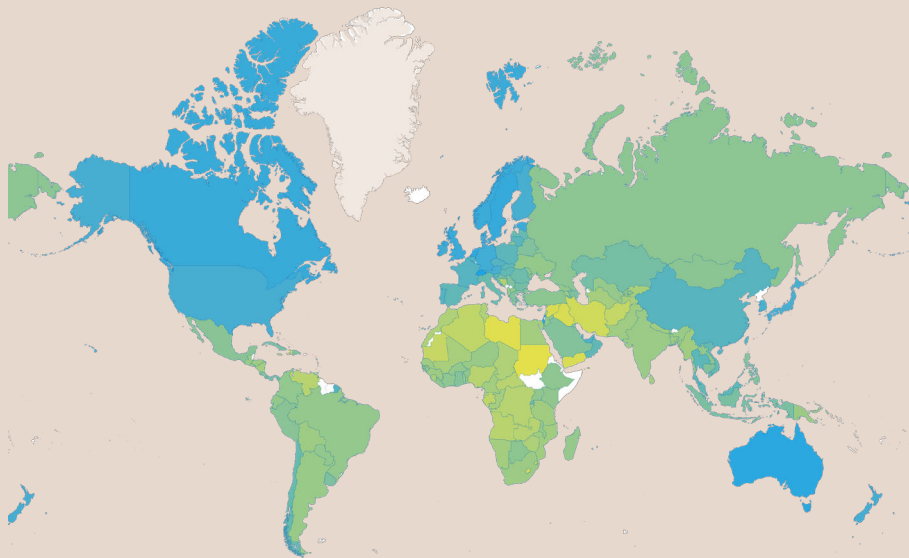


This PDF includes a contribution from the following book:

ELITE QUALITY REPORT 2022

Bangladesh: Elites are showing the path for Value Creation over the next 50 years

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Bangladesh: Elites are showing the path for value creation over the next 50 years

Bangladesh is one of the most improved countries over the last year (moving up from # 126 in the EQx2021 to # 100 in the EQx2022). Having achieved independence 50 years ago, the improved ranking reflects stellar economic growth throughout the past decade fueled by a demographic dividend, a boom in ready-made garment exports and overall stable macroeconomic conditions, despite the global challenges of COVID-19. Although there are concerns with the concentration of Political Power (i, rank # 127), as evidenced by *Political corruption* (COR, i.1, rank # 139) and low *Social mobility* (MOB, i.1, rank # 122; MOD, i.1, rank # 123), Bangladesh is gradually trying to improve its political environment through *Political decentralization* and *Administrative decentralization* (PDE, i.1, rank # 120; ADE, i.1, rank # 64), empowering women (*Women's Power Index*, WPI, i.1, rank # 56), and improving *Government's responsiveness to change* (RTC, i.1, rank # 57). Bangladesh experienced good economic performance in 2021 due to a resurgence in the export sector thanks to the post-COVID economic revival in US and EU markets; strong inflow remittances; and a rigorous *COVID-19 vaccination rate* (VAX, iii.7, rank # 90) (Worldbank.org, 2022).

The EQx Economic Value Index Area (iv, rank # 104) highlights some challenges for Bangladesh. *Inflation* is high (DOI, iv.11, rank # 108) with the middle class and poor often at the losing end of price hikes. This is compounded by a lack of *Trade freedom* (TRF, iv.10, rank # 120) that causes artificial shortages. Moreover, producers can push essential commodity prices up, a problem that is reflected in poor scores for *Regulatory Capture* (i.2, rank # 109) and *Producer Value* (iv, rank # 120). The capital markets, however, are undergoing regulatory changes such as a small cap platform at the Dhaka Stock Exchange, while financial inclusion initiatives by the Bangladesh Bank, and digital wallet services initiated by private companies all contribute to development (Huda, Kabir, Popy, & Saha, 2020).

Economic Power (ii, rank # 104) is rather diversified in Bangladesh due to low industry dominance (*Coalition Dominance*, ii.4, rank # 22) despite the export sector being dominated by ready-made garments. Low industry dominance has contributed to the flourishing of SMEs across the country (SME, ii.5, rank # 24) employing over 25 million people. The Bangladesh Bank has committed to a stimulus package for SMEs where the government, banks, and all stakeholders are involved in a sustained effort to ensure the growth of this sector at the heart of the economy and accounting for over 35%

of GDP. Additionally, access to capital has been improved through the aforementioned small cap platform at the Dhaka Stock Exchange (Khatun & Amanullah, 2021). The lack of *Firm Dominance* (ii, rank # 37) in Bangladesh (FKG, ii.5, rank # 12) sets the stage for entrepreneurial opportunities and the rise of SMEs, yet innovation is limited due to a lack of supportive policies, poor infrastructure, a shortage of skills, data poverty, and the uneven distribution of growth (TBS-Report, 2022). Hence, Bangladesh has a lowly ranking in terms of *Creative Destruction* (ii, rank # 143). It must be mentioned, however, that political elites do play a positive role, with strong *Governmental support to entrepreneurship* (GSE, ii.6, rank # 25). The ranking of the country in the *Index of Women Entrepreneurs* is also promising (IWE, ii.6, rank # 54).

Bangladesh exhibits strong *Political Value* (iii, rank # 41) as evidenced by efforts to tackle food shortages, and reduce poverty and extreme poverty, while simultaneously focusing on improving health and education, particularly for women (Bhaumik, 2021). Food security in Bangladesh has improved over the years (as is shown in the *Global Food Security Index* FSQ, iii.7, rank # 55) with people suffering from severe food insecurity nearly halved (Rahman, 2021). The effective corporate tax rate is, however, excessively low (DCT, iii.8, rank # 104) and a majority of tax revenues are collected at source through advanced tax and value added tax (Mala, 2022). The country has navigated the pandemic cautiously with a relatively low *COVID-19 mortality rate, age-adjusted* (COM, iii.7, rank # 51) but this came at the expense of excessive and often unplanned lockdowns as is evident from over 18 months of *COVID-19 lost schooldays* (CLS, iii.7, rank # 123) during the pandemic (UNICEF, 2021).

Despite their power, political elites (*Political Power*, i, rank # 127) create significant value (*Political Value*, iii, rank # 41), and comparatively more so than business elites (*Economic Value*, iv, rank # 104). Good government is the result of forward-looking strategies adopted from the very start of the nation when the elites of Bangladesh focused on health, education, poverty eradication, food security, technology adoption, and economic diversification. Thus, today, Bangladesh is no longer the 'basket case' of 1971 but rather a confident country fast becoming a South Asian economic success story as it recovers from the severe crisis caused by the pandemic faster than most of its neighbors.

Prof. Sang Hoon Lee, Dean of BRAC Business School, BRAC University, Dhaka, Bangladesh.

Bangladesh

EQx2022 Country Scorecard

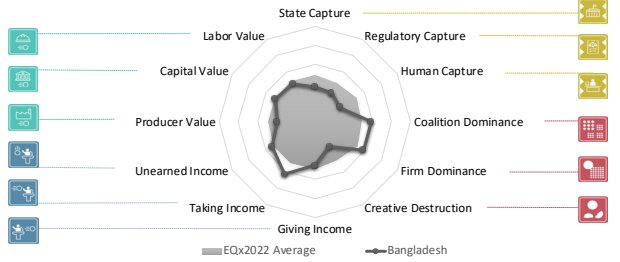
Population **165 million**
 GDP (nominal) **323 billion USD**
 GDP per capita **1'981 USD**



Level 1 - Index	EQx Rank / 151 100	EQx Score 45.1	Middle Quality Elites
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Level 2 - Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power		Value		Political Power (I)		Economic Power (II)		Political Value (III)		Economic Value (IV)	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	120	40.0	86	47.6	127	34.6	104	42.6	41	53.5	104	44.7

Level 3 - Pillars		Rank / 151	Score
Political Power (I)	State Capture	118	37.1
	Regulatory Capture	109	35.1
	Human Capture	139	30.8
Economic Power (II)	Coalition Dominance	22	59.0
	Firm Dominance	37	58.7
	Creative Destruction	143	29.8
Political Value (III)	Giving Income	98	45.4
	Taking Income	12	62.9
	Unearned Income	63	51.7
Economic Value (IV)	Producer Value	120	39.4
	Capital Value	75	47.7
	Labor Value	97	46.0



Level 4 - EQx Indicators		Rank / 151	Score
State Capture (i.1)	COR Political corruption	139	18.3
	MOB Social mobility (upward)*	122	8.5
	MOD Social mobility (downward)* (n)	123	9.4
	PDE Political decentralization	120	23.3
	ADE Administrative decentralization	64	46.7
	PGL Political globalization	74	51.2
	WPI Women's Power Index	56	53.5
	RTC Government's responsiveness to change	57	53.5
	EPR E-Participation Index	87	45.9
	PFD Press freedom	126	26.7
Regulatory Capture (i.2)	COC Control of corruption	121	29.3
	OPG Open government (n)	80	33.0
	NJK Nr. of journalists killed per 1 million people (2yrs avg.) (n)	128	52.8
	REQ Regulatory quality (n)		
	CRO Crony capitalism		
	ECR Ease of challenging regulations	77	40.2
	EDB Digital institutional quality		
	PRI Property rights	116	29.5
	INO Informal output as a % of GDP (n)	84	44.9
	CGP Constraints on government power (n)	92	26.4
Human Capture (i.3)	REN Regulatory enforcement (n)	107	27.8
	GSI Global Slavery Index	69	58.1
	WBL Women, business and the law	132	12.1
	LIN LGBT+ inclusiveness	134	19.1
	GRI Religion - Government Restriction Index	106	37.8
	SHI Religion - Social Hostilities Index	142	2.2
	WSB Women self made billionaires		
	HRI Human Rights Index	104	33.7
	FDP Forcibly displaced population as % of population	80	56.0
	AFI Academic Freedom Index	123	18.8
Coalition Dominance (ii.4)	FLS Financial Literacy Score (n)	120	17.9
	WMA Prop. of women in senior and middle mgmt. positions* (n)	102	3.8
	IEE Top 3 industries exports as % of exports		
	ECI Economic Complexity Index	123	24.2
	IVA Top 3 industries as % of VA		
	CON Construction as % of GDP*		
	MIL Military expenses as % of GDP*	31	65.0
	UNI Unionization rate*		
	CBC Collective bargaining coverage	11	75.6
	BSN Barriers in service & network sectors		
Firm Dominance (iii.5)	PUE Public employees as a % of total employment (n)	3	77.8
	CRA Criminal actors (n)	57	58.3
	SME SMEs per 1,000 people	24	51.4
	BIW Billionaires' wealth as % of GDP	1	62.2
	FKG Top 10 firms market cap as % of GDP	12	52.9
	FRG Top 3 firms revenues as % of GDP	4	60.0
	FRR Top 30 firms revenues as % of GDP	1	69.9
	TUL Listed firms turnover, long run 15 yrs		
	TUS Listed firms turnover, short run 3 yrs		
	ENT Entrepreneurship	122	23.0
Creative Destruction (iii.6)	VCK Venture capital finance	64	41.1
	RND R&D as a % of GDP		
	EXR Firm exit ratio		
	BCD Billionaire's creative destruction		
	IWE Index of Women Entrepreneurs	54	0.0
	VCA Venture capital availability	104	30.6
	GSE Governmental support to entrepreneurship	25	66.1

Rank / 151	Score	Rank / 151	Score
SNT	Subsidies and transfers as % of expenses	47	59.0
REG	Regional redistribution as % of government budget	23	74.9
EDU	School life expectancy	86	36.4
GPS	Expenditure on general public services as % of GDP*		
INT	Internet access	142	11.0
NRI	Network Readiness Index	90	34.6
LEW	Life expectancy women		
LEM	Life expectancy men		
FSQ	Global Food Security Index - availability, quality & safety	55	52.5
COV	COVID-19 excess deaths, age-adjusted		
COF	COVID-19 fatality rate, age-adjusted	89	53.9
COM	COVID-19 mortality rate, age-adjusted	51	65.6
CLS	COVID-19 lost schooldays	123	16.4
VAX	COVID-19 vaccination rate (n)	90	43.3
OSI	Online Service Index	81	50.9
UNV	Top universities (n)	57	37.7
PIS	PISA mean scores (n)		
GEX	General government expenditure as % of GDP* (n)	121	33.0
DCT	Corporate tax rate*	104	33.1
HOM	Homicide rate	67	53.4
INE	Top 10% share of pre-tax national income	57	56.2
FDE	Fiscal decentralization		
DTR	Tax revenue as % of GDP*	34	70.0
BRD	Battle-related deaths per 100,000 people	116	54.2
GCI	Global Cybersecurity Index	58	65.7
SUI	Suicide rate per 100,000 people	23	68.3
SUB	Death rates from substance use per 100,000 people	4	98.6
DPS	Delta public vs private sector salaries (n)		
GEG	Gender education gap (n)		
EPI	Environmental Performance Index	136	21.1
DBT	Government debt as % of GDP	16	70.3
NRR	Natural resources rents as % of GDP (n)	36	63.3
CDO	CO2 emissions (metric tons per capita) (n)		
CRM	Criminal markets (n)	68	52.3
TRF	Trade freedom	120	29.9
FDS	FDI inflows as % of GDP, stock	146	40.4
BTF	Barriers to FDI		
EGL	Economic globalization	145	6.6
HEI	Health Efficiency Index		
OFB	Open for business		
ESG	ESG company scores		
RDR	R&D as % of revenue Top 10 firms	44	41.3
FSA	Global Food Security Index - affordability	82	28.2
PAT	Nr. of patent applications per 100,000 people	92	44.1
IPM	% of imports targeted by protectionist measures (flow)	1	57.6
IPS	% of imports targeted by protectionist measures (stock) (n)	18	70.4
DGI	% of discr. govt. interventions as % of total interv. (flow)	54	40.7
DGS	% of discr. govt. interventions as % of total interv. (stock) (n)	24	73.1
DNI	Neutral interest rate*		
DOI	Inflation*	108	53.4
GOL	Gold demand as % of GDP		
DMA	M&A as % of investment - 3 yrs rolling avg.*		
DKI	Delta capital gains tax vs income tax		
UNC	Unicorns per 1 million people	28	43.0
BSG	Billionaires self-made nr. per 1 million people		
BSM	Billionaires self-made as % of total billionaires		
FMI	Financial Markets Index	52	47.1
UEM	Unemployment rate	64	61.3
LFP	Labor force participation rate	99	42.2
WLP	Delta real wage vs labor productivity increases		
YUN	Youth unemployment rate	70	58.4
BRN	Human flight and brain drain	125	26.8
LFM	Labor force participation ratio - male vs female*	135	15.9

* Calculated as the deviation from a conceptual optimum
 (n) Refers to Indicators newly incorporated in the EQx2022