

Guest Editorial Preface

Some Insights to Understand Business and Innovation in Bangladesh

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INTRODUCTION

According to Asian Development Bank, ADB (2019), South East Asia is expected to be the fastest growing region in the Asia Pacific zone in 2019. It has an expected growth of 6.8% and 6.9% in 2019 and 2020 respectively. In the case of Bangladesh, with a population of more than 160 million people, its economic growth has been robust in the last years. Bangladesh's GDP is expected to grow by 8% in both 2019 and 2020. Other neighboring countries like Afghanistan, Bhutan, India and Pakistan are expected to grow by 3%, 6%, 7.3% and 3.6% respectively in 2020. Bangladesh's forecasted inflations rates at 5.5% in 2019 and 5.8% in 2020.

Additionally, ADB forecasts that public investment in Bangladesh will remain strong –mainly due to big infrastructures projects and foreign support- whereas private investment –mainly due to reform initiatives, future availability of more industrial plots- is expected to rise.

According to the OCDE (2018)'s Report titled "Private Sector Engagement Through Development Co-operation in Bangladesh", "Bangladesh's 7th Five Year Plan (2015/16-2019/20) focusses on three key themes: 1) GDP growth acceleration, employment generation and rapid poverty reduction; 2) inclusivity with a view to empowering every citizen to participate in and benefit from the development process; and 3) the creation of a sustainable development pathway resilient to disaster and climate change, with sustainable use of natural resources and proper management of urbanisation (Planning Commission, 2015) (p. 8-9).

Potential risks that may affect Bangladesh economy are the China-US trade war and a potentially disorderly Brexit. With regards to exports, Bangladesh will benefit from the trade war between China and US (Ordóñez, 2018). Besides, supply chain dynamic and investment pattern may be benefit from the conflict.

Under the leadership of the current Prime Minister Sheikh Hasina, Bangladesh was included in the list of Next Eleven emerging market -together with Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea and Vietnam.

Bangladesh in the Globalized and Digital Economy

The aim of the special issue is providing a critical analysis of the state of the art of banking, economy and green policy issues in Bangladesh so that readers can have clear insights about these issues in this country in South East Asia. This special issue includes a paper on marketing issues in India as well (paper 4).

The first paper, titled “Evaluating Attractiveness and Perceived Risks: The Case of Green Banking Services in Bangladesh” (by Mehree Iqbal, Afrin Rifat and Nabila Nisha), proposes that access to green banking services has the potential to improve and promote environmental-friendly practices in banking sector of Bangladesh. Beyond its usefulness for the environment, green banking also benefits the clients by offering new channels of financial services delivery in a convenient and quickly manner. While this is an attractive option, there are a number of perceived risks attached to it. This study aims to examine factors that can influence the attractiveness of green banking services, alongside explaining associated risks for its adoption in Bangladesh. Findings indicate that clients are mostly attracted to green banking services due to its social and task attractiveness. However, perceived risks like financial, time, individual and cyber risks often hamper this attractiveness. Overall results confirm the relationship between perceived risk and attractiveness as well as their subsequent influence upon client’s behavioral intention towards green banking services. Implications and future directions are discussed as well.

The second paper, titled “Impact of Environmental Accounting Reporting Practices on Financial Performance: Evidence From Banking Sector of Bangladesh” (by Sahon Dhar and Mohammad Ashraful Ferdous Chowdhury), analyzes the effect of environmental accounting reporting (EAR) practices on the financial performance of the banking industry of Bangladesh. Panel data consists of 25 listed banks in Dhaka Stock Exchange (DSE) over the period 2012 to 2016 has been employed in this study. An environmental accounting reporting score (EARS) index has been developed by analyzing the content of banks’ annual reports. Using Pooled OLS, the analysis revealed that EAR reporting had been increased after publishing the Bangladesh bank guideline (2012). The empirical analysis showed that a significant positive correlation between EAR and Profit Margin (PM). However, EAR has an insignificant relationship with Return on Average Equity (ROAE), Earnings Per Share (EPS), and Return on Average Assets (ROAA). Among control variables, size, capital ratio, overhead expense, and loan ratio have a significant impact on dependent variables.

The third paper, titled “Nonlinear Threshold Effects of Institutional Quality on Capital Flight: Insights From Bangladesh” (by Nirmol Chandra Das, Mohammad Ashraful Ferdous Chowdhury and Md.Nazrul Islam) develops an study to discover the threshold value of institutional quality indicators and its impact on the capital flight of Bangladesh. Using the ICRG and WGI governance data over the period 1989 to 2016, the nonlinear regression proved that up to certain threshold level of institutional quality, interest rate differential reduces while economic growth stimulates Net Capital Flight (NCF) of Bangladesh. Additionally, up to a certain threshold level of corruption interest rate differential lowers NCF while beyond that level no effect exists. However, none of those independent variables affects NCF whenever the role of government stability threshold is considered.

The fourth paper, titled “Shopper Segmentation Using Multivariate Risk Analysis for Innovate Marketing Strategies” (by G Somasekhar, Srinivasa K Krishna, Ashok Kumar T and Kishore Kumar) discusses the importance of shoppers buying behavior for the retailers in order to segment shoppers. It presents the results of a study to categorize the shoppers into distinct groups based on their risk based perception for the organized retail outlets in the Rayalaseema Region of Andhra Pradesh, India. 785 respondents were responding on twenty-one variables related to store which influence their buying behaviour. In the present study, the shoppers were classified into three segments by using innovative K-Means cluster analysis viz. value seekers & disruptive to please shoppers, Quality & Style driven shoppers, and sensory driven & not interested shoppers. The results of the study help to retailers in understanding the various disruptive segments of shoppers in relation to their importance for store attributes affected by their demographic characteristics and guide the retailers to take necessary actions regard redesign of retail mix to provide innovative value to the shoppers.

The fifth paper titled “Nexus Between Sectoral Shift and Stock Return: Insights From Bangladesh Using ARDL Approach” (by Mosharraf Hosen, Mohammed Imran and Mohammad Ashraful Ferdous Chowdhury) conduct a study to analyze the impact of sectoral shift on the stock return of Bangladesh. This study employs ‘Auto-Regressive Distributive Lag (ARDL)’ approach using the weekly data

of various sectoral indices of Bangladesh over the period from May 1999 to September 2016. Our findings tend to indicate that there has possible sectoral portfolio diversification in the market and ‘general product industry’ is the most exogenous and profitable sector from the rest. This study is one of the first attempts of the sectoral analysis and its impact on the stock return with the reference to Bangladesh. Furthermore, this study can be a benchmark for the policymakers of emerging economies to find the impact of economic transformation in the stock returns of the equity markets.

The sixth paper titled “Attitudinal Components and Repurchase Intention With the Mediating Role of Personality Traits: Case of Bangladeshi Mobile Handset Consumers” by (Mahamudul Hasan) explores the impact of cognitive and affective attitude on repurchase intention of mobile handsets of Bangladeshi consumers with the mediating role of Innovatism, Materialism and Self-Uniqueness. The researchers collected survey data using simple random sampling method from selected areas of Barisal division. Total number of respondents of the study is 264. The results of this study showed that Cognitive and affective components of attitude have a significant impact on repurchase intentions of mobile handsets in Bangladesh which is partially and fully mediated by Innovatism and self uniqueness. However, materialism has no mediation on the impact of cognitive and Affective attitude on purchase intention. The study also shows that Innovatism has negative influence on repurchase intention but self uniqueness and materialism has significant positive influence.

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