

-RESEARCH ARTICLE-

FACTORS AFFECTING THE GROWTH OF SMEs IN BANGLADESH: A STRUCTURED EQUATION MODELING APPROACH

Ibrahim Khalil

MAHSA University, Malaysia

Email: ibrahimsumonlaw@gmail.com

<https://orcid.org/0000-0002-8730-4730>

Rasheedul Haque

Associate Professor, Faculty of Business, Hospitality,
Accounting and Finance (FBHAF) MAHSA University, Malaysia

Correspondence Email Id: rasheedul@mahsa.edu.my

<https://orcid.org/0000-0001-8170-5413>

Abdul Rahman bin S Senathirajah

Senior Lecturer, Faculty of Business and Communications.

INTI International University, Persiaran Perdana BBN

Putra Nilai, 71800 Nilai, Negeri Sembilan, Malaysia,

Email: arahman.senathirajah@newinti.edu.my

<https://orcid.org/0000-0001-6044-9051>

Binoy Chowdhury

MBA Student, FBHAF, MAHSA University, Malaysia

Email: mbaf18076139@mahsastudent.edu.my

<https://orcid.org/0000-0002-3284-4350>

Saif Ahmed

MBA Student, FBHAF MAHSA University, Malaysia

Email: mbaf20056081@mahsastudent.edu.my

<https://orcid.org/0000-0002-9526-760X>

Citation (APA): Khalil, I., Haque, R., Senathirajah, A. R. B. S., Chowdhury, B., Ahmed, S. (2022). Factors Affecting the Growth of Smes in Bangladesh: A Structured Equation Modeling Approach. *International Journal of eBusiness and eGovernment Studies*, 14 (3), 578-593. doi:10.34111/ijepeg.202214146

—Abstract—

This study examines the factors that limit the growth and development of small and medium-sized businesses (SMEs) in Bangladesh, as well as the policy implications of these factors. It emphasizes the significance of institutional change in facilitating or limiting corporate development, while allowing entrepreneurial ambitions and motives to be taken into consideration. It is based on these issues that the research instrument used in this study was built. As a result, we devised a questionnaire to gather data relevant to the study's objectives (Competition with big corporations, Government support and the lack of protective measures). A review policy, exploratory research, and relevant theoretical and empirical literature were used to develop the survey instrument's variables. To determine the effectiveness of government aid in spurring SME development, partial least squares modeling was used. Government aid acts as a go-between between the lack of protective measures and the growth potential of small and medium-sized enterprises (SMEs). A better knowledge of the elements that contribute to growth may help policymakers, small business owners, and financial institutions (Ahmad et al., 2015). Research like this might help policymakers create strategies that stimulate the growth of small and medium-sized firms. Understanding the impact of financial resources on company expansion is critical if the two worlds of small companies and banks are to work together more successfully (Nyandoro, 2017). This research contributes considerably to the corpus of knowledge on transition economies by concentrating on Bangladesh, a developing country that has gotten little attention in prior studies of entrepreneurship in transition.

Keyword: SMEs, Economic Transition, Government Support, Business Skills, Competition

1. INTRODUCTION

Small and medium-sized firms (SMEs) play an important role in the health of the American economy, yet no official national data exist for this fact in the United States. Due to the great variety of economic activity in the United States, small and medium-sized firms (SMEs) have no doubt played an important part in supply chains. The contribution of small and medium-sized firms to our economy cannot be adequately estimated until the whole value chain is considered. Understanding the significance of small and medium businesses (SMEs) in our economy requires a sector-based value chain investigation. Household businesses, microbusinesses as well as various types of SMEs fall under this category (MSME). Small and medium-sized enterprises (SMEs) may become confusing if their definitions aren't explained in our rules and interactions. Micro and cottage enterprises, tiny corporations, and significant companies all fall within the purview of Sanem's study (Wang, 2016). In Bangladesh, medium-sized companies have a higher chance of success due to less obstacles in their path. Organizations with less than 500 employees should be divided into two groups: micro

and small enterprises, and larger corporations. As a result, in this post, I'll be using a more expansive definition of SMEs to include small firms and sole proprietorships. Small and medium-sized businesses contribute considerably to our economy since they operate in an informal way (SMEs). Small and medium-sized businesses aren't even taken into account (SMEs) (Chowdhury et al., 2013; Wang, 2016).

Small businesses may have difficulty obtaining loans from banks and government agencies due to their informal character when it comes to economic activities, the creation of jobs, and their general role in the supply chain (Xheneti & Bartlett, 2012). They can save time and money by using fewer formal approaches, which they can then put to better use. Despite its seeming benefits, informality has its drawbacks. Finding financial support is one of the more challenging chores, which is a real shame. Small and medium-sized enterprises (SMEs) need financial resources to get off the ground and expand. Due to their lack of legal recognition as a corporation, they are unable to get a loan from a bank Banks are reluctant to provide these smaller loans to customers because of the high administrative and operational expenses. A lack of confidence in small businesses' capacity to pay back loans is a common reason for banks to refuse credit to them (Singh & Kaur, 2021). Many small businesses borrow money from informal lenders because of the exorbitant interest rates they charge. It's difficult for small businesses to develop in the current economic climate.

Bangladesh's small and medium-sized companies (SMEs) display a wide range of characteristics because of the wide range of economic activities they engage in. Small firms continue to face a basic challenge, though, and this problem relates directly to small company definition and scope. Small and medium-sized businesses (SMEs) and medium-sized businesses (MSMEs) are increasingly being used interchangeably (Singh & Kaur, 2021). CSMEs, for example, fall into this category as well. A lack of agreement on what constitutes these sectors is stifling legislation and other efforts to enhance them. For cottage, micro, and small business entrepreneurs, beginning and managing a business may be extremely difficult. Medium-sized businesses have unique requirements and challenges; thus, it makes sense for them to use our service (Pietrovito & Pozzolo, 2021).

The BSCIC industrial park was abandoned for a variety of reasons. Consequently, no policies or efforts are in place to help small and medium-sized businesses in complying with industry standards. Due to a lack of business acumen, technology skill, and management ability, small and medium-sized businesses face a number of challenges (SMEs) (Pietrovito & Pozzolo, 2021).

Since June 2020, SANEM has undertaken quarterly surveys of Bangladeshi SMEs and found that they are especially vulnerable. Owners of micro and small businesses are particularly hard hit (Chandra et al., 2020).

For many small and medium-sized firms, the road to recovery is still unclear. The success of small and medium-sized enterprises (SMEs) is crucial to the country's economic revival (SMEs). By restricting access and locking people in, the infection may have remained contained. Restriction and censorship, on the other hand, have made it more difficult for individuals living on the margins of society to thrive. Economic inactivity would be hazardous if it persisted over an extended period. Lockdown and "tight" limitations on business activity have not been replaced by health measures more than a year after the pandemic started. Therefore, the present study aims to identify and assess various factors that may affect the growth of SMEs in Bangladesh.

2. LITERATURE REVIEW

The fast growth of Bangladesh's SME sector has been explored in many studies. More than 70% of the workforce in numerous South Asian countries is employed by small and medium-sized firms (SMEs), according to these surveys ([Kachlami et al., 2016](#); [Roseline Iruoma Ojinta, 2018](#)). In several research, small and medium-sized businesses (SMEs) suffer a variety of obstacles, including ([Ahmad et al., 2015](#); [Kachlami et al., 2016](#); [Roseline Iruoma Ojinta, 2018](#); [Yang et al., 2019](#)). Small and medium-sized businesses (SMBs) sometimes have difficulties in obtaining capital, managing bureaucratic and regulatory red tape, and networking with other local businesses. Small and medium-sized businesses in Bangladesh face numerous challenges and opportunities when trying to expand their operations, ([Kachlami et al., 2016](#)) both of which pose significant obstacles to business growth. As a result, foreign commerce has been severely curtailed. Many of the same problems were identified, as [Ahmed \(2002a\)](#) explains. There was some evidence that these constraints were less severe when SMEs started exporting, but the business climate and internal capabilities were still substantial roadblocks. For Bangladesh's small and medium-sized businesses, trade facilitation is becoming an increasingly important consideration (SMEs). Private sector trade facilitation programs have a significant influence on export and import volumes as well as exporters' capacity to explore new markets for their products, and this is especially true for exporters. Simplifying customs processes also has a major beneficial effect on trade flows, as the OECD stressed ([Ahmad et al., 2015](#)). the Organization for the Advancement of Industrialized Nations SME access to international markets is hindered by a number of factors, according to research conducted by the Organization for Economic Co-operation and Development (OECD) and the Asian Development Bank (ADB) (Asia-Pacific Economic Cooperation). It is difficult for SMEs to discover and analyze foreign business possibilities; (b) there is insufficient knowledge about the market; (c) there is a lack of information on how to locate/analyze it; and (d) there is no way to get in touch with prospective foreign clients. [Wilson \(2007\)](#) predicted that the least efficient nations will enjoy the largest benefits from simplifying their customs and administrative procedures in terms of economies of scale. Port efficiency, customs environment, regulatory

environment, and service sector infrastructure all contribute to a more efficient flow of commerce.

2.1 SME Sector in Bangladesh

Depending on the size and scope of the organization, small and medium-sized enterprises may be classified in a number of ways (SMEs). The Bangladesh Bank defines small and medium-sized firms this way in 2011 (Alauddin et al., 2015). A company with BDT 5 lakh to 1 crore in fixed assets is considered small in today's market (excluding land and buildings). BDT 5 lakh to 1 crore must be spent on fixed assets (excluding land and buildings), with a workforce of between 10 and 25. A "small" industrial facility is one with 25 to 99 workers and market values ranging from BDT 50 lakhs to 10 crores when figuring out the replacement cost of fixed assets (excluding land and buildings). Replacement of a company's fixed assets (excluding land and buildings) may cost anywhere from BDT 1 crore to Tk 15 crore, depending on workforce size. At least 50 employees and fixed assets with a value of BDT 1 crore to Tk. 15 crore or more are considered medium-sized enterprises for the purposes of this definition. Medium-sized businesses may afford to replace old assets with new ones for between BDT 10 million and Tk 30 million (excluding land and buildings) (Alauddin et al., 2015).

2.2 Constrains of SMEs Growth

Bank loans to small and medium-sized businesses (SMEs) in Bangladesh are charged an unreasonable interest rate of 13% by the central bank (Wang, 2016). For SME owners, a 13 percent interest rate on loans, hiring employees, paying wages, leases, and utilities necessitates a profit margin of more than 50 percent. Attempting to do so is a mathematical impossibility. In order to acquire a competitive advantage, small businesses must produce high-quality products, but double-digit bank interest rates make that difficult. SME owners/managers are in severe need of financing since they lack a co-signer for their bank loan (Jha et al., 2021). SMEs are seen by Bangladesh Bank, the country's central bank, as particularly hazardous borrowers. They are unable to meet Bangladesh Bank's guarantee standards since they lack the financial resources. Banking institutions give loans based on fixed assets to only 15% to 20% of SME owners, depending on the findings of a survey. About 80 percent of small and medium-sized businesses (SMEs) are unable to get bank loans because they lack the required collateral (Nizaeva & Coskun, 2018). For SMEs in the ICT industry, obtaining bank loans is a big roadblock that prevents expansion.

Industrialization should be urbanized and capital-intensive in Bangladesh because of the country's lack of adequate infrastructure. There has been an improvement in the provision of basic utilities like electricity in recent years, but rural areas are still struggling to keep their power on all the time. There is a significant impact on supply chain efficiency and commodity transportation from rural areas due to other utilities like gas and water as well as roads and highways, especially for small and medium-sized

enterprises. "Harsh topographical conditions boost transportation costs. Large-scale interruptions to the delivery of essential infrastructure and services are a significant barrier for Bangladeshi SMEs (Roseline Iruoma Ojinta, 2018).

Inflexibility, inefficiency, political meddling, and corruption afflict public sector financial institutions because of a lack of transparency and adequate accountability within such organizations' structures. As a consequence, bank officials lack the desire to bring in a considerable number of prospective borrowers, particularly those in the SME sector, to the institutional financing fold (Xheneti & Bartlett, 2012). They use a passive and inflexible attitude to the borrowers in order to avoid the risk of making an inaccurate lending or pressure the borrower to make side payments for more favorable loan application processing. SMEs will continue to bear the burden of this institutional malice until public financial institutions make significant reforms (PFIs). A few high-quality ICT academies equipped with the newest technology are available in Bangladesh for our fast-expanding industrial sectors, which are strongly dependent on ICT. These would be necessary if you were going to be hiring fresh people to train. Small and medium-sized businesses (SMEs) in Bangladesh don't have a training agency or academic institution to learn about and practice their business strategy from, which is surprising (Alauddin et al., 2015; Wang, 2016; Xheneti et al., 2012).

Bangladesh's enterprises are hindered by a lack of technological advancements. There are many small firms that are unable to develop because of issues in accepting new technology. The majority of Bangladeshi small and medium-sized enterprises (SMEs) produce their items utilizing local equipment and in-house technologies (meant for restricted usage only) (Alauddin et al., 2015). To meet market demand, these products must be more productive. SME sectors' export-friendly potential is limited in Bangladesh because to a lack of raw resources, making it difficult for small businesses to develop their global reach. Thus, Bangladesh's SMEs are less prepared to take use of cutting-edge technology (Nyandoro, 2017). SMBs account for one to two percent of all firms; the other fifteen percent do their activities entirely on computers. Only 9 percent of small and medium-sized enterprises (SMEs) are internet users.

It is more difficult for SMEs to cope with several business hazards and uncertainties than large firms because of their inferior ability to make sound decisions, manage their organizations, and plan their operations in contrast to large corporations. Small and medium-sized enterprises (SMEs) are also at danger (Nyandoro, 2017). External shocks have a direct impact on the internal and external environment, putting small and medium-sized businesses (SMEs) at greater risk and difficulty because of these issues. Businesses of all sizes are no different when it comes to embracing new technology. They don't want to put their businesses at jeopardy. So, we developed the hypothesis-

H1: There is a significant positive correlation between Competition with large industries and SMEs' growth in Bangladesh.

H2: There is a significant positive correlation between Government Support and SMEs' growth in Bangladesh.

H3: There is a significant positive correlation between Lack of protective measurement and SMEs' growth in Bangladesh.

H4: There is a significant positive correlation between Scarcity of technical skill and SMEs' growth in Bangladesh.

2.3 Mediation of Governmental Support

Every government agency and ministry have its own set of requirements for starting a business in Bangladesh, no matter how little or huge it may be expected to be. Filling out this paperwork is difficult for the average person (Nyandoro, 2017; Yoshino, 2016). Adding insult to injury, they must pay bribes to almost every desk in the workplace, which is depressing to them as well. According to, the Bangladesh government should have taken a different approach for the SME owner/manager to make procedures easier to get all the clearance done from the same authorities under the same roof to save time and unnecessary hassle to make the process faster to start a business and to make the SME owner/ manager satisfied (Kachlami et al., 2016).

A critical tool for a growing nation like Bangladesh is the small and medium-sized business (SMEs). Researchers, academics, and the government in Bangladesh have focused on SMEs as a way to help alleviate poverty and contribute to the country's overall economic growth. Small and medium-sized companies (SMEs) account for 15% of Bangladesh's GDP (Ahmad et al., 2015). According to several governmental and non-governmental organizations (NGOs), SMEs have not been fully unleashed, despite their efforts. In Bangladesh, we feel it is essential to identify the barriers to progress (Nyandoro, 2017). This inquiry was conducted out considering this fact. Researchers in Bangladesh are looking at the factors that influence small and medium-sized businesses (SMEs) to see what impact they have on policy.

There are several reasons why this study is necessary. The government and non-governmental organizations (NGOs) have spent considerable amounts of money collected from foreign funding institutions on such projects even though export orientation, employment, or small company growth have made little progress in Bangladesh since independence (Mazumdar & Alharahsheh, 2019). Therefore, there is a plethora of agricultural and petrochemical raw resources and a large domestic market. this has been the case. There are several factors that prohibit small enterprises from growing in the United States. To learn more about the difficulties that Bangladesh's small and medium-sized enterprises (SMEs) face as they strive to grow and develop, this project is a field investigation (Chandra et al., 2020). Consequently, the research provides as a significant resource for policymakers, academics, entrepreneurs & the

government in their attempts to boost SME sector growth in this country. Therefore, the following hypothesis for mediation were developed:

H5: Government Support mediates the relation between Competition with large industries and SMEs' growth in Bangladesh.

H6: Government Support mediates the relation between Lack of protective measurement and SMEs' growth in Bangladesh.

H7: Government Support mediates the relation between Scarcity of technical skill and SMEs' growth in Bangladesh.

3. METHODOLOGY

The present study has adopted the cross-sectional and quantitative research approach. The structured questionnaire was used as data collection tool. The questionnaire was consisted of 5 self-developed scales. The scale of Competition with large industries, Government Support, Lack of protective measurement and Scarcity of technical skill was measured using 4-items each, while the scale of SMEs growth was measured using 7-items scale. All the items of the questionnaire were measured on a Five Point Likert scale. As this research focuses on small and medium-sized firms (SMEs), therefore data from 216 SMEs owners were collected in Bangladesh using snowball sampling technique. The collected data was then analyzed using PLS-SEM approach using SmartPLS 3.0 software.

3.1 Data Analysis

The PLS-SEM approach is consisted of two steps i) the analysis of measurement model and ii) the analysis of structural model. The measurement model is further based on two analysis that is convergent validity and the discriminant validity. The convergent validity consists of reliability and AVE analysis, while the discriminant validity is established using HTMT ratio analysis. The reliability of the constructs was established using Cronbach's alpha, rho_A and composite reliability analysis presented in [Table 1](#). In order to establish the reliability, the Cronbach's alpha, rho_A and composite reliability analysis should be at least 0.70 ([Sulaiman et al., 2020](#)). While some studies found 0.600 to be acceptable, others found multiple 0.600 to be unacceptable.

The Cronbach alpha is acceptable since it's above 0.60 ([Sulaiman et al., 2020](#)). Similarly, the values of rho_A and composite reliability are greater than 0.70 the established the reliability of the constructs. In addition, the AVE value of each construct is greater than 0.50 that established the convergent validity of the model. In addition, to establish discriminant validity of the construct the HTMT analysis was presented in [table 2](#) and all the values of the construct are less than 0.85 that established the discriminant validity of the research model.

Table 1. Convergent Validity Analysis

			Cronbach's Alpha	rho A	Composite Reliability	AVE
Competition with large industries	Cli1	0.882	0.846	0,854	0.896	0.685
	Cli2	0.759				
	Cli3	0.833				
	Cli4	0.832				
Government Support	Gs1	0.720	0.734	0.755	0.834	6559
	Gs2	0.863				
	Gs3	0.721				
	Gs4	0.674				
Lack of protective measurement	Lpm1	0.656	0.817	0.870	0.870	0.629
	Lpm2	0.895				
	Lpm3	0.736				
	Lpm4	0.863				
SMEs growth	Sg1	0.717	0.885	0.892	0.911	0.596
	Sg2	0.773				
	Sg3	0.778				
	Sg4	0.865				
	Sg5	0.720				
	Sg6	0.863				
	Sg7	0.721				
Scarcity of technical skill	Sts1	0.840	0.803	0.828	0.871	0.630
	Sts2	0.769				
	Sts3	0.865				
	Sts4	0.689				

4. ASSESSMENT OF THE STRUCTURAL MODEL

4.1 Goodness of Model-Fit

The goodness of model-fit (GOF) can be established using coefficient of determination (R²) and cross validated redundancy (Q²). The coefficient of determination (R²) is used to demonstrate the cumulative effects of the exogenous or their variance explained in endogenous variable. The (R²) value more than 0.26 is considered substantial in the field of social sciences (Moser & Korstjens, 2018). The R² values of government support and SMEs growth present in Table 5 were 0.788 and 0.872 respectively and considered highly substantial.

Table 2. HTMT Ratio Analysis

	Competition with large industries	Government Support	Lack of protective measurement	SMEs growth	Scarcity of technical skill
Competition with large industries					
Government Support	0.778				
Lack of protective measurement	0.569	0.632			
SMEs growth	0.698	0.712	0.523		
Scarcity of technical skill	0.754	0.810	0.458	0.256	

Table 5. R-square of SEM Model

	R Square	R Square Adjusted
Government Support	0.788	0.773
SMEs growth	0.872	0.862

As an additional GOF assessment in PLS modeling, the Stone-Geisser predictive relevance test is often utilized. The relevance of exogenous variables as a predictor of expected outcomes is accessed by Q2 value. According to [Hair et al. \(2016\)](#), this value may be calculated by performing a blindfold analysis This cross-validation demonstrates the model's ability to predict endogenous variables and explains the model's quality. Using a blindfolding procedure and a cross-validated redundancy technique, the Q2 value was obtained. The Q2 value of each endogenous variable greater than 0 is considered substantial. [Table 6](#) shows that the Q2 value is more than zero for both endogenous variable: indicating considerable predictive relevance.

Table 6: Q²_predict

Latent variable prediction	RMSE	MAE	Q ² _predict
Government Support	0.518	0.403	0.742
SMEs growth	0.430	0.334	0.822

4.2 Hypotheses Testing

Seven hypotheses were uncovered throughout the study's literature evaluation. Statistical significance is often interpreted as substantially different t-values from zero when all three variables are in the "normal" ranges. PLS bootstrapping resampling with 1000 bootstrap samples were used to get statistical T-values for the data (Sulaiman et al., 2020).

4.3 Direct Relation

Table 3 shows the strength of the association between the independent and dependent variables, while the p-value shows the significance of the relationship. To establish the significance of the relationships among variables, the t-value should be greater than 1.96 and the p-value should be less than 0.05. In this way, the paths Competition with large industries with SMEs growth (t-value = 2.476, p-value <0.05), Government Support with SMEs growth (t-value = 2.611, p-value <0.05), Lack of protective measurement with SMEs growth (t-value = 2.776, p-value <0.05) and Scarcity of technical skill with SMEs growth (t-value = 3.970, p-value <0.05) have been shown to be significant. Thus, all the direct effects of the research model (i.e., H1, H2, H3 and H4) are supported by the study analysis.

Table 3. Direct SEM Path

Path	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Competition with large industries -> SMEs growth	0.291	0.282	0.118	2.476	0.013
Government Support -> SMEs growth	0.222	0.225	0.085	2.611	0.009
Lack of protective measurement -> SMEs growth	0.311	0.104	0.063	2.776	0.006
Scarcity of technical skill -> SMEs growth	0.367	0.360	0.092	3.970	0.000

4.4 Indirect Relations

Table 4 shows the strength of the mediating effect of government support between the association of independent and dependent variables. Like direct analysis the t-values and p-values establish the significance of the relationship. In this way, the mediating effect of government support between the association of Competition with large industries with SMEs growth (t-value = 1.502, p-value >0.05), Lack of protective measurement with SMEs growth (t-value = 1.938, p-value <0.05), and Scarcity of technical skill with SMEs

growth (t-value = 1.376, p-value >0.05) was tested. As per the findings of the study the H6 is established will H5 and H7 have not found any empirical support.

Table 4: Indirect SEM Path (Government Support)

Path	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Competition with large industries -> Government Support -> SMEs growth	0.063	0.069	0.042	1.502	0.133
Lack of protective measurement -> Government Support -> SMEs growth	0.367	0.232	0.025	1.938	0.006
Scarcity of technical skill-> Government Support -> SMEs growth	0.035	0.032	0.025	1.376	0.169

In conclusion, after establishing the convergent and discriminant validity, the hypothesis developed in literature review section were tested in structural model analysis and the five out of seven hypotheses were supported by the empirical findings. The summary of the findings is presented in [Table 7](#) below.

5. DISCUSSION AND CONCLUSION

The engines that drive the economy forward and create jobs are the small and medium-sized businesses (also known as SMEs). The effectiveness of SMEs can also contribute to the fight against global poverty. It is imperative to identify the factors that are preventing the growth of small and medium-sized enterprises (SMEs) in Bangladesh because the expansion of small and medium-sized businesses is essential to the development of Bangladesh ([Rahaman et al., 2022](#)). In this paper, we investigate how small and medium-sized enterprises (SMEs) see the most significant obstacles to their growth and the factors that lie beneath those perceptions. The five most significant challenges that small and medium-sized enterprise (SME) managers faced were competition from large industries, support from the government, the high cost of raw materials and equipment, and a lack of protective measures. The most significant challenges are a lack of technical expertise as well as high prices for the necessary raw materials and equipment. The findings of the investigation into the factors that determine how people feel about these impediments are contradictory to say the least. It was discovered that the growth of small and medium-sized businesses is not significantly influenced by the presence of bureaucratic set-up procedures or a lack of financing.

Table 7. Findings Summary

Hypothesis	Path	Support
There is a significant positive correlation between Competition with large industries and SMEs' growth in Bangladesh	Competition with large industries -> SMEs growth	Yes
There is a significant positive correlation between Government Support and SMEs' growth in Bangladesh.	Government Support -> SMEs growth	Yes
There is a significant positive correlation between Lack of protective measurement and SMEs' growth in Bangladesh.	Lack of protective measurement -> SMEs growth	Yes
There is a significant positive correlation between Scarcity of technical skill and SMEs' growth in Bangladesh.	Scarcity of technical skill -> SMEs growth	Yes
Government Support mediates the relation between Competition with large industries and SMEs' growth in Bangladesh.	Competition with large industries -> Government Support -> SMEs growth	No
Government Support mediates the relation between Lack of protective measurement and SMEs' growth in Bangladesh.	Lack of protective measurement -> Government Support -> SMEs growth	Yes
Government Support mediates the relation between Scarcity of technical skill and SMEs' growth in Bangladesh.	Scarcity of technical skill-> Government Support -> SMEs growth	No

Despite this, the support from the government only had a moderate impact on how our variables interacted with one another. According to the findings, the absence of protective measures and support from the government is the primary factor that stands in the way of the expansion of small and medium-sized businesses. According to the findings of this study, there is no question that smaller businesses require increased protection from larger and international corporations. We were unable to determine the significance of funding the expansion of small and medium-sized enterprises (SMEs), but we did find that government support mediated the relationship between a lack of funding and the expansion of SMEs. According to the research, businesses that had state involvement had easier access to bank financing than those that did not, and this was due to either implicit or explicit guarantees from the government as well as other government interventions (Buisson et al., 2021; Rahaman et al., 2022; Sardi et al., 2021). This substantiates the findings obtained. We also attempted to determine the impact of government support on the growth of small and medium-sized enterprises (SMEs) on factors such as bureaucratic set-up procedures, competition with large industries, high

raw material and equipment costs, and a shortage of technical skills; however, our findings were not convincing.

6. IMPLICATIONS OF THE STUDY

According to the results of the research, small and medium-sized businesses (SMEs) in Bangladesh confront a variety of issues that restrict their expansion and development. As a result of these difficulties, local firms find it difficult to grow. For small firms to grow and thrive, they face several obstacles, including a lack of funding, government meddling, and corruption (Choi et al., 2018; Gaviria et al., 2021; Huynh et al., 2021). A big boost to the local economy might be achieved by addressing these issues. To get a new company license or registration, the process should not be slowed down by excessive red tape or delay. In both the corporate and governmental sectors, we must act fast to combat crime and corruption. People in both rural and urban areas need better transportation options, as well as more reliable electrical systems. Kindergarten through college should include technology education as a required course of study for all students (Girod & Whittington, 2017; Huynh et al., 2021).

Numerous country-specific studies, both theoretically and practically, corroborate the study's main conclusions. Despite this, we encountered the same data and technique constraints as other research of this kind. While our econometric analysis takes into account the specific features of each country, our general method of looking at all rising nations as a group may not be sensitive enough to the differences among countries. It is possible that the study's failure to account for regional and sectoral differences raises comparable problems. In this regard, we should examine whether incorporating data from throughout the nation was the wisest course of action. Traditional methods were utilized due of the difficulty of the study; hence a panel or time series dataset was ruled out. The fact that a new study's conclusions are in line with those of previous studies is a positive sign. There must be more evidence when addressing how to enhance small and medium-sized enterprises in developing nations.

7. RESEARCH LIMITATIONS

Besides the several significant implications to theory and practice, the present study has several limitations. Despite the limited number of respondents and the absence of in-depth interviews, this field study did not include any in-depth interviews with the owners of Bangladeshi small and medium-sized enterprises (SMEs). Additional research that is based on in-depth interviews and case studies may be conducted in Bangladesh in order to gain a better understanding of the challenges that are being faced by the country's small and medium-sized businesses (SMEs) (Sardi et al., 2021; Ulvenblad & Barth, 2021).

REFERENCES

- Ahmad, S. Z., & Arif, A. M. M. (2015a). Professional insights strengthening access to finance for women-owned SMEs in developing countries. *Equality, Diversity and Inclusion*, 34(7), 634–639. <https://doi.org/10.1108/EDI-11-2012-0104>
- Alauddin, M. D., & Chowdhury, M. M. (2015). Small and Medium Enterprise in Bangladesh-Prospects and Challenges. *Global Journal of Management and Business Research*, 15(7), 11. <https://www.researchgate.net/profile/Md-Alauddin-7/publication/335795524>
- Asiamah, N., Mensah, H. K., & Oteng-Abayie, E. F. (2017). General, target, and accessible population: Demystifying the concepts for effective sampling. *Qualitative Report*, 22(6), 1607–1621. <https://doi.org/10.46743/2160-3715/2017.2674>
- Boso, N., Story, V. M., & Cadogan, J. W. (2013). Entrepreneurial orientation, market orientation, network ties, and performance: Study of entrepreneurial firms in a developing economy. *Journal of Business Venturing*, 28(6), 708–727. <https://doi.org/10.1016/j.jbusvent.2013.04.001>
- Buisson, M. L., Gastaldi, L., Geffroy, B., Lonceint, R., & Krohmer, C. (2021). Innovative SMEs in search of ambidexterity: a challenge for HRM! *Employee Relations*, 43(2), 479–495. <https://doi.org/10.1108/ER-04-2020-0176>
- Chandra, A., Paul, J., & Chavan, M. (2020). Internationalization barriers of SMEs from developing countries: a review and research agenda. *International Journal of Entrepreneurial Behaviour and Research*, 26(6), 1281–1310. <https://doi.org/10.1108/IJEBR-03-2020-0167/FULL/HTML>
- Choi, J. W., Kwon, S. K., Kim, S. M., Cho, H., Lee, H. chang, & Kim, H. Y. (2018). Interstitial Nephritis Caused by Anorexia Nervosa in Young Male; A Case Report and Literature Review. *Electrolyte and Blood Pressure*, 16(1), 15–17. <https://doi.org/10.5049/EBP.2018.16.1.15>
- Chowdhury, M. S., Islam, R., & Alam, Z. (2013). Constraints to the Development of Small and Medium Sized Enterprises in Bangladesh: An Empirical Investigation. *Australian Journal of Basic and Applied Sciences*, 7(8), 690–696. https://touro scholar.touro.edu/nyscas_pubs/191/
- Drexler, D., Fiala, J., Havlíčková, A., Potůčková, A., & Souček, M. (2018). The Effect of Organic Food Labels on Consumer Attention. *Journal of Food Products Marketing*, 24(4), 441–455. <https://doi.org/10.1080/10454446.2017.1311815>
- Fowler, Susan B.; Lapp, V. (2019). Sample size in quantitative research: Sample size will affect the significance of your research. *American Nurse Today*, 14(5), 61–62. <https://go.gale.com/ps/i.do?id=GALE%7CA592663691&sid=googleScholar&v=2.1&it=r&linkaccess=abs&issn=19305583&p=HRCA&sw=w>
- Gaviria, Y. S., Camaño Echavarría, J. A., & Zapata Montoya, J. E. (2021). Evaluation of the environmental impact of dry chemical silage obtained from the viscera of

- red tilapia (*Oreochromis* spp.) using ecological footprint methodology. *Heliyon*, 7(6), e07337. <https://doi.org/10.1016/j.heliyon.2021.e07337>
- Girod, S. J. G., & Whittington, R. (2017). Reconfiguration, restructuring and firm performance: Dynamic capabilities and environmental dynamism. *Strategic Management Journal*, 38(5), 1121–1133. <https://doi.org/10.1002/SMJ.2543>
- Greer, A., Sorge, J., Sharpe, K., Bear, D., & Macdonald, S. (2018). Police encounters and experiences among youths and adults who use drugs: Qualitative and quantitative findings of a cross-sectional study in Victoria, British Columbia. *Canadian Journal of Criminology and Criminal Justice*, 60(4), 478–504. <https://doi.org/10.3138/cjccj.2017-0044.r1>
- Huynh, H. T. N., Trieu, H. D. X., Van Nguyen, P., Tran, T. G., & Lam, L. N. H. (2021). Explicating brand equity in the information technology sector in Vietnam. *Administrative Sciences*, 11(4), 128. <https://doi.org/10.3390/ADMSCI11040128>
- Jha, R., Chattopadhyay, M., & Gajpal, Y. (2021). Reducing Response Time of Ambulance Service by Utilizing the Knowledge of Service Location of Ambulance Drivers using Self-Organizing Map. *International J. of Opers. and Quant. Management*, 27(3), 219-235. doi: <https://doi.org/10.46970/2021.27.3.2>
- Kachlami, H., & Yazdanfar, D. (2016). Determinants of SME growth: The influence of financing pattern. An empirical study based on Swedish data. *Management Research Review*, 39(9), 966–986. <https://doi.org/10.1108/MRR-04-2015-0093>
- Mazumdar, D. A., & Alharahsheh, H. (2019). Key Challenges and Barriers Facing Small and Medium Enterprises (SMEs) in Bangladesh. *South Asian Research Journal of Business and Management*, 01(03), 118–120. <https://doi.org/10.36346/sarjbm.2019.v01i03.005>
- Moser, A., & Korstjens, I. (2018). Series: Practical guidance to qualitative research. Part 3: Sampling, data collection and analysis. In *European Journal of General Practice* (Vol. 24, Issue 1, pp. 9–18). Taylor and Francis Ltd. <https://doi.org/10.1080/13814788.2017.1375091>
- Nizaeva, M., & Coskun, A. (2018). Determinants of the Financing Obstacles Faced by SMEs: An Empirical Study of Emerging Economies. *Journal of Economic and Social Studies*, 7(2), 81. <https://doi.org/10.14706/jecoss17725>
- Nyandoro, C. K. (2017). Factors influencing information communication technology (ICT) acceptance and use in small and medium enterprises (SMEs) in Kenya. *Dissertation Abstracts International: Section B: The Sciences and Engineering*, January, 146. <http://ovidsp.ovid.com/ovidweb.cgi?T=JS&PAGE=reference&D=psyc13&NEWS=N&AN=2016-47712-180>
- Pietrovito, F., & Pozzolo, A. F. (2021). Credit constraints and exports of SMEs in emerging and developing countries. *Small Business Economics*, 56(1), 311–332. <https://doi.org/10.1007/s11187-019-00225-x>
- Rahaman, A., Ahmed, T., Gupta, A., Taru, R. D., Ali, A. R. S. I., & Ali, J. (2022). WHAT Factors Do Satisfy Employees of Sme Business Sector? A Study on A

- Developing Economy. *Academy of Entrepreneurship Journal*, 28(1), 2686. <https://www.meetingsint.net/articles/What-factors-do-satisfy-employees-of-sme-business-sector-A-study-on-a-1528-2686-28-S1-003.pdf>
- Roseline Iruoma Ojinta. (2018). Barriers to Women Leadership of Small and Medium Enterprises in Nigeria. *Dissertation*, 233(1), 1–155.
- Sardi, A., Sorano, E., Garengo, P., & Ferraris, A. (2021). The role of HRM in the innovation of performance measurement and management systems: a multiple case study in SMEs. *Employee Relations*, 43(2), 589–606. <https://doi.org/10.1108/ER-03-2020-0101>
- Shorten, A., & Smith, J. (2017). Mixed methods research: Expanding the evidence base. *Evidence-Based Nursing*, 20(3), 74–75. <https://doi.org/10.1136/eb-2017-102699>
- Singh, P., & Kaur, C. (2021). Factors determining financial constraint of SMEs: a study of unorganized manufacturing enterprises in India. *Journal of Small Business and Entrepreneurship*, 33(3), 269–287. <https://doi.org/10.1080/08276331.2019.1641662>
- Sulaiman, S. M., Dandago, A. A., Muhammad, M. A., & Sabiu, T. T. (2020). Determinants of Takaful Patronage Among Entrepreneurs in Sabon Gari Market, Kano State, Nigeria. *Journal of Accounting Research, Organization and Economics*, 3(3), 238–253. <https://doi.org/10.24815/jaroe.v3i3.17757>
- Taghvaei, S., & Hejazi, S. R. H. (2018). The Effect of Entrepreneurial Orientation on Strategic Learning: Defining the Role of Effectuation Strategy. *Journal of Entrepreneurship Development*, 11(2), 301–320. https://jed.ut.ac.ir/article_68086_en.html?lang=en
- Ulvenblad, P., & Barth, H. (2021). Liability of smallness in SMEs – Using co-creation as a method for the ‘fuzzy front end’ of HRM practices in the forest industry. *Scandinavian Journal of Management*, 37(3), 101–159. <https://doi.org/10.1016/j.scaman.2021.101159>
- Wang, Y. (2016). What are the biggest obstacles to growth of SMEs in developing countries? – Empirical evidence from an enterprise survey. *Borsa Istanbul Review*, 16(3), 167–176. <https://doi.org/10.1016/j.bir.2016.06.001>
- Xheneti, M., & Bartlett, W. (2012). Institutional constraints and SME growth in post-communist Albania. *Journal of Small Business and Enterprise Development*, 19(4), 607–626. <https://doi.org/10.1108/14626001211277424>
- Yang, Y., Chen, X., Gu, J., & Fujita, H. (2019). Alleviating financing constraints of SMEs through supply chain. *Sustainability (Switzerland)*, 11(3), 673. <https://doi.org/10.3390/su11030673>
- Yoshino, N. (2016). Major Challenges Facing Small and Medium-Sized Enterprises in Asia and Solutions for Mitigating Them. *SSRN Electronic Journal*, 564, 22. <https://doi.org/10.2139/ssrn.2766242>