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Measuring the Success of SMES in Bangladesh

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Abstract

This study offers an assessment of the success rates of Small and Medium-sized Enterprises (SMEs) in Bangladesh. The research utilizes a mixed-method approach, integrating qualitative expert interviews with a quantitative analysis of 108 business owners through the Lussier Model. The study defines success as reaching the average monthly revenue for the industry. A SME in Dhaka made an average of 360,000 BDT per month, and most successful businesses made more than 400,000 BDT while keeping their profit margins between 10% to 12%. Result shows that there are a number of important factors that affect how long a business lasts and how fast it grows. Statistically, working in big cities like Dhaka greatly increases one's chances of success because the infrastructure is better and one can reach more customers. The study also shows that partnership-based models work better than sole proprietorships, probably because they have more capital and a wider range of skills. Entrepreneurs aged 26 to 40 with college degrees had higher success rates, as did those who valued professional advice and keeping detailed financial records. It's interesting to note that factors like the initial amount of capital or the parents' business experience were not found to significantly affect success. However, the study also reveals that business owners from ethnic or religious minority groups have much lower success rates, which may indicate structural obstacles.

Key words: Capital, Entrepreneurial Capability, Professional Advisors, Record Keeping, Young Entrepreneurs
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1. Introduction

Small and medium-sized enterprises (SMEs) are widely known for their high failure rates, even though they are the main drivers of global economic growth and job creation. Small and medium-sized businesses (SMEs) are very important for building up the global industrial base, but it's hard to define "success" because the things that make a business last vary a lot from country to country and industry to industry. To understand the lifecycle of SMEs, you need to look at the specific features of the local business environment.

The SME sector has become an important part of industrial growth, new ideas, and fighting poverty in Bangladesh. It plays a big role in creating jobs, diversifying the economy, and promoting development that includes everyone. The SME Foundation and Bangladesh Bank are two organizations that have made policies and financial programs to help this sector grow. But even with these efforts, the success rate of SMEs in Bangladesh is still not consistent. Some businesses are able to keep growing and stay stable over the long term, but many others have to close early because of problems with their structure, finances, management, or the market. In this context, this study aims to analyze the present survival and success rates of SMEs in Bangladesh and to pinpoint the specific internal and external factors that influence their performance. The study is based on two main questions: (1) What is Bangladesh's current success rate for small and medium-sized businesses? and (2) What are the main elements that influence whether SMEs in Bangladesh succeed or fail? The study's goal is to get a better picture of the factors that affect the long-term viability of small and medium-sized businesses by answering these questions.

This study mostly looks at businesses in Dhaka. As a result, the results mostly show what it's like for small and medium-sized businesses in cities, and they may not be true for all of Bangladesh. A national study that includes rural and semi-urban businesses may produce different outcomes owing to disparities in infrastructure, financial accessibility, and market opportunities. This focused approach, on the other hand, lets us look closely at small and medium-sized businesses that are based in the country's main business center. The results of this study should help entrepreneurs come up with better business plans and help policymakers come up with specific

programs to make Bangladesh's economy more resilient and friendlier to businesses.

2. Literature Review

2.1 Definitions of SME

The 1966 Woitrin Report says that if we keep looking for a definition that works everywhere and all the time, we won't find one that works because the idea of SMEs is always relative and depends on the different economies and sectors around the world. The type of economic measure needed and government aid programs will affect how SMEs are defined. (El Madani, 2018). Despite these difficulties, public agencies usually use quantitative criteria, with the number of employees being the most common one because qualitative criteria for SMEs are harder to measure (Hauser 2005). We will define SMEs for this study as businesses with 0 to 120 employees. This study considers Bangladesh Bank's most recent classification of SMEs.

2.2 Definition of "success" in business

Van Praag's (2003) research found that the only event that is directly related to business failure is a company's forced exit. If there aren't enough opportunities (financially) to stay in business, there may be a forced exit. In contrast, a decision to leave the firm voluntarily after a set amount of time may be made for various reasons, such as a lack of interest or drive. Either a voluntary or compelled exit from a firm can occur. When determining a business's success, only forced exits are considered; the longer a business is in operation, the more successful its owner.

According to a different study by Sharma and Aggarwal (2019), an e-business's success can be linked to how happy its clients are while they shop and browse online. Together with satisfaction, the performance of these online merchants is also influenced by behavior related to recommendations and repurchase intentions. As the foundation of an e-commerce system's success (ESS), this study looks at customer satisfaction, referrals, and repurchase intents (Ali, 2016). Despite the fact that the concept has been discussed by numerous researchers in both offline and online settings, it has gained significance in the online environment and produced complex outputs as a result of the high level of experience and sophistication associated with online shopping (Carlson and O'Cass, 2010).

The Lussier (1995) S/F model is another tool for assessing a company's success and failure. Because it is based on 14 characteristics that have previously been identified by several studies as being significant contributors to the success or failure of small enterprises, it is the most complete method for determining whether a business will succeed or fail (Hyder and Lussier, 2016). It considers an SME to be successful if it earns the industry average monthly revenue. We will be considering this definition to be our definition of success too.

2.3 Studies on the success of SMEs in Bangladesh

Mondal and Rahman (2022) demonstrated that factors such as entrepreneurial capability, backing from the government, marketing capability, a favorable external environment, and the standardization of products and services all have a significant role in the success of micro, small, and medium-sized enterprises (MSME).

According to Sarker and Palit (2015), success of SMEs operating in Bangladesh is correlated with general outlines for the organization's strategy (Strategic orientation). Three strategic orientation variables have been derived from the available literature: market orientation, learning orientation, and entrepreneurial orientation. According to the findings, six out of ten strategic orientation variables- such as customer orientation, cross-functional coordination, proactiveness, autonomy, risk-taking behavior, and innovativeness—have a statistically significant relationship with SME performance. However, the research showed no evidence of a connection between learning orientation and performance.

According to the findings of Islam and Muktadir-Al-Mukit (2016), the success of small and medium-sized enterprises (SMEs) is defined by the entrepreneur's authority on business and the market strategy that is followed, as well as the nature and type of business and financial supports, management expertise, and usage of contemporary technology, market accessibility and the networking, government policies and support, favorable external environment, and the owner's personal attributes all played a role in the success of the business. According to the findings of this study, in order for small and medium-sized business owners to be successful in their endeavors, they need to have full control over their companies and implement effective marketing tactics.

Chowdhory, *et al.* (2013) noted that the entrepreneurs' chances of success were significantly reduced by a number of major variables, the most significant of which were a deficiency in infrastructure, a stable political climate, access to markets and financing, and so on. Success was found to be favorably connected to experience and education, whereas age was found to be adversely correlated to success.

According to a study by Islam, *et al*. (2011), entrepreneurship helps Bangladeshi SMEs succeed. SME success in Bangladesh is not affected by firm characteristics. The investigation found that only one demographic factor—organization duration—affects SMEs' commercial success. Long-running SMEs outperform newer ones. Gender also affects Bangladeshi SMEs' business success.

Miah (2007) stated that the main constraints for SMEs are lack of adequate investment, lack of modern technology, high rates of interest on bank loans, irregular/inadequate power supply, poor physical infrastructure, high transportation cost, poor information about market opportunities and requirements, inadequate availability of raw materials, lack of skilled technicians and workers, lack of research & development facilities, fierce competition, absence of effective measures in Bangladesh. Banks don't want to lend to SMEs because they don't think it's profitable. Because of their limited capitalization, minimal assets, and inability to meet bank collateral standards, SMEs are high-risk borrowers. Because SME operations require careful oversight, administrative costs rise. MIDAS found that SME financing comes from friends and family in 2004. MIDAS investigated SME funding sources.

According to (Ahmed & Chowdhury, 2009) small and medium-sized enterprises (SMEs) in Bangladesh perform noticeably worse than international standards. Although the Bangladeshi government has taken certain initiatives to ensure the expansion of SMEs, they are in no way sufficient. Yet, the government conveys its support for this industry. The Bangladeshi government should keep putting greater emphasis on some sectors, such as setting up financing, providing infrastructure, establishing national quality policies, etc.

2.4 Various models for measuring success

Altman (1968) created the Altman Z-score model, also known as the multiple discriminant analysis model (MDA), which he used to predict bankruptcy. Altman also described the Z-score model as a linear combination of four or five widely used financial measurements that were weighted by coefficients. The Multiple Discriminant Analysis (MDA) techniques, and in particular the z-score model, have been utilized in various financial hardship and bankruptcy studies with excellent results. Altman was the first to use MDA to construct a prediction model with a high degree of accuracy (Aziz & Dar, 2006; Bellovary, Giacomino, & Akers, 2007; Platt & Platt, 2006; Zmijewski, 1984). Altman later improved the initial model, eventually creating two versions in 1983: the Z-score model for manufacturing companies (Altman, 2000).

Beaver (1967, 1968) was the first to construct multivariate bankruptcy prediction using univariate analysis of bankruptcy predictors. He demonstrated that a variety of markers could distinguish between matched samples of failed and non-failed enterprises for up to five years before failure. Five anticipated factors are defined by Altman (1968), who also provides the framework on which other studies can assess the reliability of multivariate models. Altman models' validity appears to be confirmed by the Beaver and Altman research, but its predictive power is gradually discovered to be weaker. The Altman z-model is examined by Begley et al. in 1996, who concluded that the model performs better in US data from the 1980s than from 1990 to 1995. Similar conclusions were reached by Grice and Ingram (2001), who discovered that manufacturing firms perform better.

Carter and Van Auken (2006) examined the causes and consequences of small business bankruptcies in the United States. The book provides insights into the economic and financial factors that contribute to small firm bankruptcy and outlines strategies for preventing or minimizing the impact of such failures. The authors begin by defining small businesses and explaining their importance to the U.S. economy. They then discuss the different types of bankruptcy and provide an overview of the bankruptcy process. They further go on to examine the factors that contribute to small firm bankruptcies, including macroeconomic conditions, industry-specific challenges, and management issues. The authors also analyze the legal and regulatory framework that affects small business bankruptcy, including bankruptcy law, tax policy, and government programs.

Fullana, González, and Toscano (2021) examined the assumptions that underlie the Ohlson model, a popular valuation model used by financial analysts and investors to estimate the value of a company's equity. The authors begin by providing an overview of the Ohlson model and its assumptions, which include the idea that a company's earnings are a reliable indicator of its future cash flows and that the relationship between earnings and

book value is stable over time. The paper then presents the results of a study in which the authors test the sensitivity of the Ohlson model to different assumptions. They find that the model's performance is highly sensitive to changes in key assumptions, including the stability of the earnings-to-book-value relationship and the reliability of earnings as a predictor of future cash flows.

According to Lussier (1996), the "Lussier Model" was developed to study the differences between USA and Central Eastern Europe Croatian (CEEC) entrepreneurs. It was developed based on 20 studies – Barsley& Kleiner, 1990; Bruno, Leidecker, & Harder, 1987; Cooper et al., 1990; Cooper et al., 1991; Crawford, 1974; Dun & Bradstreet, 1993; Flahvin, 1985; Gaskill, Van Auken, & Manning, 1993; Hoad& Rosco, 1964; Kennedy, 1985; Lauzen, 1985; McQueen, 1989; Reynolds, 1987; Reynolds & Miller, 1989; Sage, 1993; Sommers &Koc, 1987; Thompson, 1988; Vesper, 1990; Wight, 1985; and Wood, 1989.

The model tests 14 success versus failure variables. Marom & Lussier (2014) described the variables as such-

Capital: Adequately funded businesses have a greater chance of success than undercapitalized firms.

Record keeping and financial control: Businesses that record and maintain regular and accurate records and practice proper financial controls have a greater chance of success than firms that do not.

Industry and Management Experience: Businesses managed by people with exposure to the industry and having management experience have a greater chance of success than firms managed by inexperienced people.

Location: Businesses operating in major cities have a greater chance of success than businesses operating in minor cities.

Planning: Businesses that develop specific business plans have a greater chance of success than firms that do not.

Professional Advisors: Businesses that seek and adhere to the advice of professional advisors have a greater chance of success than firms that do not utilize professional advisors.

Education: Businesses started by people with college-level education have a greater chance of success than people with one or fewer years of a college education.

Staffing: Businesses that attract and retain quality employees have a greater chance of success than firms that cannot.

Economic Timing: Businesses that start during economically booming or expansion periods have a greater chance of success than firms that start during a recession.

Age: Older people starting a business have a greater chance of success than younger people starting a business.

Partners: A partnership business has a greater chance of success than a proprietorship business (a firm started by one person).

Parents: Business owners whose parents also owned a business have a greater chance of success than owners whose parents did not own a business.

Minority: A business owner from a majority group has a greater chance of success than an owner from a minority group.

Marketing: Business owners with marketing skills have a greater chance of success than owners with no marketing skills.

Table 1: Summary of success models

Success Model	Functions	Advantages	Disadvantages
Altman Z-Score Model	1. Predicts bankruptcy by generating a score based on financial ratios. 2. Offers quantitative analysis of a company's financial standing and bankruptcy risk	1. Simple and easy to calculate. 2. Widely used and tested	1. Limited to certain Context (primarily developed for the manufacturing companies) 2. Does not capture continuous changes in a company's context and only relies on past financial data. 3. Does not consider qualitative factors
Beaver's Multivariate Bankruptcy Prediction Model	1. Uses univariate analysis to predict bankruptcy by analyzing multiple bankruptcy predictors	1. Provides early warning for potential bankruptcy. 2. Considers multiple predictors.	1. Over time, this model predictive power is found to be weaker. 2. Performance is highly sensitive to changes in key assumptions
Carter and Van Auken's Small Business Bankruptcy Prediction Model	1. Examines the causes and aftermaths of small business bankruptcies	1. Takes a holistic approach. 2. Offers guidance and strategies to prevent or combat bankruptcy risk	1. May overlook unique circumstances and industry-specific challenges. 2. Lack of empirical support.
Fullana, González, and Toscano's Model	1. Estimates the value of a company's equity by taking financial information into consideration	1. Provides all-inclusive valuation approach 2. Can be customized and adjusted	1. Difficult to evaluate whether the underlying assumptions of the model are accurate and stable 2. Limited applicability
Lussier's Model	1. Tests various success versus failure variables to determine factors that significantly influence business success	1. Considers a wide range of variables and examines multiple factors 2. Can be customized and adjusted	1. May not be directly applicable to all the regions 2. Collected data from the entrepreneurs can be subject to bias or inaccuracy

2.5 Selection of a Model

To determine whether a business will be successful or unsuccessful, we have chosen to use Lussier's model. The

Lussier's model considers a large number of factors that have been determined to be important predictors of success or failure based on prior research. These variables include capital, record keeping, industry knowledge, management experience, planning, professional advisers, education, staffing, economic timing, age, partnerships, parental background, minority status, marketing, and historical performance. They also cover a variety of business-related topics.

The Lussier's model offers a more comprehensive understanding of the variables that affect business success by taking a variety of elements into account. It understands that a variety of internal and external factors affect success and are not only determined by financial statistics or predetermined assumptions. This method makes it possible to evaluate a company's chances of success or failure in a more detailed manner.

The Lussier's model has a number of advantages over the other models we have discussed. It starts by considering a wider range of factors, both financial and non-financial, which can give a more thorough picture of a company's future. It acknowledges that other elements, including as industry experience, managerial acumen, staffing, and marketing abilities, have an impact on success in addition to financial ratios. Second, the Lussier's model can be altered to match particular situations or sectors of the economy. The accuracy and applicability of the model are improved by the flexibility that enables the insertion of factors that are specifically pertinent to a given business or market.

It's crucial to remember that the accuracy of the Lussier model's predictions is reliant on the validity of the information gathered from business owners. The accuracy or bias of the data collection process may affect the model's predictions. Therefore, when applying Lussier's model, emphasis should be paid to the quality of the data as well as any potential restrictions.

Lussier's model, which considers a wide range of variables, provides a more thorough and adaptable method to predicting economic success and failure. It is an effective tool for determining the chances of a business's success because it may consider both financial and non-financial aspects.

2.6 Past results of Lussier's Model

There is a gap in the literature explaining which variables can successfully predict success vs. failure. According to Lussier (1996) planning, professional advisors, education, and staffing were the significant predictors of success for entrepreneurs in the USA. According to Marom& Lussier (2014) adequate capital, maintaining good record keeping and financial control, having management experience, having specific plans, making use of professional advice, and having good economic timing proved to be significant predictors of success for entrepreneurs in Israel. According to Teng et al. (2011) staffing, product timings, good relationship with customers, and good top management staff proved to be significant predictors of success for entrepreneurs in Singapore. According to Gyimah et al. (2011) capital, economic timing, and marketing proved to be significant predictors of success for entrepreneurs in Ghana. According to Naheed et al. (2019) planning, staff, product timings, professional advice, and industry experience proved to be significant predictors of success for entrepreneurs in Punjab and South Baluchistan. According to Guzman & Lussier (2015) professional advice, staffing, and partners proved to be significant predictors of success for entrepreneurs in Mexico. According to Halabi & Lussier (2014) internet, starting with adequate working capital, managing good financial and accounting records, owner, professional advice, having partners, parents owning a business, and marketing efforts proved to be significant predictors of success for entrepreneurs in Chile.

3. Research Methodology

The study incorporates mixed method - a combination of qualitative and quantitative methodologies to provide a full understanding of the Small and Medium Enterprise (SME) success rate in Bangladesh. While the quantitative side makes it possible to monitor and analyze the number or percentage of SMEs succeeding in Bangladesh, the qualitative aspect enables an in-depth investigation of the variables impacting SME success or failure. The model developed by Lussier has been used to gather and analyze quantitative data. In addition, correlation analysis has also been used.

3.1 Conceptual framework of the study

In this model, we are considering the success and failure of the SMEs as the dependent variable. The independent variables are - capital, record keeping, and financial condition, industry experience, managerial experience, planning, professional advisors, education, staffing, economic timing, age, partners, parents, minority,

and marketing. Through regression, we are establishing the relationship between the independent variables and dependent variables. Our goal is to find out the independent variables that significantly impact the dependent variable. Correlation analysis has also been utilized to analyze which factors influence the success rate of SMEs.

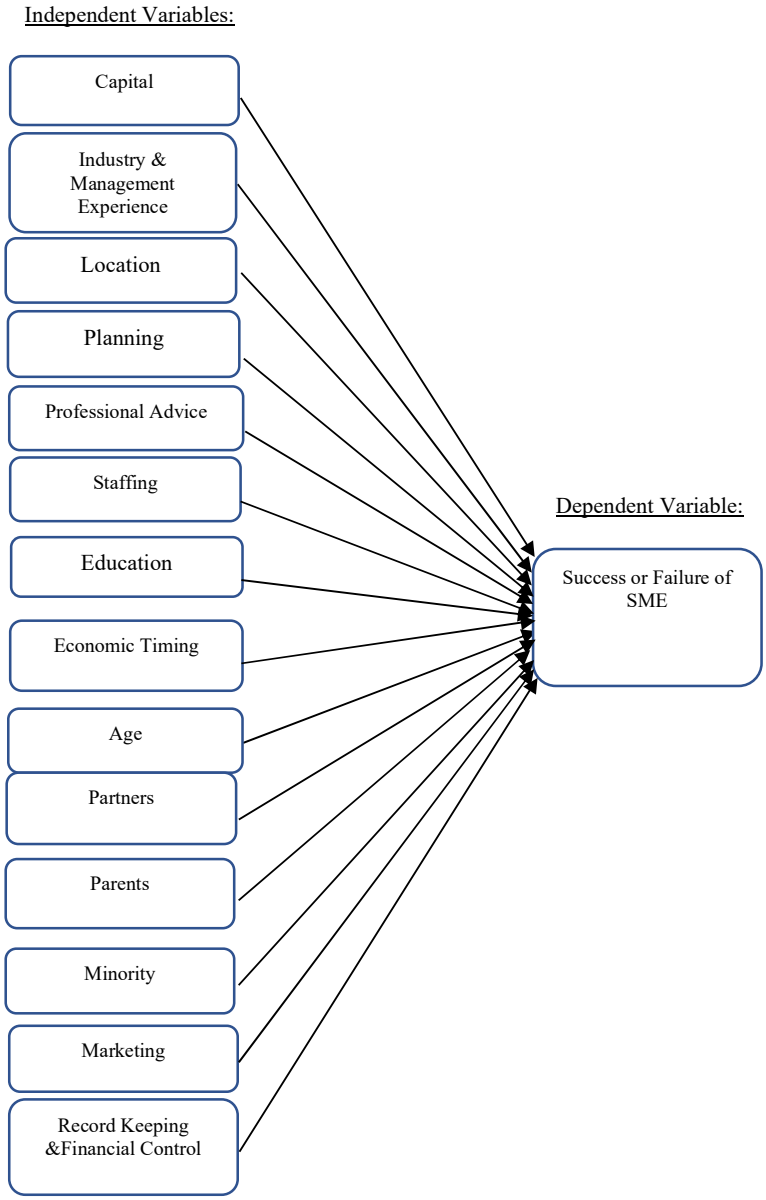

Figure 1: The dependent and independent variables for the regression analysis (Source: Lussier's Model)

3.2 Primary data collection

The Lussier (1995) research study questionnaire, which had previously been verified, was used as the principal approach for this study's survey research and in-person interviews. The existing model's questionnaire was translated into Bengali. To guarantee that the questions were understood in their local context, minor word adjustments were done.

Data for the questionnaire was gathered through surveys and in-person interviews. A total of 108 small and medium-sized business owners responded to our survey. 88 of these were collected through Google Survey Form

using judgmental sampling. 20 of the responses were collected through in-person interviews using judgmental sampling.

Success or failure in testing the model was the dependent variable. Any company that was currently generating the industry average monthly revenue was seen as successful, while any company that wasn't generating the required revenue was regarded as a failure. To organize and analyze the quantitative data, create charts, and display the conclusions visually, Microsoft Excel and SPSS were used as analytical tools.

In addition to the questionnaire, semi-structured interviews with business leaders, academicians, and government representatives were performed to get qualitative information regarding their insights on the success of SMEs.

3.3 Secondary data collection

To supplement the primary data, secondary data has been gathered from a variety of sources. Government reports, academic journals, trade publications, and current research on SMEs in Bangladesh and overseas have been some of these sources. The secondary data has given the SME industry in Bangladesh a wider perspective, historical details, and statistical statistics.

4. Results and Discussion

4.1 Respondents' profile

Among the 108 samples, 83 businesses were situated in Dhaka city, 9 businesses in Chittagong, 1 business in both Dhaka and Chittagong, and 15 businesses were situated in other districts. The age group of owners shows that, 15 were in the 18 to 25 age group, 45 in the 26 to 30 age group, 39 in the 31 to 40 age group, 8 in the 41 to 50 age group, and only one person over the age of 50.Type of business shows that, 36 were classified as online business, 10 samples were classified as manufacturing business, 22 samples as food business, 15 samples as clothing business, 21 samples as brick-and-mortar business and 4 samples as beauty related business.

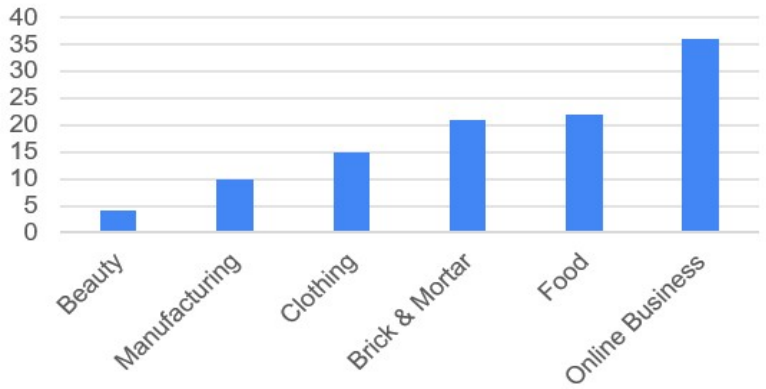

Figure 2: Types of Business in the Sample

Majority of the businesses (81 out of 108) have no prior industry experience and 27 samples showcased to have industry and management experience. 63 of the businesses are sole proprietorship and rest are partnerships.69 of the business owners had received a college education. The monthly revenue of majority of the businesses are below 100,000 (65 out of 108).

4.2 Findings from correlation analysis

The study found only 15 SMEs to be successful. Out of these 15 successful SME owners, 6 belonged to the age range of 26-30, 6 belonged to 31-40 age range and 3 belonged to 41-50 age range. It is to be noted that none of the business owners that belonged to the age range of 18-25 years was successful. So, it can be said that young minds cannot seem to thrive in business. It is rather middle aged or young adults who are more successful in business.

Among the total 15 successful SMEs, 10 SMEs did not showcase prior experience whereas 5 successful SMEs did showcase prior experience. So, having industry and management experience does not affect the success rate.

All 15 of these SMEs had an increase in their number of employees over the years. It is an indicator of success.

They had an addition to up to 45 numbers of staff because of the expansion of business.

Among the successful businesses, only 2 out of 63 are sole proprietorship. From this analysis, it is evident that most of the successful businesses are partnership businesses.

The study also found that approximately half of the successful businesses started with adequate capital and the rest of them did not. Therefore, it can be said that the adequacy of capital at the start of a business does not necessarily indicate future success.

Among 15 successful SMEs, 12 have structured record-keeping system. So, record keeping positively influenced the success of SMEs.

Among the successful businesses we have found, 12 of them have received a college education. So, we can conclude that education played a vital role in their business success.

Among the successful businesses we have found, only three had a monthly revenue ranging BDT 300,000 to 400,000, five had a monthly revenue ranging BDT 400,000 to 500,000 and seven had a monthly revenue of BDT 500,000+. So, it can be concluded that, majority of the successful businesses had a monthly revenue over BDT 400,000+.

4.3 Findings from the Lussier's Model

The Adjusted R Square score of the model is 0.626; meaning 62.6% of the variability in the dependent variable can be explained by the independent variables in the model. This indicates a moderate to strong level of explanatory power. Most of the remaining unexplained 37.4% of the variability can be attributed to the smaller sample size of 108. The level of significance of different variables is presented in the following table.

Table 2: Level of Significance

Model	**Standardized Coefficients Beta**	**Significance**
Economic Condition	-0.720	0.304
Location	-0.208	0.006
Industry Experience	0.028	0.744
Management Experience	0.017	0.839
Have Partner	0.226	0.003
Parents Had Business	0.028	0.680
Consultancy Taken	-0.179	0.007
Minority	0.634	0.001
Older Entrepreneur	0.010	0.894
College Education	0.059	0.394
Capital	-0.053	0.513

Model	Standardized Coefficients Beta	Significance
Staffing	0.020	0.798
Planning	-0.010	0.908
Record Keeping	-0.070	0.488
Marketing Skill	0.161	0.079

As per the definition of success stated earlier, only 13.88% of SMEs succeed. The study tested 14 independent variables that can contribute to success. The parameter estimates for the regression model found only 4 of the 14 variables to be significant. This indicates that businesses operating in major cities (location, p=0.006), are a partnership (having partners, p=0.003), take professional advice (taken consultancy, p=0.007), and are owned not by a citizen from a minority group (minority, p=0.001) have a greater chance of success from failure.

4.4 Discussion

According to the data, the sample's young entrepreneurs between the ages of 18 and 25 have not been successful. This might be explained by the fact that, in comparison to people in the middle age or young adult range (26 to 50), they have less experience and expertise. Older entrepreneurs may have higher success rates because they have accumulated more industry-specific knowledge, networks, and financial resources over time.

The importance of efficient marketing tactics and customer acquisition is emphasized by the majority of successful business owners. With the use of this skill set, organizations may more effectively reach their target market, distinguish themselves apart from rivals, and build brand value.

The analysis shows that planning affects business performance. Successful business owners who feel their planning is adequate to show the value of making strategic decisions, defining goals, and having the flexibility to modify plans as needed. To comprehend the precise elements of planning that lead to success, more research is necessary.

The necessity of maintaining accurate and orderly records is demonstrated by the majority of successful SME owners opining that their record keeping system was adequate. Businesses may manage financial transactions, monitor cash flow, analyze profitability, and make educated decisions with the help of effective record keeping. It lets business owners pinpoint areas for improvement, assess the effectiveness of alternative methods, and make sure that all financial and legal requirements are met. Better financial management is made possible by a reliable record-keeping system, which also increases SMEs' overall success.

According to the research, a sizable percentage of prosperous business owners hold a college degree. A college education equips students with a variety of skills, such as analytical, problem-solving, and critical thinking. Additionally, it can provide expertise in specialized fields like finance, marketing, and management, all of which are essential for operating a successful company. Additionally, networking opportunities, internships, and access to resources are frequently made available by a college background and can help an entrepreneur succeed. It is crucial to remember that while a college education may give you a solid foundation, it cannot ensure your success in business.

Many businesses tend to get shut down due to a problem or tapestry of problems that the owner can’t solve. It seems that taking professional advice is working wonders for Bangladeshi businesses. A qualified advisor can assist a business owner with everything from creating a business strategy to selecting the best organizational structure to register the company. They can also assist in navigating the tax repercussions of starting a business and in understanding the legal issues of doing so, such as licenses and permits. They can suggest answers that may not have been considered as well as assist in identifying future issues. Businesses leveraging on professional help are gaining an advantage.

During expert interviews, one of the experts mentioned to us that partnership businesses in Bangladesh are deemed to be less desirable by entrepreneurs. But contrary to popular belief, partnership businesses seem to be performing rather well. It might be due to the pool of capital and expertise of multiple people instead of one that is helping the businesses. Further research is needed on the subject matter to comment on conclusively.

The most intriguing finding of the study is that an owner from a majority group performs better than an owner from a minority group. People from religious and ethnic minorities do not get equal opportunities. This can be the reason why we are seeing a stark disparity between business owners from the majority and minority subgroups.

5. Conclusion

The study shows that the SME sector in Bangladesh is in a very bad situation: 86.12% of businesses fail, and only 13.88% succeed. The study shows that success isn't random but depends on certain factors. Important things to do are to get expert advice, pick a good location, have business partners, and keep a majority stake. Also, to stay in business, you need to have professional habits like careful planning, keeping accurate records, and having a high level of education and experience.

The statistical model examined in this study offers a framework for entrepreneurs to enhance their prospects by obtaining the appropriate resources and education. These insights are not just for business owners; they are also very important for policymakers, credit agencies, and investors who need to know why some businesses do well and others do not. These findings can help institutions make better training programs and support systems because small businesses are the driving force behind Bangladesh's economic growth.

In the end, the study gives a clear picture of the current situation, but it also suggests that future research should look at things from a wider angle. To create a truly sustainable and open business environment, more research needs to look at the rural areas of Bangladesh. The next step in making policies that will help the economy grow over the long term is to look into how digitalization affects women and minority-owned businesses and what problems they face.

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