

Livelihood Diversification in Rural Bangladesh: Economic Anthropology Perspective

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Abstract: *Diversification into business activities have been identified as the most important non-agricultural source of income for rural people in Bangladesh. My study in a Bangladeshi village showed that a considerable number of villagers were involved in petty business activities for their economic survival, creating a new view of the rural economy which was very different than in the past. It was found that rather than economic survival only diversification into business occupations had significant impacts on socioeconomic conditions of the villagers in Bangladesh. Nevertheless, research on this focus is still rare. The article aims to unveil this issue. The study ties in with economic anthropology. Its nature is inductive with taking subjective reports of the study respondents seriously and has relevance to diversification theory that can be used in actor oriented analysis of local economy. Mainly qualitative data such as observation and in depth interviews and partially quantitative data obtained through the household survey were the basis of this study.*

Key words: *Diversification, rural Bangladesh, petty business*

1. Introduction

Studies of the rural economy and rural labour markets in Bangladesh traditionally mainly examined the agricultural sector and have explored the expansion of agricultural wage labour and sharecropping relations as exemplars of rural transformation and employment generation (Feldman 1994, 99). Nevertheless, rural livelihoods in Bangladesh are becoming increasingly diverse. The existing structure of rural economy is composed of both farm and non-farm sectors. In the

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present structure of rural economy, the degree of business involvement is very high. This study focuses on the differences result from livelihood diversification into business occupation in a Bangladeshi village and connects it with diversification theory that can be used in actor oriented analysis of local economy (Seppälä 1998, 22).

A study conducted in 1974 in a Bangladeshi village called Katni, by two World Bank experts, found that agriculture provided the main source of livelihood for all households except for one carpenter (*khatmistri*) and two *rickshaw* pullers. The total number of the households in the village was 66, with 350 inhabitants (Hartmann & Boyce 1990, 7). In contrast to the previous study, my study in 2005 in a Bangladeshi village found that non-agricultural occupation provided the main source of income for 110 out of 258 households in the village, with 1015 inhabitants (Kazi 2010, 7, 118). Among the non-agricultural households a considerable number were involved in business activities.

The data used in this study shows that out of 258 households 53 (20.5%) in Bangdom ran a business as the primary source of income. A further 12 households (4.7%) were involved in business as a secondary means and 7 (2.7%) as tertiary sources of income. Although, the size of the businesses were tiny but had grave importance to the lives of the villagers in the study village (*ibid.*). The data reveal that business activities provided better livelihood security for them than in the past. As a result, business is becoming a common non-agricultural economic source for many poor households in rural Bangladesh. Except income generation only, my study found that diversification into business had further impacts on the socioeconomic conditions of the villagers. With respect to this, the research objective of the study was to know the differences result from livelihood diversification into business occupation in rural Bangladesh.

With this in mind, the article is structured as follows: After the introduction, study methodology is mentioned with particular emphasis on the methods used for collecting the primary data of the study. Then diversification theory is presented. Next, livelihood diversification into business occupation is discussed and analysed in the context of rural Bangladesh through presenting the cases from the village I studied. Finally, résumé of the diversification into businesses occupation is presented in the concluding part of the article.

2. Methodology

Generating mainly qualitative and partially quantitative data was the basis of this study. As to Max Weber combined use of both qualitative and quantitative data

can help in pursuing explanations, adequate at the levels of cause and meaning (Clive 2001, 17). Although, the use of quantitative data in this study was confined to know the numbers of households were involved in business livelihood in Bangladesh but it helped to understand the growing trend towards business occupation of the villagers in recent years. In order to focus the research to explain specific issues the qualitative data based on observation and in depth interviews were used to complete this article. The data originating in the key informant interviews with the villagers were analysed in narrative way.

The analysis of the data began during the data collection process and was thus well connected to the final analysis. Questionnaires related to the research objectives were prepared and the data was tape recorded during the in depth interviews with the key informants. And observation notes were written systematically for further analysis. All the data related to research objective were identified and examined using a process called 'constant comparison' (Glaser & Strauss, 1967) in which each instance of narrative text or item was checked and compared with the new data to classify the meaning of the qualitative data consistently. Relevant verbatim taken from field note and key informant interviews were quoted while deemed appropriate in the data analysis. Recall error was minimized by using culturally appropriate local language.

3. Diversification theory

Pekka Seppälä has developed diversification theory that can be used in action-oriented analysis of local economy. This theory is based on his anthropological study on the village economics of Tanzania, situated in the Eastern part of Africa. Seppälä's diversification theory has chambers' concept of peripheral economy as complex, diverse and risk-prone (CDR) as basis of his theory. He defines two types of diversification processes in income generation in local economy. One is simultaneous diversification and the other is serial diversification. Simultaneous diversification takes place when several economic activities are conducted side by side. Whilst, in serial diversification one economic activity is terminated before another one is started (Seppälä 1998, 22).

Core issue of diversification theory is the tendency of the individuals and households to diversify their economic activities. A central part of the diversification theory describes that through diversifying economic activities villagers' tendency is to cross over the boundaries, whether they are sectoral, geographical or cultural. The theory starts from the local scene and sees local unit as active actors (ibid.193). It highlights diversity as a means for the poor people

to avoid risk and obtain social security (ibid.195). Seppälä's study claims that livelihood diversity in rural Tanzania provides an umbrella under which people can seek protection against the exploiting state or market. As to him in the insecure world, this is a definite source of security (ibid.224).

Although, the findings derive from Seppälä's study have noticeable relevance to the findings of my study but there are some other issues that have resulted from villagers' livelihood diversification in rural Bangladesh are absent in Seppälä's study in rural Tanzania. Among these; gender and social capital issues are most conspicuous. The next part of the article will stress on the relevance derive from the two studies (i.e., Seppälä's study in rural Tanzania and my study in rural Bangladesh) as well as the other issues that are absent in diversification theory through presenting the case studies from Bangdom village in Bangladesh.

4. Livelihood diversification in rural Bangladesh: A Case study

My data from the village of Bangdom, situated in the northern part of Bangladesh has relevance to the above mentioned diversification theory by Pekka Seppälä. Firstly, it was found that Seppälä stated two types of diversification in income generation (i.e., simultaneous and serial diversification) were prevalent in Bangdom. Secondly, similar to Seppälä the tendency of the people to cross over the boundaries though income diversification was obvious in the village I studied. Thirdly, diversity in income generation as a means for the poor people to avoid risk and obtain social security is quite same in both studies. Finally, Seppälä found diversity as an umbrella under which people can seek protection against the exploiting state or market as well as a source of security for the villagers was also a reality in rural Bangladesh. The case studies are presented here will put the issues forward.

Case Study 1: *Ena Begum*¹ from Bangdom was able to make a considerable economic progress by operating a mini grocery shop (*ghumti/moodidokan*) in her village. Although it is not common for women in Bangladesh to be directly involved in business activities, Begum is an exception from Bangdom. She was not born in Bangdom and married her husband from Bangdom 20 years ago. After some months of marriage, Begum and her husband moved to the village where she was born to try managing better living for the family. This migration did not bring any economic improvement, but rather more economic uncertainty to the family. As a result, the family returned to Bangdom and shared the same home as

¹. Did not ask the age of Ena Begum, as a woman she would probably not like asking the age.

her parents-in-law. On their return to Bangdom, her husband began pulling a *rickshaw* at Nazipur,² whilst Ena found employment as a maid in Bangdom.

In 1993 Ena opened up a grocery shop (*ghumti/moodidokan*) in the village and worked as maid only part time. Within a year, she had made considerable economic progress and stopped working as a maid. The business development enabled her to increase the number of items she was selling and expand the shop.

Ena's success encouraged her husband to start a petty business at Nazipur; selling *bedi*, cigarettes utilising a tiny space in the footpath. Income from the two businesses allowed them to buy land for building a home. They were able to send their eldest son to the district town to gain a diploma in tailoring and their youngest son to school regularly. They were able to improve their family's economic status in the village from a very poor household. Ena explained that some years ago they were required to visit rich neighbours in order to have rice to fill their stomachs when there had no available jobs, however now they would be able to help their neighbours if any of them were suffering.

The case presented above reveals the fact that Pekka Seppälä stated simultaneous diversification is existed also in rural Bangladesh as Ena Begum opened up a grocery shop (*ghumti/moodidokan*) in the village and alongside this she worked as maid. Moreover, tendency of Begum's households to diversify their economic activities is also seen as her success in business encouraged her husband to start another business by him. Furthermore, the tendency of the villagers to cross sectoral, geographical or cultural boundaries through livelihood diversification is obvious in the case of Begum's household.

Although it is not common for women in Bangladesh to be directly involved in business activities, Ena Begum is an exception from Bangdom that was an example of crossing the cultural boundary in the context of rural Bangladesh. The most common livelihood in rural Bangladesh is confined to agricultural sector but by diversifying their livelihood into business Beugum's household had the tendency to cross the sectoral boundaries. And by sending their eldest son to the district town to gain a diploma in tailoring was definitely a tendency to cross the geographical boundaries.

Diversity in income generation as to Seppälä is a means for the poor people to avoid risk and obtain social security which make a sense in the context of rural

2. Nazipur is a small municipal town and Bangdom is situated 2 kilometres away from Nazipur bus stand bazaar.

Bangladesh too as it was obvious in this case study. Begum explained that some years ago they were required to visit rich neighbours in order to have rice to fill their stomachs when there were no available jobs, however now they would be able to help their neighbours if any of them were suffering. It postulates the fact that livelihood diversification made the family able to avoid the risk of running out of the basic needs and make the household economically better than ever before thus to obtain social security. The next case of a different villager is also an example to discuss the commonality lies in my study and diversification theory.

Case Study 2: *Ahad Uddin* a 45 years old man from Bangdom had a small tea stall (*cha-er-dokan*) in front of the mosque situated in the centre of Nazipur bus stand bazaar. In the beginning of his work life Ahad was involved in agriculture for 10 years. His work life began when he was in school because of economic problems in his fathers' family. After completing nine grades he had to stop become involved in agriculture alongside his father. There were 6 members in his fathers' family including him, his mother and 3 brothers. His 3 brothers also worked with their father. When their father became old he (father) stopped working in the fields and became unable to take care of family matters. As a result, the family was divided into smaller households but continued living in the same house.

After the separation, Ahad was married at the age of 22. His conjugal life began and he managed the needs of the family by cultivating arable land (1 acre) he inherited from his father. After some months of marriage, he planned to build a separate home because living in a shared home became difficult. Since he did not have any savings, he had to sell part of his land to build the new home. Gradually, his family became larger and required more income, not possible through only agriculture. The increasing cost and inadequate supply of fertilisers was the main obstacle for him retaining agriculture as source of income for his family.

Secondly, he was unable to receive facilities provided by the government of modern agricultural inputs to small peasants. He also could not get a loan from the government banks, although the banks had many projects to help peasants. According to him, the complicated bureaucratic procedures and other related problems made him unable to acquire a loan from the banks. In such a situation, he opened up a grocery shop at Nazipur bus stand bazaar in the mid-nineties. He was unable to continue making good profit from the business, due to overwhelming competition.

Finally, he began a tea stall and had been running that business as the primary source of income for his four members' family. As to the diversification theory Uddin's diversification into business falls in the sphere of serial diversification because in his case it was found that he terminated agricultural income before started the grocery shop and then ended up with the tea stall business (Seppälä 1998, 22).

In Bangladesh, the increasing cost of essential agricultural inputs, such as fertilisers and pesticides, is discouraging many marginal farmers to continuing farming occupations.³ In particular, poor and middle class farmers are caught in a dilemma with costly fertilisers and pesticides. Usually they do not have enough money to buy the costly fertilisers and pesticides when paying the market prices. In this case, the so called Green Revolution⁴ rarely benefited poor peasants. Consequently, the Green Revolution caused a serious increase in inequality between different classes of farmers in rural areas. It gave the opportunity for landlords to acquire more land and a trend towards some variation in the classical capitalist two-class dichotomy (Harry 1972, 182).

Unfortunately, Bangladesh and many other developing countries do not possess an efficient and well-developed administrative system suited to cope with the problems of social change and development planning (Choudhury 1978, 45). Rich farmers easily influenced management bodies of the Green Revolution to their advantage, disenfranchising poor and middle-income farmers. The poor and middle-income farmers did not have the financial self-sufficiency necessary to own agricultural technology. Eventually, many of them were forced to make their living through non-agricultural means of income.

An example from the microeconomic theory expressed that peasants were 'efficient but poor' (Schultz cited in Wilson 2004, 2), which has very practical relevance to the social reality in Bangladesh. The case of Ahad Uddin reveals that

3. The dealership of fertilisers is given to a few wholesale agents who create the occasional fertiliser crisis for mal profit. Many times poor farmers demonstrate against such brutal manipulation, but are rarely successful. Derived from such a background in 1995, 15 peasants were killed by government forces carrying out a demonstration protesting against the corruption of fertiliser distributors.

4. The Green Revolution was the rapid growth of Third World grain output, associated with the introduction of a new package of tropical agricultural inputs. The package essentially consisted of a combination of improved grain varieties, mainly rice and wheat, heavy fertiliser usage and carefully controlled irrigation. The Green Revolution also included inputs such as mechanical pumps, tractors, threshers, reapers, and combines, which all contributed to rising yields and output.

the effect of the “Green Revolution” did not benefit poor and middle class farmers, so much as it strengthened agricultural capitalism in the rural agricultural sector (ibid. 61). Therefore, his livelihood diversification into business provided an umbrella under which people can seek protection against the exploiting state or market and in the insecure world, this is a definite source of security (Seppälä 1998, 224).

On the opposite end of the spectrum, through my study it was found that livelihood diversification of the villagers in rural Bangladesh has other substantial impacts that were missing in diversification theory. Firstly, the trend towards business has effects for the composition of gender identities (see e.g. White 1992). Although, women’s work has always been of economic importance, traditionally its primary location was within households and in close association with consumption (processing crops for use as food, for example). As more women become involved in business, their work became more focussed on income generation and is therefore more easily recognised as economically significant, as indicated by Ena Begum’s case. Through business, Ena was able to shift her labour and capital into the market, changing her gender identity, as she was no longer only a housewife and hold also personal resources.

Additionally, she was seen as an independent woman in the community, which Ena Begum explained other women in Bangladesh were interested in, due to her success. Moreover, her emergence as petty business entrepreneur highlights that through involving in business activities, she was able to share the public space that had been traditionally a male sphere of activity, and from which women had been barred historically.

Livelihood diversification into businesses affects the possible gain in social capital influencing the entrepreneurs’ ability to improve the condition of a business’ potential. Social capital in this case refers to the opportunity of building relations with influential individuals holding power where the businesses are operated, also known as developing connections (Bourdieu 1993, 32). This is illustrated below through presenting two case studies from Bangladesh.

Case Study 3: *Salam Mondol* had a fertiliser and pesticide shop at Nazipur bus stand bazaar. He was 40 years old and the first person in the family in generations that was involved in business. He had two brothers, one of them worked in the village as an agricultural labourer and the other one worked in a garment factory in Dhaka. Salam’s grandfather had 3 acres of arable land, by which the family managed their necessities without much economic difficulty. When Salam’s father was married, he received only 1 acre of arable land and shared the home with his

two brothers. Salam's father only received 1 acre of arable land, but managed through cultivating this land and sharecropping some further land. Nevertheless, when the family started to get bigger, he became unable to manage necessities as before. As a result, Salam quit school and he and his two brothers had to help their father meet the family requirements.

Salam began to work as an agricultural labourer at the age of 12 and continued to do so for 10 years. By that time, he was married and had 2 children. The jobs he did were very hard and paid very little. The expansion of the family required more income, but could not be managed through agricultural labouring. Visiting Nazipur to find a job, he enquired at different shops for employment. Salam mentioned that it was one of the happiest days of his life, when he was accepted for a job in a fertiliser shop as a sales person.

It was in the mid-eighties when he received the opportunity to do something else other than agricultural labouring. He continued there for 6 years as a sales person. As the salary he received was not as good as he deserved, he planned to open his own fertiliser shop, although he did not have enough financial capital.

After discussing the matter with the shop owner, they made a deal that everyday Salam would take a small amount of fertiliser from the shop to sell and would pay the shop owner in the evening, after taking his own profit. The business begun in 1990 utilising a public place (footpath) at Nazipur bus stand bazaar and was successful. Gaining confidence, he planned to make a permanent shop in the public place, although this was illegal. With the help of some local political leaders, whom he came to know through his business, he managed to do so. Having spent all the savings he made in a year to construct the shop, he did not have any money left for buying the goods to run the business.

Again he talked to his previous employer, to acquire fertilisers to sell. The owner gave him fertiliser equivalent to 20,000 taka (\$500), which he had to pay back in 6 months, with interest. Although it was a very tough deal, he took up the challenge, and succeeded. Salam had moved from operating his business in a public place to a rented room in a mini market place at Nazipur bus stand bazaar in the beginning of 2004, when government authorities drove out all illegal occupants from public places.

Case Study 4: *Sabosher*, a 24 year old man in Bangdom, had five brothers and two sisters. Due to extreme poverty in the family resulting from mis-management of funds by his father, Sabosher had to find work at the age of 6-7 years. One of his relatives in the village took him in, where he took care of the cattle and received the chance to complete his primary education.

When he was 12 years old he wanted to do something else than work as a cowboy/cow shepherd (*rakhal*) or agricultural labourer (*kamla*), as his grandfather was one of the richest farmers in the village and it would go against the family's prestige. With this in mind, he moved to a bazaar 20 kilometres away and found a job as a microphone operator in an enterprise that rent microphone to people.

The small salary he received frustrated him and consequently he quit and moved to another Bazaar with a similar job, but with a better salary. After 5 years he quit as he was not given an increase in salary, which he duly deserved. He returned to Bangdom and started a business renting CDs and CD player to customers utilising a public place at Nazipur bus stand and investing 30,000 taka (\$500). In 2004 Government authorities ordered that public places be vacated and Sabosher was forced to close until he found a place in a newly constructed market, which was acquired with the help of one of his customers.

5. Conclusion

As with previous studies, such as Seppälä in Tanzania (1998), I found diversification into petty businesses by the villagers in Bangdom as a means to obtain social security in rural Bangladesh. In the context of rural Bangladesh, diversification into petty businesses provides an umbrella under which villagers can seek protection against the uneven development of the world economy (see e.g. Human Development Index 2009). In an unevenly developed world a diversification into petty business activities provides for many people in rural Bangladesh a definite source of at least some socioeconomic security. The tendency of the people to cross over the boundaries, whether they are sectoral, geographical or cultural was prevalent because once a household diversifies its livelihood into business gains the ability to cross over the boundary which has been clearly viewed in Ena Begum's case. Moreover, Ahad Uddin's livelihood diversification into business provided protection against the exploiting state or market and in the insecure world that is a definite source of security for him. (Seppälä 1998, 193, 224).

The trend towards petty business has effects for the composition of gender identities which found in Begum's case. Through business, Ena was able to shift her labour and capital into the market, changing her gender identity, as she was no longer only a housewife and hold also personal resources. Then, an important dimension of social capital in the context of my study can be highlighted through the cases of Salam Mondol and Sabosher. When Mondol built a permanent shop

utilising a public place he called for help from some local political leaders, whom he came to know through his business, without which, he might not have been able to develop his economic progress.

By the same token, when Sabosher was forced to move from the public place of his business by the law enforcers, he kept his business closed for a couple of months until he found a room in a market building where his business was finally situated. A well-known person (his customer) channelled his efforts into helping Sabosher find the room. Without this opportunity, Sabosher may have had to terminate his business. Many other petty business entrepreneurs I interviewed had obtained the opportunity of utilising their connections with local influential individuals in times of need that I was told.

To sum up, similar to Seppälä's study it can be said that livelihood diversification into business for many villagers in Bangladesh is a definite source of a socioeconomic security; side by side its further effects are also conspicuous that are missing in Seppälä's study – the case studies from Bangladesh portray these.

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