

REVIEW OF HOME-BASED COTTAGE INDUSTRIES WITH THE FOCUS TO BALOCHISTAN, PAKISTAN

Shams Wazir¹ & Dr. Mumtaz A. Baloch²

ABSTRACT

This paper is based secondary data collection such as, government reports, different website articles, journals and census reports with concepts and factors that impact on home-based cottage industries development in general in developing countries and with special focus on Quetta Balochistan, Pakistan. There was a great impact of cottage industries in the study area; therefore, there is needed to provide the required facilities to women entrepreneurs such as, required loan, skillful workers, marketing facilities, modern technologies, electric facilities, with suitable work place to ensure the entrepreneurs the cottage industry workers' participation in problem solving. Role of women entrepreneurs are very important in cottage industries but without proper marketing and value chain there work is not effective, it need to improve the access of entrepreneurs in local, national and international markets. Rules/laws for labour, in cottage industries need to be effectively implemented. Supply of materials and trade policy need to be affordable for women entrepreneurs.

Keywords: *Poverty Alleviation; Cottage Industries; Balochistan; Pakistan.*

INTRODUCTION

When the state of Pakistan first came into existence, the development of small and medium enterprises (SMEs) was the state's first objective under the government's plan to establish a successful country. However, when the government changed, the broad macro policy regime became increasingly biased against SME development in many ways. Public sector investors, trade policies and taxation policies were all against the development of SMEs

¹ PhD scholar, Social Work, Balochistan Study Center, University of Balochistan, Quetta.

² Associate Professor (MS and PhD. AIT, Thailand), Chairperson, Department of Social Work, University of Balochistan, Quetta, Balochistan.

(European Journal of Business and Management, 2014). According to global labour force rankings, Pakistan has the world's 9th largest labour force, with 54.92 million in the year 2009-10. Compared with previous years, 1.02 million more people have been added to the labour force. Of these, 53% were males and 47% were females. The unemployment rate is increasing marginally year on year, at 5.6% in 2009-10 compared to 5.5% in 2008-09 (Pakistan Journal of Social Sciences, 2011). According to the refined activity rate (RAR), males accounted for 68.8% of the labour force in Pakistan while females accounted for 31.2% in the year 2009-10. In the same year, the rural female participation was 27.6% while the urban female participation rate was 10.3% (Pakistan Journal of Social Sciences, 2011).

The growth rate of the population in Pakistan is very high among South Asian countries, although the government is trying its best to tackle this issue. The productive age group of Pakistan's labour force is 48% aged 15-49 and 56% aged 15-64. Overall the labour force is almost 100% male in some age groups, while the female labour force is still lower than 30% in some age groups. These same trends were echoed in Balochistan, where the total male and female unemployed labour force was 2.9% in 2010-11 and then 4.0% 2012-13. The Government of Pakistan has given high priority to skill development, especially for the youth of all provinces including Balochistan. It can be stated that cottage industry training is also a part of this skill development training (www.finance.gov.pk/survey/chapters_14/12_Population.pdf).

In Pakistan, most of the SMEs have been established in rural areas of the country such as in the rural parts of Punjab, Sindh, Balochistan and KPK. To facilitate the development of small and cottage industries (SCIs), it is necessary to provide them with the required equipment and infrastructures. In Bangladesh, the involvement of women entrepreneurs in SCI is increasing day by day, which is good news for cottage industry workers (European Journal of Business and Management, 2014). SCIs are a great source of income especially for those families who are poor or have a low income. In many countries of the world, people cannot fulfil their needs; therefore, small industries are a good income-generating scheme all over the world but especially in low income and technologically underdeveloped countries such as Pakistan. In Balochistan, women are traditionally not encouraged to work outside of their home. Therefore, cottage or small-scale industries like candle making, jewellery making, carpet weaving, and clothes designing are means

of generating revenue that can be established at home and allow women to be gainfully active in the labour force in this sector (European Journal of Business and Management, 2014).

RESEARCH METHODOLOGY

This research paper is based on method of secondary data collection which is based on a review of related literature, government reports, different website articles, journals and census reports.

FACTORS INFLUENCING THE GROWTH OF COTTAGE INDUSTRIE

In some countries, cottage industries are growing because of the support they receive from the governments of those countries, such as in China, India and Bangladesh (Bhattacharyya, 2014; Abdin, 2014). In developing countries, cottage industries make almost an 80% contribution to the economic development of the nation (Aslam, 2013). Around the world, the contribution of cottage industries and SMEs to the economic development of the nations in which they are located varies from 60% to 90% (Abe, Troilo, Juneja and Narain, 2012). The factors affecting the contribution levels of cottage industries have been identified from a variety of studies (Fernhaber, et al., 2007). These factors include international and domestic competitiveness (Evangelista, 2005), the stage of the industry's evolution (Fernhaber et al., 2007), the size of the domestic market (Johnson, 2004), and the homogeneity of international markets (Thai and Chong, 2008). In addition to their life cycles being a central factor of cottage industries, some other major factors are identified below.

Social factors

Basically, when entrepreneurial activities are applied as a social factor, they are very effective at improving the social living standard of the people in developing countries, especially those whose earning level is on a micro basis. It should be emphasised that the activities, skills, and productions of entrepreneurs make a great contribution to the social living standards of developing countries (Ghalib, Malki, and Imai, 2011). In terms of social life, it can be stated that entrepreneurial activities are self-achievements, and at the same time, they can be considered as the main means of earning a living and

contributing to the economy of the developing countries (D' Este, Mahdi, Neely, and Rentocchini, 2012). According to a survey conducted by Khurshida and Begum (1992), there are 31 types of businesses which are socially attractive for women entrepreneurs. These include handicrafts, boutiques, beauty parlours, tailoring, embroidery, flower plantations, plant nurseries, food processing, printing, knitting, shop keeping, sewing and cooking training centres. In our social life, the world of arts and crafts is as valuable as the worlds of science, philosophy or ethics. Like art, crafts also reflect the state of human society through the individual. Craft treasures, like arts, give us a glimpse into the core and kernel of the collective mind and societies through the mirror of the individual mind that created them (T. M. Abraham, 1964).

Cultural factors

The support of family members has great meaning in the life of women entrepreneurs. In this study, it was observed that ladies who have the support of their family members are the best and most successful entrepreneurs (Mali DD, 2004). A female's family structure has a deep effect on her behaviour and her social ties, in both developed and developing countries. Embedding is essential for women entrepreneurs because different cultural systems produce different cultural and policy outcomes (Star and Yudkin, 1996). Women entrepreneurs not being able to participate in daily waged employment in rural areas is not only due to statistical issues but also due to cultural biases (Samina, I, and Manzoor, A, I, 2012). Women should be culturally independent in order to start new jobs with their own creativity, capacity and individuality (Louis, V, 1982). Pakistani society is still today an underdeveloped society because of this thinking that women are only to be mothers and they must stay at home. The same thinking has restricted women from getting an education or having access to different training opportunities and social and cultural activities. Such gender biases have restricted women's contributions on economic and social grounds (Goheer, 2003).

Economic factors

In the first stage, cottage industries face the problem of a lack of access to capital and financial markets at the time when they are in the most dire need of financial backing. After their businesses mature, the owners of the cottage

industries may find it easier to get a loan from other institutions or banks, but the main problem is that the cottage industry owners need the financing before their business reaches that stage (Janda and Zetek, 2014). The owners of cottage industries and small businesses tend to finance their businesses with their own savings without any other short-term financing from any other institution (Riaz, Muhammad, Ashraf, and Zafar, 2012). Comparatively, cottage industries have a shorter life than medium or large enterprises (Degryse, Goeij, and Kappert, 2012). Small and the large businesses are subject to the same factors determining their failure or success but the difference is that the large businesses have a better capacity to bear shocks compared to cottage industries. To increase their productivity, the owners of cottage industries should hire skilled labour and utilise the latest technologies and equipment, but unfortunately, it is difficult for the owners to do so because of their financial constraints (Bhattacharyya, 2014).

Institutional factors

The governments in most developing countries, such as in Nigeria, Nepal, Bangladesh and Pakistan, do not pay sufficient attention to the economic growth of their countries. One reason for this is that they are not aware of the abilities of their own citizens in different fields such as technological inventions (Anamekwe, 2001). In such an environment, small enterprises face many problems. They tend to be unsystematic and not organised well in terms of production procedures and processes. A lack of institutional investment in assets and labour also makes these units weaker. It is because of the lack of attention and financial support from the government that many of these micro enterprises are dying (Aduwifa, 1990; Hanshom, 1992; and McCormick, 1998). Small industries always support the nation on the road towards economic recovery. Studies show that small industries provide greater opportunities for work per unit and they promote indigenous entrepreneurship as well as aiding in the development of local inventions (Nils-Henrik and Morck, 1995).

The World Bank describes poverty as a lack of access to food, shelter, medical care, education, and employment, but above all, it is a curse that slows down or prevents both social and economic development (ILO, 2003). One way to overcome poverty is to encourage more people to work, especially by supporting the growth of cottage industries. In developing countries, cottage

industries make an almost 80 percent contribution to the economic development of the nation. The role of cottage industries in the value chain is to transform resources in order to provide services or products that meet the needs of a particular market. The products made in cottage industries vary from country to country but typically involve some kind of handicraft. Whatever they produce, the economic benefits of cottage industries are always very similar. As the 6th most populous country in the world, with the 9th largest labour force, Pakistan has always seen SMEs as playing a vital role in the country's development. In addition to providing a great source of income for the country's poor, these small-scale industries support the growth of the total economy at both the regional and national level.

The industrial sector in Pakistan has traditionally been diversified. Although more cottage industries are beginning to appear in urban areas, they are still mostly located in rural areas of the country, such as Balochistan. The rural cottage industries have great value due to providing employment for poor but skilled workers from rural areas who may not have other opportunities to work, especially for women. In addition, the skills required to work in cottage industries can not only earn respect for women in rural areas, but can also make them more active and responsible citizens of society at the global value chain level. The household activities and participation in market activities of rural Pakistani women have a great effect on the economic development of the country's economy (European Journal of Business and Management, 2014).

CONCLUSION

The increased availability of the necessary facilities and new technologies now make it easier, safer and more convenient for people to work in cottage industries. However, the number of cottage industry workers is in decline due to a lack of investment, the use of traditional techniques which depend on family labour, and a lack of reliable contacts with international markets. Most cottage industries are family-run affairs, employing mostly family members and working from home. These small-scale industries have all the industrial units of larger firms but with a capital investment of not more than Rs.5 lacks (five hundred thousand rupees) (Sivayya, 2001). The small size of cottage industries presents them with a number of problems. The many obstacles to the development of cottage industries include social, cultural, institutional, motivational, skill, and women empowerment factors. In developing countries

in particular, the problems faced by cottage industries includes shortages in suitable places to work, infrastructural support, resources, and finance. According to the present developed world, cottage industries have many requirements, such as finance, modern technologies, a skilful workforce, advanced management, good marketing, suitable taxation, and the timely supply of materials. At the same time, however, cottage industries face many problems too, such as a lack of suitable laws for workers in their industries, a lack of suitable trade policy, economic problems, and environmental issues, among others.

RECOMMENDATIONS

It is very important that women entrepreneurship programmes be developed or supported by the government. The government needs to make the system of acquiring bank loans easier for entrepreneurs and the same system must be applied to other financial institutions. Supportive institutions which provide female entrepreneurs with assistance and guidance when required are required, too. There also needs to be a system of monitoring and evaluation for cottage industries by which it would become clear to measure how much progress has been made by each female entrepreneur-owned cottage industry. Unfortunately, however, it can be stated that in many developing countries of Asia, including Pakistan (Balochistan), there are no specialised entrepreneurship centres where female entrepreneurs can access essential training related to entrepreneurship. According to the social structure of Balochistan, hard work and effective planning are required to promote, motivate and empower female entrepreneurs to develop a sustainable infrastructure of businesses and cottage industries. The government needs to work on this side. Women in Balochistan are very hard working and full of entrepreneurial potential. However, because most of them are living in high poverty levels, they need more support and guidelines to continue their work. In Balochistan, and especially in Quetta City, women entrepreneurs do not have real access to marketing themselves; they can only sell their products in seminars, workshops and exhibitions which are arranged by different organisations or NGOs. In this system, they are just earners and not business experts. Therefore, the government and other business-related institutions must provide them with support for doing business by themselves at local, national and international levels.

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