

## **Role of Biotechnological SMES in Entrepreneurship Development in Southern Punjab**

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### **ABSTRACT**

Biotechnological Small and Medium-sized enterprises (SMEs) are ubiquitous but mammoth of business opportunities and intentional enlargement option for Entrepreneurs exists in the region of Southern Punjab of Pakistan. Primary data of 132 respondents were collected from this region by using simple random sampling technique. The focal of this research is to discuss the economic potency of biotechnological SMEs in economic growth of Southern Punjab region, and find out the perception of this region's entrepreneurs about the role of institutions in entrepreneurship development. The study shows that due to the paucity of biotechnological institutions, SMEs are facing financial losses, get used to have their business in that region only and utilizing limited job opportunities in this region. As far as the perception of entrepreneurs is concerned, their prevalent trial is due to scarcity of entrepreneurship institutions in that region, and the least to inapposite knowledge workers. Drown from these findings; it was also found that government plays an imperative role in the development of entrepreneurs as it can help by giving credit and market access facilities. It was further revealed that women also have a solid contribution, though with social challenges. So it recommended making rural women more vibrant once been engaged in SMEs business as they have more innovative veracity. Also, for the knowledge workers, it is suggested that knowledge can be shared by having the networks of individual community and stimulate knowledge transfer across different community of knowing, and trainings from different training institutions.

**KEYWORDS:** Southern Punjab region, knowledge workers, entrepreneurship institutions

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### **INTRODUCTION**

The first segment of this paper throws light on numerous aspects of biotechnological SMEs with respect to Entrepreneur development and its influence on SME industry and its contribution to economy in the region of Southern Punjab. Then possible solutions can be concluded and suggested for these SMEs to market their products in global market. There is a dramatic tendency for government policy to encourage entrepreneurship in seek of their economic benefits (O'Connor, 2012). The notion of entrepreneurship was emerged in 17<sup>th</sup> century whose belief changed with the passage of time. Certain authors like Richard Cantillon (French economist) in 'Essai sur la nature du commerce en general', 1775, Adam Smith in his 1776 'Wealth of Nations', Jean Baptiste Say in his 1803 'Traite d' economie politique' and John Stuart Mill in 1948 throws light on the importance of entrepreneurship in the local and global economies. But the importance is given in the regime of globalization. Globalization is characterized by the era of speed, agility, innovation and competitiveness. Evolutionary economists (Nelson, Winter, 1982), influenced by the theory of evolution, recommend companies to develop up-to-the-minute features in order to respond to the changing environment. Organizational studies (Gresov, 1989) have also proven that when the business environment is changed the organizational design should be altered. Thus, in order to respond to the growth of SMEs and its contribution while amplifying the economy of that region, organizations need to change accordingly. Dabson (2005) encapsulated economic development as three pillars which are enclose with business attraction, retention and entrepreneur development.

The concept of entrepreneurship is in milieu for quite some time but its resurgent popularity stumbled, nourished and developed by America (Holt, 2009). Whilst Hristch (2009) mentions in his book that a new business born in every 11 seconds and 3.5 to 4.5 million new businesses are initiated in USA (ranked no. 1 in new entrepreneurial businesses). Banmack (1987) revealed that there are 19 million businesses in US, out of which 18 million are contributing to the economy. Furthermore, according to the Global Entrepreneurship Monitor (1999), studies show that 1 out of 25 students are keen to start their entrepreneurial business. Among them, 49% are men and 31% are women. Due to such statistics, government is providing ample opportunities in the USA. Around 41% of the entrepreneurs are having Joint Family Business, 36% wanted more control over future and 27% tired for

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working someone else. Moreover, 33% of the entrepreneurs belong to the age group between 25-34. Most of the policies are attracting immigrant entrepreneurs to start up their business. Such cluster of businesses help entrepreneurs (through effective communication) to rule not only in the regional but global development also. But opportunities arise from any change that fosters an unfulfilled need (Wu, 2013). Something as simple as the construction of a new highway off-ramp will create an influx of travelers in search of gasoline and fast food. If the area is scenic, opportunities may be forged by entrepreneurs to provide recreation, lodging, and tourist shopping. As these businesses develop, a network of support businesses is needed to serve them. More houses will be built, groceries and convenience stores will emerge, retailers will become established, schools and universities will appear and, in turn, these will cause greater needs to surface. This is not, however, an ever widening circle of activity. If travel recedes, demand for goods and services may collapse.

### Role of SMEs in Economy of Pakistan

The SMEs can play a vital role in the economy of Pakistan. But Pakistan is spending the lowest budget on SME development as compared to other nations of the world. Brazil is spending \$ 7.24 per capita on its SME agency compared to Pakistan's one cent per capita spent on SMEDA. Dr. Innayat ullah (2003) reveals that there is paucity of human capital in Pakistan which is inclined towards entrepreneurship. The reason for such unfulfilled gap is the low concentration of government towards entrepreneurial awareness, development and training. Whilst entrepreneurship education and training (EET) is growing rapidly in universities and colleges throughout the world, and governments are supporting it both directly and through funding major investments in advice-provision to potential entrepreneurs and existing small businesses. Unfortunately, there is little evidence to show that EET helps to create more or better entrepreneurs. Many diversified businesses of different industries are coming into limelight to contribute in entrepreneur development (Martin et al, 2013). Meanwhile, Agriculture sector needs to be specially focused in Punjab as cultivated area is 12,567 thousand hectares and its major portion of cultivation is in Southern Punjab which leads to the emergence of related diversification entrepreneur development (Punjab Development Statistics, 2011). Whilst, leather, mining fishing, cattle control sheds for milk and meat, sugar, beverages, tractor, paper and paper board industry may take the best out of this region. At present, most of the business owners are running their own business, no matter they have its sense or not. Plus they have their business on personal stake without any government support and awareness which is attributable to low productivity and income. Therefore the wide variation of diversification in sophistication, innovation, and productivity and growth orientation due to this complexity is very hard to define SMEs overtime in Pakistan and currently nationally acceptable single definition is not available. Different countries define SMEs on the basis of their distinctive patterns based on industry, ownership, turnover/revenue, assets, number of employees, innovation productivity, sophistication and growth orientation. Numerous countries classify and name SMEs differently like South Africans use to call Small, Medium and Micro Enterprises (SMME), Micro, Small and Medium Enterprises (MSME), Indians, Micro and Small Enterprises (MSEs), Micro Enterprises (Mes) and Rural Enterprises (Res). Normally, The term small and medium-sized enterprises (SMEs) refers to the business based on legal and physical persons (companies, craftsmen and others) who, independently and permanently, pursue the allowed activities to gain profit, i.e. the income on the market.

### SMEs in Economic Development of Southern Punjab versus Northern Punjab:

There is a general perception of massive economic development of SMEs in Punjab but actually it is divided into two regions, Southern Punjab having a covered area of 51.5% and Northern or Rest of Punjab possessed with an area of 48.5%. (Development Funds for South Punjab, 2003-10). Table 1 shows the difference of agricultural land along with the existence of industrial infrastructure, population and population below poverty line, number of health facilities and education in Southern Region which shows the urge of Entrepreneur development with the transformation of businesses.

**Table 1. Comparison of Northern Vs Southern Punjab**

Item	Northern Punjab	Southern Punjab
Land Coverage (%age)	51.5	48.5
Allocation of Funds to Districts (Million Rs.)	129.181	52.819
Primary Schools	15,455	29,515
Population below poverty line (%)	43.1	27.7
Health Facilities (%)	73.68	26.38
Industrial Infrastructure (2008)	6,712	1,837

There was very rare data available regarding the geographical region which exhibits the exclusivity of this research. Brief analysis of SMEs and their contribution to the development of Southern Punjab region is based on statistics of Development Funds of Punjab from 2003-2010.

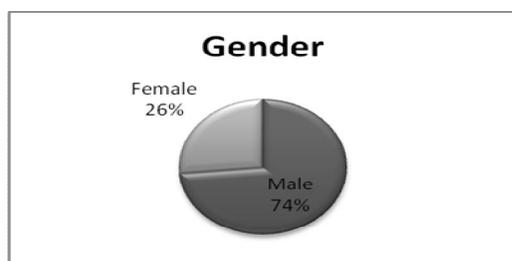
### RESEARCH AND DATA COLLECTION METHODOLOGY

We have examined the data on biotechnological SMEs working in Southern Punjab region Pakistan. Primary data of 132 respondents were collected from this region for measuring the role of SMEs in Entrepreneurship development by using simple random technique. Whereas the 472 questionnaires were floated among different respondents related to pesticide, fertilizer, cooking oil and banaspati, cotton and sugarcane companies. 26% respondent were women and the rest of them was male whereas our target was to equalize them with male respondent but due to the lack of knowledge and awareness about research which was not accomplished. We also try to balance the response from all the industries. But 32% of the total was attained from pesticides and fertilizers companies, 28% from the cotton related industries and 13% from the food industries. The data was collected through the structural questionnaires and the interviews from the different knowledge workers, entrepreneurship institutions and from the different owners of the SME's during 2012. Certain issues are found among SMEs for the entrepreneurship development. But the highlighted impediments are financing for SMEs which is 32% and education which is 25%. Among financing, 38% of the biotechnological firms feel that the interest rates are very high due to which they are unable to enhance their research and development cell. Another issue is the paucity of financial awareness to their target firms. As education of the SME owners is low, so they feel difficulty in finding and utilizing knowledge workers in the firms. 35% of the respondents feel that knowledge workers cannot be found in Southern Punjab because apposite education facilities are not at par.

### CONCLUSION

The objective of this study was to explore the detriments of the Small and Medium enterprises business and the importance of the SMEs in Entrepreneurship development. We have diagnosed the foremost problems in which Financing issues are at the top for the non development of the SMEs and Entrepreneurship. It is due to paucity of micro finance institutions, Improper functioning of the rural support programs and complex criteria for getting loan. As finance is the blood for the entrepreneurship development (Ünay et al, 2012) therefore by overcoming these issues regional economic growth and entrepreneurial awareness in relevant clusters will enhance. Majority of the population is living in the rural areas with little education, training facilities and under poor economic situations. The critical reason behind this is the dearth of apposite schooling infrastructure. Therefore, weak collaboration is seen with the people of the cities which in result are a hindrance factor to promote their agriculture products and ideas. Hence, new SMEs' emergence is likely to be developed in this area. It was also observed that most of the women have been engaged in picking and harvesting cotton and vegetables for feeding their whole family. As Rural women is more innovative once which they have demonstrate through innovative designing of various suits, local handicraft, and other SMEs businesses. If they are engaged in SMEs business along with basic training and education through vocational institutes ,rather than picking and harvesting cotton and vegetables, than no doubt these illiterate women can play their role for the augmentation of the local community's and transforming the SMEs businesses at the global level. In short implementations of these finding in the Southern Punjab can play its role for development of SMEs businesses and the recognition of the rural, depressed and backward areas.

**Fig.1**



**Fig. 2**

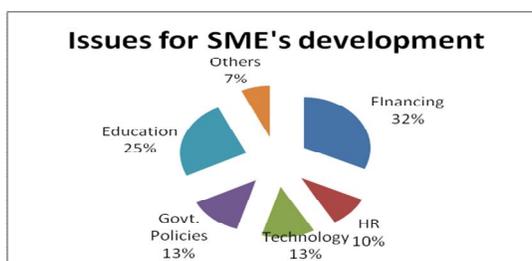


Fig. 3

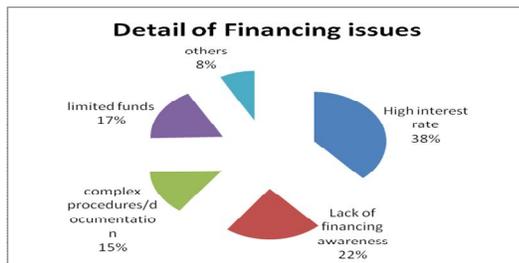
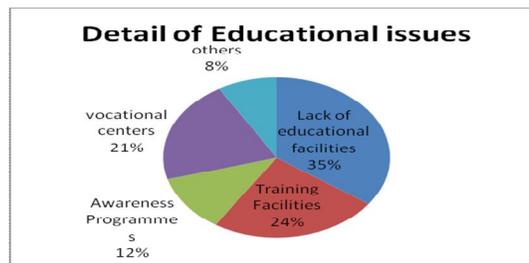


Fig. 4



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The authors declare that they have no conflicts of interest in this research.

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