

FINAL REPORT

A study on determining the sub-sectors under the service sector and the scope of the activities of the selected sub-sectors

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Executive Summary

Background: The service sector in Bangladesh has a significant contribution to GDP, with 50 percent of the total GDP. This sector has been growing rapidly with the expansion of manufacturing and agribusiness in the last two decades. The service sector provides support for the development of both industry and agriculture sector. For the improvement of the GDP sector, special emphasis should be given to service sectors. Palli Karma-Sahayak Foundation (PKSF) is an organization established for poverty alleviation through employment creation. Since its inception, PKSF has been implementing various programmes and projects for poverty alleviation through its Partner Organizations (POs).

Objectives: The main objective of this study is to determine the sub-sectors under the service sector and the scope of activities of selected sub-sectors. The specific objectives are: i) to map the sub-sectors and identify the associated business cluster ii) to identify key actors and their roles in value chain development iii) to identify constraints in market value chain development for listed sub-sectors iv) to identify the environment-friendly revenue-generating common services and non-revenue-generating physical activities for sub-sectors v) to identify the opportunity for access to a premium market for those sub-sectors, vi) to identify the capacity building support services/activities for microenterprises, vii) to identify-environment friendly technologies and branding strategies for the sub-sectors, viii) to identify sub-sector-wise constraints for microenterprises and suggest possible mitigation measures.

Methodology: This study employed a mixed method design with combination of both quantitative survey and qualitative interviews (KII from stakeholder level and FGD from a mix group). The quantitative survey interviewed a random sample of 406 respondents (mixture of both service receivers and providers) using a semi structured questionnaire. The study was conducted on October 2022 in several business clusters of SEP projects. Based on the findings from both survey and qualitative interviews and SWOT analysis, we recommend some service sectors and sub-sectors separately for those related to ME business and personal life and discussed possible constraints and mitigation solutions.

Key Findings: Based on the findings from both qualitative interview, we recommend some dominant services which are easily accessible such as (1) IT Support for e-commerce and digital marketing (2) Waste management service (3) Transportation service for product distribution and sale (4) Raw material and packaging supply service (5) Product sale and distribution service (6) Courier service for parcel and document transferring (7) Training service by the expert for occupational competency of ME staffs, and (8) Healthcare service for livestock and poultry. The recommended services that are emphasized to make available for ME and personal life are (1) Transportation (2) Mobile phone repair service (3) Electricity repair, connection and expansion service (4) Saloon and beauty parlor (5) Catering service. All these services may help product branding and have access to the premium market.

Recommendations and implementation strategies

Based on the findings some recommendations and interventions for establishing the service sectors are given below:

- 1) **IT service for digital marketing and e-commerce:** IT service is recommended to establish in each business cluster for digital marketing, which will help for product branding and access to premium market. IT support can help to create content for each product for digital marketing and make link/share with social media. A page on social media can help to increase the sale of products.

Responsibility of PKSF and PO: PKSF can take initiative by providing IT expert or developing a collaboration with private organization to create IT resource person for respective business cluster. PO will execute the process for ME of the business cluster.

- 2) **Waste management service:** this service is a basic need for all ME business clusters to make ME business premises environmentally sustainable. There are two forms of waste management: recycling the waste and disposal. For recycling, advanced training and help of technical person such as engineer in the respective area or organization is required. For disposal, initial training is required to make aware the ME about the waste management service.
Responsibility of PKSf and PO: For recycling waste, PKSf can take initiative to collaborate with govt organization to higher expert to provide advanced training among the official of PO to create resource person for recycling waste. For other waste management, PO frequently arrange fundamental training for ME about waste management practices.
- 3) **Transportation service:** cluster specific transportation service, where necessary, can be developed for product distribution and sales. The cluster-specific transportation service hub can also expand the transportation service for the other ME and for the general people of the local community.
Responsibility of PKSf and PO: PO can take initiative with financial support from PKSf to create a hub for transportation service for product distribution and sale.
- 4) **Courier service:** courier service can be aligned with transportation service in each business cluster for parcel (product) delivery to the customer. The cluster specific such service can also be expanded for the other ME and for general people of the community.
Responsibility of PKSf and PO: PO can take initiative with financial support from PKSf to create a hub for both transportation and courier service for product distribution and sale and document and parcel delivery.
- 5) **Raw material supply service:** A business hub can be established in each cluster to find reliable dealer with competitive price for raw material supply service. The business hub can also make connection with the premium market.
Responsibility of PKSf and PO: PO can take initiative with financial support from PKSf to create market linkage with the suppliers.
- 6) **Product packaging, distribution and sale services:** Similar to the raw material supply service, a business hub can be established in each cluster, where necessary, for product distribution and sales services. This hub will be connected with the dealers to make a linkage with premium market to receive order of the product. The hub service can work to align transportation and courier services of the same cluster.
Responsibility of PKSf and PO: PO can take initiative with financial support from PKSf to create a support service of product packaging, distribution and sale. It can be align with transportation, courier service.
- 7) **Healthcare service for livestock and poultry:** This service is tremendously required for these business cluster to reduce livestock and poultry mortality. The healthcare service can be initiated jointly with upazila level government agriculture office. The main necessity is to provide services for livestock and poultry of the ME business clusters.
Responsibility of PKSf and PO: PKSf can take initiative for making collaboration with govt's upazila veterinary service point to create resource person among the PO staff and provide training among the ME about primary health service for their livestock and poultry.
- 8) **Training service for occupational competency among ME and their workers:** This service is very essential both for adopting environmental practice and to improve the skill and capacity to operate the ME business. This service can be established through the PO office, which can offer required training for ME by inviting the respective expert of the field.
Responsibility of PKSf and PO: PO can take initiative collaborating with PKSf for searching and hiring respective expert on respective area for providing training upgrade the occupational competency of the ME staffs.
- 9) **Mobile phone repair service:** This is a new area of service that has high potential to grow in future as the number of mobile phone user increases rapidly even in the remote rural area. This service can be established anywhere in Bangladesh, starting in the ME business cluster area. However, for this service the service provider should have technical knowledge on mobile phone repair service.

Responsibility of PKSF and PO : PKSF can take initiative to finance through PO to appropriate technical person for opening the service. PKSF through it PO may call to submit proposal from technical person for opening the service by the appropriate person. An evaluation on technical knowledge should be checked before selecting the person for financing.

- 10) **Electricity connection and repair services:** This is a common service sector in Bangladesh where there is an electricity connection at the household level. This service is demanding in urban area and hence has potential to grow in rural area as the electricity connection rapidly increasing targeting to achieve SDG 7.1.1. However, the service provider should have 3-6 month certificate course such as technical work.

Responsibility of PKSF and PO: PKSF through it PO can invite to submit proposal for opening the service by the appropriate person and then provide financial support.

- 11) **Saloon/beauty parlor service:** Saloon and beauty parlor is also a common service in Bangladesh. Although beauty parlor is very common in urban area but not frequently available in rural area. This service, particularly beauty parlor, in rural area has much potentiality to grow.

Responsibility of PKSF and PO: PKSF through PO can take initiative to finance here for opening the service. Invitation for proposal for opening beauty parlor or saloon could be a good option to finance to the appropriate person.

- 12) **Catering service for social care:** Although catering service is very popular in urban area, the service in rural area has a similar potentiality to grow up. Therefore, opening catering service by trained chefs could be a good initiative.

Responsibility of PKSF and PO: Financial supports may be needed for opening the catering service and PKSF can take an initiative to finance the sector by selecting appropriate qualified chef.

- 13) **Adoption of environment-friendly technology:** Based on KII and FGD in most business clusters, to adopt environment-friendly practices it is recommended to provide the facilities, and kits, such as masks, fire extinguishers, etc to make first the people habitual so that they can use in practice.

- 14) **Branding and making easy access to the premium market:** Product registration, certification, and licensing are required for product branding and having easy access to the premium market. Therefore, it is recommended to establish a hub service or association linkage with PO to provide support services for registration, certification, product licensing from government organization.

- 15) **Capacity development training for PO officials:** Frequent training, particularly on cluster-specific some technical issues such as making bio-gas using livestock waste etc, can be arranged for PO officials by inviting the respective expert in the field so that they can help the ME to reuse such waste, which will help to make eco-label in the business cluster.

Conclusions

PKSF may play a crucial role in promoting and expanding service sectors in Bangladesh, particularly those related to micro-enterprises and personal life. However, several challenges need to be addressed for successful implementation of these services. For services related to micro-enterprises, constraints such as lack of skilled manpower, inadequate infrastructure, insufficient funding, and limited access to technology can be mitigated through measures such as capacity building and training programs, public-private partnerships, and access to microfinance. For services related to personal life, constraints such as affordability, lack of awareness, and limited access to resources can be mitigated through measures such as community mobilization, public awareness campaigns, and targeted subsidies or incentives. Overall, expanding service sectors in Bangladesh has great potential for economic growth and development, and PKSF's continued efforts in this area are crucial for achieving sustainable and inclusive growth.