

## **Role of Small and Medium Enterprise Development Authority (SMEDA) in Development of Entrepreneurship: A Case of Balochistan**

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### **Abstract**

*This study attempts to investigate the role of Small and Medium Enterprise Development Authority (SMEDA) in development of entrepreneurial activities in Balochistan. The study is exploratory in nature and the researchers used semi-structured interviews and secondary data for data collection. Five semi-structured interviews were conducted from managerial staff of SMEDA, Quetta. In addition, the researcher also used SMEDA surveys, reports and documents to answer the researcher questions. It has been found from the interview transcripts and SMEDA documents that SMEDA is mainly focusing on nine sectors in Balochistan to boost entrepreneurship. It has taken various initiatives and providing different services and support mechanism to encourage people toward entrepreneurship. Such initiatives and services include prefeasibility studies, business plans, commercial contract template, Public Sector Development Program (PSDP) projects and common facility centres. It works with different stakeholders and offers range of trainings, seminars and workshops as per requirements of entrepreneurs and SMEs. While working in Balochistan to boost the entrepreneurial activities in the province, SMEDA is facing several problems such as, access to finance, lack of entrepreneurial mindset, security issues of the province, legal and political issues and technical knowhow. Although there are several difficulties, but SMEDA is taking some measures to overcome these difficulties by working with different stakeholders. With the collaboration of State Bank of Pakistan (SBP) and other financial institutions/Banks, SMEDA is trying to resolve the financing issue. It is organizing training programs, awareness sessions and Business Competition Plans in universities to change the mindset and encourage the youth towards the entrepreneurship.*

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**Keywords:** SMEDA; entrepreneurship; Small and Medium Enterprises (SMEs); Balochistan;

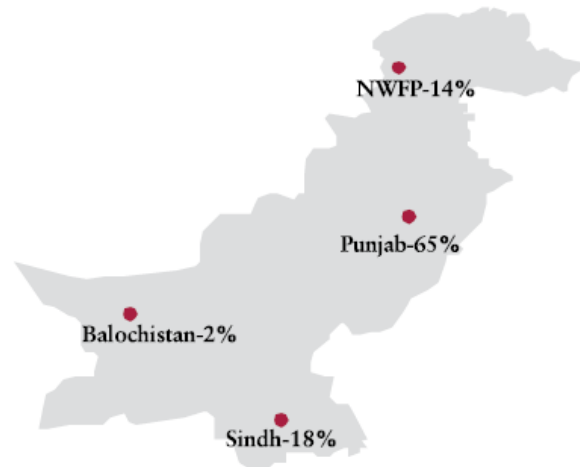
## **Introduction**

Small and Medium Enterprises (SMEs) are backbone of an economy and play a vital role in economic and industrial development of any country (Dar et al., 2017). SMEs sector make crucial contributions in economic development of any country in number of ways. It creates jobs and generates income. It provides the desired flexibility and innovation in the economy. It also contributes to value addition in GDP (SME Observer, 2017).

In Pakistan, there are 3.2 million businesses of which nearly 3 million (i.e. 93 percent) are SMEs. These SMEs account for 90 percent of all private businesses in the industrial sector and absorb approximately 78 percent of non-agriculture labour force. Regarding the spread of SMEs across the economy, 53 percent of SMEs are in wholesale, retail trade, restaurants and the hotel sector followed by 27 percent in services sector. Only 20 percent of SMEs are in manufacturing sector (Nenova and Niang, 2009; Dar et al., 2017). The economic geography of Pakistan can be reflected from the distribution of SMEs across the four provinces as shown in Figure 1. Punjab has the densest concentration of SMEs i.e. 65 percent. Sindh and Khyber Pakhtunkhwa account for 18 and 14 percent respectively. Balochistan has the lowest share i.e. 2.3 percent (IFC report). Considering the lowest share of Balochistan in terms of SMEs and lack of research on the role of SMEDA Balochistan, this study investigated the role of SMEDA in development of entrepreneurial activities in Balochistan. It also highlighted the problems faced by SMEDA in developing the ecosystem of Balochistan more conducive to entrepreneurial activities. Based on the above discussion, following are the research questions which researchers attempted to answer in this study.

**Research Question 1:** What is the role of SMEDA in development of entrepreneurship in Balochistan?

**Research Question 2:** What are the problems faced by SMEDA in boosting the entrepreneurial activities in Balochistan?

**Figure 1 : Economic geography of Pakistan**

Source: SMEDA 2009 survey

The outline of the remaining paper will be as follows. In the next section, the researchers will present the literature review about research topic. This section will involve discussion about some of the organizations in developed and underdeveloped countries, which are working to provide support for SMEs and start-ups. After literature review section, the researchers will present the methodological approach used in this study. The last section will include the discussion about finding that what researchers analyzed from the collected data and will also discuss the themes emerged from the data.

### **Literature Review**

Local businesses in the form of Small and Medium Enterprises (SMEs) are needed to be fostered in any economy. They account for development of an economy as they can create jobs, bring innovation and entrepreneurship in several economies. But yet SMEs are facing many obstacles in their growth, which depends on the market and industrial condition. To develop the energetic enterprise, appropriate and relevant organizations/policies are needed to deal with the SMEs. In many countries, these organizations are established to empower and strengthen the SMEs in their respective country. These organizations provide assistance, counselling, education/training, technical and financial aid to develop and strengthen small and medium businesses in their economy.

The following section includes the discussion of some of the SME supporting agencies which are established to support SMEs in developed and emerging economies around the globe.

### **United States of America**

The origin of small and medium enterprises administrative body began with the World War II and depression era, where predecessors agencies were created in response to great depression (SBA.gov, n.d.). In 1932 “The Reconstruction Finance Corporation” (RFC) was formed by

Herbert Hoover to reduce the financial crises of great depression. Fundamentally it was federal loaning program for all small and large businesses, which were harmed by the Great depression (SBA.gov, n.d.). In 1942, congress formed the Smaller War Plants Corporation (SWPC) to strengthen the small businesses during World War II. The aim of SWPC was to provide direct credits to private entrepreneurs, support small enterprises interests to national procurement organizations and large businesses. And encourage big financial associations to make credit accessible to small enterprises (Small Business Administration , n.d.). After World War II, SWPC dissolved and its contract and loaning function were given to the RFC (Bischoff, 2011).

During Korean War, another agency named as “Small Defense Plants Administration (SDPA)” was created by the congress to help small businesses. After that in 1952, RFC was ended and the concept of Small Business Administration (SBA) was proposed by President Dwight Eishower, which performed all functions of RFC (Bischoff, 2011).

The SBA is an autonomous body which was established in 1953 by U.S congress, to stimulate and support the overall economy by providing help to small businesses (SBA, n.d.; Staff, 2010). The main functions of SBA is to help, counsel, support and protect the interests of small enterprises (SBA, 2015). SBA’s programs contains financial and federal contracts, procurement support, management support, and particular outreach to females, minorities and armed forces experts and it also provides advice and support in international trade (SBA.gov, n.d.). In general, SBA does not give direct loans and federal grants, instead it works with banks, lenders and credit unions in providing loans to small enterprises (SBA, n.d.). In addition to financing, SBA provides other facilities like it provides counselling be it face-to-face or online trainings. It also provides assistance to small businesses in securing government contracts, and involved in legislative advocacy (Small Business Administration, n.d.).

## **Japan**

While few agencies were working to develop SMEs in USA; measures were also taken in Japan to develop SMEs. After World War II, SMEs in Japan were facing problems such as lack of material for manufacture distribution, lack of technology, management and funding issues. Keeping in view these problems and also to prevent economic centralization, Small and Medium Enterprise Agency (SMEA) was established in 1948 (Small and Medium Enterprise Agency, n.d.). It provided the elementary instruments related to financial resources, taxation, cooperatives and management consultation, and guidance to help the SMEs (Xueyi & Cunhao, n.d.). As a first step to aid SMEs, SMEA compiled implementation manuals for basic SME diagnosis and hired professional consultants. At that time main focus of consultants was to publish the government’s financial support packages to help the SMEs, so that the SME sector would not collapse as compared to other sectors in Japanese economy (Ohno, 2009). The Japanese economy recovered in 1950s and the SMEs became very active. As a result, capital investments derived for additional investment. The consequences of positive economic cycle were in surging country’s income to attain extra ordinary economic growth. Then in 1954, Japan

Small and Medium Enterprise management Consultants Association (J-SMECA) was established as a national proficient association for SMEs consultants. It aimed to disseminate the SMEs system in nationwide, enhancing the quality of enterprises, conducting research, and working together with related local and international institutions (Ohno, 2009). In 1956 the law on financial support was passed to stimulate the SMEs in production by applying latest tools. In 1957, the law of concerning the organization for SMEs was passed. It was designed to boost SMEs and start an organization which would adjust business activities. Then in 1960 law for Commerce and Industry Association was legislated in order to enhance and develop the management for small enterprises by management consultants. In 1980, Institute for Small Business Management and Technology was originated for human resource development (Small and Medium Enterprise Agency, n.d.).

After formation of few agencies and passing laws related to SMEs, one more organization was established, which is currently working in Japan, named as SME Support, Japan. It was established in 2004. It is also known as organization for Small and Medium Enterprise and Regional Innovation, Japan (SMRJ). It's a government organization which helps SMEs in resolving their issues (SME Support, JAPAN, n.d.). It also provides services for managers/executives, entrepreneurs and SMEs. For executives, it provides help for development of different support programs according to their troubles and issues in management. To support the organizations it provides different supportive information and tools to assist individuals and organizations, provide training, arrange seminars, and other programs to support SMEs. Further it also supports business persons, who are trying to take a different or innovative steps for example development of entrepreneurs in new or small businesses. So they provides them tips, lease facilities or incubation facilities (Independent administrative corporations, n.d.).

### **Korea:**

Korea Federation of Small Business (KFSB) is a non- profit organization which was established in 1962, under the Small Business Corporation act. It is the leading organization that protects the interests and rights of millions of SMEs and provides equal opportunity for SMEs in Korea (Korea Federation of Small Business, n.d.). It assists the SMEs by providing various programs and services, which include joint purchase/sale, collective contract system, transfer of mutual assistance funds. Further, KFSB established Alien Training Cooperation to fulfil the needs of SMEs during deficiency of labor force. So by providing foreign workers to SMEs, it also stimulates the sharing of technical training with other state's workers. By this, it has not only strengthened the relationships with other small businesses in worldwide but also provided consultancy services in national and international investment, information related to trade agreement, foreign investment and technological information (Korea Federation of Small and Medium Business: Private Company Information - Bloomberg, n.d.). At present, it is known as the KIBZ (Korean Federation of SMEs) which is currently providing services to promote the SMEs in the country. Another organization known as Small and Medium Business Administration (SMBA) was established in 1996 to develop and support SMEs in Korea. It aims

to provide assistance to new start-ups, giving information related to government policies, and support the competitiveness of SMEs etc. (Mamou, n.d.). It develops and executes SME policies, examines industry trends, and provides help in rebuilding and development of SMEs. Furthermore, through different credit schemes/funds, it also provides support in terms of financial availability to those who lack their own credit for business. It works with different affiliated organizations such as Korea Small Business Institution (KOSBI), Korea Venture Investment Corporation (KVIC), Small Enterprises and Marketing Services (SEMAS), Small Business Distribution Center (SBDC), Korea Federation of Credit Guarantee Foundation (KOREG) to implement specific functions (Ministry of SMEs and Startups, n.d.). Regarding specific functions, these affiliated organizations are supporting various services/programs designed by SMBA like managing field surveys, providing consultancy services, helping in getting funds and promoting new start-ups. They also gather information related to various SMEs throughout the country and report the collected information to SMBA for analysis and ensuring the supporting policies. Since 2017, SMBA was extended and named as the Ministry of SMEs and Startups (MSS) which serves in area of policies for start-ups, micro enterprise, technology innovation, traditional market and globalization of SMEs (“About MSS - Ministry of SMEs and Startups,” n.d.).

### **Turkey:**

In Turkey, the concept of SMEs supporting agencies was initiated from the Small Industry Development Center (KUSGEM), which was a pilot project in Gaziantep (One of Turkey’s province). It was founded in 1965 as a preliminary mutual project with United Nation Development Program (UNDP) and Turkey’s Government, and then its main center was created in 1970 (KOSGEB STRATEGIC PLAN, n.d.). At the initial stage, this project was aimed to support the progress and transformation of small businesses in Gaziantep. In its second and final phase, after getting the experience from pilot project in Gaziantep, its central organization was established in Ankara and few other provincial offices were also established in order to serve small industries by providing them additional services. For small industries they provided trainings and extension services in all fields of banking and finance, book keeping and accounting, marketing, subcontracting, partnership and mergers, prepared feasibility reports, help in production management, choosing the suitable tools and machinery, plant design, display of products, regulating quality and standards etc. It rendered all these services till 1979. The National Small Industry Development Organization (SIDO) was also established at Ankara after the pilot project in Gaziantep which aimed to provide nationwide services. It provided different services like to stimulate the development of small businesses and handicraft sector of Turkey, to provide guidance related to financing matters, supply of raw material, quality control and regulation etc. (establishment of small-scale industries and industrial estate, n.d.). Another organization public consulting organization namely Small Industry Development Organization General Directorate (KUSGET) was established in 1978. It aimed to offer technical support to small businesses. It put efforts in new administrative principles for the enterprises, spread awareness about global standards, increase technological production and employment capability.

It also attempted to provide services to build up the technical infrastructure with the aim to provide up-to date management skills (*KOSGEB\_STRATEGIC\_PLAN\_(2016-2020).pdf*, n.d.). In 1990, Small Business Administration of Turkey (KOSGEB) was established under the Ministry of Commerce and Trade. It's a non-profit and semi-autonomous body which is responsible for the development of SMEs in Turkey. It's concept was taken from KUSGEM and KUSGET (Reisman, Capar, & Aktas, 2004). Until 2009, its objective was to provide support and services only for production related businesses. But due to increase in value added production and creating employment potential from other sectors rather than production sector and receiving lots of request from other sectors, KOSGEB realized that it should increase its target population. So after amendment in the KOSGEB establishment law, they started to support all kinds of SMEs rather than just supporting the production industry. Currently, it is responsible for providing different services to support small businesses and entrepreneurs. These services include entrepreneurship trainings, business incubation centers, start-ups capital and suitable financing mechanisms to support SMEs. Furthermore its services also included development of technological skills, giving trainings and improving their information level and managerial infrastructure (*ciimem1\_3rd\_KOSGEB*, n.d.).

### **India:**

In India, the concept of supporting the small and medium business agency began from the Small-Scale Industries Board (SSI Board) which was formed in 1954 to simplify the direction and inter-institutional links for developing the small scale industry. It was the main advisory body which rendered its services to government on all problems related to SSI sector. The Board worked in area of policies and programs, industries development in specific region, quality improvement, subsidiary development, loan facilities and taxation (*Lecture-41.pdf*, n.d.). At the same time in 1954, the Small Industries Development Organization (SIDO) was established. It was the first SMEs development agency in India which served as secretariat for the SSI Board. For small industry, it provided services throughout the state by executing the Board programs of services and activities. Its services included development of entrepreneurship, testing centers, toll rooms, extension services, policy development, consultancy and research and development services. Its other services included training for executives and managers to enhance their understanding and skills, trainings on quality control testing, and manpower development, conducting market research, creating links between small and large firms, help in getting finance and provided consultancy common facility center to SMEs (*sido-100220063605-phpapp02*, n.d.). Then in 1955, National Small Industries Corporation Ltd. (NSIC) was established by Government of India. Its main objective is to stimulate, support and increase the SSI growth in the state. It has proved its power in national and international level by stimulating modernization, promoting technology, establishing the relations with large and medium businesses and increasing the exports. Its services include financing assistance, provide assistance in acquiring the machinery, equipment and raw materials (Ilahi, 2014). Later in 1982, another organization was established by Government of India, named as National Science and Technology Entrepreneurship Development Board (NSTEDB). Its objective is to encourage the knowledge-

driven and technology-intensive businesses, providing informational services to encourage entrepreneurship. After this in 1983, National Institute for Entrepreneurship and Small Business Development (NIESBUD) was established by Ministry of Industries. It is a self-regulatory body under the control of SSI administration. It aimed to coordinate the activities of different agencies particularly involved in entrepreneurship development in small business sector. It provides training programs on national and international level and also conducts research studies. It also provides consultancy services and helps in training and development of entrepreneurs (Ilahi, 2014).

### **Singapore:**

In Singapore, Economic Development Board was established in 1961 with the aim of promoting the industrialization and economic development. It was responsible for the investment promotion and continuous economic development in Singapore. It supported and facilitated the local and overseas investors in production and services sector to improve and increase new venture opportunities, especially in knowledge intensive, capital intensive and innovation intensive activities. It initiated different policies, programs and schemes to attract the individual investors and starts-ups. In 1963, one of its industrial units was established to promote quality perception among local producers and to serve as technical and consultancy organization. In 1969 the industrial unit was named as Singapore Institute of Standard and Industrial Research (SISIR) (Singapore Local Economic Development Board, n.d.). It covered six sectors that checked the quality, standards and developments in the area of material science, electrical engineering and tool system, civil/mechanical engineering, chemical technology and food system. The main purpose of these sectors was to assist the local producers to produce the good quality products. In 1973, the Standard & Industrial Research Bill was presented, which allowed SISIR to perform its tasks more effectively and serve its role in promoting the continuous growth of local and export businesses by different quality schemes. In the same year, SISIR became a self-governing Board and carried on to grow and meet the needs of business sector (SISIR - Singapore, 2018). On the other hand in 1972, The National Productivity Board (NPB) was formed under the Ministry of Labor. Its objective was to promote productivity, help companies in increasing productivity by giving training to management team and supervisors, arrange training facilities, create wage policies, raise good industrial relations, conduct research, and give information related to productivity and wages through providing resource library (National Productivity Board - Singapore, n.d.). In 1996, both NPB and SISIR merged and formed the Singapore Productivity & Standard Board (PSB). This merger was aimed to combine the skills of both organizations together. PSB had a division which was responsible to give assistance to SMEs and had an incentive division that worked in financial programs for SMEs. Later on, PSB was retitled as SPRING Singapore and moved to the innovation driven economy. It also initiated the SME First Stop Center, to provide the assistance to the SMEs (SME-Development-in-Singapore, n.d.). Another organization, named as International Enterprise Singapore was established in 1983, under the Ministry of Trade & Industry to facilitate the foreign growth of Singapore Companies and stimulate international businesses. It also provided the international hub for businesses to



promote the state's products (Ie Singapore, n.d.). On April, 2018 these two organizations i.e., SPRING Singapore and International Enterprise Singapore came together and formed the new single organization named as Enterprise Singapore. Enterprise Singapore is a Govt. organization which is established to support the enterprise development. It works for companies to build abilities and innovation. It supports the development of Singapore by working as a hub for start-ups and international business. It also provides financial and non-financial assistance. In financial assistance, they provide help in grants, loans, insurance, tax incentives, and investment for start-ups, local companies and for partners. In non-financial assistance they provide help to start-ups, provide business toolkit, free trade agreement, skill development program for students as well as for companies (Enterprise Singapore, 2018).

In Singapore, there is another organization i.e., Association of Small and Medium Enterprises (ASME) working for SMEs. It was established in 1986, as a non-profit organization to help the entrepreneurs. It provides the wide range of services and programs for SMEs. With the businessmen and the business idea in their mind, ASME plays essential role in producing a strong business ecosystem which is favourable for the success of SMEs. ASME works as the bridge between public and private sectors to stimulate a more favourable business environment to facilitate the start-ups, growth and enhancement of large group of SMEs (Association of Small and Medium Enterprises, 2017).

### **Tanzania:**

In 1966 the National Small Industries Corporation (NSIC) was established under the National Development Corporation (NDC), which was the first attempt to promote the small industrial sector in Tanzania. It sets small industrial groups aiming to provide training with productive workshops. Afterwards, in 1973 the Small Industrial Development Organization (SIDO) was established under the act of parliament to design, organize, stimulate and suggest all kind of services for small businesses in Tanzania (Kadete, 2014). Its responsibilities include stimulating technological development, allocating and providing mechanical services, spreading information related to business and marketing, providing work places and helping in financial services. It is the key part of government for stimulating the SMEs in their country (sme.policy, 2002). The overall objective for development of SIDO is to help in eliminating the poverty. Thus helping in the development of economic growth through endowment/provision of services will increase the demand and also generate employment and produce income for the users of these services (Small Industries Development Organisation - SIDO, n.d.). SIDO extended its services and now providing consultancy and training in all fields, technological know-how, and transfer of technology. From time to time it conducts multi skills training programs, conducts surveys, market research for the improvement of product's quality, participate in different programs like local and worldwide trade fairs, help the small businesses in selecting and acquiring the raw material and machinery and also support the women entrepreneurship. It also helps the handicraft sector by its subsidiary known as HANDICO (Tanzania Handicraft Marketing Corporation), which provides support in buying and selling of handicrafts at local and global level (Bridge to

Small Enterprises Development in Tanzania, n.d.). Common facility (CCFs) and Common facility workshop are aimed to give industrial services to industries units. SIDO also supports micro projects and assists the individuals and supportive groups. With collaboration of other stakeholders, SIDO supports the SMEs association formation to authorize the private sector. These associations include Tanzania Food Processors Association (TAFOPA), VikundiVyaBiasharaNdogo (VIBINDO) and Tanzania Small Industries Organization (TASISO). These associations are helpful in addressing the problems related to market accessibility, advocacy, raw material, packaging, information and micro loan services (sme.policy,2002).

### **Malaysia:**

The idea of SMEs supportive agency in Malaysia was started in 1996 when Small and Medium Industries Development Corporation (SMIDEC) was established. It was formed under the Ministry of International Trade and Industry (MITI) with the aim of development and stimulation of SMEs by providing different facilities in order to develop the skills of Malaysians to make them competitive in the overall market (MASSA, 2013). In 2004 National SME Development Council (NSDC) was established as a policy making organization for the development of overall SME sector in the country. This council was aimed to device strategies for the development of SMEs in all sectors, promote partnership with private sectors, organize the tasks with associated ministry, and also ensure the effective execution of all SMEs development programs in the country. Its initiatives include advisory services, access to finance, reforms in financial services, help in training, marketing management, and development of complete SMEs database to check the performance of SMEs across all sectors (SME Corporation Malaysia ,n.d.). In 2007, NSDC decided to transfer its responsibilities of devising the overall strategies and policies for SMEs and managing all programs with their respected ministries and agencies to SMIDEC. Later in 2009, SMIDEC was officially transformed into SME Corporation Malaysia (i.e. SME Corp. Malaysia). Now SME Corp. Malaysia works as a center for SMEs and entrepreneurs to attain knowledge. It also provides them important information on business start-up and other various aspects of business (SME Hub, 2018).It provides different services and works in different programs like financing scheme, loan scheme, emergency funds, capacity building program, internship programs, SME monitoring programs, SME advisory programs, entrepreneurship programs, advisory services, market access, women entrepreneurship program , brand development program and other programs to help and support SMEs in the country (SME Corporation Malaysia, n.d.). It also provides business guides for start-ups and for existing businesses to help them at every stage of their business. It provides a platform for small businesses and entrepreneurs to obtain knowledge, acquire the best business practices, and also get important information for the start-ups, financial sources, market know-how and many other aspects of businesses (SME Hub, 2018).

### **Sri Lanka:**

After independence of Sri Lanka, government initiated many agencies, launched various programs and established many institutes to support SME sector. Those institutions were

established to boost the SME sector of Sri Lanka. One of such institutions was established in 1955 namely Ceylon Institute of Scientific & Industrial Research (CISIR) in order to provide the technological needs of cottage and small size of industries in the area of food processing, preserving, chemical products, wood and wood related products, paper and paper related products (Gamage, 2003). Later in 1963, Sri Lanka Chamber of Small and Medium Industries (SLCSMI) was established as an autonomous, non-profit & non-political volunteer body to offer different services related to entrepreneurship and SMEs. Its services include loaning facility for start-ups, assistance in trade fairs, trade license, imports/exports, and ISO certifications. It also provides counselling and trainings for effective development of SMEs in business sector ( Sri Lanka Chamber of Small & Medium Industries, 2016). It also works with the local and international organizations, as well as for government consultants for the support of international businesses for the initiatives in the micro, small and medium organizations (SLCSMI opens applications for Industrial Excellence Awards 2016, 2016). It has also received the “Industrial Excellence Award” for its contributions and achievements for the prosperity of Sri Lankan economy (SLCSMI opens applications for Industrial Excellence Awards,2016). In 1969, the Industrial Board was established with the aim of encouraging, developing and promoting SME sector of Sri Lanka. Over the years, it provided technological services, financial facilities, marketing facilities and conducted different trainings for entrepreneurship and small scale businesses (Gamage, 2003). Under the Act No.17 of 2006, the National Enterprise Development Authority (NEDA) was founded which works under the Ministry of Industries & Commerce. It aims to support, encourage and develop the SME sector of Sri Lanka. Its services include financial facilities by opting different credit schemes, marketing facilities, establishing market linkages with recognized firms, works in Research and Development, provide training for entrepreneurship development, business planning, technical training, business management accounting and book keeping (NEDA, 2018). It also works for development of women entrepreneurship and provides guideline to get funding. It also organizes Entrepreneur Award Ceremonies on national and regional level with the aim of identifying and motivating those enterprises which have contributed to the economic development of country (NEDA, 2018).

### **Pakistan:**

Small and Medium Enterprises Development Authority (SMEDA) is the SMEs supportive agency in Pakistan. It is an autonomous organization which is providing support to SME sector in Pakistan. (Ministry of Industries and Production (Pakistan), 2014). It was established in 1998 and works under the Ministry of Industries and Production to empower and encourage the improvement and development of SMEs (Khan & Khaliq, 2014). It is an SME policy-advisory body and offers business development services to SMEs and encourages other investors to work for SME sector (SMEDA, n.d).

SMEDA is the leading organization of the country which is giving the essential administrations to enable SMEs to beat the shortcomings that are endogenous to their extremely nature

(Entrepreneurship, 2012) . It is a self-governing body which is contributing towards the development and advancement of SMEs in Pakistan through:

- (i) The creation of a conducive and enabling regulatory environment.
- (ii) Development of industrial clusters.
- (iii) The provision of Business Development Services to SMEs in all areas of business management. (Abbas, 2006)

SMEDA focuses on offering a supportive environment by providing different kinds of services to SMEs. So as to facilitate SMEs with these services, SMEDA established its four provisional offices in every one of the four regions–Sindh, Punjab, Khyber Pakhtunkhwa and Balochistan. These provincial offices have been offered self-rule to create relationship with the nearby councils of trade and build up a consistent discourse with SMEs to address local issues which require limited arrangements (Abbas, 2006). SMEDA has done provincial investigations on business potential in every one of these regions, particularly in remote territories of the KPK where the diamonds and marble industry has been ignored. Preparing of SMEs has been going on construct ability to create promoting plans and enhance the quality and innovation of items.

## **Research Methodology**

This study is exploratory in nature and investigated the role of SMEDA in development of entrepreneurship in Balochistan. Additionally, it also identified the problems faced by SMEDA in encouraging entrepreneurial activities in Balochistan. For the purpose of data collection, the researcher used semi-structured interviews and secondary data. The researcher interviewed five key staff members who are working on different managerial positions in SMEDA (Quetta). The researcher transcribed the interviews verbatim and used thematic analysis to generate themes to answer the research questions raised in this study. Furthermore, the researcher used secondary data which included SMEDA Annual reports, SME Baseline survey, SME Sector (Genesis, Challenges & Prospects), SME Policy 2007, SME Observer, SME Development report and Balochistan Sector Development Studies.

## **Discussion**

The participants identified the following key sectors in Balochistan for potential investment. These are the sectors where SMEDA is encouraging entrepreneurial activities by providing potential entrepreneurs information about investment opportunities. These sectors are also mentioned on SMEDA (Balochistan) regional webpage.

- Agriculture
- Live Stock
- Fisheries
- Minerals
- Horticulture
- Floriculture
- Tourism
- Handicraft
- Trade and other services

The following excerpt taken from one of the interviews of participants who highlighted the key sectors in Balochistan with entrepreneurial opportunities:

Like in Balochistan region, the SMEDA encourage people to start businesses in the Mineral sector, Gems and Jewellery sector, I already told you Livestock and Agriculture, and Fisheries sector. These are our main areas. (Participant 3)

For promoting entrepreneurship, SMEDA (Balochistan) provides different Business Development Services (BDS) to its clients through its helpdesks. It's over the counter products and services include prefeasibility studies, business plans and commercial contract template for walk-in clients free of cost.

.....we prepare prefeasibility [studies] for the potential entrepreneurs. So anybody who is looking for any business idea what we basically do is that we survey the market, we look through the trends. And If we find that there are some trends or there are some other markets that are ...unsaturated and untapped that can give some good profits to the entrepreneurs. We prepare prefeasibility studies on them. Then there are business planes that we make which are customized. In which the entrepreneurs...come and ask us to give them whole financial as well as technical plan of how they should conduct a certain business.... (Participant 2)

Furthermore, being an SME promoting agency, SMEDA also offers range of trainings, seminars and workshops as per requirements of entrepreneurs and SMEs. For instance, SMEDA (Balochistan) organized three training programs on Fish Value Chain at Gawadar in collaboration with Fisheries Department, Govt. of Balochistan. The focus of most of these programs is on entrepreneurship development, technical up-gradation, legal issues management and agriculture. Following are the quotes taken from the participants' transcripts regarding training/seminars:

Like we arrange seminars, workshops and different kind of program in universities to encourage them to start their businesses... (Participant 1)

...our services include trainings etc., so through trainings we also try to create awareness about entrepreneurship.... (Participant 3)

According to managerial staff of SMEDA and its reports, SMEDA does not offer any financial assistance for new start-ups, but it helps entrepreneurs in accessing finance and in making investment. It facilitates entrepreneurs through commercial banks or through other mechanisms like grants provided by other organizations for establishment of business. It also regularly organizes focus group discussions of SME bodies with State Bank of Pakistan (SBP) to enable commercial banks to provide suitable financial instruments to entrepreneurs / SMEs.

...we prepare prefeasibility [reports] for them and we develop their linkages with Banks and prepare business plans for them and provide them training services.... (Participant 3)

...We have established a Helpdesk for Prime Minister Youth Business Loan (PMYB), in which we provided all the services to them. We filled their forms, provided them the support.....We guided them and prepared the documents for them. We helped them in negotiation with Banks. We also

have talks with Banks about the issues they are facing; we also talk to State bank of Pakistan about such issues..... (Participant 4)

....State bank of Pakistan, SMEDA and SECP, they all are working together to bring new opportunities for SMEs... So we have few focus groups i.e., SME focus group. These focus groups are organized by the State bank of Pakistan. SMEDA is involved in all these SMEs focus groups and we have quarterly meetings. And in those quarterly meetings, commercial banks, SMEDA and State bank are involved (Participant 5)

Since 2006, SMEDA has also been involved in implementing business infrastructure projects across Pakistan funded by Public Sector Development Program (PSDP). SMEDA has implemented Common Facility Center (CFC) model for development of entrepreneurship through PSDP in Balochistan as well. It has successfully implemented three PSDP projects in Balochistan and handed them over to different organizations. These projects include Micro Irrigation System, Chromites Beneficiation Plant and Women Business Incubation Centre. Couple of the participants described SMEDA's CFC i.e. Chromites Beneficiation Plant and Micro Irrigation System funded by PSDP as follows:

....We developed PSDP projects and gave it to Govt. [For example, regarding Chromites Beneficiation Plant we suggested to Govt. that the Govt. should install the extraction plant and) whoever wanted to extract they would pay to Govt. a specific fee and by this the extraction plant could be run. This Chromites extraction business was very successful....This is [also] called Common Facility Center (CFC)..... (Participant 2)

The biggest issue which is going on in our province is water shortage. For this, in 2009 we had a project in name of Trickle (Drip) Irrigation. We introduced that system in which water is given (to crops) by pipe through trickle irrigation. We have installed the system for twelve (12) farmers and also provided them other equipment free of cost in five (5) districts of Balochistan. This project was also funded by PSDP... (Participant 2 and 3)

There is Legal Services Cell (LSC) of SMEDA which facilitates entrepreneurs / SMEs by disseminating them information about laws and regulatory environment. It carries out Helpdesks at chambers and different SME body offices to prepare over the counter documentation on legal procedures. It not only organizes Helpdesks but also bring up the issues faced by entrepreneurs / SMEs to Securities Exchange Commission Pakistan (SECP) to abolish such issues in legal procedural matters. Moreover, SMEDA also organizes trainings on Web Based One Customs (WeBOC). WeBOC is an application launched by Federal Board of Revenue (FBR). It is a request processing system for filing Goods Declarations (GDs) and online clearance of imports / exports. It is mandatory platform for clearance of import and export documents therefore very important for importers, exporters and clearing agents to make them self-sufficient in successfully managing their import and export related issues through this standard platform. This system facilitates them to track exact position of their goods and articles during Customs Clearance. Considering the necessity of this application for all businesses, SMEDA regularly plans training program on WeBOC for importers and exporters to make their business cost effective by minimizing dependency on clearing agents.

The following quote illustrates the legal services provided by SMEDA:

...Well regarding services, we have financial services, legal services; services related to HR, training...we have financial and regulatory services. .... In legal cell... it addresses matters related to registration, company incorporation, income tax, sales tax, WeBOC (Web Based One Customs) training, documentation of import and export and e-filing. We also provide services of filling the documents of CP and returns etc.... (Participant 4)

Regarding linkages with higher education institutions, SMEDA has signed Memorandum of Understandings (MoUs) with some public sector universities of Balochistan with the aim of promoting entrepreneurship among youth and to facilitate incubation centers of those universities as explained by one of the participants. It also organizes entrepreneurship seminars and workshops in universities with motto of 'Instead of Job Seekers, Students Should be Job Creators'. Such seminars and workshops are also organized in technical education institutes covering various aspects of entrepreneurship.

Besides, SMEDA also provides financial and technical support for organizing Business Plan Competitions at all universities of Balochistan. Recently, SMEDA has been a main donor and provided technical support for Annual Business Plan Competition organized at University of Turbat.

...We have signed up MOUs with....all the universities of Balochistan. In these MOUs there are our terms and conditions. Under those terms and conditions, they can ask us for financial help for conducting any sort of Business Plan Competitions... [Further], in their incubation centers if they need any kind of technical or hand-holding services so ..... SMEDA will directly deal with [such] issues be it technical or hand-holding... (Participant 2)

.... In Turbat.... Kech Entrepreneurs Challenge was sponsored by SMEDA. It was the good initiative in a sense that many students were participated in it..... (Participant 1)

It is evident from the interview transcripts of managerial staff of SMEDA (Balochistan) that there are several problems faced by the SMEDA in developing entrepreneurial activities in Balochistan. Some of the major problems reported by the respondents include access to finance, lack of entrepreneurial mindset, security issues of the province, legal and political issues and technical knowhow.

...You know it's a mindset basically. Our students' mindset is like they think only about job.....[Further] for them business needs money and if somebody is interested to do business but if he or she doesn't have money so then he or she cannot start the business. By this access to finance is one of the biggest difficulties..... Besides that, the technical know-how is another issue. Basically, like if I start any processing business so I have to hire technical people, so those people can run my business or run the processing machines. Our people don't have such skills. We need to develop those skills, which are important for running the machines..... (Participant 5)

Some of the above-mentioned problems were attempted to be resolved through following measures:

- SBP has taken several steps to address the access to finance issue of SMEs;
- SMEDA is organizing several training programs around Balochistan to spread awareness about entrepreneurship and changed the mindset of people;
- Through Business Plan Competitions in universities, youth are encouraged toward entrepreneurship;
- SMEDA also proposed to provide financial help to new start-ups;

Frequent meetings are held with SECP and FBR to address the regulatory/legal issues.

...So right now, we are in the phase in which we are working just on awareness. We believe that we have to change the mindset and even now we are in the first phase of changing the mindset; in which we have to tell the people that the entrepreneurship exists. This is also one of the modes of getting a good amount of money or income, making a living out of it. Entrepreneurship is something that you can make living out of it. So, we are in the first stage in which we from time to time conduct boot camps or awareness sessions..... (Participant 2)

...One of our strategies is that we have sent a proposal for our offices that our strength or outreach should be increased; so, whenever it gets approved, it will definitely resolve one of our major issues and it will be a great work for SME sector. By this, the SMEDA will work at divisional level with three to four people or with five to six people then they can make the movement easily and this will increase the facilitation. Secondly, I talked about financing; we have submitted a project to the Govt. of Pakistan. In that project, what we do is that we will provide financial help to start-ups .... (Participant 3)

## **Conclusion:**

The paper investigated the role of Small and Medium Enterprise Development Authority (SMEDA) in development of entrepreneurial activities in Balochistan by interviewing managerial staff of SMEDA and using secondary sources of information published by SMEDA. It has been found that SMEDA is mainly focusing in nine key sectors namely agriculture, livestock, fisheries, minerals, horticulture, floriculture, tourism, handicraft and trade & other services. For encouraging entrepreneurship in Balochistan, it provides different Business Development Services to its clients through helpdesks. Such services include preparing prefeasibility studies based on current market trends, developing business plans and commercial contract template for walk-in clients without any charges. Furthermore, being an SME promoting agency, it offers range of trainings, seminars and workshops as per requirements of entrepreneurs and SMEs. The focus of these programs is mainly on technical up-gradation, and addressing legal issues etc. For the purpose of developing the entrepreneurial mindset, SMEDA also organizes seminars/workshops in all universities of Balochistan. In addition, it also provides financial and technical support for organizing Business Plan Competitions at all universities. However, it does not offer any financial assistance for new start-ups. It does facilitate entrepreneurs in accessing finance from commercial banks.



While taking different initiatives and providing various support services, SMEDA also faces several problems in developing entrepreneurial activities in Balochistan. Some of the major problems reported by the respondents include access to finance, lack of entrepreneurial mindset, security issues of the province, legal and political issues and technical knowhow. To address these problems, SMEDA is also taking several steps. For example, it frequently has meeting with SBP to address access to finance issue. It organizes awareness sessions to change the mindset of people.

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