The Impact of Cultural Norms on Sustainable Entrepreneurship Practices in SMEs of Bangladesh

Md Mehedi Hasan Emon¹, Tahsina Khan²
¹Faculty of Business Administration, American International University-Bangladesh, Bangladesh
²Centre for Higher Studies and Research, Bangladesh University of Professionals, Bangladesh

Corresponding Author: Md Mehedi Hasan Emon; Email: emonmd.mhasan@gmail.com

ABSTRACT

The objective of this study is to examine the significant impact of cultural norms on sustainable entrepreneurship initiatives in the context of small and medium-sized firms in Bangladesh's dynamic business environment. Utilizing a rigorous research technique, this study conducts semi-structured interviews with a diverse sample of 40 small and medium-sized enterprise owners, executives, and important stakeholders. Following this, a rigorous thematic analysis is conducted, revealing significant themes and complex patterns present in the collected data. The findings reveal a detailed viewpoint, explaining that cultural norms, including factors such as tendencies towards risk avoidance, complex social networks, and the significant impact of family dynamics on business operations, have both positive and negative effects on sustainable entrepreneurship practices in small and medium-sized enterprises. Furthermore, the identified research highlights the utmost importance of governmental policies and regulatory frameworks as influential factors that shape the dimensions of sustainable entrepreneurship. Based on these findings, the research emphasizes the necessity of adopting a comprehensive and integrated strategy that effectively addresses and overcomes the deeply ingrained obstacles rooted in culture. This approach should also prioritize the establishment of a supportive environment, facilitated by well-informed governmental policies and carefully crafted regulations. The implications of these findings have significant resonance beyond the confines of Bangladesh, extending to other developing countries where cultural norms and government regulations can pose substantial obstacles to the achievement of sustainable entrepreneurship. Future research attempts may benefit from delving deeper into the complex relationship between cultural norms and sustainable entrepreneurship practices across various contextual settings.

INTRODUCTION

Bangladesh is a developing country with a rapidly growing economy. The country has witnessed a surge in entrepreneurial activities in recent years, with small and medium-sized enterprises (SMEs) playing a crucial role in driving economic growth. However, sustainable entrepreneurship practices in SMEs are still limited in Bangladesh, largely due to cultural norms that impact business practices (Meng et al., 2021). This study aims to explore how cultural norms influence sustainable entrepreneurship practices in SMEs in Bangladesh. The importance of sustainable entrepreneurship practices cannot be overstated. SMEs contribute significantly to Bangladesh's economy, but they face many challenges when it comes to adopting sustainable entrepreneurship practices (Polas et al., 2022). One of the biggest obstacles is the cultural norms that affect the country's business practices.

In Bangladesh, cultural norms play a crucial role in shaping the behavior and decision-making of entrepreneurs (Farrukh et al., 2019). The culture is deeply rooted in collectivism, which emphasizes group harmony and consensus-building. This approach can lead to a preference for stability and
risk aversion, which often comes at the expense of innovation and experimentation (Forgrave, 2021). Entrepreneurs may be hesitant to take risks and deviate from the traditional ways of doing business, which can limit their ability to adopt sustainable entrepreneurship practices (Ramayah et al., 2019).

Moreover, Bangladesh's hierarchical culture places a premium on authority and power distance. This approach can discourage open communication, critical thinking, and initiative-taking, which can negatively impact the adoption of sustainable entrepreneurship practices. Entrepreneurs may be less willing to challenge authority or take initiative, which can limit their ability to innovate and adapt to changing market conditions. In the context of Bangladesh, the growing importance of small and medium-sized firms (SMEs) in driving economic growth is noteworthy. However, the implementation of sustainable entrepreneurship practices in this sector remains constrained. The aforementioned constraint can be ascribed to the significant impact of cultural norms on entrepreneurial behaviors and decision-making processes within small and medium-sized enterprises (SMEs). Bangladeshi cultural values, characterized by collectivism and risk aversion, frequently impede innovation and experimentation, hence presenting a significant obstacle to the adoption of sustainable methods. Additionally, the presence of hierarchical cultural dynamics serves as a deterrent to open communication and proactive activities, hence creating additional barriers to the successful integration of sustainable concepts. Although previous research has examined the potential and constraints of implementing sustainable entrepreneurship practices, there is a noticeable dearth of studies that specifically investigate the adoption of these practices in the context of small and medium-sized enterprises (SMEs) in Bangladesh. The adoption of sustainable entrepreneurship can be better understood by considering the user-centric approach, as it allows for a deeper exploration of its intricacies. The primary objective of this study is to gain a comprehensive understanding of how cultural norms influence and affect sustainable entrepreneurship practices in small and medium-sized enterprises (SMEs) in Bangladesh, with a particular emphasis on user uptake. The central focus of this investigation revolves around the following research query: “To what extent do cultural norms exert influence on the uptake and execution of sustainable entrepreneurship strategies within small and medium-sized enterprises (SMEs) in the context of Bangladesh?” The importance of addressing this issue is heightened, particularly considering the limited amount of existing research in this field, particularly within the context of developing countries such as Bangladesh.

Sustainable entrepreneurship is an approach to business that seeks to create new ventures that generate economic, social, and environmental benefits (Belz & Binder, 2017; Hanan et al., 2021; Muñoz & Cohen, 2018; Terán-Yépez et al., 2020). This approach to entrepreneurship recognizes that businesses do not operate in a vacuum and that their activities can have significant impacts on society and the environment (Muñoz et al., 2018; Schaltegger et al., 2018). Sustainable entrepreneurship aims to create value for all stakeholders, including customers, employees, suppliers, and the broader community. The economic benefits of sustainable entrepreneurship are clear. Sustainable businesses create jobs, stimulate innovation, and contribute to economic growth (Dembek et al., 2018; Wagner et al., 2021). Moreover, sustainable entrepreneurship can help to reduce poverty by creating opportunities for disadvantaged individuals and communities. By addressing social and environmental challenges, sustainable entrepreneurship can also improve the overall well-being of communities (Cosenz et al., 2020). Sustainable entrepreneurship is becoming increasingly important in the global economy, as more and more people recognize the importance of sustainability in business practices (Kraus et al., 2018; Muo & Azeez, 2019; Tien et al., 2019). Consumers are demanding products and services that are environmentally and socially responsible, and investors are looking for businesses that are well-positioned to address long-term risks and opportunities. As such, sustainable entrepreneurship is seen as a way to balance economic growth with social and environmental responsibility. It has the potential to address some of the most pressing challenges facing society today, including climate change, poverty, and inequality (Bocken & Short, 2021; Leal Filho et al., 2019; Muñoz & Cohen, 2018).
Social capital theory and institutional theory are two theoretical frameworks that aim to explain the academic and theoretical views on sustainable entrepreneurship. Social capital theory suggests that social networks and relationships between entrepreneurs and stakeholders can facilitate the adoption of sustainable entrepreneurship practices. This theory emphasizes the importance of social connections and social trust in advancing sustainable entrepreneurship (Chu et al., 2017; McKeever et al., 2014; Sen & Cowley, 2013; Theodoraki et al., 2018).

Social capital can be defined as the resources that individuals and organizations have access to through their social networks. These resources can include information, expertise, and opportunities for collaboration. Social capital theory suggests that entrepreneurs who have strong social networks are better able to access the resources they need to succeed, including knowledge about sustainable business practices (Buttice et al., 2017; Lang & Fink, 2019; Spiegel et al., 2016).

Institutional theory, on the other hand, suggests that the regulatory and cultural environment in which entrepreneurs operate can impact their decisions and behavior regarding sustainability. Institutional theory emphasizes the importance of formal and informal institutions in shaping entrepreneurial behavior (Escandon-Barbosa et al., 2019; Geels, 2020; Peters, 2019). The concept of institutional isomorphism suggests that organizations, including entrepreneurial ventures, conform to prevailing institutional norms and structures. This means that entrepreneurs are influenced by the formal rules and regulations that govern their actions, such as legal frameworks, licensing requirements, and bureaucratic procedures. Compliance with these formal institutions is essential for legitimacy and gaining social acceptance. Informal institutions play a crucial role in shaping entrepreneurial behavior (Al-Mataani et al., 2017; Horak et al., 2018; Rottig, 2016). The institutional logic perspective, highlights the existence of multiple institutional orders with their own sets of norms and values. Entrepreneurs need to navigate and reconcile these institutional logics, which can vary across different cultural, social, and industry contexts. The alignment or adaptation of their entrepreneurial activities with prevailing informal institutions influences their chances of success and legitimacy (Lounsbury et al., 2021; Mäkitie et al., 2018; Wirth et al., 2013). (Wu et al., 2020) examined the impact of institutional factors on industry creation. They emphasized the role of institutional voids, which are gaps in the formal and informal institutions that entrepreneurs can exploit. Entrepreneurs can identify and fill these voids by creating new industries or disrupting existing ones. Their actions are influenced by the institutional context, as they need to navigate existing rules and norms while challenging or subverting them to create innovative ventures (Farias et al., 2019; Moore et al., 2018). (Foss et al., 2019) argued for the contextualization of entrepreneurship research within institutional environments. They highlighted that understanding the formal and informal institutional context is crucial for understanding entrepreneurial behavior and outcomes. Entrepreneurs are influenced by the institutional environment's norms, values, and expectations, which shape their decisions, strategies, and interactions with stakeholders. This theory suggests that the regulatory environment, including laws and regulations, can create incentives for sustainable entrepreneurship, while cultural norms can influence entrepreneurial behavior at the individual, organizational, and societal levels.

Cultural norms play a significant role in shaping entrepreneurial behavior, including the adoption of sustainable practices. Cultural norms can influence entrepreneurship at the individual, organizational, and societal levels (Dagnino et al., 2021; Faulks et al., 2021; Vallaster et al., 2019). For instance, cultural attitudes toward risk-taking can either encourage or discourage entrepreneurial activities. In Bangladesh, cultural norms have traditionally emphasized hierarchical and risk-averse approaches to business, which has limited the adoption of sustainable entrepreneurship practices. Moreover, cultural norms can also impact gender roles in entrepreneurship, as well as the role of family and social networks in business practices (Mozumdar et al., 2020). In Bangladesh, family and social networks play an important role in business practices. Entrepreneurship is often viewed as a family endeavor, with family members playing key roles in the management and operation of businesses. This can create challenges for sustainable entrepreneurship, as family members...
may prioritize short-term financial gains over long-term sustainability goals (Arregle et al., 2015; Islam & Walkerden, 2015; Weinberg et al., 2013). Moreover, cultural norms can also limit women's participation in entrepreneurship in Bangladesh, which has important implications for sustainable entrepreneurship (Afshan et al., 2021; Di Vaio & Varriale, 2018; Habib et al., 2020).

Previous studies have highlighted the role of cultural norms in shaping sustainable entrepreneurship practices in Bangladesh. For instance, a study by (Polas et al., 2022) found that cultural factors such as risk-taking behavior, trust, and social norms were significant predictors of sustainable entrepreneurship intentions among Bangladeshi entrepreneurs. The study emphasized the importance of social capital in promoting sustainable entrepreneurship, as entrepreneurs with stronger social networks were more likely to adopt sustainable practices. Another study by (Mozumdar et al., 2020) examined the role of cultural norms in women's entrepreneurship in Bangladesh. The study found that cultural factors such as gender roles and family obligations were significant barriers to women's participation in entrepreneurship. The authors suggested that cultural norms needed to be addressed to promote gender equity in entrepreneurship and facilitate the adoption of sustainable practices.

Overall, these studies highlight the importance of understanding cultural norms in promoting sustainable entrepreneurship in Bangladesh. By addressing cultural barriers to entrepreneurship and promoting social capital, sustainable entrepreneurship can be advanced in Bangladesh, contributing to economic development and environmental and social sustainability. The present study is an attempt to address these issues that further advance prevailing knowledge on sustainable entrepreneurship and shed light on further research avenues.

**METHODS**

A qualitative research approach was applied in this study, which included semi-structured interviews, focus group discussions, and document analysis. Qualitative research methods were deemed appropriate for exploring complex social phenomena, such as cultural norms and entrepreneurship (Rashid et al., 2019). The study employed purposive sampling to select SMEs in Bangladesh based on their size, sector, and geographic location. Semi-structured interviews were conducted with entrepreneurs and other relevant stakeholders, while focus group discussions involved SME employees and customers. The analysis also involved the examination of relevant policies and regulations through document analysis. The target sample size was 40 SMEs, chosen to represent a diverse range of sectors and geographic locations within the research context. Data analysis was conducted using content analysis and thematic analysis to identify key themes and significant patterns in the collected data. Adhering to the research objectives, the analysis focused on identifying cultural norms that impacted sustainable entrepreneurship practices in SMEs in Bangladesh.

**RESULTS AND DISCUSSION**

**Data Presentation**

The study surveyed 40 SMEs in Bangladesh to comprehend how cultural norms influence sustainable entrepreneurship practices. The data was collected through a structured questionnaire that included questions on business operations, environmental practices, social responsibility, and cultural attitudes towards entrepreneurship. The analysis of the data revealed several pertinent key themes and patterns.

The first theme that emerged from the data was the role of social networks in promoting sustainable entrepreneurship practices. The study found that entrepreneurs who had strong social networks were more likely to adopt sustainable practices, such as using eco-friendly products, reducing waste, and investing in renewable energy. The data showed that social networks provided entrepreneurs with access to information, knowledge, and resources needed to adopt sustainable practices. This is also evident from the statement of a respondent, “My social network helped me to learn about sustainable practices and how to implement them in my business.”

The second theme that emerged was the influence of cultural attitudes towards risk-taking on sustainable entrepreneurship practices. The data showed that cultural attitudes towards risk-taking played a significant role in promoting or hindering sustainable entrepreneurship practices. In
identified three key themes that shaped sustainable entrepreneurship practices. Many respondents expressed concern about the financial risks associated with sustainable practices and the potential negative impact on short-term profits.

The third theme that emerged was the role of government policies and regulations in promoting sustainable entrepreneurship practices. The data showed that government policies and regulations had a significant impact on the adoption of sustainable practices. The respondents indicated that tax incentives, subsidies, and other government support measures could help SMEs to adopt sustainable practices. However, the data also showed that government regulations were often unclear and inconsistent, making it difficult for SMEs to navigate the regulatory environment.

Identification of Key Themes and Patterns

The study identified three key themes that influenced sustainable entrepreneurship practices in SMEs in Bangladesh: social networks, cultural attitudes towards risk-taking, and government policies and regulations. The first theme, social networks, was found to play a critical role in promoting sustainable entrepreneurship practices. The data showed that entrepreneurs who had strong social networks were more likely to adopt sustainable practices, suggesting that social capital is an important resource for sustainable entrepreneurship.

The second theme, cultural attitudes towards risk-taking, was found to be a significant factor influencing sustainable entrepreneurship practices. The data showed that risk-averse cultural norms limited the adoption of sustainable practices, as entrepreneurs prioritized short-term profits over long-term sustainability goals. The third theme, government policies and regulations, was found to have a significant impact on the adoption of sustainable practices. The data suggested that clear and consistent government policies and regulations, coupled with tax incentives and subsidies, could help to promote sustainable entrepreneurship practices.

Moreover, the study also found that government policies and regulations play a crucial role in shaping sustainable entrepreneurship practices in SMEs. Participants noted that government regulations and policies are not always conducive to sustainable entrepreneurship practices, particularly in terms of the lack of access to financing and high costs of complying with regulations. One participant noted, “We have to spend a lot of money just to comply with the government's regulations, and it is difficult to get financing from banks for sustainable entrepreneurship projects.”

The findings of this study highlight the important role that cultural norms play in shaping sustainable entrepreneurship practices in SMEs in Bangladesh. The study found that cultural attitudes towards risk-taking, social networks, and family involvement in businesses can have both positive and negative impacts on sustainable entrepreneurship practices. The study's findings are consistent with previous research on entrepreneurship in Bangladesh. For example, a study by Banu & Khanam, (2020) found that cultural attitudes towards risk-taking and lack of access to financing were key barriers to entrepreneurship in Bangladesh. Another study by Ferdousi & Mahmud, (2019) found that family involvement in businesses was a major obstacle to women's participation in entrepreneurship in Bangladesh. In terms of government policies and regulations, the study found that they can have a significant impact on sustainable entrepreneurship practices in SMEs. Participants noted that the lack of access to financing and the high costs of complying with regulations were major obstacles to sustainable entrepreneurship projects. These findings are consistent with previous research that has found that government policies and regulations can act as barriers to entrepreneurship (Lüdeke-Freund, 2020).

Overall, the study's findings suggest that sustainable entrepreneurship in SMEs in Bangladesh requires a multi-faceted approach that addresses cultural attitudes towards risk-taking, promotes the development of strong social networks, and creates an enabling environment through supportive government policies and regulations. The study's findings also have implications for other developing countries, where cultural norms and government policies may also act as barriers to sustainable entrepreneurship. As noted by Lüdeke-Freund, (2020), “the success of entrepreneurial initiatives and interventions should...
take into account cultural, social, and institutional contexts in order to create a supportive environment for sustainable entrepreneurship.”

As observed from the earlier discussions, this study provides important insights into the cultural norms and government policies that shape sustainable entrepreneurship practices in SMEs in Bangladesh. The findings suggest that addressing the cultural attitudes towards risk-taking and promoting the development of strong social networks can have a positive impact on sustainable entrepreneurship practices. Moreover, creating an enabling environment through supportive government policies and regulations can also play a crucial role in promoting sustainable entrepreneurship in SMEs. These findings have important implications for policymakers and development practitioners seeking to promote sustainable entrepreneurship in Bangladesh and other developing countries.

CONCLUSION

The impact of cultural norms on the adoption of sustainable practices within the entrepreneurial landscape is significant since they can either enable or hinder such practices. The central importance of social networks, cultural attitudes towards risk-taking, and government laws and regulations is shown by the key findings. The aforementioned findings provide insights into the complexities and potentialities associated with cultural norms in the promotion of sustainable entrepreneurship. However, it is crucial to develop a complete and diversified strategy to effectively tackle these dynamics. Entrepreneurs play a crucial part in this undertaking, actively contributing through the cultivation of strong social networks, the adoption of calibrated risk-taking behaviors, and the pursuit of new solutions to sustainability concerns. In addition, establishing collaborative alliances with policymakers and other stakeholders has the potential to amplify their influence, facilitating the advancement of sustainable business practices and exerting influence over policy choices that have a direct impact on their activities. The significance of engaging many stakeholders, such as non-governmental organizations (NGOs) and educational institutions, should not be undervalued.

These entities have the potential to significantly contribute to the development and promotion of sustainable entrepreneurship practices within small and medium-sized enterprises (SMEs) in Bangladesh. Through the provision of customized training and support initiatives, entrepreneurs can be empowered to surmount cultural obstacles, thereby acquiring the essential competencies and expertise required for sustainable operations. Furthermore, their engagement with legislators in promoting policies that support sustainable entrepreneurship, along with the provision of necessary resources, signifies a significant advancement. Nevertheless, it is imperative to recognize the limitations of the study, which warrant additional investigation in subsequent research. The potential limitation of the study is the relatively small sample size, which may restrict the extent to which the findings may be applied to a broader population. Additionally, the study's exclusive concentration on small and medium-sized enterprises (SMEs) in Bangladesh limited the scope of the research to this particular setting. Hence, it is recommended that future research endeavors should strive to expand the scope by examining the complex interplay between cultural norms and sustainable entrepreneurial practices in many countries and circumstances.

Furthermore, conducting a more comprehensive analysis of the impact of education and training on the promotion of sustainable entrepreneurial practices, in addition to assessing the efficacy of support provided by policymakers and stakeholders, represents a substantial avenue for furthering the topic. The exploration of the potential impact of emerging technologies, such as blockchain and the internet of things, on promoting sustainable entrepreneurship practices inside small and medium-sized enterprises (SMEs) represents an area of research that holds promise and has yet to be fully explored. In conclusion, this research highlights the significant role that cultural norms have in influencing sustainable entrepreneurship practices among small and medium-sized enterprises (SMEs) in Bangladesh.

The findings of this study have significant consequences that have a broad reach, providing practical advice for politicians, entrepreneurs, and other stakeholders to work together in developing effective rules and regulations. The collaborative endeavor possesses the capacity to not alone enable sustainable entrepreneurship practices, but also
make a valuable contribution towards fostering a sustainable and prosperous future for Bangladesh and other developing nations. To enhance our comprehension of this pivotal discipline, forthcoming research endeavors are positioned to investigate these intricate dynamics and reveal novel pathways for fostering sustainability within small and medium-sized enterprises (SMEs).

REFERENCES
culture a defining facet of leadership in the defence and security sector?


