taking, with a mean value of 4.22 is the highest priority component of entrepreneurial orientation. This implies that exporters have to undertake risk while doing export business.

Table 9. Entrepreneurial orientation

Entrepreneurial Orientation	N	Range	Min	Max	Mean	SD
Innovative	130	3	1	4	3.62	0.73
Proactiveness	130	4	1	5	3.29	1.01
Risk Taking	130	2	2	4	4.22	0.59
Competitiveness	130	4	1	5	4.01	0.54

According to Newbert (2008), in order to achieve competitive advantage, a firm has to exploit a combination of valuable research-capability with a greater focus on use of modern technologies including internet. Findings provided in Table 10 indicate that SME exporters mostly use internet for the purpose of sending and receiving emails along with documents followed by use of SME's websites and online sales.

Table 10. Use of internet by SME exporter

Impact purpose of internet Usage	N	Range	Min	Max	Mean	SD
Send and receive e- mails and documents	130	3	1	4	4.32	0.53
Tracking shipments	130	3	2	5	3.27	1.21
Company's websites and online sales	130	4	1	5	3.84	0.78

Considering government policies as key determinant of SME exports, respondents were asked to reply on five-point likert scale. Government policy with the highest mean value of 3.7 is export trade information followed by support from export association, with a mean value of 3.67. However, according the findings provided in Table 11, SMEs are not getting support from Bangladeshi high commissions abroad, with the least mean value of 2.11. Also, SMEs are not getting from state government of Bangladesh. Thus, we could say that

lack of government supports is acting as impediments to achieve international competiveness of SMEs located in Bangladesh.

Table 11. Government support

Government policies	N	Min	Max	Mean	SD
Support from Export Association	130	2	5	3.67	0.81
Export Trade Information	130	1	4	3.7	0.76
Technical/Production support	130	1	4	3.33	1.02
Support from the state Government	130	1	5	2.22	1.04
Participation in exhibition	130	2	5	3.19	1.13
Sourcing export finance	130	2	4	2.11	1.03
Support from Bangladesh High Commissions Abroad	130	1	4	1.87	0.67

4.2 Inferential Analysis

In this subsection, we present the inferential statistics and their discussion.

4.2.1 Reliability and Validity of Measurement Tools

Before moving for final data analysis, we assessed the reliability of the research instrument and validity of construct. We applied Cronbach's alpha test and found the least alpha value among all dimensions is 0.711. Thus, following the suggestion of Hair et al., (1995) about minimum alpha value of 0.65, our constructs are reliable. In order to check the suitability of application of factor analysis, sampling adequacy was computed by means of the Kaiser-Meyer-Olkin (KMO) approach. We found measure of sampling adequacy (MSA) = 0.725, $p<001$ which states that data of collected sample on 130 SMEs is suitable to conduct an exploratory factor analysis (EFA) and as such we conducted the EFA. Using principal component analysis and varimax rotation method, a total of 5 factors with eigenvalues greater than one were extracted and these factors explained 69.79% of the total variance. All factor loadings, as shown in Table 12, were found as higher than 0.6 which reflects that the minimum factor loadings are adequately met.

Table 12. Cronbach's alpha and factor loadings

Factor	Item	Component					Cronbach's Alpha
		1	2	3	4	5	
Innovative activities	IA1	.101	.032	**.789**	-.031	.083	.711
	IA2	.021	.043	**.666**	-.210	-.001	
	IA3	-.023	.111	**.651**	.033	.021	
	IA4	.107	.040	**.617**	-.138	-.037	
	AF1	-.101	-.023	-.111	**.777**	-.017	
	AF2	.010	-.034	-.048	**.734**	.045	
	AF3	-.101	-.028	-.045	**.718**	.120	
	AF4	.034	.023	.123	**.702**	-.097	
	AF5	.101	.112	.113	**.694**	-.027	
Access to finance	AF6	.029	.056	.151	**.667**	-.025	.732
	AF7	.111	.025	.018	**.651**	-.018	
	EO1	.031	**.676**	.218	.011	.027	
	EO2	.026	**.652**	.118	-.072	-.117	
Entrepreneurial Orientation	EO3	-.003	**.645**	-.023	-.019	.010	.785
	EO4	.024	**.631**	-.001	-.028	.028	
	TC1	**.748**	.0137	.185	-.037	-.001	
Technology	TC2	**.701**	-.013	.111	-.026	-.037	.752
	TC3	**.668**	-.021	.032	-.112	.019	
	GO1	.011	-.028	-.016	.115	**.789**	
	GO2	-.028	.019	.013	.014	**.777**	
	GO3	.031	-.021	.024	.008	**.754**	
	GO4	.025	.019	.026	-.003	**.731**	
Government Policies	GO5	-.024	.018	.119	-.055	**.719**	.814
	GO6	.033	.034	.071	-.032	**.704**	

GO7	.039	.029	-.021	-.059	**.699**

4.2.2 Discriminant analysis

In order to determine the construct's validity, following Fornell and Larcker (1981), we examined square root of the average variance extracted (AVE), and correlations between variables. According to findings provided in Table 13, the square root of each construct's AVE is higher than its correlation with another construct, presented across diagonal so discriminant validity has been established which indicate that approach adopted in this study to examine international competitiveness of Bangladeshi SMEs is appropriate.

Table 13. Discriminant analysis results

	IA	AF	TP	EF	GP	TF	NC
IA	.95						
AF	0.14	.91					
TP	-0.04	0.13	.89				
EF	-0.12	0.41	-0.19	.87			
GP	-0.20	-0.23	-0.13	-0.36	.85		
TF	-0.27	-0.13	-0.30	0.16	-0.07	.84	
NC	-0.21	-0.17	0.16	-0.08	0.18	-0.60	.82

4.2.3 Regression Results and Discussion

Table 14 exhibits the regression results. All variables except innovation activities (IA) and Trade promotion activities (TP), have significant positive relationship with SMEs international competiveness. We found that access to finance (AF) had a significant positive relationship with the SMEs involvement in export business which is similar the findings of Abor et al., (2014) who observed that more and easier access to finance leads to improved export performance of SMEs. This finding implies that policymakers should undertake such strategies to ensure easy and needful access to credit for SMEs. Similar the findings of Brouther et al., (2009) and Mudalige et al., (2016) we found Entrepreneurial factors had significant positive relationship with SMEs exports. This finding is imperative especially for the developing economies like Bangladesh as it requires risk taking attitude. We also observed that government policies and support factor plays a significant positive role in improving SMEs international competiveness which is consistent with the finding of Zindiye et al., (2012). Governments' supportive policies are vital to SMEs because while exporting products and services abroad, it requires ease of licensing procedure, reduced export duty and technical support from a country's high commission aboard. Without supportive policy, it would be difficult for SMEs, especially from developing economies to conduct export business. Considering the fact export from SMEs can accelerate the economic growth of the country, this finding suggest governments to undertake supportive policies for the SMEs so that share of export from SMEs could increase largely. Similar to the findings of Meltzer (2015) we found technological factors and number of countries the SME export have positive relations with the SMEs international competiveness. This is era considered as technological era. To become internationally competitive, technologies plays important roles. With the help of technologies such as internet, SMEs can conduct business worldwide very swiftly and smoothly. Also, the more the number of countries SMEs can penetrate and as such expand, the higher exports it will experience. Similar to the findings of Appiah et al., (2015), in our present study we found innovation activities and trade promotion active had negative but not significant relationships with the exports of SMEs.

Table 14. Regression results

Variable	Coefficient	Standard Error(S.E)	Wald X2	df	P-value
IA	-0.215	0.087	2.911	1	0.115
AF	0.187	0.071	3.815	1	0.043**
TP	-0.022	0.073	0.081	1	0.613
EF	0.234	0.136	1.712	1	0.008***
GP	0.264	0.065	9.313	1	0.001***
TF	0.031	0.044	0.301	1	0.031**
NC	0.931	0.263	8.312	1	0.001***
Constant	4.911	3.214	2.117	1	0.002***

Note: ** signifies variable significant at 5%, *** signifies variable significant at 1%

5. Conclusions

SMEs plays a catalytic role in the growth process of developing economies viz., Bangladesh. Considering the imperatives, with an aim to improve exports of SMEs, this study tried to explore the determinants of international competiveness of SMEs operating in Bangladesh. Using a survey data of 130 SMEs located in Bangladesh, this study finds that access to finance, entrepreneurial factors, government policies, technological factors and number of countries to export are important determinants of exports of SMEs. Findings of this study are of greater importance to the SMEs and policymakers of developing economies like Bangladesh, because on the one side, using findings of this study, managers of SMEs can run their organizations in a manner to compete with their counterparts throughout the world. On the other hand concerned policy makers can use these findings to undertake conducive polices to foster export business of SMEs which ultimately will lead to the acceleration of the economic growth of the country.

One of the main limitations of this study is that it is conducted only on SMEs of agriculture and agro-processed goods and thus might not be applicable for other type SMEs. We believe, consideration of other type SMEs would make findings more rigorous and generalizable. Anther limitation is that this is a cross-sectional study based on one period data. We believe a longitudinal study would provide more insights and deeper understanding of the investigated issue and so in future such longitudinal studies would be conducted which will then could be compared with our findings.

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Notes

Note 1. https://www.bb.org.bd/mediaroom/circulars/smespd/jun292017smespd02.pdf

Note 2. http://www.xe.com/