

**ACCELERATING YOUTH ENTREPRENEURIAL GROWTH:
THE ROLE OF COMPOSITE SKILLS DEVELOPMENT
PROGRAM IN BANGLADESH**

AZREEN KARIM
RIZWANA ISLAM
MAHIR A. RAHMAN



BIDS RESEARCH ALMANAC
Bangladesh Institute of Development Studies (BIDS)
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Motivation:

Increasing self-employment at a time of demographic dividend, locally and 4IR, globally

- **Self-employment** is a major source of employment in Bangladesh
- 4IR is likely to change the narrative of human capital dividend-jobs-productivity-growth.
 - **What's happening to access to digital skills?**
- COVID-19 has caused a shift by increasing needs for remote jobs and changed the nature of skills required in the labor market
 - **Changes in desired trades over time?**
- **What determines the choice between agricultural and non-agricultural self-employment?**
- **Gender differences** in entrepreneurship opportunities

Patterns of self employment



Source: Various rounds of LFS Data

Motivation:
GoB has enthusiastically pushed for training programs for youth entrepreneurship

- About **10.4%** of the total working-age population of the country are **underutilized** (LFS 2016-17)
- One of the pivotal themes for inclusive growth in 8FYP is
 - Promote ICT-based entrepreneurship embracing 4th Industrial Revolution (4IR)
- Promote self-employment of youth through entrepreneurship based on training and access to institutional credit
- Increase women's self-employment and entrepreneurship through ICT
- Department of Youth Development has taken up six new projects aimed towards poverty alleviation, employment and self-employment creation, transforming the youth into skilled human capital, etc.

Objectives of the study

- To analyze the **determinants of entrepreneurship development** at various stages of skill-based interventions i.e., pre-, during and post and identify the gender dimensions;
- To assess **the impact of skill-based interventions (e.g., training and training plus interventions i.e., training plus access to finance etc.)** on various categorical self-employed youth groups in the agricultural and non-agricultural sector;
- To determine **entrepreneurial training demand sectors** among the youth;
- To analyze the **bottlenecks of micro-entrepreneurship development and suggest future strategic policy directions** towards sector development (via sustainable business model creation and enterprise development e.g., WSMEs, intrapreneurship etc.).

Data

- 4000 current and prospective trainees (including potential migrant workers)
- 20 selected Upazilas (200*20=4000) across 8 administrative divisions.
- This is a unique survey (converted into a database) that has strictly followed the age group criterion 18-35 to adhere with the definition of the youths according to the National Youth Policy, 2017.
- Age composition of the sample:

Age group	Percentage
18-23	30
24-29	35
30-35	35

Conceptual Framework

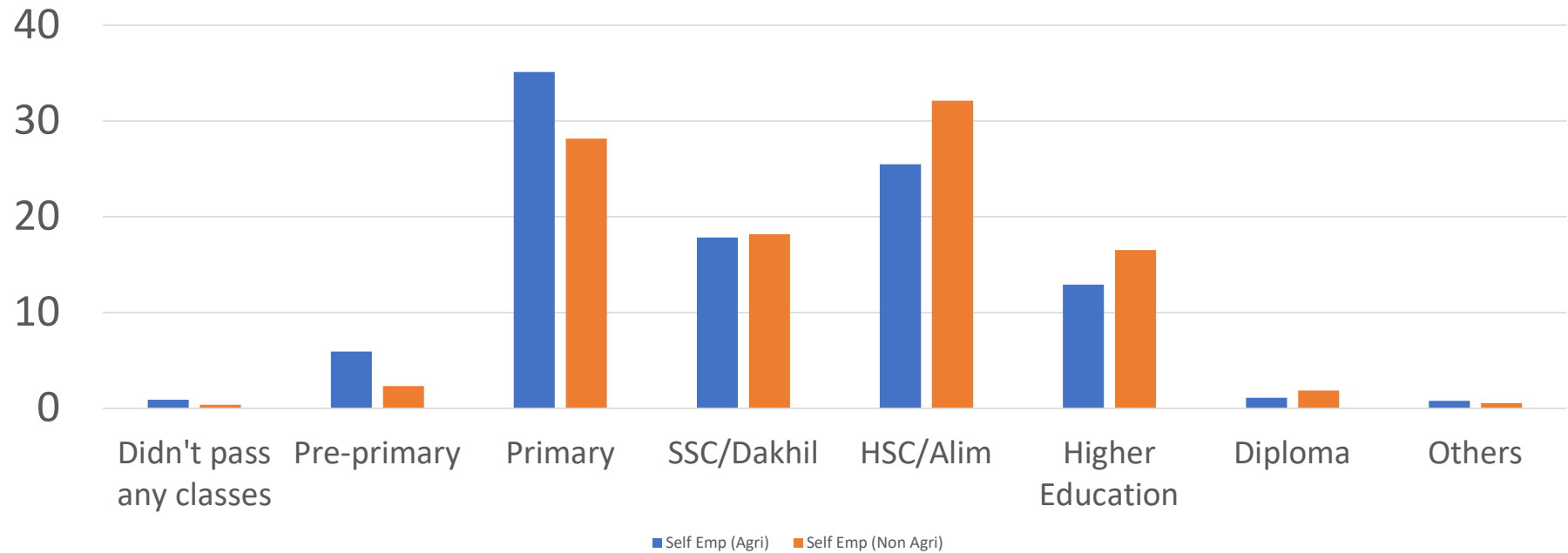
- Entrepreneurship is a local and regional level activity, and new firms can immediately begin to create benefits for their host locations. For this reason, the idea of entrepreneurship was a perfect complement to an increasing focus on community-based economic development.
- In many countries, entrepreneurship has gained popularity because it can be a **low-cost, high-impact approach** to economic development.
- Multiple measures of ‘entrepreneurship’ exist and reflect different types of activities. **Self-employment** is often used to measure entrepreneurship (Storey 1991). However, it may not adequately capture the nuances of entrepreneurship in developing countries.
- It is a **good proxy for entrepreneurial activity** (see Thurik et al. 2009) and can be interpreted to some extent as a measure of entrepreneurial potential.

Conceptual Framework

- Focus on three facets of the entrepreneurial development story **i.e. pre-intervention, during intervention and post-intervention** where the key intervention is entrepreneurship development through training
- **Composite Skills Development Program:** includes not only training; but also training plus interventions i.e., access to finance, technical and business skills, mentorship and advisory support, etc.
- Pre-intervention (sociodemographic characteristics, education, digital skills)
- During intervention (efficacy of trainings, etc.)
- Post intervention (Obstacles to start business, incentives, access to finance, etc.)

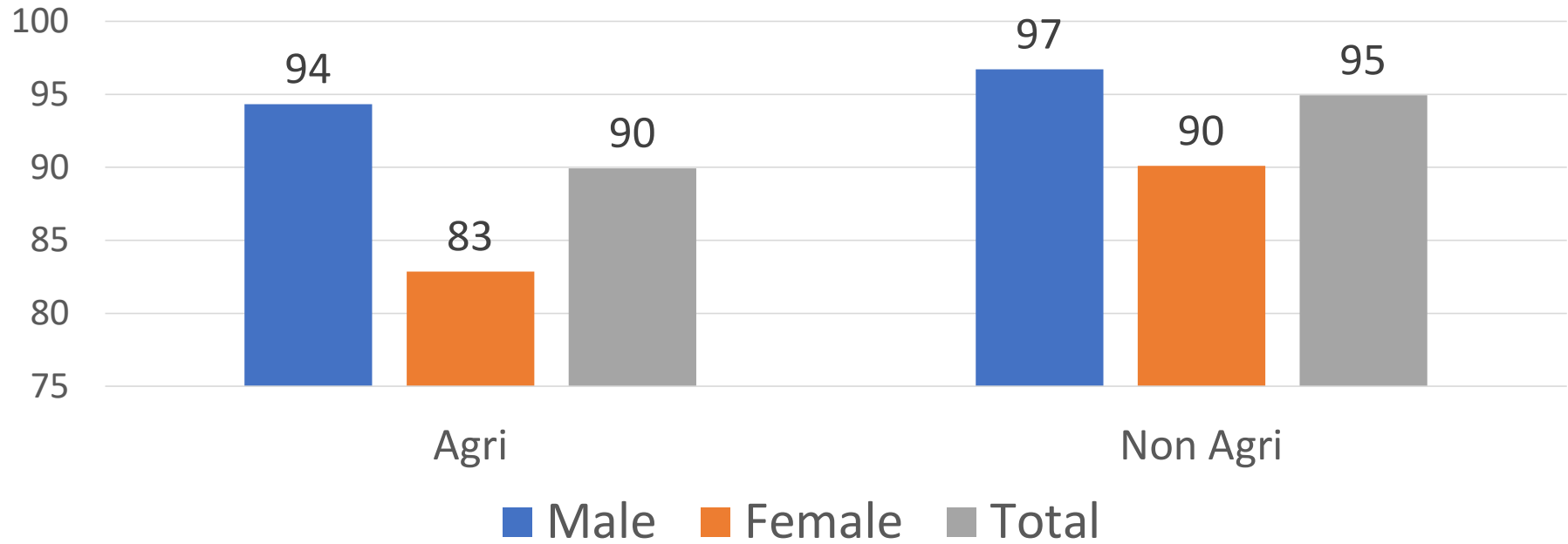
Some interesting patterns: Higher education → Non-agri self-employment

Education and self employment



Digital Skills

Knows typing in English/Bengali



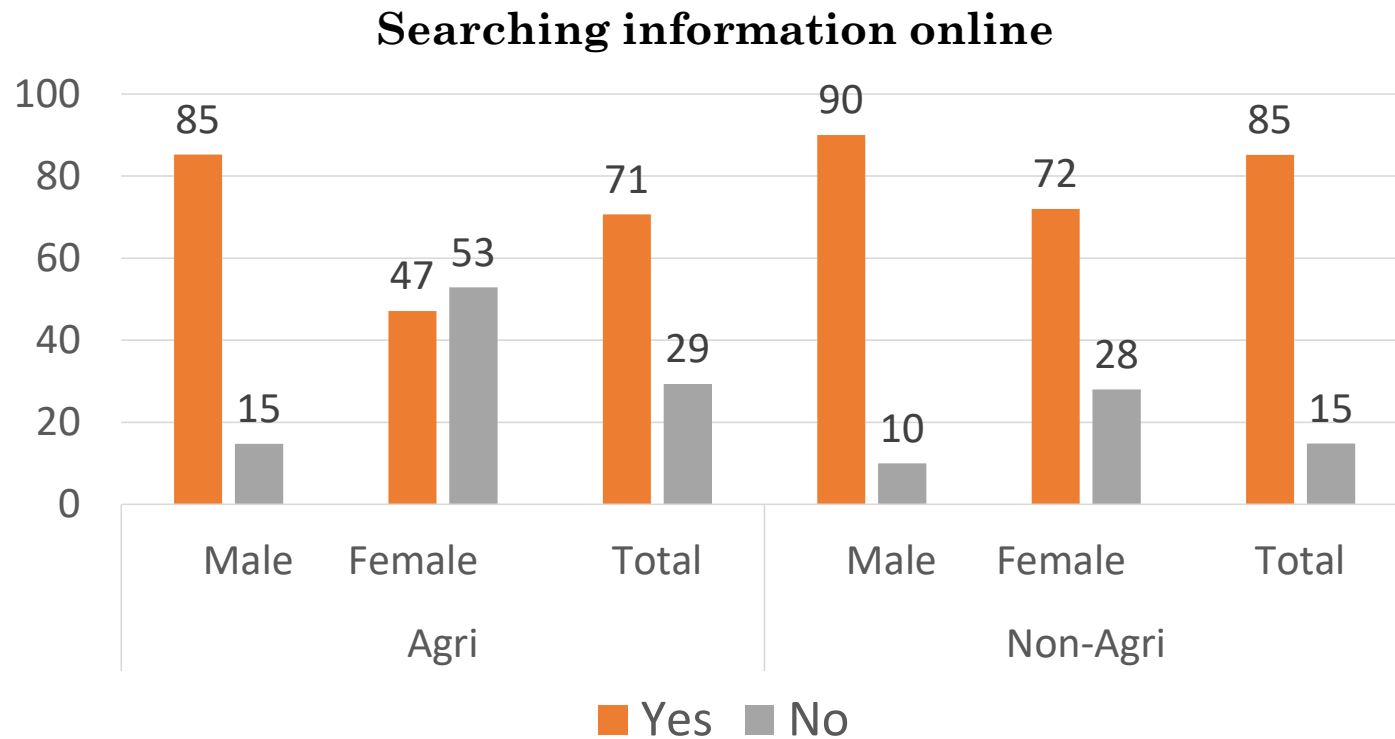
Digital Skills:

Satisfaction with English typing skill- Females are less satisfied than males....satisfaction better in non-agri occupations

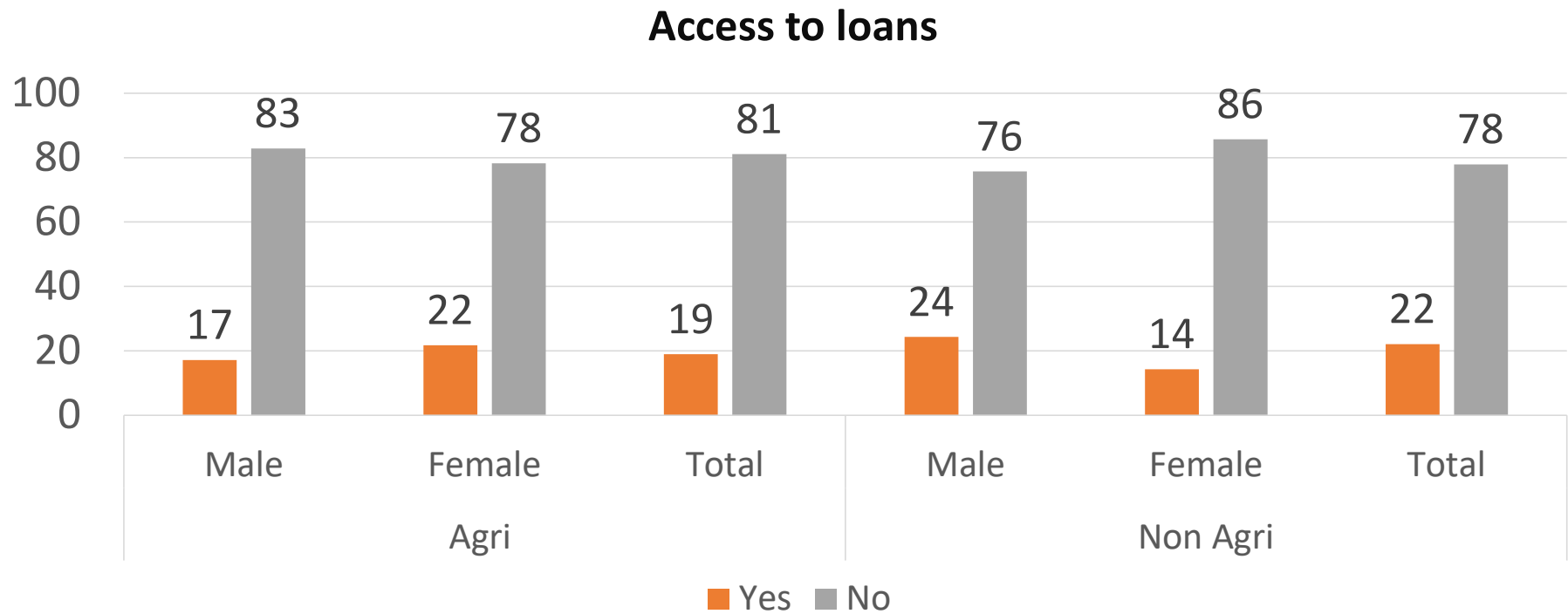
Level of Satisfaction	Agriculture			Non- Agriculture		
	Male	Female	Total	Male	Female	Total
Not at all satisfied	7	18	11	7	11	8
Somewhat unsatisfied	16	40	24	11	21	13
Neither satisfied nor	31	22	28	29	32	30
Somewhat satisfied	36	18	29	38	30	36
Very satisfied	10	3	8	16	6	13

Digital Skills:

Ability to search information online....Females are less skilled

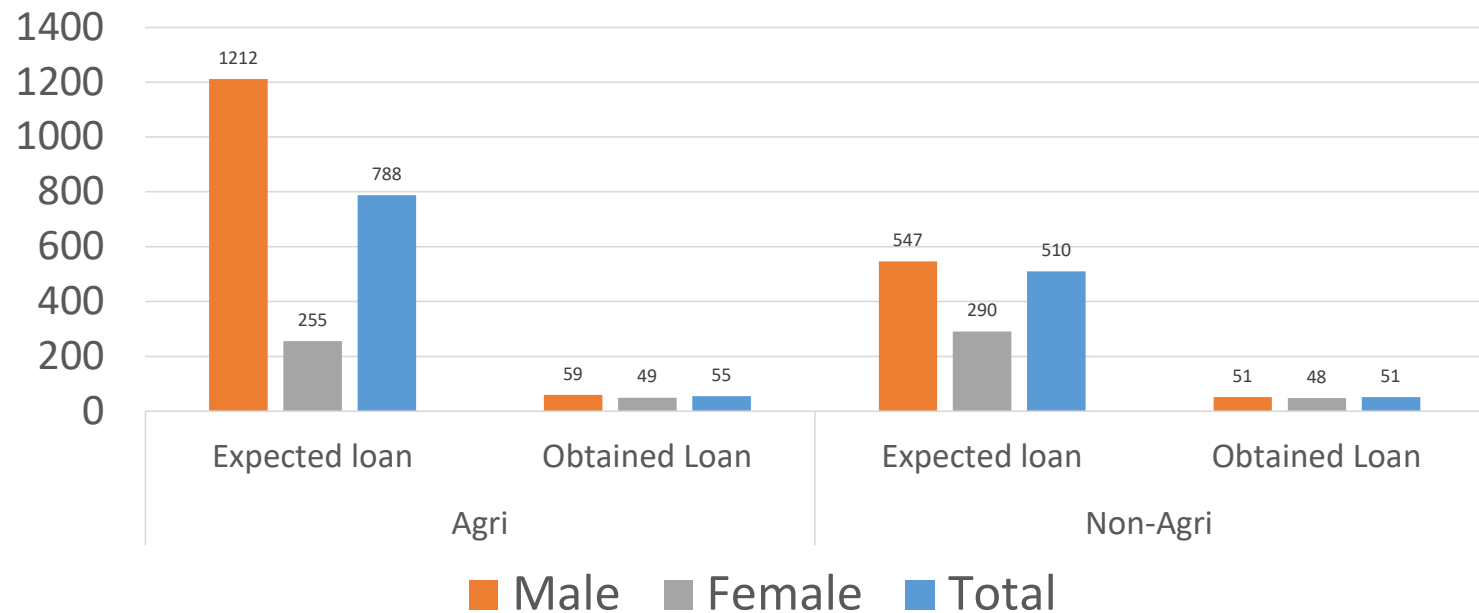


Access to finance: access to loans still low...



Access to finance: Amount of obtained loans below expectations....

Access to loans after training
(In thousands of taka)



Self-employed: Agriculture Trades of obtained trainings

Training Trade	Male (%)	Female (%)	Total (%)
Poultry rearing	13	8	11
Cattle rearing	49	54	51
Fisheries	13	5	10
Vegetable	7	6	7
Garments	0	13	5
Handicraft	3	7	4
Computer skills	7	2	5
Vermi compost / Organ	1	5	2

Self-employed: Non-agriculture...Even here, people mostly participated in trainings based on agricultural trades

Training Trade	Male (%)	Female (%)	Total (%)
Poultry rearing	10	7	9
Cattle rearing	44	16	38
Fisheries	14	4	12
Vegetable	2	8	4
Garments	1	35	8
Handicraft	1	13	4
Computer skills	10	7	9
Electronics	14	1	11
Beautification Services	0	5	1

Estimating how choice between agri and non-agri is self-employment is determined

- Estimated by a probit model
- Dependent variable: Reference group- self-employed in agricultural trades
- Explanatory variables:
 - Socio-economic characteristics
 - Human capital (Education, Digital Skills)
 - Composite skill (Training + Access to loans)

VARIABLES	Reference categories	self_emp (0= Agri, 1=Non-agri)
Gender	Male	-0.537*** (0.0939)
Urban	Rural	0.780*** (0.0973)
training_plus_loans	Only training	0.0424 (0.0870)
Access to land	Has land	0.729*** (0.129)
Education		-0.0230 (0.0172)
Typing skill_English	Not at all satisfied	-0.118 (0.153)
Neither satisfied nor unsatisfied		0.321** (0.155)
Somewhat satisfied		0.345** (0.166)
Very satisfied		0.463** (0.197)
Ability to use Search engine	Can use	-0.246** (0.125)
Ability to use email	Can use	-0.296*** (0.0934)
Constant		-0.726** (0.363)
Observations		1,452

Results

- Access to loans has no significant impact, possibly because of the gap between expected loans vs obtained loans.
 - Apart from low amount of obtained loans, conditions for getting loans are also restrictive
- Rural areas are more likely to see self-employment in agriculture
- Digital skills in general better for those who are self-employed in non-agricultural sector
- Females are less likely to be self-employed in non-agriculture

Training demand: LFS 2016

Type of training	Male (%)	Female (%)	Total (%)
Electrical and electronics	6	1	3
Computer	40	21	29
Craftsman / handicraft	1	25	15
Agricultural crop production	10	1	4
Non-crop agricultural	5	4	5
Driving and motor mechanism	12	0	5
Beautician & hairdressing	0	4	3
Construction related	6	0	3
RMG	2	37	23

Training demand: BIDS Survey 2021-22

	Male (%)	Female (%)	Total (%)
Poultry	8	11	9
Cattle	14	12	13
Fisheries	8	3	6
Vegetable	6	5	5
Garments	2	20	9
Handicrafts	1	12	6
Computer	14	10	13
Food Processing	2	7	3
Electronics	9	1	6
Beautification/ Beautician	0	4	2
Driving / technical training	10	1	6
E-Commerce (Freelance)	9	5	7

Training demand for International Migration

- 14 per cent of the trainees have migrant household member (domestic or international) during the last 5 years
- About 40 per cent of the trainees are interested in prospective migration and international employment seekers and about 76 per cent intended to take trade-related training for international employment

Top Trades of Training

- Driving/technical training (18.07%)
- Training on computer basics and ICT Applications (12.57%)
- Training on electronic goods (11.47%)
- Language learning (8.43%)
- Training on garments (7.06%)
- Training on tourism/hotel management e.g. housekeeping (5.8%)

Top 10 Destinations for Trainees

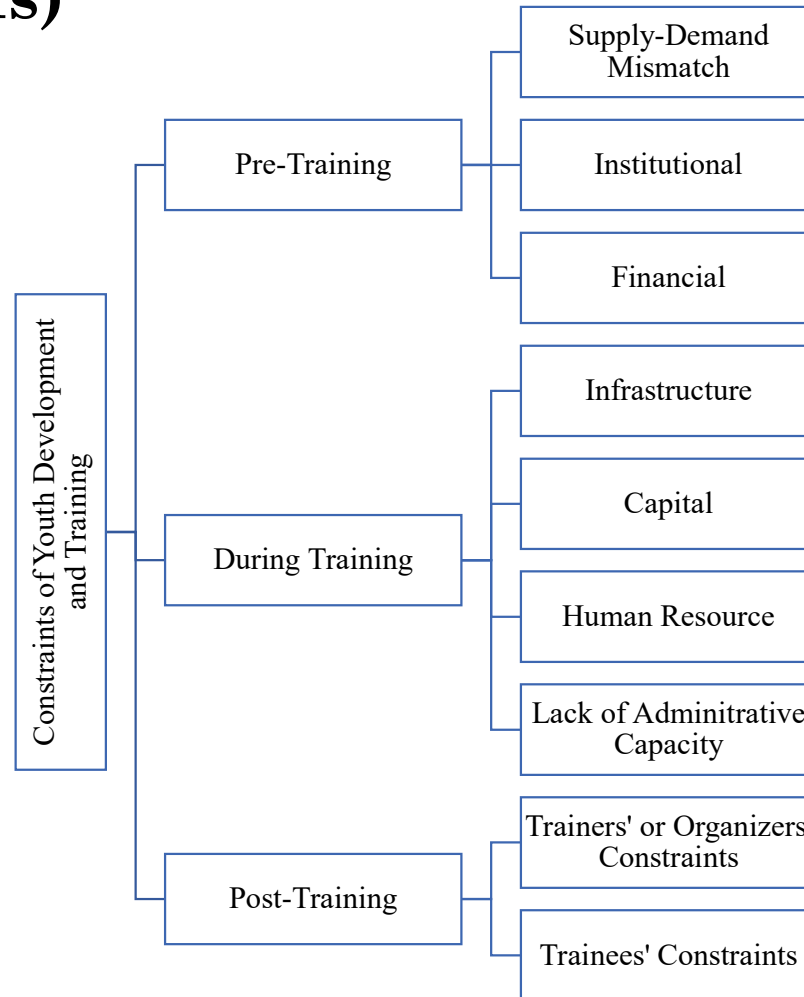
- Saudi Arabia (30.35%)
- Malaysia (13.74%)
- Dubai (11.5%)
- Qatar (7.99%)
- Oman (6.07%)
- Singapore (4.15%)
- Kuwait (4.15%)
- Bahrain (3.19%)
- London (2.56%)
- Iraq (1.92%)

Identifying the Constraints

- Constraint refers to the limitation of expressions of personal agency – of not being able to act or conduct oneself in accordance with one's own desires (Hickey and Pauli-Myler, 2017)
- Multiple impediments to youth development and entrepreneurial prospects include
 - Sectoral constraints (Adeogun, 2015);
 - Behavioral and socio-demographic constraints including family, school, peer groups, and community (Borden et al, 2006 & Tomasik et al., 2012);
 - Improper value orientation and the nature of curricula (Amadi, 2012);
 - Unfavorable government policy and poor policy framework;
 - Limited access to finance, market, information and infrastructure, business assistance and support, entrepreneurship training and education, lack of social support, unfavorable administrative, and weak institutional linkage (Ahmed and Ahmed, 2021);
 - Environmental constraints (Okurut and Ama, 2013); opportunities for access to credit (Twumasi, 2019);
 - Lack of globally recognized labor skill (Fox et al., 2016); and social norms and legal rights and safety (Chakravarty et al., 2017).

Constraints Identified (FGDs and KIIs)

20 FGDs
KIIs (Entrepreneurs,
Trainers, Training co-
ordinators, bank
officials)



Possible improvements during training

- 50% practical/technical trainings
- Extensive field visits
- Successful entrepreneurs and bank officials as Guest Lecturers
- Making the trainings more interactive and enjoyable
- Training of trainers

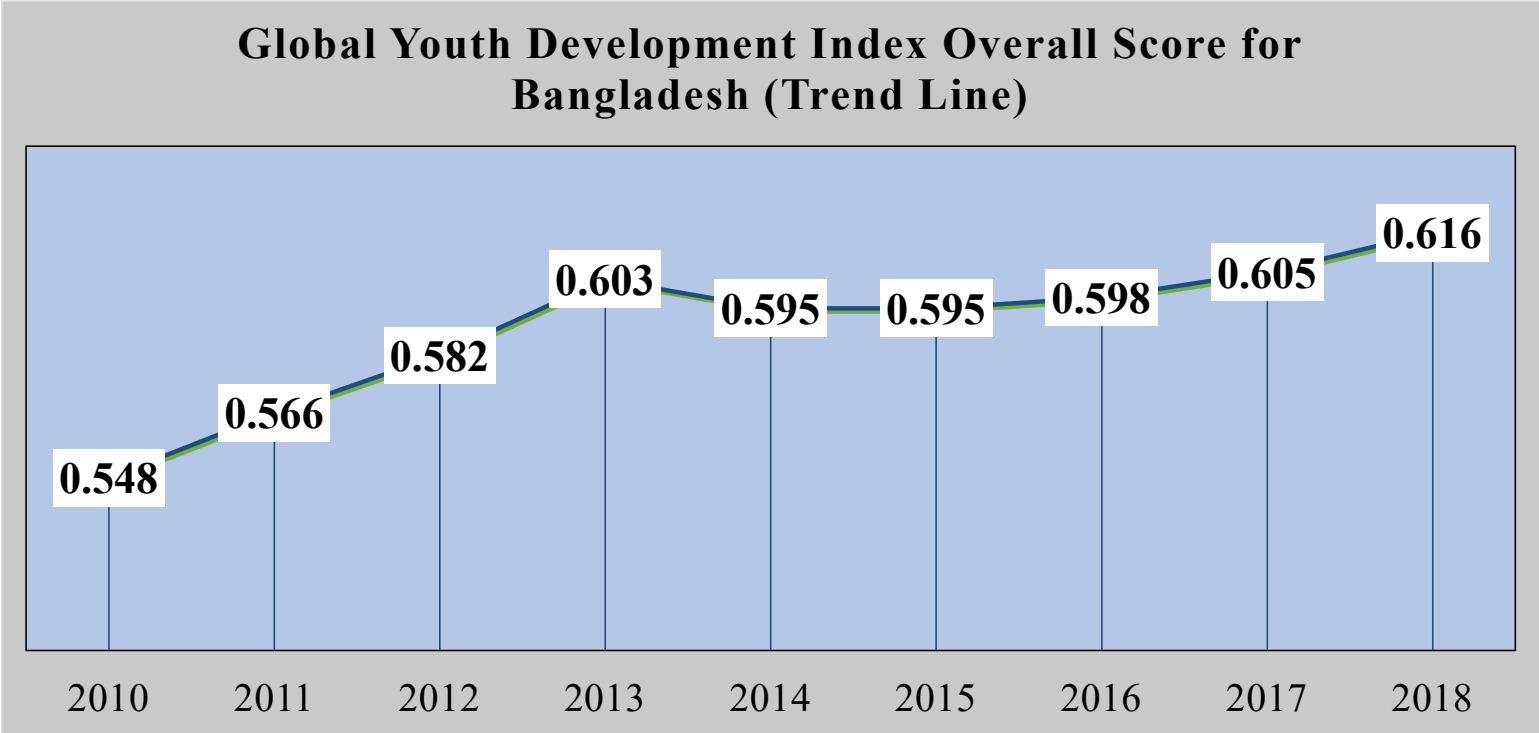
Need for Entrepreneurial Incentives: Post-training incentives – for operating/ starting business...

Incentive Needed	Male (%)	Female (%)
Low registration fees	9.64	8.63
Tax benefits/exemptions	7.89	7.34
Fast registration process	11.05	10.55
Digital certification	8.43	7.29
One-stop e-support service	5.95	4.75
Easy access to DYD loans	27.43	27.74
Low installment time period	10.95	13.32
Specific business operational training	18.66	20.38

Reducing excessive documentation

Easing the load of high fixed cost of starting

Concluding remarks-Where Bangladesh stands...



Source: Global Youth Development Index, 2020

Concluding remarks-Plans & Bottlenecks...

8th FYP Strategies and Policies The Interventions for Youth Development

Supply Side Policy Interventions

- Strengthen the skill base of the existing youth labour force
- Ensuring education and training for all
- Addressing the challenge of the NEET

Demand Side Policy Interventions

- Promotion of Youth Self-Employment through Entrepreneurship
- Non-ICT based self-employment
- ICT-based self-employment
- International Migration
- Labour market information
- Monitoring and Evaluation

Interventions to promote self-employment and other related youth employment policies

Bottlenecks

- Improper maintenance and management
- Lack of capital resources
- Underutilization of capital resources
- Lack of fit trainers (experience and expertise)
- Problems in the existing financial allocation and disbursement process

Concluding remarks-Moving Forward...

- Time to time need assessment (regional and gender-specific trends)
- Proper facilitation and execution of the youth development projects
- Proper and timely allocation of finances
- Distribution of budgets and manpower have to be monitored
- Employing experienced and expert training facilitators
- Government collaboration with financial institutes for entrepreneurial facilitation
 - Introducing ‘Youth Insurance Policy’ and ‘Youth Bonds’ in addition to the ongoing ‘Youth Loan Policy’
- Proper job placement of the trained youths within and outside the country

Thank you!