

Growth of Small and Medium Enterprises in Sindh: Role of Socio Economic, Cultural and Political factors

Chachar Ayaz Ahmed
Mahesar Hakim Ali
Dr Saima Kamran Pathan

Abstract

The small and medium businesses played a significant role in economic development of Pakistan, specifically province of Sindh. SME's can provide the economy with efficiency, innovation, competition and growth. This paper evaluates factors which affect the growth of small and medium enterprises. These factors include environment of operating business, societal pressures, cultural orientations, political instability, law and order situations and entrepreneurs' demographics such as age, educational levels are responsible for success of the SME's. To evaluate the impact of environment and various characteristics of entrepreneurs on small business this study is conducted. This paper evolves the features, characteristics and growth aspects of entrepreneurs in Sindh; including the contributions, relationships and roles that family and culture play in the improvement of private SME's. Small and medium enterprises are significantly influenced by certain factors which have been empirically tested to find the impact of those factors on growth of SME's. The findings of the study suggest that entrepreneurs launch business ventures for the need of independence in working and flexibility of timing. Female entrepreneurs were found to rely heavily on family member support and participation to set up and maintaining their enterprises. It is also revealed that there exists a strong correlation between business performance and external factors which affect business directly along with certain factors implied.

Keywords: Small and Medium Businesses, SME's, Entrepreneurs, Age, Education, Income, Values, Political instability, Economy, instability.

Introduction

The growth of SME's in Pakistan is increasing tremendously in last few decades, especially in Karachi city and its vicinity. More and more investors are routing to Karachi to invest in launching new businesses. It was revealed in the economic survey, that the Government and established private sectors should encourage novice entrepreneurs to participate more in developing SMEs in various parts of Pakistan to participate in improving the country's economy.

According to the recent census conducted by the Federal Bureau of statistics (FBS), there are around 3.2 million economic enterprises in Pakistan. Out of these Small & Medium sized enterprises (SMEs) (with employment base up to 98) constitute 91% of all private ventures utilizing about 78% of non-agriculture labour force. SMEs contributed over 31% to GDP, 24% in export earnings besides sharing 35% in manufacturing value addition. Small and medium enterprises act as a catalyst to economic growth and development where IT embedded in their operations, planning and decisions like Hong Kong, Denmark and USA. Many other societies also place great value on the small and medium enterprises and encourage their activity. In fact, wealth and a large number of jobs are formed by small & medium businesses in the world. As a result, many experienced businessmen, political leaders, economists, and educators believe that promoting a strong small and medium

enterprise culture will strengthen individual and collective economic and social achievement on a regional, national, and global level. It is recommended that SMEs can be offered to have access to low-cost capital, tax freedoms and management advice & experiences and IT infrastructure which further leads toward the economic growth & development. The economic growth and development in a country can bring happiness and prosperity to its nation.

A forceful and vibrant Small and medium business sector provide sustainable growth and produce jobs which contribute highly in reducing poverty levels of the country. SME development contribute in improving social status of low income group of people because it enables the shift from low to middle- income status, it allows freedom of working. In short these businesses function as drivers of economic change and in many developed and developing economies SME's have been pioneered in introducing new technologies and management styles. Few of the developing countries such as Thailand, Turkey and India have made swift progress in encouraging and enhancing their SME sector.

It is evident that modern high technology industries have tremendous growth potential but it also proven that traditional small and medium enterprises should be geared to serve the economy on profitable terms. If new entrepreneurs are not given adequate space to prosper then young entrepreneurs would not enter into new businesses. Small Enterprises are an important part of a nation's economic and social structure, a worldwide phenomenon. Enterprise is the exact opposite of command and control. On a global arena Small Businesses have achieved a significant stature in the economic development of a country. Globalization has enabled Small Firms to stand in the limelight of business world. For a national economic growth, Small Enterprises are increasingly a major force. SME's in Pakistan specifically Sindh have been analyzed in this research paper are categorized as:

- Vegetable & Fruits vendors
- Wood & Furniture builders
- Real Estate Agencies
- Fisheries
- Poultry Farms & Dairy products
- Metal Manufacturers
- Catering Services
- Gems & Jewellery Owners
- Sports Goods Exports
- Embroidery, Art & Crafts

Literature Review

Small and medium enterprises provided adequately on growth of economy. SME's could be strengthened more by addressing a sequence of educational, political, social and financial activities in Pakistan. The lack of credit availability for entrepreneurs hinders the growth of small and medium businesses; educated workforce is also a critical driver for SME development and economic growth. Providing appropriate socioeconomic and regulatory environment will facilitate the growth and prosperity of SME's in Pakistan. Although researchers have also suggested that financial aspects such as profitability analyses, market share, sales expansion and financial stability are more appropriate for estimating success of large businesses, however these factors may not be fully applicable to SME's. Study also assessed the internal and external factors which affect the success of the firms' particularly small firms. External factors like structural and institutional arrangements within which firms operate. It revealed that a successful entrepreneur with relatively sound educational background and started off business due to preference over nature of the business. Devoting

long working hours to the venture and ability to sustain pressures on work level as well as domestic life were found to be critical on success of small and medium businesses of Pakistan. (Coy et al., 2007; Wanigasekara and Surangi, 2010)

Relationships, roles and culture play a vital role in the development of private SMEs. Research studies prove that psychographic drives, demographic attributes and business actions are the building blocks for SME's. Active family participation and growth dimensions are contributing factors in the growth of small and medium businesses. It is found that more than 50% of the business ventures had more than one family investor in the business; 70% of the businesses had a single family member working full time. It is also believed that in Middle East countries including Lebanon more than any part of the world, running family businesses, a way to enhance a family's social status than pursuing full time employment. This way, socioeconomic and cultural backgrounds of these families relates to the management of business in Arab countries. Factors on entrepreneurship and family business effects of individual, societal and environmental factors on entrepreneurship and family business improvement by collecting a combination of demographic information and extensive detail related to characteristics and orientations were evaluated. Research findings suggested that entrepreneurs feel encouraged for the need of independence to explore new horizons of business and flexibility in work hours spent. Entrepreneurs were found to depend largely on family member to participate on establishing, developing and growing their enterprises. (Abrahim et al., 2004; Fahed-Sreih, 2010)

Small and medium business industry also contributes to make: labour concentrated and mostly sole proprietorship, relatively better levels of country and distributes broadly the benefits of economic growth, they have much stronger domestic relations and is mainly useful in the diversification of the industrial arrangement. Growth of SME's contribute largely on the overall health of the economy, they play an important role in creating employment, supporting innovation, generating competition, and creating economic wealth for the country. In comparison to larger businesses, smaller and medium sized businesses possess insignificant management, with low experience of industry, proper training, and educational background; SME's are normally undiversified, one product oriented firm; sometimes operate in new businesses with little previous track record, and meager financial standings; they may have a new unproven product. There is evidence found that limited decision-making time and resources hinder firm's growth or its capacity to respond proactively to environmental changes. Researchers found that managerial experience and prior experience in a similar capacity or the same type of business are strongly related to success of SME's. Demographics such as age and educational level have been positively related to firm's performance. In addition to industry experience; it has been proved that total years of experience in business and number of previous business ventures add to prospective success as an entrepreneur. Analysis on various factors shows that there is a strong positive correlation in: age and growth of the business, educational background and growth of business, financial stability and growth of businesses. (Altinay and Altinay, 2006; Bekele, and Worku, 2008)

The growth of small and medium enterprises, include sustainable development with women participation in SME's in upper Sindh. Women participation from rural areas of five districts: Dadu, Nawabshah, Shikarpur, Jacobabad and Kashmore, revealed that rural women is less confident in running businesses solely and their husbands give them hard time in managing households with their domestic businesses however they are skilled, possess innovative ideas and ability in running businesses domestically. It is revealed that rural women is more involved in stitching, embroidery, textile printings, designing Sindhi topi (Sindhi Caps) as well as other SME products which are the only source of earning. Women

owners of small businesses are also under paid with 70% less value of their products because of inadequate marketing, technology and other facilities. The most crucial imposition on women entrepreneurs of interior Sindh is the cultural barriers, due to which women are not considered eligible enough to run their own businesses. (Shah et al., 2011)

Evidences show that political affairs in the country also hinders business growth specially in Karachi where political parties heavily engage in shutter down strikes, transportation strikes due to hike in petrol and CNG prices, target killings. Day to day transactions of small businesses is impacted in high frequencies due to this disruptive political stability (poor law and order situations). Frequent power breakdowns affect small and medium businesses adversely; it costs additional charges for installing generators and maintenance costs. Along with additional costs, low levels of skills, training and education among workers and management raise the cost of firm growth, this is due to lack of education and training offered in Pakistan. High inflation also causes hike in the price of raw materials, labours salary, production costs. (Bari et al., 2005)

There is a challenge imposed on small businesses of confronting security threats create challenge to businesses and many business owners their managers employ various means to help in preventing or deterring criminals. Out of the total population surveyed in Kenya, 36 %of respondents ranked poor security as one of the top three challenges their businesses face. Out of these, 37.5% make use of security firms or guards to safeguard their businesses and commuting. Nearly 22.2% of them close their daily transactions early to avoid theft and robbery while 6.9 % opted to carry their inventory to home while some sleep in their business premises as an apprehensive security measure. This implies higher cost of doing business as business owners respond to the security challenges as well. Other dynamics' for internal environment evaluation to show the correlation between business performance and factors such as age, gender, educational level, skills and training, length of time in the business. (Bowen et al., 2009)

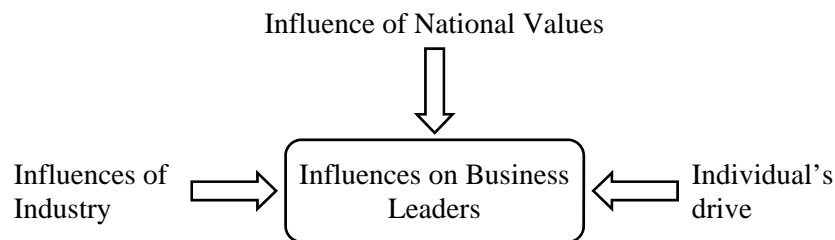
SME's provide the economy with efficiency, innovation, employment opportunities and competition. Success of the businesses is dependent on Environment and entrepreneurs. According to Small &Medium Industries Development Corporation (SMIDEC) small business possesses 5 to 19 employees with an annual sales turnover between Rs. 200,000 and less than Rs. 10 million. Behind the economic and social development of countries, there is entrepreneurship as a driving force. But this success depends upon the formal and informal attributes associated with the entrepreneurs. This paper evaluates the determinants of business success in an economy.

Independent variables such as age, education, investment, income, experience, culture were analyzed with dependent variable which is profitability of small and medium enterprises. Interpretations show that more the experienced businessmen, political stability, facilities from government to encourage business activities, more the investment and business promoting culture of opting for entrepreneurship cause more profit and growth in the industry. (Saleem and Sheikh, 2011)

Researchers observed that the socio-cultural environment has a substantial affects upon the entrepreneurs. People who are willing to assume entrepreneurial activities experience positive result than people who are in the opposite. Researchers also claimed that entrepreneurs may emerge from socially minor groups, like culture, ethnic or migrant minority. Many authors have emphasized on social integration factors. According to Morris and Somerset, increase in the scale, range or interaction is necessary and those barriers to interaction must be eliminated if entrepreneurship is to occur. However, it is obvious that strong group ties may draw actors in to non-entrepreneurial roles (Lipret 1967;Marris and Somerset 1977). According to Esater-Brook, security essentially involves protection from

doubts, want, social disapproval and political interferences. Easter Brook described the government role as being three possible types: protective, promotional or corrective (Esater Brook 1949). Rahman argued that higher prestige is attached to industrial venture as compared to other professions which have motivated farmers to adopt industrial professions. With the advent of an era of liberalization and globalization, the small-scale entrepreneurs are facing an acute competition. (Khan et al., 2005)

Sociocultural factors represent elements of a society which are deeply rooted and signify the values, attitudes, norms, practices, foundations, class distribution, and related mechanisms of a society. Socio-cultural events usually drive an individual or make entrepreneurship desirable to opt for as a career decision (Chachar et al., 2013). Sociological perspective, a factor such as societal disturbance is considered to have widespread effect on the emergence of new entrepreneurs. Societal interruptions which affect family life setups may influence the selection of unconventional career paths. Some studies indicate that new entrants are more expected from cultural or religious s or minorities. It is broadly believed that some societies and cultures are more beneficial for entrepreneurship than others. Cultures which promote individualism seem to promote control of individuals which focuses on self-growth rather than the socio dynamics of a society. Authors have concluded temporarily, that keeping other factors equal or constant, a supportive national culture will, increase the entrepreneurial potential of a country. Lee and Tsang, 2001, described that there was a low tolerance of failure in that society and failure in the employment or in business would mean criticism. The study involved a multi country analysis including Australia, Slovenia, Mexico, North America, Finland, Scotland, South Africa and Kenya. From thorough examination, it appears that there is a significant relationship between entrepreneurship and cultural paradigms, combined with perceptive responses by members of society. Certainly, the cultural background in which nations exist and developed socially, play an influencing role in shaping and encouraging entrepreneurs in building and sustaining their businesses, and the extent to which entrepreneurs consider entrepreneurial behaviour is desirable. Hagen (1962), described the process of change in any society, suggested that growth of a society has not only been piloted by individuals; randomly distributed in a society but disproportionately by individuals from some distinctive groups of societies. Hagen identifies creative innovation or change as the fundamental characteristic of economic growth and believes that such innovation or change requires creative individuals. However, urging for change brings in new entrants into the business realm.(Mulhern, 1995)



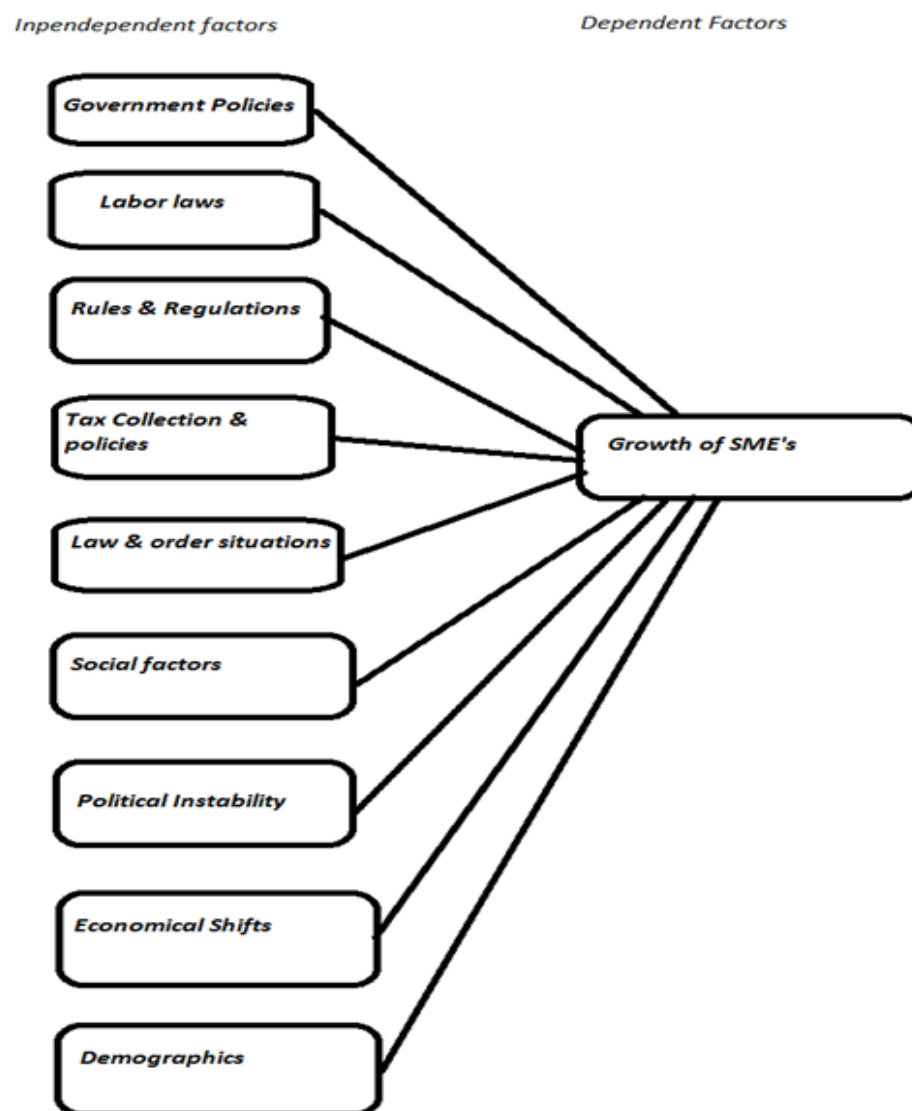
Model: Influences on business leaders' ways of thinking

Strategic planning is synonymous term for large businesses, but it was considered insignificant for SME's in Pakistan. This paper evaluates phases of business including; inception phase to re birth phase of the firm. It was found out that different stages of SME's business required strategic planning for viable growth in the market. Developing SME's growth strategies is as important as running the business profitably, however there are certain factors which affect business such as internal factors including personal attributes,

management skills and external factors such as market risk, interest rates, prices, demand of users, competition, macroeconomic influences. This paper has presented four successful growth strategies as keep focusing on the market, gaining financial insight and proactive monetary allocations, building a top management tier for making clients, defining founder's roles. It was included that not only larger firms but also smaller businesses should formulate growth strategies to enable business to grow profitably. (Rohra and Junejo, 2005)

SME's typically involve negotiation, agreement and exchange among business leaders of different national, cultural values and traditions. This paper evaluates the extent to which national values affects the strategic objectives of business leaders by developing and using electronic technologies including software tools to deal with customers worldwide, but these objectives vary because of different national values. The objectives of business leaders and the processes used to develop strategies varied depending on national backgrounds. The contents of the strategic issues they considered were more similar on global scale reflecting industry norms and demands of various countries. (Grupe and Rose, 2010)

Conceptual Framework



While reviewing literature reviews on small and medium enterprises various dependent and independent variables were deduced. Dependent variable is the growth of SME's which is

dependent on factors which serve as independent variables such as social factors, entrepreneurs' demographics, economical shifts of the country, political instability, tax reforms, law and order situations, labour laws, government policies, rules and regulations.

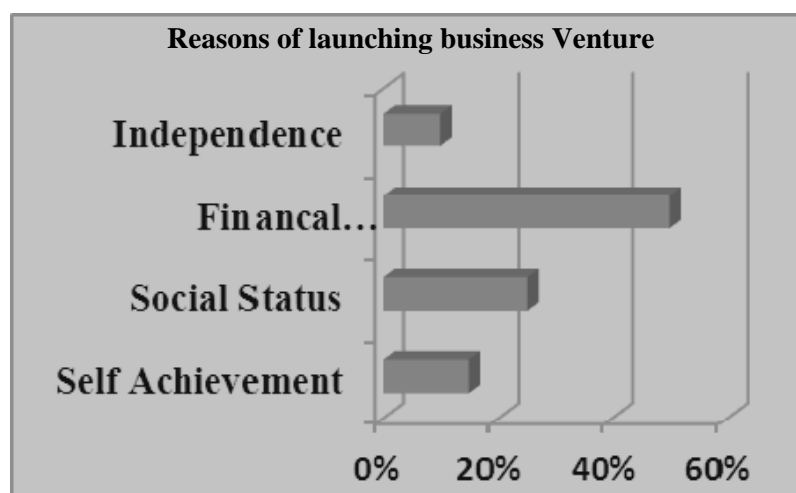
Research Objectives and Methodology

This research analyses various factors affecting growth of small and medium enterprises operating in Karachi. Secondary research is conducted by reviewing research journals, for primary research survey was carried out by distributing 110 of small and medium business owners including female owners in Sindh including Karachi. This study aims to determine:

- The relationship of the socio economic associations in a society and growth small and medium enterprises (SMES's) ;
- The relationship of the cultural impacts and the growth of small and medium enterprises (SME's);
- The relationship of the political impacts on the growth of small and medium enterprises (SME's);
- The relationship of entrepreneurs demographics on the growth of small and medium enterprises (SME's);

The study aims to evaluate factors which affect entrepreneurship directly or indirectly and managing the stress due to these factors. These factors include socio economic influences on business, cultural barriers on the growth of business especially for women entrepreneurs, political instability in the region which highly affects the business certainty and growth profitably. Entrepreneurs are termed as the backbone of the process of organizing capital, adding value to natural resources, producing goods and services required, creating employment and developing the mechanism of trading. Therefore, entrepreneurs are considered as one of the most critical factors for the economic development of a country and the influx of entrepreneurs in an economy is considered as the requirement for development of the economy. However, the growth of entrepreneurship depends on certain factors such as environmental conditions and socio-economic inputs. If entrepreneurs do not face favourable environment for growing their businesses due political instability and cultural impediments cause decline of the small businesses. Inadequate number of entrepreneurship in Sindh at a desired level might be attributed to the unfavourable environmental factors for the growth prospects of SME's.

Influential Factors on Growth of SME's



This survey is on entrepreneurs and focused on individual characteristics, drive for business launch, management styles, problems faced in business and factors which affect the growth of businesses.

Reasons of Launching Business Venture

The entrepreneurs were asked to explain the reason of starting their own ventures instead of opting for employment. The most common reasons were financial in nature, independence in decision making and improving social standards of themselves as well as their families. Forty five entrepreneurs responded that they were encouraged by financial rewards; thirty five of these reported that they started their business to contribute in building or enhancing social standards of family. Therefore financial benefits seem to be a key motivating factor in launching a business venture. Another number of entrepreneurs reported that they were motivated by pull factors e.g., need for pursuing a challenge, wanting to try something on their own independently, for sole decision making or to show others that they are capable of doing well in business. Several others were driven by their interest in a particular craft and having time on their hands to pursue their interests, women from other cities of Sindh such as Hyderabad, Mirpurkhaas, Jamshoro, Badin, Larkana, are more involved in handicrafts and pursue their hobbies in this art. For such entrepreneurs, the business often started as a hobby; then, as their friends and relatives started purchasing some of their products, their interest slowly grew into professional business.

Internal Factors Affecting Growth of SME's

Demographic Factors

To evaluate the impact of various characteristics of entrepreneur on small and medium businesses; data was collected from 110 respondents (entrepreneurs) randomly selected on structured questionnaire in Karachi. The entrepreneurial ability of the owner of a small, medium or micro enterprise (SMEE) is a critical factor affecting the growth and sustainability of businesses.

1. Level of Education and growth of SME's

The purpose of this research study is to determine whether the level of education of the SME owners plays an important role in growing business turnover and increasing the employee numbers. Two hypotheses were designed and tested to evaluate the significance of education on growth of SME's in Karachi.

H1: The level of education and turnover growth are independent.

The two specific issues of annual turnover and labour growth and the relationship with education happened by reviewing literature reviews making the logic of proposing hypotheses. The population of the study constitutes: manufacturing, retail, service industry business owners. According to research scientist it is suggested that there is correlation between experience and level of education of entrepreneurs which can contribute in better human capital, growth and expansion. A combination of formal and on-the-job training can be termed as one of the factors that lay foundation for business success. In order to establish the relationship between the level of education and growth of business, all respondents were asked to identify their educational background. The results indicated that, 37% of respondents had graduations degree, 30% were intermediate certificate holders,

15% had master's degree, and 3% and 6% had completed matriculations. To evaluate the relationship between education and turnover Chi-square test is applied and result indicating that there is a positive relationship between the level of education and the increased year-on year turnover in terms of profits and growth.

2. Age and Gender of Entrepreneurs

The majority of respondents were found to be in the age bracket of 41-50 years group, preceded by the age bracket of 31-40 years group. The foundation for the question on gender was to establish whether there were gender balances in investigation. Of the respondents, 61% were male and 39% were female. This factor was evaluated to find the consequences of age and gender on the growth of SME's. Contrary to male entrepreneurs, female entrepreneurs are found less in number due to societal pressures on work life balances, children rearing and time constraints. However male entrepreneurs do not face such pressures in running their own businesses.

H2: Female entrepreneurs face more pressure in handling businesses than male

Most of the respondents believe that there is not enough time left for women to do personal interests tasks, also they believe that major stressor is role conflict with family and work is on height, another significant aspect was feeling tired to do other home chores which family demand.

External Factors Affecting Growth of SME's

1. Social Factors

i. Work Life Balance

It is an accepted phenomenon that married couples usually perform more than one role in the family. With multiple roles to perform, work family conflict may arise and affect the well being of a person, influencing a person's satisfaction with his/her business, marital life and personal life. These outcomes have been analyzed in this research. Married women entrepreneurs face more challenges in maintaining work life balance. Single entrepreneurs face societal and cultural pressures on working long hours away from home and family.

ii. Lack of Equal Opportunities

Male entrepreneurs do not face problems in finding opportunities for starting up their own businesses but unfortunately in our social setup women entrepreneurship is not given its due importance especially in interior Sindh. Also, poor social status is one of the core causes of getting support from financial institutions for starting-up businesses. Organizations should record the age, gender and ethnic status of their clients/members so that equal opportunities may be monitored to encourage business support and membership.

iii. Time Pressures

One of the characteristics, which lead to work family conflict, is time pressure. These conflicts usually occur when time devoted to one role makes difficult to meet requirements of another role. As an entrepreneur, spending more time on

his/her business, leaves less time for the family. It is also evident that entrepreneurs have to work longer hours than employees for growth purposes.

Research studies on women entrepreneurship show that long working hours and inflexibility in schedules are attributed to high work family conflict. In Pakistan majority of the women entrepreneurs who provide their responses agreed that their long working hours have deprived them of the time that would be spent with their families, whereas it did not affect much to male entrepreneurs. There is a positive relation found between the number of hours worked as well as schedule inflexibility and work family conflict for female owners. Hypotheses have been designed to evaluate associations between these associations.

H3: No. of hours devoted to work is positively associated with work-Life imbalance

2. Political Factors

i. Law and Order Situations

Karachi is the center of all businesses, if it gets hurt, it affects the whole country. It is considered as the financial backbone of the country. Any disruption occurs in the city causes millions of loss to the country. The government has also failed in maintaining law and order favourable for growth if SME's. In Karachi, small and medium enterprises face market uncertainty due to unpredictable city condition. Disturbed political situation of the city is also a major problem for investment. Entrepreneurs of small business, who run on day to day transactions, get highly affected due to terrorist attacks and extremism factors such as bomb blasting and target killing. Target killings have affected the businesses especially small businesses tremendously. Such activities imposes deadlock in economic activities of the city, leaving trillions of currency loss. Entrepreneurs surveyed, responded law and order situations as the most critical factor in running their businesses.

H4: Growth of SME's is independent of law and order uncertainty.

ii. Criminal Activities

There is plethora of criminal activities in Karachi, street crimes are on hike due to which carrying ATM cards, cash is of prime risk. Entrepreneurs especially women entrepreneurs feel insecure in commuting back home from their business units.

H5: Growth of SME's is independent of criminal activities.

This survey found there is a positive correlation between growth of SME's and law and order uncertainty in the Karachi. 17 percent of business owners revealed that they get directly affected due to such situations in Karachi city.

Cultural Factors

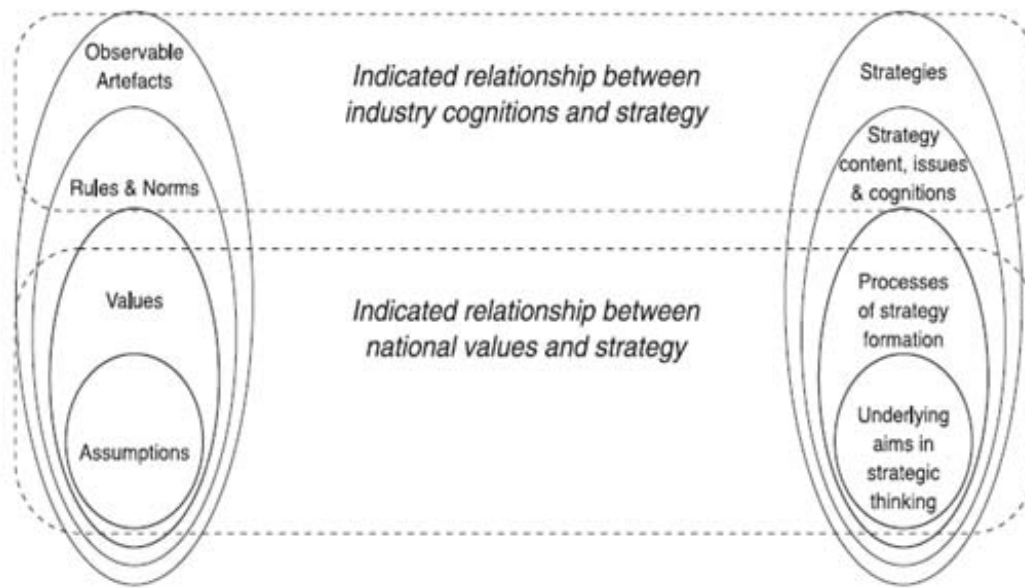


Figure: levels of culture and levels of strategy

Cultures of countries possess various cultural orientations. Entrepreneurs depict their cultural values in strategic decisions made for the business. There is an association between the influence of individual perceptions, national values and industry influences on strategy development for the growth of SME's.

3. Economic Factors

i. Government Incentives & Policies

Pakistan faces the economic turmoil, trade deficit, and inefficient government policies, serve their best to impede the entrepreneurial activities. Economic development policies of Pakistan supported capital-intensive technology choices and letting go the fact that it would create unemployment. Even the additional credits for small enterprises encouraged more capital intensive technologies. This situation is further summed by the fact that Pakistan ranks relatively low in areas like per capital number of science and technology personnel and low on Research & Development among other Asian countries. Therefore it lacks environment for the development of small enterprises. Adequate technologies are needed for urban production which are labour intensive and use local resources; hence it is imperative for the need of small business development policies.

The existing SME policy of Pakistan does not consider the diversity of the business sector, current SME policy in Pakistan has a flaw in dealing diverse businesses. The empirical evidence suggests the need to adopt the group specific approach, which fulfils the needs of micro, small and medium firms in view for ensuring higher growth of businesses of different sizes. The objectives are often not well defined and available policy instruments for industry and trade are mostly not aimed at developing businesses profitably. Until October 2005, there was no criterion to serve as the basis to determine the effectiveness of SMEs policies, government spending, and parameters of SME's effectiveness are still

not certain. Also, there is no evidence found that government is providing any monetary incentive to small business owners (2-5 employees).

Governmental financial support is needed for the purchase and lease of required machines for use of the micro enterprises. Small firms should be given incentive by the government on low margin terms. In addition, government should also devise policies for the reduction of enterprise (business) taxes and exemption of stamp duty, property tax, and local rates. Similar actions performed by the Governments of Japan and Korea in providing incentives to the SME's for the growth of these businesses.

Tax Reforms

One notable feature of Pakistan's small and medium enterprises sector is predominant on sole proprietorship for the reasons of tax concessions and low fixed costs. Entrepreneurs of businesses generally prefer sole proprietorship than partnership, private companies, cooperative societies etc. Tax avoidance is common practice in Pakistan by the entrepreneurs, especially by owners who of businesses who are not registered. However tax laws and regulations discourage growth of firms and even contribute in artificial fragmentations. Legal task requirements impose negative influence on the development of small business units in Karachi.

Another issue is the low tax payment by SME's in Karachi. This trend of paying low taxes to the government can be lowered if proper promotional strategies are not made for the improvements of businesses are made by government. Bringing improvements in the tax administration would help in lowering the barriers of the growth.

ii. Hike in Petrol/Diesel Prices and Cost of Raw Materials

Global economic environment was challenged in 2005 due to increased oil/crude oil prices and since then slower economic growth was witnessed. Due to rise in inflation cost of raw materials has tremendously increased, which in turn causes finished goods prices to rise. When prices of goods increase then demand for such goods lowered which cause small business owners experience losses.

H6: Growth of SME's is independent of rise in prices of natural gases and raw materials

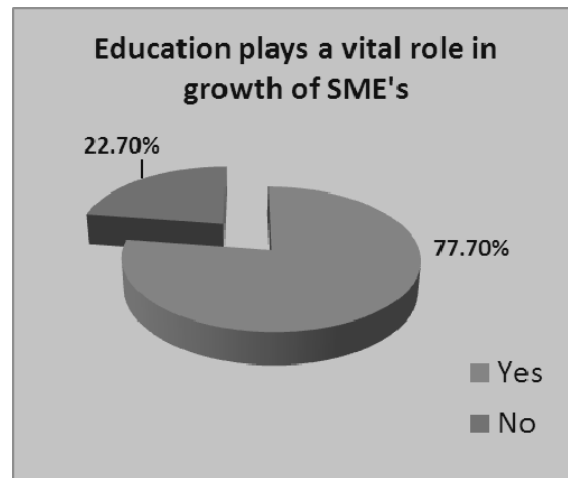
Most of the entrepreneurs surveyed responded that cost of raw materials and increased oil prices hinder the growth prospects and mostly women owners get heavily affected by raise in prices.

Summary of Hypothesis Testing

H1: *The level of education and turnover growth are independent.*

This hypothesis was not supported. There was a relationship between the level of education and growth in turnover. This supported alternative hypothesis to be positively related.

Education plays a vital role in growth of SME's	Frequency	Frequency distribution
Response: Yes	85	77.70%
Response: No	25	22.70%
	110	100%

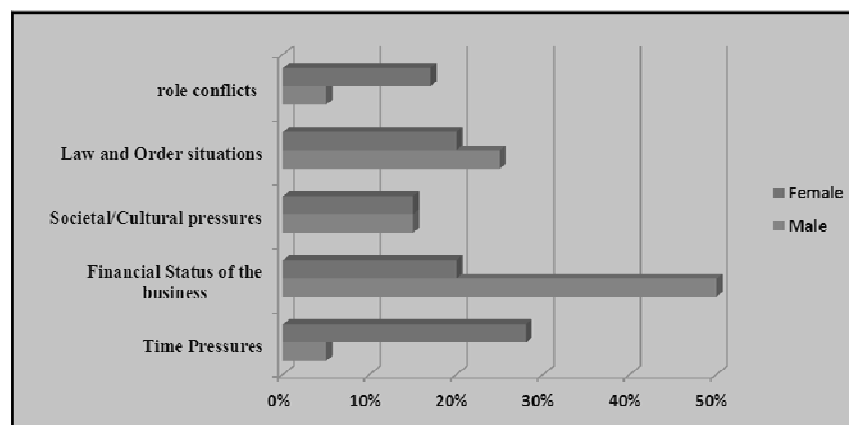


H2: *Female entrepreneurs face more pressure in handling businesses than male.*

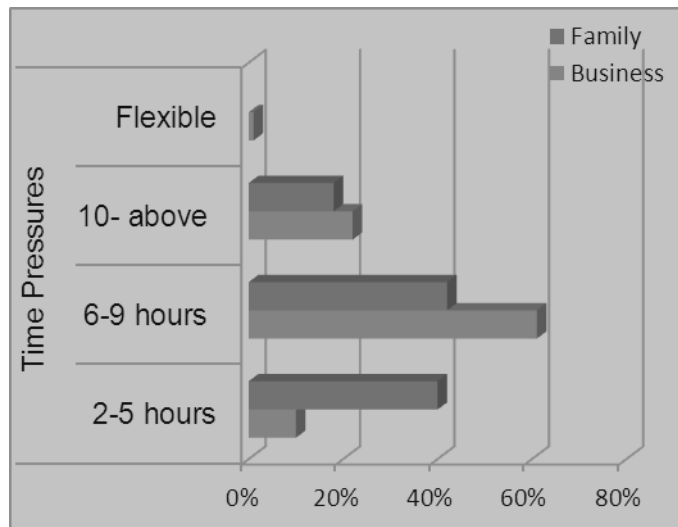
In Pakistan, survey outcomes show that women entrepreneurs take more tension which is work related and due to these tensions they become susceptible for getting irritable at home due to multiple roles performance. Pakistani women responded to these stressors as major hindrance in spending time with family and performing tasks for personal relaxation. Few of the respondents, say that their families dislikes their long work hours because they could not find time to spend with them.

Reasons/Causes	Factors Affecting SME's	
	Male	Female
Time Pressures	5%	28%
Financial Status of the business	50%	20%
Societal/Cultural pressures	15%	15%
Law and Order situations	25%	20%
role conflicts	5%	17%

Factors Affecting Growth of SME's



H3: *No. of hours worked is positively associated with work- Life imbalance.*



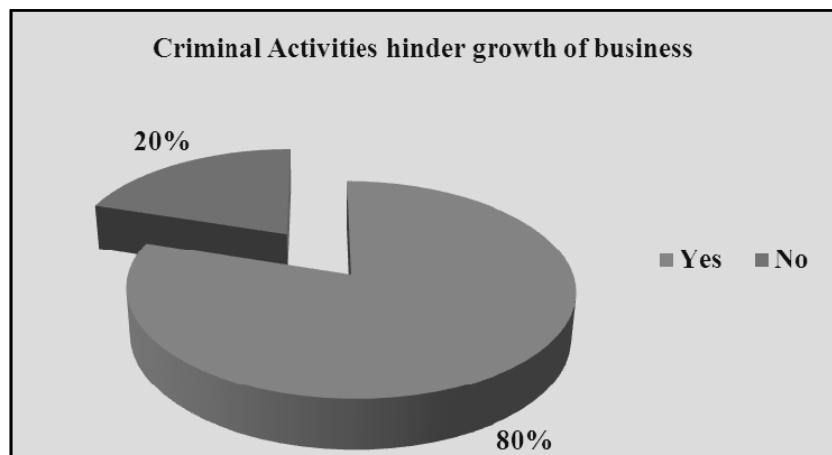
Average number of hours devoted to business and family on weekly basis

By the number of responses gathered, it is found that time pressures is one of the constraints in pursuing business objectives. Male entrepreneurs' responses were different from female entrepreneurs. Female owners who spend 2-5 hours in business have enough space for the family time and those who spend more than 10 hours in business face time pressures marginally. As women owners have to look after their children, spouses and households. So there is a positive relationship between the number of hours devoted to business and work life imbalance.

H4: *Growth of SME's is independent of law and order uncertainty.*

As the number of responses of entrepreneurs male and female both responded that law and order uncertainty is one of the critical factors affecting growth of SME's significantly. There are businesses which operate on day to day basis like service industry mostly inherit a direct impact on businesses due to extremely volatile law and order conditions in Karachi. For male and female entrepreneurs' law & order uncertainty is the second highest critical factor hindering growth of businesses. Therefore based on number of responses there is a positive relation found between growths of SME's and law& order uncertainty in Karachi. Political instability brings uncertainties in the country as well as to the growth of small and medium business enterprises.

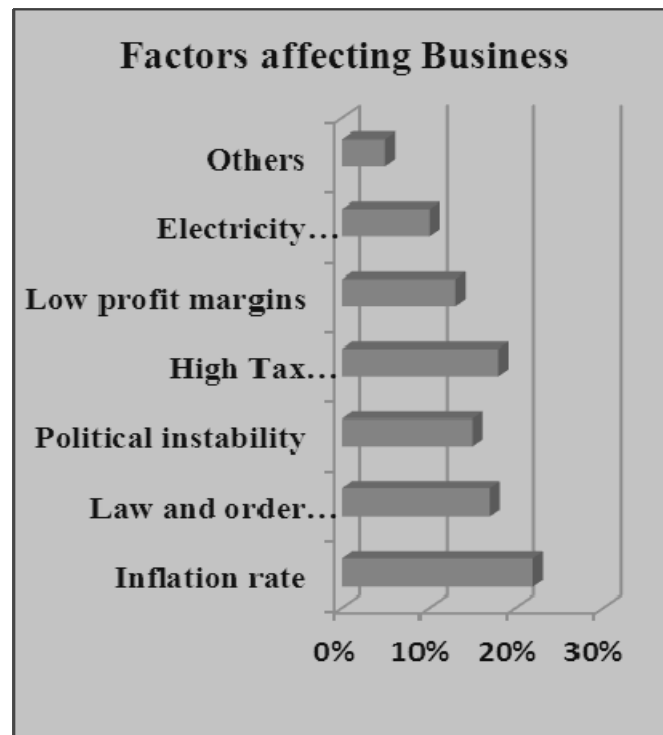
H5: *Growth of SME's is independent of criminal activities.*



Criminal Activities hinder growth of business

Based on the number of responses collected, it is found that around 80% of the respondents were hindered by the criminal activities carried out in Karachi city as well in interior Sindh. Especially businesses which are do not hold bank accounts face pressure from these activities. Out of surveyed population 20% responded that such activities do not impose any deadlock in their businesses because they have maintained certain mechanisms to combat such impediments.

H6: *Growth of SME's is independent of rise in prices of natural gases and raw materials.*



Number of responses by the surveyed population (male owners & female owners) responded that criminal activities and street crimes contribute negatively in the growth and prosperity of SME's, as the employees working in SME's are highly exposed to such crimes which affect the daily business due to absenteeism. Prices of raw materials, WIP materials increase affecting the cost raise for the business owners. Hypotheses H5 & H6 are disproved that there is no impact of crimes and material prices have negative impact on growth of business. However these impacts may vary from entrepreneur to entrepreneur.

Conclusions

Commerce serves as the ground to prosper entrepreneurship, but is not just about transactions, making profits, increasing sales and more clients. There are certain factors such as cultural and social values, economic policies and behaviours shape and authenticate all these roles. Entrepreneurship must reflect society's views of all societies that how businesses should operate within paradigms of cultural. Implementation of the new enterprises should focus on social attitudes, political practices, economic policies and the legal system must support creativity and risk taking abilities. Entrepreneurship cannot flourish if its social values are underestimated. Encouraging risk taking by the society brings social reforms in it,

provide employment opportunities to people as well as serving country economically, if proper infrastructure is provided to the new entrepreneurs and support to existing entrepreneurs. This research work elaborated impacts of various roles in the growth of small and medium enterprises and found there is a strong correlation among them, be it demographics of business owners, social attributes, cultural drives, political factors and economical conditions, all contribute significantly in the growth of small and medium enterprises. According to the results interpreted by conducting survey on afore mentioned factors; socio economic and political factors were found to have intense correlation with growth of small and medium enterprises.

Government of Pakistan should make reforms for entrepreneurs to avoid political and legal hindrances occurred for running their businesses. Policies should be made to support and encourage entrepreneurs of the country; this could help in strengthening the small and medium enterprises of Pakistan.

Future work

SME's growth contribute viably in the economy of any country, if these SME's are inculcated with technology such as introducing electronic commerce, would transform the essence of SME's. Introducing trading businesses with supply chain automation models, service industry with consumer to consumer transactions via internet for getting faster order placement. Introducing Electronic Commerce in sectors of businesses can remove many impediments for customers to transact online, this way even if due to certain political instability occurring in the city then there is a mechanism for customers, clients and stakeholders to communicate, place orders and track supply chain activities from home through internet due to e commerce advancements.

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