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To finance investment and working capital, foreign firms in Bangladesh generally have to rely more on their internal resources and less on the financial markets (banks, stock market, etc). Foreign firms in Bangladesh also face problems in the forms of higher percentages of loans requiring collateral and higher value of collateral needed for loans. Furthermore, a higher percentage of foreign firms in Bangladesh (except in India where the percentage is somewhat higher) identified access/cost of finance as a major business constraint.

Finally, a higher percentage of foreign firms located in Bangladesh generally identified tax rates and administration, business licensing and permits, customs and trade regulations, and labor skill level as major business constraints. These perceptions are consistent with results found in the econometric model that human capital (a part of which is labor skill) is a determinant (albeit marginally significant) of FDI.

Despite the presence of several factors identified above that are not conducive to attracting FDI, Bangladesh does possess some factors that are favourable to FDI. Foreign firms in Bangladesh generally spend a smaller share of senior management time in dealing with requirements of government regulation, attend fewer meetings with tax officials, utilise modern technology (web and e-mail) more extensively to communicate with clients/suppliers and do not view labour regulations as a major constraint.

The results found form the ES dataset discussed above are generally consistent with the findings of the Global Competitiveness Report 2008 published by the World Economic Forum. This report ranks 131 countries on a broad range of competitiveness indicators and shows that Bangladesh is generally ranked lower than its three rival countries (India, Pakistan and Sri Lanka) in terms of the overall index, infrastructure, financial market sophistication, training and health, and education. Therefore, findings from independent sources indicate that the locational disadvantage for Bangladesh in attracting FDI vis-à-vis other countries in the region can be largely explained by poor infrastructure, underdeveloped financial markets, and inadequate human capital.