Abstract

The small industries are considered to be an important component of economic sustenance in the whole world and particularly in developing countries. From worldwide perspective, SMEs are recognized as engine of economic growth because of their dependence on indigenous skills and technology, innovativeness and expansion of industrial linkages. SMEs are endogenously based enterprises as their connections with the large multinational corporations lead to rapid growth and expansion of SMEs. They also play a vital role in employment generation and poverty reduction. In addition they contribute towards resource mobilization, revenue generation through export earnings, employment generation, equitable distribution of income, and development of an entrepreneurship. There are many factors affecting the export process of SMEs. The study has tried to investigate the factors influencing the process of internationalization on the part of Light engineering units operating in Gujranwala, Gujarat and Sialkot Districts which were at least in the business during the last two years till the survey, i.e. 2008 and 2009, with a valid sales tax registration number allotted from Gujranwala sales tax collectrate. It has also highlighted the importance of exports being an important means of providing employment opportunities among SMEs. The primary objective of the study is to examine the role and importance of firm level characteristics, technological capabilities, commercial capabilities and factors inhibiting export activities as determinants of export performance. Empirical data from a survey of 1201 Light engineering units in survey area is utilized for analytical purposes constituting of 318 exporters. Logistic regression model has been utilized to find out the probability of being exporter. Instrumental variable approach is being employed to encompass the role of innovation in the probability of being exporter. The results of instrumental equation are incorporated in the basic export model to estimate the final results. Results from the logistic model indicate that all the three measures of innovation positively improve the probability of being exporter. According to the estimated results, firm size, firm age, manufacturing status as contractor, diversification (product mix), presence of registered trademarks, participation in promotional activities through trade fairs and personal visits, fitted values in terms of innovation i.e. new product, new process and major improvements are found to be significantly and positively correlated with the probability of being exporter. Export restricting factors like non-cooperative attitude on behalf of government organizations, competition in foreign markets, financial problems, lack of cost competitiveness and expensive foreign trips are found to be significantly and negatively associated with the probability of being an exporter. The factors like initial investment made by firm at its inception, affiliation with area and product wise trade unions, average revenue and wage, trademarks, participation in promotional activities through references, non availability of information regarding foreign markets are proved to be insignificantly affecting the probability of participating in international market. The research ultimately recommends

that the government export assistance programs should be modified according to the requirements of SMEs. Restrictions to enter the international markets are analytically stricter for small firms as compared to their large counterparts. The problems of capital shortage and management skills, and lack of basic information are considered to be the main obstacles faced by small units in the process of internationalization imposed by government agencies. Though government has offered some support programs, they are not considered to be sufficient enough to encourage small firms to enter in the international market. Moreover, special attention should be given regarding the designing of policy options corresponding to the requirements of firms as they go through the different phases of the process of internationalization. Exports contribute positively among firm's growth in terms of employment generating activities. Analysis of variance analysis is being employed to investigate the role of exports on firm's growth in terms of firm-specific factors along with owner-manager characteristics, organizational and commercial capabilities as important determinants in terms of generating employment opportunities. Different problems and obstacles encountered by SMEs in generating employment activities are also been undertaken in the current study. Government should device such policy measures that can help small units to grow in international markets and generate employment opportunities. Poverty is a multifaceted phenomenon relying on a number of different social, economic, social and demographic aspects. An understanding to the true perspective of nature, intensity, and causes of poverty can be considered as a prerequisite for effectual course of action to reduce poverty. Study has attempted to explore the impact of various socioeconomic and demographic determinants on the poverty status of 2025 employees of different exporting and non-exporting firms, by employing primary data collected from sampled 1201 in survey area. Gini coefficients are being constructed in order to measure the extent of income inequality among the surveyed employees engaged in different exporting and non-exporting units. FGT indices along with different indicators like Sen and Sen-Shorrocks-Thon indices have been employed in the study to present a more detailed insight to different dimensions of poverty in both scenarios, adding positively to the argument that SMEs participating in international markets are really contributing to enhance the living standard of their employees as compared to those confined only to domestic markets.