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Impact of Some Selected Determinants on SMEs Performance: A Study on Jhenaidah District of Bangladesh

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ABSTRACT

Small and Medium Enterprises (SMEs) play a critical role in any emerging economy. These sectors are now considered as the main engine of the economy in Bangladesh. The principal objective of this study is to identify, measure and compare the impact of some selected determinants on SMEs performance in Bangladesh. The study employed qualitative interviews with the owners/employees of SMEs dealing with i) Tailoring ii) Flower cultivation iii) Restaurant business iv) Auto rice mill business v) Jewelry vi) Nursery vii) Clinic business 8. Handicrafts business ix) Rice cultivation and x) Banana cultivation in Jhenaidah district of Bangladesh. This is a survey-based study and the data were collected from 101 respondents using a structured questionnaire. The data collected for the study have been processed using MS Excel 2007. This study examined six determinants such as entrepreneurial competency, marketing capability, financial resources, modern technology, product quality, and investment capacity to determine the SMEs' performance in terms of profit. Seven hypotheses were developed to reach the objectives in the study. The collected primary data were analyzed by applying basic statistical tools. The results of the study revealed that the most significant determinants that affect the performance of SMEs in Bangladesh were entrepreneurial competency, financial resources and investment capacity respectively. Policymakers and owners of SMEs should take necessary steps in light of the findings of the study to improve the performance and ensure the sustainable growth of SMEs sectors in Bangladesh.

Keywords: SMEs, Performance, Determinants, Profits, Competency, affects, Survival, SDGs, Impact.

INTRODUCTION

The origin of SMEs was traced to the time of barter systems. In 1956 East Pakistan Small Industries Corporation (EPSIC) was established to promote SME sectors. After the liberation of Bangladesh, the SMEs launched their business activities on a small scale and the economy is progressed with slow trends. Bangladesh planning commission was introduced in 1972 for the socio-economic development, equality and social justice of Bangladesh. The first 5-year plan (1973-1978) was formed and gave special attention to SME sectors. Over the last 50 years there has been a tremendous and visible increase in GDP of Bangladesh. In 2019-2020 fiscal year

SMEs sectors contribute to our GDP 13.48% by agriculture 30.82% by industry and 55.71% by service sector (BBS, 2021). SMEs represent around 90% of businesses and more than 50% employment facilities in Bangladesh (World Bank, 2021b). In 2021, Bangladesh reached middle income country and in track to graduate from LDC to developing country by 2026 and also declined poverty level from 44% to 15% in 2016 (World bank, 2021a). To achieve the SDGs, we need to adopt right policies and active participation of SME foundation, BSCIC, NASCIB, FBCCI and other institutions for improving SMEs performance. According to Ahmed and Chowdhury (2009) and Sohel Rana & Hossain (2023), the performance of SMEs sectors in Bangladesh is below international standard in respect of quality products, fund management, employee turnover rate etc. In this study we identify six determinants that may affect SMEs' performance such as entrepreneurial competency, modern technology, financial resources, marketing capability, product quality, and investment capacity. The present study was designed to explore the impact of those six determinants on SMEs' performance (profits) in Bangladesh.

STATEMENT OF THE PROBLEM

At present SMEs have received the attention of the government and policymakers in different developed and developing countries. The impact of determinants on SMEs' performance differs from study to study and country to country. Recently many factors have been found related to firm performance. Wengel and Rodriguez (2006) conducted a study on the export performance of Indonesian SMEs among others, including firm size and age as well as foreign share in the capital structure of the firm as their explanatory variables. The impact of determinants on SMEs Performance in Bangladesh may be an important topic for research and many research works could have been done based on it. The business success factors that influence business performance are not analyzed in detail in previous work. It seems that there is a lack of sufficient theories and past research on the impact of determinants on SMEs performance which could guide the current research and could help the stakeholders of these sectors. There is a necessity to conduct research to overcome this deficiency. The current research will help the stakeholders to take the right decision properly and effectively. In this case, the pivotal question is: what factors are responsible for the performance of SME sectors in Bangladesh? This research seeks to investigate whether entrepreneurial competency, marketing capability, financial resources modern technology, product quality and investment capacity affect SMEs' performance. Therefore, the present study has been undertaken to explore the impact of determinants on SMEs' performance (profit) in Jhenaidah district of Bangladesh.

OBJECTIVES OF THE STUDY

The principal objective of the study is to identify the impact of some selected determinants on SMEs' performance (profit) with a special focus on the selected region.

The specific objectives of the study are:

1. to measure and compare the impact of the selected determinants on SMEs performance in terms of profit, and
2. to supply some suggestions for enhancing the performance of SMEs in Bangladesh.

SIGNIFICANCE OF THE STUDY

SMEs are now considered the main engine of the economy in Bangladesh. The manufacturing SMEs' contribution to the national GDP of our country is almost 25%. It is the one-fourth of the total GDP. SMEs sectors generate one-third of the total jobs in Bangladesh. The country is

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currently home to 7.8 million SMEs where 25 million workers employed. More or less 57 million people are engaged in the industrial sectors where 80% are involved with the SMEs sectors (BBS report 2020). This amount could be much higher if the contribution of service sector of SMEs could be calculated (Asian Development Bank, 2016). But internationally SMEs contribution on GDP is around 50% and employment is about 60%. Japan is the best example in South Asia where SMEs contribute in their GDP is about 70% and employment 72%. Nowadays, it is well acknowledged among researchers and economic policymakers that SME sectors play a vital role in the overall economic development and production network; hence they remain core to the economic growth of developing nations. Recently, a workshop titled "Role of SMEs in achieving Sustainable Development Goals (SDGs)" arranged by the SME foundation, Bangladesh mentioned six SDGs can be achieved by ensuring financing, expanding SME product markets, increasing skill, developing technology, developing renewable energy and using an online platform. The six SDGs discussed in the workshop are: i) End poverty SDG-1 ii) Quality education SDG-4 iii) Reduce inequalities SDG-10 iv) Energy for all SDG-7 v) Jobs and growth SDG-8 and vi) Sustainable industry, innovation and infrastructure SDG-9. For achieving them a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis should be conducted and the business performance of this sector should be measured. In Bangladesh, this sector is actually changing the face of the economy. Moreover, the sustainable development of SMEs in Bangladesh can also play an important role to achieve Vision 2021 and 2041. The findings of the present study will be helpful for policymakers and SMEs owners to initiate pragmatic steps to develop the performance of SMEs in Bangladesh.

LITERATURE REVIEW

Some research works have been conducted on SMEs sectors in Bangladesh and abroad. A review of some previous studies is presented below. Islam, N. & Mukadir-Al-Mukit, D (2016), and Rabiul Islam et al. (2018), described eight socioeconomic factors such as entrepreneurs' authority, nature of business, management know-how, modern technology, government policy, external environment, owner's qualities and market strategies together interpreted 54.50% of dependent constructs and proved entrepreneur's authority and market strategy is related to the SMEs performance significantly in Bangladesh. Imran, M., Hamid, S. N. B. A., & Aziz, A. (2018) opined in his study frame work there are five variables such as leadership, strategy, people, resources, process and one mediator i.e., TQM that affect SME export performance in Pakistan. They showed TQM is the most influential constructs that affect SME export performance. Sidik, I. G. (2012) observed 5 second order mediating variable i) innovative performance ii) innovative capacities iii) organizational search iv) market orientation and v) entrepreneurial orientation affect SMEs performance in Indonesia. Anggadwita, G., & Mustafid, Q. Y. (2014) identified four independent factors in their theoretical framework i) unentrepreneurial aspect (self- management, self- efficacy, optimism) ii) competence of human resources (ability, knowledge, skills) iii) innovativeness (technology, product creativity) iv) sustainability (profitability, growth) that affect performance measurement of SMEs in Indonesia. They show all the factors have significant correlation to the SMEs performance. Most of the SMEs are suffering from mentorship and sufficient knowledge of existing legislation in Bangladesh. Yin, C. et al. (2022) identified green invention innovation have no impact on SMEs performance but green utility model invention has positive impact on SMEs performance in China. They also pointed out some control variable such as: firm age, farm size and leverage which affect business performance in China. Nulkar, G. (2014) found that green practices reduce waste and

enhance SMEs performance in India. He also mentioned environmental knowledge, awareness, green strategic approach assists towards sustainable industries in India.

Research Gap

Many researches have been conducted on SMEs performance in different point of view. Some of those are conducted abroad and some are conducted in Bangladesh but those are in a different context. Some studies covered only small-size business performance and some covered different aspects other than determinants that could not express the real picture of total SME sectors. It seems that no in-depth study has been conducted specifically to measure and compare the impact of selected determinants on SMEs' performance in this study. So, the present situation demands a comprehensive study that will reflect a total scenario of the impact of some selected determinants on SMEs' performance in Bangladesh.

Hypotheses of the Study

- Hypothesis 1 (H1): All the selected determinants have an impact on SMEs' performance (profits).
- Hypothesis 2: Entrepreneurial competency has a positive impact on the performance of SMEs.
- Hypothesis 3: Marketing capability has a positive impact on the performance of SMEs.
- Hypothesis 4: Financial resources have a positive impact on the performance of SMEs.
- Hypothesis 5: Modern technology has a positive impact on the performance of SMEs.
- Hypothesis 6: There is a positive correlation between product quality and SMEs' performance.
- Hypothesis 7**:** There is a positive impact between investment capacity and SMEs' performance.

METHODOLOGY OF THE STUDY

Features of SMEs and Large Industries in Bangladesh at a glance:

Table 1: On the basis of industrial policy 2022 important features of SMEs and Large Industries in Bangladesh:

SL	Type of Industry		Amount of Investment (Without Land and Building)	No. of employed Workers
1.	Cottage Industry		Below 10 lakhs	No. of Workers ≤ 15
2.	Micro Industry		10 lakhs to 75 lakhs	1 to 25
3.	Small Industry	Manufacturing	10 crores to 15 crores	26 to 120
		Service	10 lakhs to 2 crores	16 to 50
4.	Medium Industry	Manufacturing	15 crores to 50 crores	121 to 300(In case of labor-intensive industry highest 1000)
		Service	2 crores to 30 crores	51 to 120
5.	Large Industry	Manufacturing	More than 50 crores	More than 300 (In case of labor-intensive industry more than 1000)
		Service	More than 30 crores	More than 120

Source: National Industrial Policy (2022) of Bangladesh.

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Potential SMEs sectors at a glance in Jhenaidah District of Bangladesh prepared by Bangladesh Bank are given below:

Upazila Name	SMEs Potential Sectors
Jhenaidah Proper	farming of maize, banana, tobacco, sugarcane, solar panel and rice business
Moheshpur	Banana farming, sugarcane cultivation, pulse and rice business
Kaligonj	Farming of sugarcane and various types of plum
Kotchandpur	Sugarcane cultivation and rice business
Harinakunda	Farming of sugarcane and betel leaf, solar panel and rice business
Sailkupa	Farming of onion, garlic, tobacco, turmeric, green pepper, rice business

Source: SME Credit Policies & Programs, Bangladesh Bank

Data Collection

1. The primary data were collected for the study through distinctive interview of SME owner and employees using a structured questionnaire. The questionnaire was classified into 3 parts: Section A contained individual information of the respondents such as: Name, age, sex, educational qualification, experience, average monthly income, turnover etc. Section B was contained several questions relating to the objectives of the study and the section C consisted twenty questions which were asked to measure business performance. Five points Likert scale (Likert, 1932) were used to measure SMEs performance where strongly denotes 1 and strongly disagree denotes 5. Total 130 questionnaires were distributed among the respondents in the selected area and finally 101 sets of completed questionnaire were received.
2. The secondary data was collected from economic review 2017 of Bangladesh, several published articles, various published reports, Bangladesh bank websites, ADB websites etc.

Determinants Considered for the Study

It was found from different literatures that around twenty determinants influence the performance of SMEs in the context of Bangladesh. On the basis of consultation with the supervisor and other experts only six determinants were considered for the study in the following meaning:

Entrepreneurial Competency:

Entrepreneurial competency refers to some special qualities by which one can run his business and face the problem effectively and efficiently. It includes some skills such as creativity, knowledge, behavior etc. Entrepreneurial competency and performance of SMEs is interrelated and interdependent.

Marketing Capability:

Marketing capability helps to create potential customers which affects the performance of SMEs.

Financial Resources:

Financial resources refer to source of funds in terms of money that keep the business smooth running. It includes: cash in hand, cash at bank, assets, shares, debentures, loans, government endowments etc.

Modern Technology:
Modern technology refers to knowledge of science and engineering, creativity and application to the practical fields which make our life easier, better and faster. It includes smart phone, laptop, online plat form, e-commerce etc.

Product Quality:
In marketing field, customers are called the king. Product quality refers to some properties of goods and services that persuade customers. It may include: i) reliability ii) acceptability iii) durability iv) Serviceability v) aesthetics vi) conformance vii) performance etc.

Investment Capacity:
An investment is an asset intended to cause income or capital gains. The ability to allocate money to productive resources is investment capacity.

Sampling and Sample Size
For the convenience of data collection Jhenaidah district was selected purposively.

To determine the sample size the following formula is used. (Fisher et al., 1998)

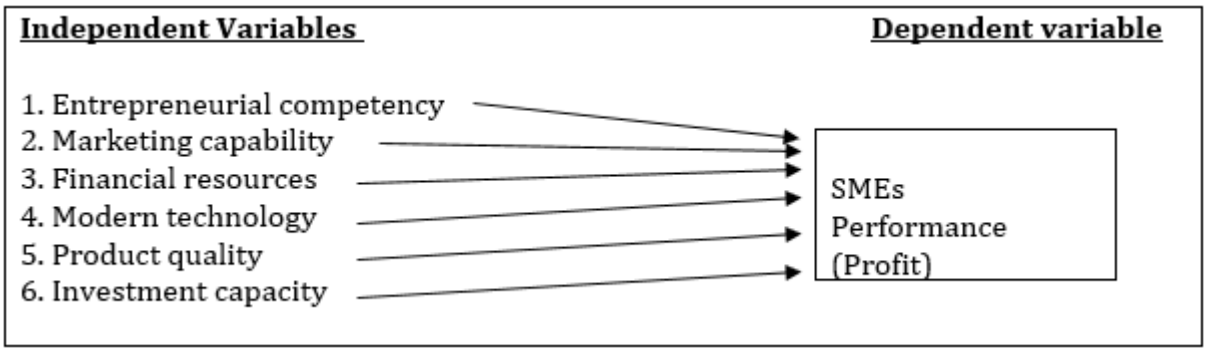
$$n = \frac{z2pq}{d2} = \frac{(1.96)2(0.5)(1-0.5)}{(0.10)2} = 96.04$$

Where, n=estimated proportions of the sample. When the population is greater than 10,000.
z=the standard normal deviation using at 1.96 which corresponds to the 95% confidence level.
P=the population estimated to have particular characteristics if there is no reasonable estimate then use 50% (.50).

q=1-p the probability of failure. d=degree of accuracy, usually set at 0.10 (Allowable maximum error in estimating population proportion). In the place of 96.04, a number of 101 respondents were taken for this research.
Source: Kotheri (2007)

Variables Studied
This study proposed the following interface between SMEs performance (dependent variable). Several prior studies applied this variable as dependent variable (Chowdhury & Hossain, 2019; Dey, Hossain, & Rahman, 2018; Hasan, Normah, et al., 2015; Rabiul Islam et al., 2018). On the one hand with the factors of entrepreneurial competency, marketing capability, financial resources, modern technology, product quality and investment capacity (independent variable) on the other hand.

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Source: Indarti & Landenberg (2008) and Erdil & Ayse (2010)

Empirical Model

Multiple regression model was used to measure the level of performance of SME businesses.

$Y= \alpha+\beta1X1+\beta2X2+\beta3X3+\beta4X4+\beta5X5+\beta6X6+\mu i$

Where, Y= SMEs performance (profit),

α= intercept,

X1= Entrepreneurial competency,

X2= Marketing capability,

X3= Financial resources,

X4= Modern Technology,

X5= Product quality,

X6= Investment Capacity,

β1, β2, β3, β4, β5, β6 =Regression coefficient

and μi=Error term

Demographic Analysis

Table-2: Demographic Picture of the Respondents (n=101).

Categories	Frequencies	Percentage
Sex:		
Male	89	88.11
Female	12	11.88
Age Group:		
a) 20-29 years	10	9.90
b) 30-39 years	21	20.79
c) 40-49 years	37	36.63
d) 50-59 years	24	23.76
e) 60-69 years	9	8.91
Level of Education:		
a) Below SSC	16	15.84
b) SSC	30	29.70
c) HSC	26	25.74
d) BBA/BA/Honors/Pass	13	12.87
e) MBA/Masters	16	15.84
Duration of the organization:		
a) Less than one year	2	1.98
b) 1-5 years	17	16.83

c) 5-10 years	30	29.70
d) 10 15 years	13	12.87
e) 15-20 years	19	18.81
f) 20 years and above	20	19.80
Monthly Income:		
a) Tk. 10000 or less	55	54.45
b) Tk. 20000 or less	38	37.62
c) Tk. 20000 or above	8	7.92
Job Position:		
a) Management	53	52.47
b) Cash	41	40.59
c) Marketing	1	0.99
d) Accounting	1	0.99
e) Others	5	4.95
Daily working hours:		
a) 6 hours	1	0.99
b) 7 hours	1	0.99
c) 8 hours	15	14.85
d) More than 8 hours	83	82.17
Total Respondents	101	100

Source: Field data

It is clear from Table-2 most of the respondents (88.11%) are male. The majority of them (36.63%) are in the age group of (40-49) years. In respect of education, the majority of the respondents (29.70%) are SSC passed. A large percentage (29.70%) of the respondents have 5 to 10 years of working experience with their existing organization. Most of the respondents (54.45%) have an earnings of below Tk. 10,000/ month. A total of (52.47%) of the respondents were involved Management positions in their present organization. Lastly, a majority of the respondents (82.17%) work more than 8 hours per day.

DATA ANALYSIS AND RESULTS

Table–3: The impacts of determinants on SMEs performance according to the Likert scale.

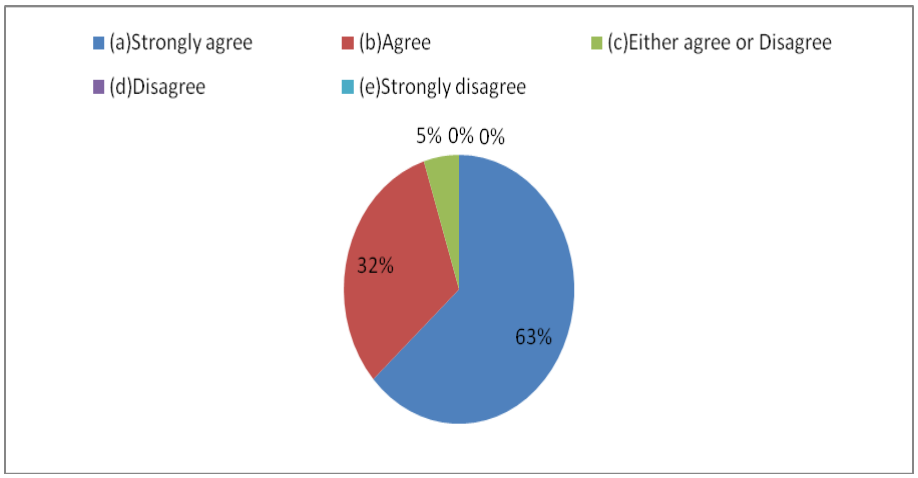
SL	Criteria	Sum	Min	Max	Mean	S. D	C V	Res.	Rank
1	Entrepreneurial Competency (EC)	463	3	5	4.58	.58	12.66%	101	1
2	Marketing Capability (MC)	399	2	5	3.95	.62	15.69%	101	2
3	Financial Resources (FR)	372	2	5	3.68	.67	18.20%	101	6
4	Modern Technology (MT)	412	2	5	4.07	.73	17.93%	101	5
5	Product Quality (PQ)	422	3	5	4.17	.68	16.30%	101	3
6	Investment Capacity (IC)	297	1	4	2.94	.50	17.00%	101	4

Table-3 shows that entrepreneurial competency (Rank 1) has the highest impact on SME performance. So, SMEs should focus more emphasis chronologically on entrepreneurial competency (EC), marketing capability (MC), product quality (PQ), investment capacity (IC), modern technology (MT), and financial resources (FR) respectively. Here ranks are determined on the basis of the coefficient of variation (CV).

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Results Relating to Impact According to Individual Determinants

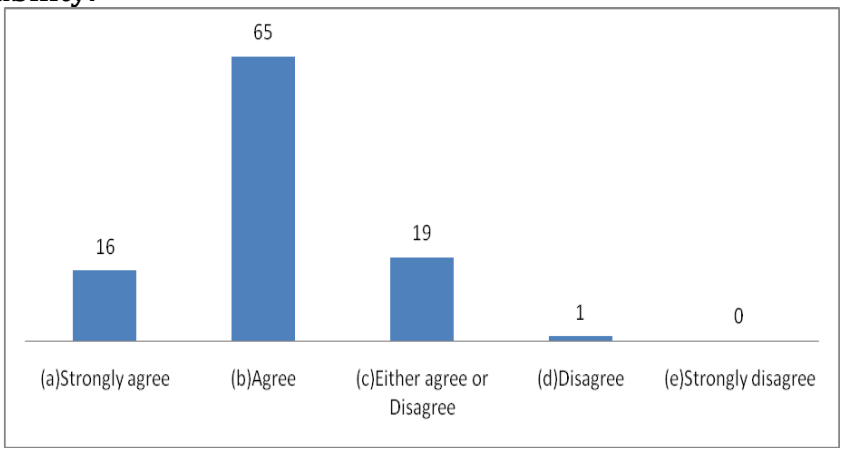
Entrepreneurial Competency:



Graph-1: Entrepreneurial Competency

Graph–1 shows the impact of Entrepreneurial Competency on SMEs performance (profits) in Bangladesh. Out of 101 respondents 63% strongly agreed, 32% respondents agreed, and 5% respondents either agreed or disagreed. There is none who disagreed and strongly disagreed. It is evident that most of the owners/employees strongly agreed on the stated factor.

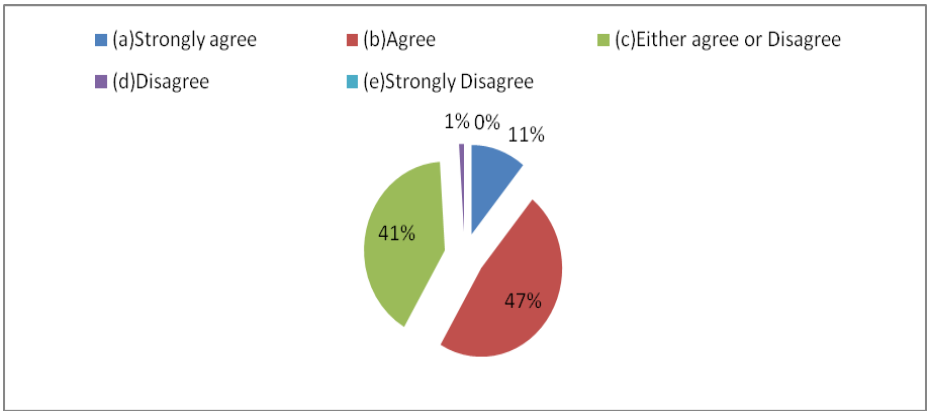
Marketing Capability:



Graph – 2: Marketing Capabilities

Graph–2 shows the impact of Marketing Capability on SMEs performance (profits) in Bangladesh. Out of 101 respondents' 16 respondents strongly agreed, 65 respondents agreed, 19 respondents either agreed or disagreed and 1 respondent disagreed. It is evident that most of the owners/employees agreed on the stated determinant.

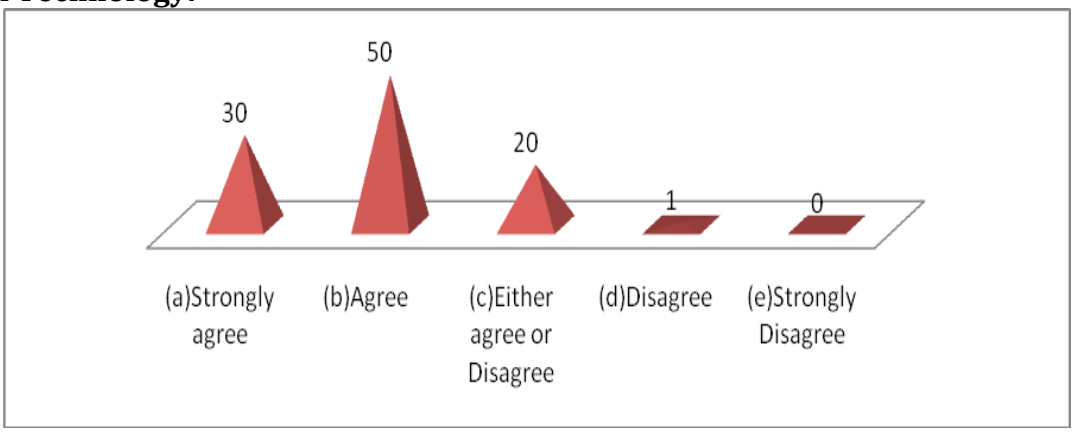
Financial Resources:



Graph-3: Financial Resources

Graph-3 shows the impact of Financial Resources on SMEs performance (profits) in Bangladesh. Out of 101 respondents' 11% respondents strongly agreed, 47% respondents agreed, 41% respondents either agreed or disagreed and 1% respondent disagreed. It is evident that most of the owners/employees agreed on the stated determinant.

Modern Technology:

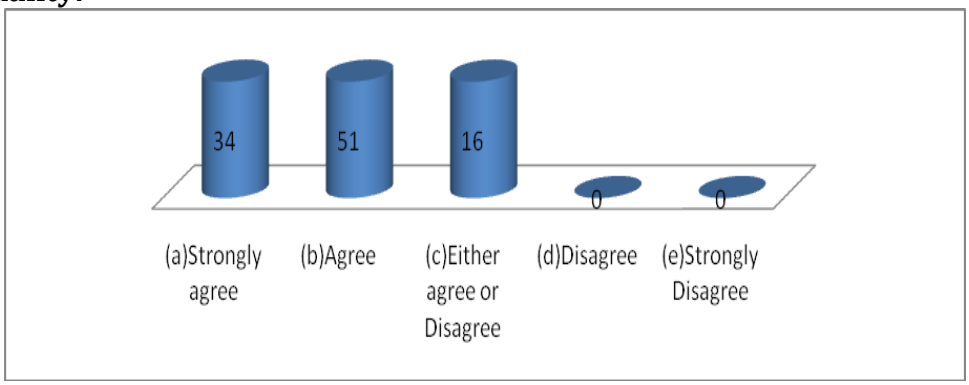


Graph - 4: Modern Technologies

Graph-4 shows the impact of Modern Technology on SMEs performance (profits) in Bangladesh. Out of 101 respondents' 30 respondents strongly agreed, 50 respondents agreed, 20 respondents either agreed or disagreed and 1 respondent disagreed. It is evident that most of the owners/employees agreed on the stated determinant.

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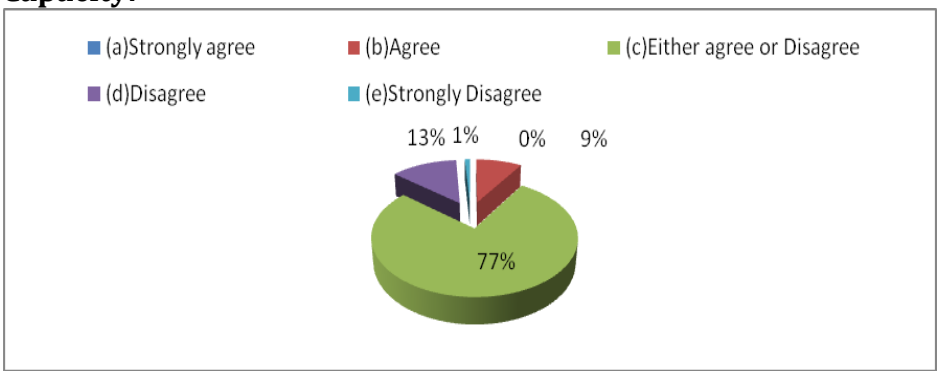
Product Quality:



Graph – 5: Product Qualities

Graph-5 shows the impact of Product Quality on SMEs performance (profits) in Bangladesh. Out of 101 respondents' 34 respondents strongly agreed, 51 respondents agreed, 16 respondents either agreed or disagreed. It is evident that most of the owners/employees agreed on the stated determinant.

Investment Capacity:



Graph – 6: Investment Capacity

Graph–6 shows the impact of Investment Capacity on SMEs performance (profits) in Bangladesh. Out of 101 respondents' 9% respondents agreed, 77% respondents either agreed or disagreed, 13% respondents disagreed, and 1% respondents strongly disagreed. It is evident that most of the owners/employees either agreed or disagreed on the stated determinant.

Test of Hypotheses
Hypothesis-1:

Table–4: Results from Analysis of Variance (ANOVA)

Source of variation	*SS*	*Df*	*MS*	*F*	*F crit*
Between Groups	631.2257	19	33.2224	92.5058	1.5917
Within Groups	718.2772	2000	0.3591		
Total	1349.5029	2019			

Table-4 shows the calculated F value is 92.5058 which is greater than the F-critical value of 1.5917 as well as the p-value of 0.0001 at the 5% level of significance. Therefore, based on the above ANOVA Hypothesis-1 is accepted. It can be concluded that there is a statistically significant relationship between variables.

Hypothesis–2, 3, 4, 5, 6 and 7:

Results Relating to Multiple Linear Regression Analysis

A multiple regression equation considering six independent variables and the dependent variable was run using MS Excel (2007). The result showed that R^2 = 0.1869 which means 18.69% of the variation in the dependent variable.

Table–5: Results of Multiple Regression Analysis

Item	Proposed Effect	Path Coefficient β	Standard Error	t-value	Significance level/p value
Constant = 4.1025					
H2=EC	+	0.1597	0.094	1.69	0.0932***
H3= MC	+	0.0655	0.098	.66	0.5065
H4= FR	_	-0.1721	0.086	-1.99	0.04**
H5=MT	+	0.1045	0.082	1.26	0.2109
H6=PQ	+	0.0037	0.076	0.076	0.96
H7=IC	+	-0.2202	0.1199	-1.8354	0.0698***
R^2 = 0.1869 F = 1.68614684 Significance=0.00 N = 101	Adjusted R^2 = 0.0761 Significance at 1% level of significance* Significant at 5% level of significant** Significant at 10% level of significance***				

R^2 is the coefficient of determination adjusted for degrees of freedom.

Table-5 shows that the overall F statistic is statistically significant at the 0.000 level. The regression equation with R^2 (0.1869) explains an 18.69% variance in SME performance with the adjusted R^2 (7.61%). The result of the table also shows that there is a positive and significant relationship between entrepreneurial competency and SME performance (profit) (Beta=0.1597, t-value=1.69, p=0.0932) at the 0.10 level of significance. So, H2 is accepted. The results also show that there is a negative and insignificant relationship between marketing capability and SME performance (profit). So, H3 is rejected. It is evident that there is a positive and significant relationship between financial resources and SME performance (Beta=-0.1721, t-value=-1.99, p=0.04) significant at 0.05 level of significance. Therefore, H4 is accepted. It is also evident from the result that there is a negative relationship between modern technology and SME performance and not significant at the 0.05 level (Beta=0.1045, t-value=1.26, p=0.2109). So, H5 is rejected. The result of the tables states that there is a negative relationship between product quality and SME performance and is not significant at the 0.05 level. (Beta=0.0037, t-value=0.076, p=0.96). Therefore, H6 is rejected. The result of multiple regression in Table 5 shows that there is a positive and significant relationship between investment capacity and SME performance (profit) (Beta=-0.2202, t-value=-1.8354, p=0.0698***) and significant at 0.10 level of significance. Therefore, H7 is accepted. This result

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indicates that entrepreneurial competency, financial resources and investment capacity have a positive and significant impact on the SMEs' performance.

Table-5 also shows that all the independent variables are significantly related to the dependent variable as all six independent variables meet the rule of thumb where the P value is less than 0.05. Then an unstandardized coefficient of linear equation is formulated:

Performance of SMEs=4.1025+0.1597EC+0.0655MC-0.1721FR+0.1045MT+0.0037PQ-0.2202IC

Where, R^2 =0.1869, N=101, EC=Entrepreneurial Competency, MC=Marketing Capability, FR=Financial Resources, MT=Modern Technology, PQ=Product Quality, IC=Investment Capacity. Accordingly, Entrepreneurial competency has the most impact with the coefficients of correlation with a beta of 0.1597. The result showed modern technology with a beta of 0.1045, marketing capability with a beta of 0.0655, product quality with a beta of 0.0037, financial resources with a beta of -0.1721 and finally investment capacity with a beta of-0.2202. In conclusion, the value of the coefficient of correlation proved the performance of SMEs can be improved by maximizing entrepreneurial competency.

FINDINGS AND RECOMMENDATIONS

Findings

From the outcome of this study the following important findings are documented:

1. There is a significant correlation between dependent variable and all the independent variables.
2. Entrepreneurial Competency (EC) is the most important determinant that influences SMEs' performance. Out of the total respondents, 63% strongly agreed on the determinant.
3. Marketing Capability is the second most important determinant compared with other determinants that influence SMEs' performance. Out of 101 respondents, 65 agreed on the determinant.
4. Product Quality is the third most important determinant compared with other determinants that influence SMEs performance. Out of 101 respondents, 51 agreed on the determinant.
5. Investment Capacity is the fourth important determinant compared with other factors that influence SMEs' performance. Seventy-seven percent of respondents either agreed on this issue.
6. Modern Technology is the fifth important determinant compared with other determinants that affects SMEs' performance. Out of 101 respondents, 50 agreed on the matter.
7. Financial Resource is the sixth important determinant compared with other determinants that affects SMEs performance. Forty-seven percent of respondents agreed on the issue.

Recommendations

According to the results of this study, experts' opinion and observations following suggestions are forwarded:

1. Most of the SMEs owners took loans from banks with high-interest rates. As such, the interest rate on SME loans should be reduced to a single digit and the government should establish a separate SME bank.
2. The government should establish a SME division under the Ministry of Industry to approve SMEs work plan and policies as well as cooperate, coordinate, and control the activities of this sector.
3. Impact of Entrepreneurial Competency on SMEs performance (profits) in Bangladesh is the highest (table-3). So, entrepreneurs should give more stress on entrepreneurial competency. They should also give due importance to product quality, contemporary know-how, marketing skill, investment capacity, and financial resources so as to create and cultivate upscale shared value for all the stakeholders**.**
4. Government organizations such as SME foundation, BSCIC, BCSIR, Department of youth development etc. should be proactive rather than reactive.
5. The government support plays a controlling role in favor of SMEs' development. SMEs-friendly work plan and pragmatic policies should be formulated. Tax incentives, business subsidies, provisions for start-up funds, water, gas, export benefits, etc. should be provided as SME is a thrust sector.
6. Separate laboratories and research centers should be established (700 in Japan) for ensuring product quality using modern technology.
7. Government agencies should provide proper training facilities for SME entrepreneurs.
8. Necessary showrooms and display centers should be established in different important places of the country.
9. Government should take initiatives to provide facilities for raising funds from the capital market.
10. Government should encourage PPP to allure VC funds and fabricate an investor-friendly environment.
11. Government should procure more goods and services for the public sector from SMEs. i.e., meals for hospitals, cleaning of public buildings, etc.
12. Government should increase vocational training for capacity building to provide skilled manpower for the SMEs.
13. SMEs in Bangladesh should be made self-reliant by providing support and imposing conditions on importing goods.

LIMITATIONS AND FUTURE DIRECTION

Though we have made many efforts but faced some challenges while collecting primary data from field. The present study has some limitations: i. primary data was collected only from Jhenaidah district of Bangladesh even excluding two Upazilla's out of six which will not generalize the total picture of SMEs sectors. ii. Only six determinants are considered that influence SMEs' performance, many more variables are ignored. There are some other determinants that can also contribute to SMEs' performance including internal, external and environmental factors. In future, researchers can include green environmental factors as independent variables. iii. Only profits are considered to find out firms' performance, Future study should incorporate ROA, ROE, and Market value etc. as indicators of performance. Thus, the study unlocks many opportunities for future studies to investigate the SME sectors, considering the factors that may affect SME performance in Bangladesh and other developing countries including some intangible determinants such as customer satisfaction, competitive

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position, management know-how, innovativeness, etc. Further study may also cover the other regions of Bangladesh.

CONCLUSION AND IMPLICATION

Bangladesh is the 39th largest and 3rd fastest growing country in the world. At present contribution of SMEs to GDP growth is 25%, whereas in Malayasia, Singapore and India it is 40% to 50% as emerging economy. This study attempted to identify some determinants that affect SMEs' performance in Bangladesh using primary data from a survey of 101 respondents of SMEs owners located in Jhenaidah district of Bangladesh. From the foregoing discussion, it can be concluded that entrepreneurial competency has the highest impact on SMEs' performance (profit) than marketing capability, product quality, investment capacity, modern technology and financial resources respectively. A prime implication of the findings is to provide a better understanding for the SME owners, new entrepreneurs, academicians, policymakers, etc. in addressing the determinants which will significantly affect the performance of SMEs. The whole world is running on the wheel of business. The SMEs is the key to all business success. The main slogan in the business success is competition. So, SMEs must compete with other businesses. In this regard, some influential factors should be considered to face the challenges and sustain in the market. Entrepreneurs should continuously upgrade themselves with a view to making SMEs competitive and sustainable. For sustainable development and steady upward operational performance of SMEs, the findings of this study would be helpful. Finally, the more we enhance the performance of SME sectors the more we get GDP. Therefore, if steps are taken in light of the recommendations of the study, the performance of SMEs sectors will be enhanced and contribute more to the national economy of Bangladesh.

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