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ABSTRACT

The SME sector of any country has a great influence on the economic growth of a country. SMEs are considered as one of the most important part for the development of the country as their contribution towards the economic growth is quite large. They increase the GDP of a country and helps in providing employment to the local people. Production of better-quality local products is also made possible with the help of SMEs. SMEs in various parts of the world like United States, China, India, Japan, Malaysia and Turkey act as the backbone for the economy of the country but due to many reasons like lack of finances, lack of management, use of traditional and outdated technology and lack of a proper platform for training of SME employees, the SME sector in these countries is facing a lot of difficulties. The SMEs in Pakistan are defined as all those enterprises where the employees are 50-100 in number and annual turnover is 150-800 million Pakistani rupees. Pakistan is a developing country where SMEs are considered crucial for the increase in its GDP and overall economic growth of the country. However, Pakistani SMEs are also facing a lot of challenges that hinder their growth. These challenges are internal like financial, management and training issues and external like infrastructure, corruption and economic issues. The primary purposes of this research were to analyze the current situation of Pakistani SMEs, challenges faced by them, influx of Chinese products in local markets, CPEC and their impact on SMEs and the prospects for SMEs. Quantitative research methodology was opted for this research. The results of the research showed that the influx of Chinese products and CPEC have a negative impact on the performance of SMEs in Pakistan. Therefore, the government should regulate SMEDA and help it in strengthening the Pakistani SMEs so that better and improved local products are produced by them.

Table of Contents

CHAPTER 1	4
INTRODUCTION	6
1.1 SMALL AND MEDIUM ENTERPRISES	6
1.2 SMES AND ECONOMIC GROWTH	7
1.3 PROJECT RATIONALE	8
1.4 OBJECTIVE OF THE STUDY	8
CHAPTER 2	9
2.1 SMES IN VARIOUS COUNTRIES	9
2.1.1 UNITED STATES	9
2.1.2 JAPAN	9
2.1.3 INDIA	10
2.1.4 TURKEY	10
2.1.5 MALAYSIA	10
3.1 SMES IN CHINA	12
3.1.1 SMALL AND MEDIUM ENTERPRISE AUTHORITY	14
3.2 SMES IN PAKISTAN	15
3.2.1 CHALLENGES FACED BY PAKISTANI SMES	16
3.2.2 INTERNAL CHALLENGES	16
3.3 EXTERNAL CHALLENGES	17
CHAPTER 4	19
VARIABLES AND METHODOLOGY	19
4.1 VARIABLES	19
4.1.1 ENTREPRENEUR	19
4.1.2 HUMAN RESOURCE	19
4.1.3 INNOVATIVENESS	19
4.1.4 SUSTAINABILITY	19
4.2 METHODOLOGY	19
CHAPTER 5	21
RESULTS AND DISCUSSIONS	21
5.1 STATISTICAL ANALYSIS	21
5.2 FREQUENCY TEST	21
CHAPTER 6	43
CONCLUSION AND RECOMENDATIONS	43
6.1 CONCLUSION	43
6.2 RECOMMENDATIONS	43
REFERENCES	44

Table of figures

Table 3.1 Constraints of SMEs in China.....	11
Table 3.2 SMEs in different provinces of China.....	11
Table 3.3 Percentages of SMEs in different sectors of China.....	12
Table 5.1 Reliability Test.....	18
Table 5.2 Work Experience.....	18
Table 5.3 Nature of Employment.....	19
Table 5.4 Effect of Chinese product influx on small industries in Pakistan.....	19
Table 5.4.1 Local vs Chinese products.....	20
Table 5.4.2 CPEC- A game changer.....	20
Table 5.4.3 Chinese takeover.....	21
Table 5.4.4 Effect of Chinese entrepreneur on local entrepreneur.....	22
Table 5.4.5 Impact of Free Trade Agreement (I) on imports of Chinese products.....	22
Table 5.4.6 Impact of Free Trade Agreement (I) on Pakistani exports.....	23
Table 5.4.7 Effect of Chinese jewelry industry on Pakistan jewelry industry.....	23
Table 5.4.8 Relationship of Pakistan and China.....	24
Table 5.4.9 Effect of low cost of Chinese imports.....	24
Table 5.5 CPEC makes Pakistan an attractive place for investors to invest.....	25
Table 5.5.1 Effect of China's part in industrialization on human resource of Pakistan.....	25
Table 5.5.2 Effect of competency of human resource after influx of Chinese products.....	26
Table 5.5.3 CPEC and Pakistani GDP.....	26
Table 5.5.4 Effect of ML 1 on local jobs.....	27
Table 5.5.5 CPEC and job creation.....	28
Table 5.5.6 Free Trade Agreement (II) and human competency.....	28
Table 5.5.7 Effect of Free Trade (II) on human competency in Pakistan rural areas.....	29
Table 5.5.8 Chinese large corporation partnership with Pakistan.....	29
Table 5.5.9 Job opportunities.....	30
Table 5.6 Effect of Chinese products on innovation.....	30
Table 5.6.1 Future impact of CPEC.....	31
Table 5.6.2 CPEC has created conducive environment in Pakistan and bright future CPEC and innovation.....	31
Table 5.6.3 Effect of Chinese products on manufacturing innovation in Pakistan.....	32
Table 5.6.4 Effect of influx of Chinese firms and laborer.....	32

Table 5.6.5 Impact of Chinese investment in energy sector in Pakistan.....	33
Table 5.6.6 China’s investment in technological innovativeness in Pakistan.....	33
Table 5.6.7 Effect of Chinese investment in SMEs sector on innovation.....	34
Table 5.7 effect of Chinese industries operating in Pakistan	34
Table 5.7.1 Effect of great demand of Chinese products.....	35
Table 5.7.2 Effect of low profitability of SMEs.....	35
Table 5.7.3 Effect of high influx of Chinese products on local investment in SME sector.....	36
Table 5.7.4 Effect of Chinese products on Pakistani products in international markets.....	36
Table 5.7.5 Effect of CPEC route on Pakistan	37
Table 5.7.6 Effect of Chinese investment in CPEC on Pakistan.....	37
Table 5.7.7 Chinese training laborers in Pakistan.....	38
Table 5.7.8 Effect of Chinese products on Pakistani exports	38
Table 5.7.9 China industrial preference.....	39