Small and Medium Enterprises SMEs Role in Creating Employment opportunities in Pakistan: A case Study of Sindh

Muhammad Munir Ahmadani
PhD research Scholar, IBA- University of Sindh-Jamshoro
Dr.Anwar Ali Shah G.Syed
Professor in Business Administration & Pro-Chancellor-Dadu campus University of Sindh-Jamshoro
FaizM.Shaiikh
Assistant Professor-SZABAC-Dokri-Larkana-Sindh-Pakistan
Dr.KhalidShaikh
Professor-Department of Management Sciences Bahria University Karachi

Abstract
This research investigates the role of Small & Medium Enterprises in creating Employment sector with reference to Sindh. Data were collected from 200 respondent from 40 organizations by using simple random technique. A structural questionnaire was developed to get reliability of the Data. Data were analyze by using SPSS-18 version. It was revealed that SMEs are the major source of foreign exchange earnings, SMEs have a major contribution in Pakistan’s GDP. A known feature of SME sector is its ability to create jobs, SMEs maintain the poverty alleviation activities through creating employment, SMEs assist in fostering a self-help and entrepreneurial culture, SMEs boost up an entrepreneurial strength which puts forward flexibility in the economy, SMEs are more capable in resource allocation as compared to large scale industries, SMEs in general consider employees as their most important resources, SMEs are pioneer in developing new products and services and finally SMEs are in general very quality minded in the products and services they provide.

KeyWords: SMEs; Employment; Sector; Sindh.
Introduction:

SMEs have historically taken as an significant part in contributing to economic progress of many countries around the world (Kongolo, 2010). There is no growth when the advantages of economic improvements are utilized only by a small number of people, whereas the greater parts are being expelled (Todaro and Smith, 2003). The unconstructive effects of current economic turn down have seriously influenced the socio-economic conditions of many people universally. As a reply to these negative conditions, it is necessary that the small, medium and large entrepreneurs improve their employment formation capabilities (Barakat, 2001). ISMEs on creation of employment, section three investigates the importance and significance of SMEs, section four addresses behavior of employer/manager in official and un-official matters with the employees, section five explores the appointment procedure in SMEs, section six discovers the contribution of SMEs to private sector employment section seven find out the contribution of SMEs to government sector employment, section eight highlights on the growth of SMEs in Sindh, section nine determines the performance/improvements of SMEs in textile industry of Pakistan during last five years, section ten assesses the role of textile industry of Pakistan in creation of job opportunities in the country, section eleven evaluates the fundamental role of textile sector in the exports of Pakistan, section twelve inspects the performance of textile sector in the development of the manufacturing sector in Pakistan and finally section thirteen observes the contribution of SMEs in employment of Pakistan.

It was also pointed out by the Advani (1997) that from the socio-economic development point of view, SMEs provide a variety of benefits. A well-supported and enhanced small business sector is likely to continue contributing to the economic development process in the same way as a large business (Abraham, 2003). One of the noteworthy distinctiveness of a prosperous and emergent economy is a booming and blooming small and medium enterprises (SMEs) sector (Feeney and Riding, 1997).

Feeney and Riding (1997) further argued that small and medium enterprises play an important role in the development of a country. According to Fida (2008) SMEs contribute to economic development in various ways: by creating employment for rural and urban labor force, providing desirable sustainability, and innovation in the economy as a whole. In addition to that, large number of people relies on the small and medium enterprises directly or indirectly. Cook and Nixson (2000) also gave arguments in favor of SMEs according to him the growth of SMEs is seen as the way to accelerating the accomplishment of wider socio-economic objectives, including poverty mitigation. The growth and efficiency of small enterprises have also become famous (Mazumdar, 1997). Using the case of Northern Italy, Piore and Sabel (1984) have argued that small enterprises are more efficient because they have adopted a flexible specialization approach. In the same way, there has been growing interest in whether this model has or can be replicated in developing countries (Schmitz, 1989; Pederson, 1994; Schmitz and Musyck, 1994; Schmitz, 1995). Considerable attention has been paid in the last decade to the problem of poverty-reduction in developing countries. (World Bank, 1989, 1997). It is generally agreed that the development of micro and small-scale enterprises (MSEs) can be a key ingredient in poverty-reduction (Sen, 1980 and Green et al, 2002). On the other hand, evidence shows that small-scale enterprises contribute significantly to household incomes (Liedholm et al., 1994; McPherson, 1996; Kapoor et al., 1997; Perks, 2004; McDade & Spring, 2005). It is also globally experienced that a well-organized SME sector is favorable to rapid industrial intensification (Hill, 2001, Lloyd 2002).

Data Collection Methodology

Data were collected from 200 respondent from 40 organizations by using simple random technique. A structural questionnaire was developed to get reliability of the Data. Data were analyze by using SPSS-18 version.

Results and Discussion

IMPACT OF SMALL AND MEDIUM ENTERPRISES (SMES) ON CREATION OF EMPLOYMENT

In order to have a comparative view about the perceived impact of SMEs on employment, employees responses were obtained by using likert type 5-point scales and the items were replicated from the managerial questionnaire. These items were; SMEs are the major source of employment, SMEs are also largest source of domestic employment, SMEs have reduced un-employment in the country and SMEs have created job opportunities in rural areas of Sindh.

An inspection of table 6.4 reveals that the majority of the employees more than 55% indicated agreements with the SMEs are the major source of employment, more than 20% appeared to be disagreed and also more than 20% of the participants were un-certain about their opinion. In response of SMEs are also largest source of domestic employment a majority of 47% of the respondents were agreed, less than 20% were disagreed, while, more than one quarter were undecided in their views. Answering the question regarding the SMEs have reduced un-employment in the country 47% of the participants indicated their agreement, more than one quarter were disagreed, whereas less than 30% were undecided in their replies. Finally in the response of SMEs have created job opportunities in rural areas of Sindh, more than 50% showed their agreement, less than one quarter were disagreed and 1/4 of the participants were un-decided. This may indicate that employees do not have adequate knowledge about the question asked for the reply (see also figure 6.2.1 to 6.2.4)
TABLE 6.4 DISTRIBUTION OF EMPLOYEES’ RESPONSES ON THE PERCEIVED IMPACT OF SMALL AND MEDIUM ENTERPRISES (SMES) ON CREATION OF EMPLOYMENT (N=200)

|                      | Strongly Agree | Agree | Un-decided | Disagree | Strongly Disagree | Total  |
|----------------------|----------------|-------|------------|----------|-------------------|--------|
| a. SMEs are the major source of employment | 49 (24.5%) | 66 (33%) | 42 (21%) | 28 (14%) | 15 (07.5%) | 200 (100%) |
| b. SMEs are also largest source of domestic employment | 38 (19%) | 56 (28%) | 51 (25.5%) | 35 (17.5%) | 20 (10%) | 200 (100%) |
| c. SMEs have reduced un-employment in the country | 35 (17.5%) | 59 (29.5%) | 55 (27.5%) | 32 (16%) | 19 (09.5%) | 200 (100%) |
| d. SMEs have created job opportunities in rural areas of Sindh | 41 (20.5%) | 62 (31%) | 50 (25%) | 30 (15%) | 17 (08.5%) | 200 (100%) |

FIGURE 6.2.1 SMES ARE THE MAJOR SOURCE OF EMPLOYMENT

FIGURE 6.2.2 SMES ARE ALSO LARGEST SOURCE OF DOMESTIC EMPLOYMENT

FIGURE 2. SMES HAVE REDUCED UN-EMPLOYMENT IN THE COUNTRY
As revealed by one-way analysis of variance a significant difference of opinion was found among the entire three sample SMEs in textile industry of Pakistan in all the statements such as SMEs are the major source of employment, SMEs are also largest source of domestic employment, SMEs have reduced un-employment in the country and SMEs have created job opportunities in rural areas of Sindh as illustrated in table 6.5.

### TABLE 6.5 MEAN SCORES AND STANDARD DEVIATIONS OF THE MANAGERS’ PERCEPTIONS ABOUT IMPACT OF SMALL AND MEDIUM ENTERPRISES (SMES) ON CREATION OF EMPLOYMENT

| Statement | Ginning (n=50) | Weaving (n=20) | Garments (n=30) | ANOVA By sector |
|-----------|----------------|----------------|-----------------|-----------------|
|           | Mean | SD   | Mean | SD   | Mean | SD   | F    | p    |
| a. SMEs are the major source of employment | 20 | 8.000 | 8 | 4.062 | 12 | 7.874 | 3.9298 | 0.0487 |
| b. SMEs are also largest source of domestic | 20 | 6.595 | 8 | 3.391 | 12 | 5.244 | 6.7879 | 0.0107 |
### Relationships between impact of SMEs on employment items

An examination of table 6.6 indicates statistically significant relationships between all the impacts of SMEs on employment items. All items are positively and significantly correlated with one another. The range of coefficient correlation is from .842 to .990 all reaching 0.05 and 0.01 level of significance. This pattern of correlation suggest a broadly perceived favorable impact of SMEs on employment items

#### TABLE 6.6 INTERCORRELATIONS BETWEEN IMPACTS OF SMES ON EMPLOYMENT ITEMS

| Variables                                      | 1   | 2   | 3   | 4   |
|-----------------------------------------------|-----|-----|-----|-----|
| a. SMEs are the major source of employment   | -   |     |     |     |
| b. SMEs are also largest source of domestic employment | .882* | -   |     |     |
| c. SMEs have reduced un-employment in the country | .842* | .990** | -   |     |
| d. SMEs have created job opportunities in rural areas of Sindh | .951** | .981** | .967** | -   |

* Correlation is significant at the 0.05 level (1-tailed)

** Correlation is significant at the 0.01 level (1-tailed)

### 6.3 IMPORTANCE AND SIGNIFICANCE OF SMALL AND MEDIUM ENTERPRISES (SMES)

In order to investigate the importance and significance of SMEs, a twelve-item question was designed. The main question asked to the employees was "Considering about the impact of Small and Medium Enterprises (SMEs) on creation of employment to what extent do you agree or disagree with the following statements (please tick one for each statement)". Responses on this question were recorded on a 5-point Likert type scale (ranking from strongly agree----------strongly disagree).

#### 6.3.1 SMEs play a very major role in the economy of Pakistan.

An examination of table 6.7 indicates that a majority of the employees (56.5%) seemed to be comfortable about the SMEs play a very major role in the economy of Pakistan, while 22% are not seemed to be comfortable, whereas, more than twenty percent (21.5%) were remained un-decided (see also figure 6.3).

#### FIGURE 6.3.1 SMES PLAY A VERY MAJOR ROLE IN THE ECONOMY OF PAKISTAN.

6.3.2 SMEs are the major source of foreign exchange earnings
In response to the question asked to the employees about the SMEs are the major source of foreign exchange earnings more than 50% indicated their agreement with the statement, less than one-quarter replied undecided whereas more than one-quarter of the respondents were disagreed as shown in table 6.7 and figure 6.3.2).

**FIGURE 6.3.2 SMES ARE THE MAJOR SOURCE OF FOREIGN EXCHANGE EARNINGS**

6.3.3 SMEs have a major contribution in Pakistan’s GDP

As far as contribution of SMEs in GDP of Pakistan is concerned more than 50% of the participants were appeared to be agreed, less than one-quarter were remained undecided in their opinions whereas, 1/4th of the respondents were showed their disagreement with the statement as mentioned in table 6.7 and figure 3.

**FIGURE 6.3.3 SMES HAVE A MAJOR CONTRIBUTION IN PAKISTAN’S GDP**

6.3.4 A known feature of SME sector is its ability to create jobs
Concerning about the statement that the known feature of SME sector is to create jobs, a majority of 55% indicated their agreement, more than 20% were undecided due to lack of knowledge while less than one quarter participants were appeared to be disagreed with the statement (see table 6.7 and also figure 6.3.4).

FIGURE 6.3.4 A KNOWN FEATURE OF SME SECTOR IS ITS ABILITY TO CREATE JOBS

6.3.5 SMEs maintain the poverty alleviation activities through creating employment

When the employees were asked about the SMEs maintain the poverty alleviation activities through creating employment, more than 50% of the respondents were agreed, 1/4th of the employees were seemed to be neither agreed nor disagreed in their views whereas less than one quarter were appeared to be disagreed with this statement (see table 6.7 and figure 6.3.5)

FIGURE 6.3.5 SMES MAINTAIN THE POVERTY ALLEVIATION ACTIVITIES THROUGH CREATING EMPLOYMENT

6.3.6 SMEs assist in fostering a self-help and entrepreneurial culture
As far as SMEs assist in fostering a self-help and entrepreneurial culture is concerned more than fifty percent of the respondents were emerged agreed, more than twenty percent were remained un-decided (neither agreed nor disagreed) whereas, more than one quarter of the respondents were demonstrated their disagreement on the above statement (see table 6.7 and figure 6.3.6).

**FIGURE 6.3.6 SMES ASSIST IN FOSTERING A SELF-HELP AND ENTREPRENEURIAL CULTURE**

![Bar chart showing the distribution of respondents' opinions on fostering a self-help and entrepreneurial culture.]

6.3.7 SMEs boost up an entrepreneurial strength which puts forward flexibility in the economy

Regarding SMEs boost up an entrepreneurial strength more than 50% of the employees were appeared to be agreed, less than 30% of the participants were seemed to be disagreed while more than 20% remained un-decided in their opinions due to lack of knowledge and interest as shown in the table 6.7 and the following figure 6.3.7

**FIGURE 6.3.7 SMES BOOST UP AN ENTREPRENEURIAL STRENGTH WHICH PUTS FORWARD FLEXIBILITY IN THE ECONOMY**

![Bar chart showing the distribution of respondents' opinions on boosting an entrepreneurial strength.]

6.3.8 SMEs create the best rising export sub-sectors
In response to the statement relating to the SMEs create the best rising export sub-sectors the majority (53%) of the respondents were appeared to be agreed, less than 30% of the responded showed their disagreement at the same time less than 20% were remained un-certain in their opinions (see table 6.7 and figure 6.3.8).

6.3.8 SMES CREATE THE BEST RISING EXPORT SUB-SECTORS

![Bar chart showing responses to the statement about SMEs creating the best rising export sub-sectors.]

6.3.9 SMEs are more capable in resource allocation as compared to large scale industries

Responding by the respondents on the statement SMEs are more capable in resource allocation as compared to large scale industries majority of 55% of the employees were showed their agreement, 28% were demonstrated their disagreement while only 17% were appeared to be un-certain in their views as mentioned in the table 6.7 and figure 6.3.9

![Bar chart showing responses to the statement about SMEs being more capable in resource allocation.]

6.3.10 SMEs in general consider employees as their most important resources
when the employees were asked about the SMEs in general consider employees as their most important resources in the same way a majority (53%) of the employees were confirmed their agreement on the statement, more than 30% were not in a favored of the statement in the same way more than 15% were seemed to be neither agreed nor disagreed, pertaining to the statement (see table 6.7 and figure 6.3.10)

FIGURE 6.3.10 SMES IN GENERAL CONSIDER EMPLOYEES AS THEIR MOST IMPORTANT RESOURCES

6.3.11 SMEs are pioneer in developing new products and services

As far as the statement regarding SMEs are pioneer in developing new products and services was concerned the majority (53%) of the employees were demonstrated their agreement on the matter, more than thirty percent were illustrated their disagreement at the same time only 15% of the respondents were remained un-decided (neither agreed nor disagreed) in their opinions as mentioned in the following table 6.7 and figure 6.3.11

FIGURE 6.3.11 SMES ARE PIONEER IN DEVELOPING NEW PRODUCTS AND SERVICES

6.3.12 SMEs are in general very quality minded in the products and services they provide
Finally when the respondents asked for the response on the issue of pertaining to the SMEs are in general very quality minded in the products and services they provide the majority (51%) of the participants also showed their agreement, more than 30% were not appeared to be agreed with the statement whereas only more than 17% were neither agreed nor disagreed due to lack of knowledge and interest.

**FIGURE 6.3.12 SMES ARE IN GENERAL VERY QUALITY MINDED IN THE PRODUCTS AND SERVICES THEY PROVIDE**

![Figure showing distribution of responses](image)

**TABLE 6.7 DISTRIBUTION OF EMPLOYEES’ RESPONSES ON THE PERCEIVED IMPORTANCE AND SIGNIFICANCE OF SMES (N=200)**

| Description                                                                 | Strongly Agree | Agree | Un-decided | Disagree | Strongly Disagree | Total |
|-----------------------------------------------------------------------------|----------------|-------|------------|----------|-------------------|-------|
| a. SMEs play a very major role in the economy of Pakistan.                  | 48 (24%)       | 65    | 43         | 30       | 14 (07%)          | 200 (100%) |
| b. SMEs are the major source of foreign exchange earnings.                  | 36 (18%)       | 65    | 48         | 34       | 17 (08.5%)        | 200 (100%) |
| c. SMEs have a major contribution in Pakistan’s GDP                         | 36 (18%)       | 65    | 49         | 35       | 15 (07.5%)        | 200 (100%) |
| d. A known feature of SME sector is its ability to create jobs.             | 42 (21%)       | 68    | 43         | 31       | 16 (08%)          | 200 (100%) |
| e. SMEs maintain the poverty alleviation activities through creating employment. | 37 (18.5%)     | 66    | 50         | 30       | 17 (08.5%)        | 200 (100%) |
| f. SMEs assist in fostering a self-help and entrepreneurial culture.        | 38 (19%)       | 64    | 44         | 30       | 24 (12%)          | 200 (100%) |
g. SMEs boost up an entrepreneurial strength which puts forward flexibility in the economy.

| Items                                                                 | Ginning (n=100) | Weaving (n=40) | Garment (n=60) | ANOVA By sector |
|-----------------------------------------------------------------------|-----------------|----------------|----------------|-----------------|
| a. SMEs play a very major role in the economy of Pakistan.            | 20              | 8.337          | 08             | 4.950           | 12              | 6.205           | 4.226           | 0.040           |
| b. SMEs are the major source of foreign exchange earnings.           | 20              | 7.211          | 08             | 4.416           | 12              | 6.519           | 4.912           | 0.027           |
| c. SMEs have a major contribution in Pakistan’s GDP                   | 20              | 7.746          | 08             | 4.690           | 12              | 6.519           | 4.498           | 0.034           |
| d. A known feature of SME sector is its ability to create jobs.      | 20              | 6.124          | 08             | 5.788           | 12              | 7.382           | 4.462           | 0.035           |
| e. SMEs maintain the poverty alleviation activities through creating employment. | 20              | 7.036          | 08             | 5.244           | 12              | 6.819           | 4.534           | 0.034           |
| f. SMEs assist in fostering a self-help and entrepreneurial culture. | 20              | 6.595          | 08             | 3.937           | 12              | 5.099           | 6.588           | 0.012           |
| g. SMEs boost up an entrepreneurial strength which puts forward flexibility in the economy. | 20              | 7.615          | 08             | 2.915           | 12              | 4.527           | 6.437           | 0.013           |

According to one-way analysis of variance a statistically significant difference of opinion was found among the employee groups in the three SMEs in textile industry of Pakistan as mentioned in the following table 6.8

**TABLE 6.8 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES’ PERCEPTIONS ABOUT THE IMPORTANCE AND SIGNIFICANCE OF SMES**
h. SMEs create the best rising export sub-sectors

| Variables | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    | 11    | 12    |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| economy of Pakistan |       |       |       |       |       |       |       |       |       |       |       |       |
| foreign exchange earnings | .932  |       |       |       |       |       |       |       |       |       |       |       |
| GDP       | .928  | .998  |       |       |       |       |       |       |       |       |       |       |
| Job Creation | .983  | .973  | .966  |       |       |       |       |       |       |       |       |       |
| poverty alleviation | .938  | .993  | .989  | .972  |       |       |       |       |       |       |       |       |
| entrepreneurial culture | .939  | .971  | .957  | .981  | .981  |       |       |       |       |       |       |       |
| entrepreneurial strength | .960  | .962  | .948  | .992  | .963  | .992  |       |       |       |       |       |       |
| export sub-sectors | .966  | .871  | .854  | .959  | .886  | .937  | .963  |       |       |       |       |       |
| resource allocation | .945  | .840  | .824  | .940  | .840  | .901  | .946  | .987  |       |       |       |       |
| employees as important resources allocation | .914  | .820  | .802  | .922  | .813  | .887  | .936  | .970  | .995  |       |       |       |
| developing new products and services | .854  | .767  | .767  | .873  | .749  | .837  | .896  | .925  | .971  | .990  |       |       |
| quality minded in the products | .939  | .863  | .853  | .945  | .844  | .893  | .944  | .957  | .987  | .988  | .975  |       |

a) Relationships between importance and significance items of SMEs

As shown in table 6.9 significant inter-correlations exists between all the importance and significance items of SMEs were statistically significant. This pattern of correlation suggests broadly perceived favorable relationships between importance and significance items of SMEs. The range of coefficient correlation is from .749 to .998 all reaching 0.05 and 0.01 level of significance.

| TABLE 6.9 INTERCORRELATIONS BETWEEN IMPORTANCE AND SIGNIFICANCE OF SMEs |
|-------------------------------------------------|
| Variables | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    | 11    | 12    |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| economy of Pakistan |       |       |       |       |       |       |       |       |       |       |       |       |
| foreign exchange earnings | .932  |       |       |       |       |       |       |       |       |       |       |       |
| GDP       | .928  | .998  |       |       |       |       |       |       |       |       |       |       |
| Job Creation | .983  | .973  | .966  |       |       |       |       |       |       |       |       |       |
| poverty alleviation | .938  | .993  | .989  | .972  |       |       |       |       |       |       |       |       |
| entrepreneurial culture | .939  | .971  | .957  | .981  | .981  |       |       |       |       |       |       |       |
| entrepreneurial strength | .960  | .962  | .948  | .992  | .963  | .992  |       |       |       |       |       |       |
| export sub-sectors | .966  | .871  | .854  | .959  | .886  | .937  | .963  |       |       |       |       |       |
| resource allocation | .945  | .840  | .824  | .940  | .840  | .901  | .946  | .987  |       |       |       |       |
| employees as important resources allocation | .914  | .820  | .802  | .922  | .813  | .887  | .936  | .970  | .995  |       |       |       |
| developing new products and services | .854  | .767  | .767  | .873  | .749  | .837  | .896  | .925  | .971  | .990  |       |       |
| quality minded in the products | .939  | .863  | .853  | .945  | .844  | .893  | .944  | .957  | .987  | .988  | .975  |       |
**Correlation is significant at the 0.05 level (1-tailed).**

**Correlation is significant at the 0.01 level (1-tailed).**

### 6.4 BEHAVIOR OF EMPLOYER/MANAGER IN OFFICIAL AND UN-OFFICIAL MATTERS

As far as behavior of employer/manager is concerned the majority of the employees were seemed to be highly satisfied whereas only 21% of the participants were appeared to be dissatisfied as shown in the following table 6.10 and figure 6.3

#### TABLE 6.13 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES' PERCEPTIONS ABOUT THE APPOINTMENT PROCEDURES IN SMES

|                      | Ginning (n=100) | Weaving (n=40) | Garments (n=60) | ANOVA By sector |
|----------------------|----------------|----------------|----------------|-----------------|
| Mean                 | 20             | 6.124          | 12             | 6.519           |
| SD                   | 08             | 3.674          | 5.989          | 0.0157          |

### 6.6 SMES ARE THE MAJOR CONTRIBUTORS TO PRIVATE SECTOR EMPLOYMENT

As far as SMEs are the major contributor to private sector employment is concerned the majority (51%) of the employees seemed to be satisfied less than thirty percent were dissatisfied while more than twenty percent did not answer the question (see table 6.14 and figure 6.5).

#### TABLE 6.14 DISTRIBUTIONS OF EMPLOYEES’ RESPONSES ON THE PERCEIVED SMES ARE THE MAJOR CONTRIBUTORS TO PRIVATE SECTOR EMPLOYMENT

| Extremely Satisfied | Satisfied | Don't know | Dissatisfied | Extremely Dissatisfied | Total |
|---------------------|-----------|------------|--------------|------------------------|-------|
| 41                  | 61        | 42         | 33           | 23                     | 200   |
| (20.5%)             | (30.5%)   | (21%)      | (16.5%)      | (11.5%)                | (100%)|

#### FIGURE 6.4 SMES ARE THE MAJOR CONTRIBUTORS TO PRIVATE SECTOR EMPLOYMENT

Using one way analysis of variance a number of different views can be observed among the Ginning, Weaving and Garments employees’. The significant difference of views was noted among all the employees working in three sample SMEs as mentioned in the following table 6.15.

#### TABLE 6.15 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES' PERCEPTIONS ABOUT THE SMES ARE THE MAJOR CONTRIBUTORS TO PRIVATE SECTOR EMPLOYMENT

|                      | Ginning (n=100) | Weaving (n=40) | Garments (n=60) | ANOVA By sector |
|----------------------|----------------|----------------|----------------|-----------------|
| Mean                 | 20             | 6.099          | 12             | 7.9433          |
| SD                   | 5.088          | 3.317          | 5.788          | 0.0063          |

### 6.7 SMES ARE MAJOR CONTRIBUTORS TO GOVERNMENT SECTOR EMPLOYMENT
When the employees were asked about the contribution of SMEs to Government sector employment the majority of the respondents (46.5%) showed their dissatisfaction, more than 15% were seemed to be satisfied whereas less than 40% of the respondents circumvented to respond on the question as shown in table 6.16 and figure 6.5.

**TABLE 6.16 DISTRIBUTIONS OF EMPLOYEES’ RESPONSES ON THE PERCEIVED SMES ARE THE MAJOR CONTRIBUTORS TO GOVERNMENT SECTOR EMPLOYMENT**

| Extremely Satisfied | Satisfied | Don’t know | Dissatisfied | Extremely Dissatisfied | Total |
|---------------------|-----------|------------|-------------|-----------------------|-------|
| 05 (02.5%)          | 28 (14%)  | 74 (37%)   | 61 (30.5%)  | 32 (16%)              | 200   |

6.9 PERFORMANCE/IMPROVEMENTS OF SMES IN TEXTILE INDUSTRY OF PAKISTAN DURING LAST FIVE YEARS

Shading the light on the following table 6.20 it is observed that the majority (57%) of the participants were satisfied on the performance/improvements of SMEs in textile industry of Pakistan during last five years, one quarter of the respondents were dissatisfied while 18% of the participants were evaded to them responding on the question (see also figure 6.7).

**TABLE 6.20 DISTRIBUTIONS OF EMPLOYEES’ RESPONSES ON THE PERCEIVED PERFORMANCE/IMPROVEMENTS OF SMES IN TEXTILE INDUSTRY OF PAKISTAN DURING LAST FIVE YEARS**

| Extremely Satisfied | Satisfied | Don’t know | Dissatisfied | Extremely Dissatisfied | Total |
|---------------------|-----------|------------|-------------|-----------------------|-------|
| 47 (23.5%)          | 67 (33.5%)| 36 (18%)   | 30 (15%)    | 20 (10%)              | 200   |

Using one-way analysis of variance it is revealed that there is a significant difference in the views of three SMEs in textile industry of Pakistan on the matter of performance/ improvements of SMEs in textile industry of Pakistan during last five years (see table 6.21).

**TABLE 6.21 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES’ PERCEPTIONS ABOUT THE PERFORMANCE/IMPROVEMENTS OF SMES IN TEXTILE INDUSTRY OF PAKISTAN DURING LAST FIVE YEARS**

| Ginning (n=100) | Weaving (n=40) | Garments (n=60) | ANOVA By sector |
|-----------------|----------------|-----------------|-----------------|
| Mean            | SD             | Mean            | SD              | F               | p    |

**TABLE 6.29 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES’ PERCEPTIONS ABOUT THE CONTRIBUTIONS OF SMES IN EMPLOYMENT OF PAKISTAN**

| Ginning (n=100) | Weaving (n=40) | Garments (n=60) | ANOVA By sector |
|-----------------|----------------|-----------------|-----------------|
| Mean            | SD             | Mean            | SD              | F               | p    |

20 8.215 08 3.162 12 5.099 5.411 0.021

**CONCLUSION**

Overall, employees were more positive in perceiving favorable impact of SMEs on employment in textile industry of Pakistan. These perceptions were common across the three sample SMEs. It is also evident from the present study that in general, SMEs were perceived to have provided employment in urban areas as well as in rural areas of Sindh. The positive attitude of employees was further supported SMEs as the major source of employment where more employees were satisfied. There was also positive attitude of the employees in relation to the SMEs as the major contributors in private sector employment, but in relation to the SMEs as the major contributors in government sector employment there were negative attitude of the employees.

It is further summarized that the employees of the SMEs were more satisfied in the areas of textile sector is performing a leading role in the development of the manufacturing sector in Pakistan, textile sector performs a fundamental role in the
exports of Pakistan, role of textile industry of Pakistan in creation of job opportunities in the country, performance/improvements of SMEs in textile industry of Pakistan during last five years, growth of small and medium enterprises (SMEs) in Sindh, appointment procedure in SMEs, behavior of employer/manager in official and un-official matters.

Similarly, concerning the issue of importance and significance of small and medium enterprises (SMEs), no resistance was found among all the employees groups of sample SMEs in all the twelve areas. These include: SMEs play a very major role in the economy of Pakistan.

References

1. Acs, Z.J. and Audretsch, D.B. (1990), “The determinants of small-firm growth in US manufacturing”, Applied Economics, Vol. 22 No. 2, pp. 143-54.
2. Acs, Zoltan J. & David B. Audretsch (1987). \"Innovation, Market Structure and Firm Size\". Review of Economics & Statistics 69(4) (November): 567-7474.
3. Acs, Zoltan J., David B. Audretsch& Maryann P. Feldman (1994), “R&D Spillovers and Recipient Firm Size”. Review of Economics & Statistics 76(2) (May): 336(340).
4. Audretsch, David B. (1998) The Economic Role of Small- and Medium-sized Enterprises: The Untied States. Paper prepared for the June 11–12, World Bank Workshop on Small and Medium Enterprises, p-30.
5. Aharoni, Y. (1994), “How Small Firms Can Achieve Competitive Advantages in an Interdependent World”, in T.Agmon and R. Drobnik (eds.), Small Firms in Global Competition, N.Y.: Oxford University Press.
6. Ballentine, J., Levy, M., & Powell, P. (1998). Evaluating information systems in small and medium-sized enterprises: Issues and evidence. European Journal of Information Systems, 7, 241-251.
7. Beck, Thorsten, AsliDemirgil, & Ross Levine (2005), “SMEs, Growth, and Poverty: Cross-Country Evidence”. Journal of Economic Growth 10(3) (September): 199-229.
8. Berry, Albert, and DipakMazumdar (1991) Small-scale Industry in East and Southeast Asia: A Review of the Literature and Issues. Asian-Pacific Economic Literature 5: 2, 35–67.
9. Bhutta M.K.S. Rana A.I. and Asad U. (2008) "Owner characteristics and health of SMEs in Pakistan", Journal of Small Business and Enterprise Development Vol. 15 No. 1, 2008, p-130.
10. Bijmolt, T. and P.S. Zwart (1994), "The Impact of Internal Factors on Export Success of Dutch Small and Medium-Sized Firms", Journal of Small Business Management, 32(2).
11. Bili, S., & Raymond, L. (1993). Information technology: Threats and opportunities for small and medium-sized enterprises. International Journal of Information Management, 13, 439-448.
12. Cameron, A., & Massey, C. (1999). Small and Medium-Sized Enterprises: A New Zealand Perspective. Auckland, New Zealand: Addison Wesley Longman New Zealand.
13. Carson, D., Cromie, S., McGowan, P., and Hill, J. (1995). Marketing and Entrepreneurship in SMEs: An Innovative Approach, Prentice Hall, London.
14. Fong, H.D. (1971), Small Industry in Singapore, Singapore University Education Press, Singapore.
15. Ergas H. and Orr J. (2007) "SME trends and achievements", CRA International Jardine Street Kingston ACT 2604, Australia, P-3.
16. Hall Chris (1995) APEC and SME Policy: Suggestion for an action agenda, Australian APEC Study Centre, Issue Paper No. 1, 1995.
17. Hamid K. and Abaidullah (2006) "Financing the Small and Medium Scale Enterprises in Faisalabad, Pakistan", Journal of Agriculture & Social Sciences, Vol. 2, No. 2, 2006, p-106.
18. Iacovou , C., Benbasat, I., & Dexter, A. (1995). Electronic data interchange and small organizations: Adoption and impact of Technology. MIS Quarterly, (December).
19. I.L.O. (2007) “Business Development Services for SMEs: A Preliminary guideline for Donor-Funded Interventions”, A report to the Donor Committee on Small Enterprise Development, Enterprise and Cooperative Development Department, First Revision October, 1997.
20. Kanamori T. Lim J.J. and Yang T. (2007) "China's SME Development Strategies in the Context of a National Innovation System", Asian Development Bank Institute (ADBI) Discussion Paper No. 55.
21. Khalid G.K, Farooq S.U and Raza S.H. (2008) “Empirical Study of Employment Growth Rate in Small and Medium Enterprises”, The Journal of Managerial Sciences, Volume 2. Number 2, Qurtuba University of Science & IT K-1, Phase III, Hayatabad, Peshawar, N.W.F.P, Pakistan, p-312.
22. Kotelnikov V. (2007) “Small and Medium Enterprises and ICT”, © United Nations Development Programme – Asia-Pacific Development Information Programme (UNDP-APDIP) and Asian and Pacific Training Centre for Information and Communication Technology for Development (APCICT) – 2007.

23. Kotey, B. and Meredith, G.G. (1997), “Relationships among owner/manager personal values, business strategies, and enterprise performance”, Journal of Small Business Management, Vol. 32 No. 2, pp. 37-64.

24. Levy, Brian, Albert Berry and Jeffrey Nugent (eds.) (1999), Fulfilling the Export Potential of Small and Medium Firms, Boston: Kluwer Academic Publishers.

25. Little, Ian M.D., Dipak Mazumdar & John M. Page (1994). Small Manufacturing Enterprises in Developing Countries. Oxford, England: Oxford University Press.

26. Little, Ian M.D., Dipak Mazumdar & John M. Page (1999). Small Enterprises and Economic Development: The Dynamics of Micro and Small Enterprises. London, England: Routledge.

27. Ministry of Economic Development (MOED). (2000, January). SMEs in New Zealand: Structure and dynamics, firm capability team, update report. Retrieved May 5, 2000.

28. Mustafa I. and Khan F.M. (2005), “Small and Medium Enterprises in Pakistan”, South Asian Journals, 09-Lower Ground, Eden Heights, Jail Road, Lahore, Pakistan. Neck, R. and Dockner, E. (1987), “Conflict and cooperation in a model of stabilization policies: a differential game approach”, Journal of Economic Dynamics & Control, Vol. 11 No. 2, pp. 153-9.

29. Nooteboom, B. (1994), “Innovation and diffusion in small firms: theory and evidence”, Small Business Economics, Vol. 6 No. 4, pp. 327-47.

30. OECD. (1997). Small business, job creation and growth: Facts, obstacles and best practices. Paris.

31. Pagano, Patrizio & Fabiano Schivardi (2003), “Firm Size Distribution and Growth”. Scandinavian Journal of Economics 105(2) (June): 255-274.

32. Piper, Randy P. (1997), The Performance Determinants of Small and Medium-Sized Manufacturing Firms, unpublished Ph.D. Dissertation, University of South Carolina.

33. Qirim N.A. (2004) A Framework for Electronic Commerce Research in Small to Medium-Sized Enterprises. A Framework for Electronic Commerce Research, Auckland University of Technology, New Zealand.

34. Sengenberger W., Loveman, W.G. and Priore, J.M. (1990). The Re-Emergence of Small Enterprises: Industrial Restructuring in Industrial Countries. Geneva, Switzerland: International Institute of Labor Studies.

35. SME Policy (2007) SME Led Economic Growth – Creating Jobs and Reducing Poverty, Ministry of Industries, Production & Special Initiatives Government of Pakistan.

36. SMEDA (2007) SMEDA SME Definition, Ministry of Industries and Production, Govt. of Pakistan, Lahore.

37. Soonthornthada K. and Sevilla R.C. (2000), “SME Policy in Thailand: Vision and Challenges”, Institute for Population and Social Research Mahidol University, Salaya Campus Nakhon Pathom, Thailand., p-5.

38. Stacey M. (1970) Methods of Social Research, Pergamon Press, London.

39. Syed A.A.S. (1988) “New Technology, Employment and Industrial Relations in Developing Countries: A Study of the Pakistan Banking Industry”, PhD Thesis Cardiff Business School, University of Wales Collage of Cardiff (UWCC).

40. Tambunan T. (2008) “Development of SME in ASEAN with Reference to Indonesia and Vietnam”, ERIA Related Joint Research of SME Project, IDE-JETRO, 2007-2008.

41. Thornburg, L. (1993), “IBM agent’s of Influence”, Human Resource Magazine, 38(2): 25-45.

42. Urata, Shujiro, and Hiroki Kawai (1998) Technological Progress by Small and Medium Enterprises in Japan. Paper prepared for the June 11-12, World Bank Workshop on Small and Medium Enterprises, p-30.