

**Perceptions of Local Residents about Expected Contribution  
of Entrepreneurship in Special Economic Zone under CPEC:  
A Case Study of the Rashakai Economic Zone (Nowshera),  
Khyber Pakhtunkhwa**

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## CERTIFICATE

This is to certify that this thesis entitled: **“Perceptions of local residents about expected contribution of entrepreneurship in special economic zone under CPEC: A case study of Rashakai economic zone (Nowshera), KP”** submitted by Mr. Taimoor Khan is accepted in its present form by the Department of Business Studies, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree of **Master of Philosophy in Business Economics**.

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## **Dedication**

This research is dedicated to my beloved mother (Naheed Begum) and sister (Dr. Saira Nayab) who supported me and encouraged throughout my life.

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**Taimoor Khan**

## List of Abbreviations

SEZs	Special Economic Zones
CPEC	China Pakistan Economic Corridor
REZ	Rashakai Economic Zone
KP	Khyber Pakhtunkhwa
GOP	Government of Pakistan
SMEs	Small and Medium Enterprise
ICT	Information Communication Technologies
GDP	Gross Domestic Product
KPEZDMC	Khyber Pakhtunkhwa Economic Zone Development Management Company
OBOR	One Belt One Road
M1	Motorway 1 (Peshawar Islamabad)
SBP	State Bank of Pakistan
SMEDA	Small and Medium Enterprises Development Authority

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<sup>1</sup> Khyber Pakhtunkhwa Economic Zone Development Management Company



## **Abstract**

The study examines the perception of people who are intended to start a new venture due to “Special Economic Zone” (SEZ) under “China Pakistan Economic Corridor” (CPEC). The study focuses on “Rashakai Economic Zone” (REZ) which encounter both areas of Mardan and Nowshera. Primary data was collected through questionnaire from two different Clusters, where Mardan is Cluster one and Nowshera Cluster two. This study has included 400 respondents. The study has used a Binary Probit Regression model and descriptive statistics to present policy-oriented result from the primary collected data. The research found that people are indented to start new ventures as entrepreneurs if incentives and loan facilities are provided. The study also found that intentions of starting new ventures are positively associated with regional market competitiveness in district Mardan and Nowshera thus study concluded that financial capital availability and business incentives are scientifically important to encourage entrepreneurs around SEZ under CPEC. This study aims at assessing the opportunities, intentions of starting entrepreneurial venture coming from REZ, and also provides some strategic policy directions as a way forward.

# **CHAPTER 1**

## **INTRODUCTION**

Entrepreneurs are the basic supporting industries of Pakistan's fiscal and industrial growth. Entrepreneurs are the inventors and innovators, but with a passage of time entrepreneurs become "Small and Medium Enterprise" (SME) and expansion of SME become a corporate business. In Pakistan mostly entrepreneurs are characterized as Small and Medium Enterprises, who are facing restriction to growth and the hurdles due to lack of financial regulation and credit availability. Chinese investments in entrepreneurship through China Pakistan Economic Corridor (CPEC) can ensure the utilization of the unemployed section of the economy, which can be a good resource for transferring technology to enhance the productivity, and to create surplus production with higher profitability and employment generation capacity (Haq, & Farooq, 2017).

It is always seen that industrial development contributes to the development of the area, where more specifically the entrepreneurship activities are the consequence of these industrializations. Negative political influences, lack of proper governance, and weakness of regulatory implications also create hurdles for the success of these zones (Zeng, 2015).

The development of the proposed industrial zones along the trade route will also offer an opportunity for the development of the Entrepreneurs or SMEs sector, which is the spine of the economy. Development of the Entrepreneurs sector is necessary for equitable and inclusive economic growth of the economy and we must take advantage

of the emerging opportunities. Pakistan and China should also ensure rapid transfer of technologies across the borders, which is a necessary part of a trade to modernize SMEs in Pakistan. Pakistan has a comparative advantage of the industrial chain, which is composed of mining industries, agriculture sector, and manufacturing industries. (Haq, & Farooq, 2017).

Industries in Pakistan want-to-be joint ventures with China's industries. If these industries are provided with an opportunity to patch up with Chinese industries of same nature to increase the productivity, market hold, and transference of information, which will ultimately increase employment opportunities and access to quality products in the market of both countries. The focus is to link some of the Industries like logistics, warehousing, fisheries, horticulture, minerals, food processing, surgical instruments, construction, livestock, dairy, ICT, engineering, apparel, and cold storage and supply chain business for sustainable growth and development. SMEs constitute around 90 percent of the 3.2 million private enterprises; it employs around 70 percent of the non-agriculture labor force. These enterprises also contribute over 30 percent to GDP and 25 percent of the country's total export earnings which can be increased substantially. The share of SMEs in the value-added manufacturing is estimated at 35 percent (Nawaz, Azam, & Noor, 2015).

Nations like China, Bangladesh, and Russia have amended the Special Economic Zones (SEZs) Act by introducing new reforms to overcome the rent-seeking behavior, political influence, and other governance problems (Wang, 2013). This study will specifically examine the entrepreneurship in the first Special Economic Zone of "Khyber Pakhtunkhwa" (KP) i.e. Rashakai Economic zone (REZ), REZ is the project

of “Khyber Pakhtunkhwa Economic Zone Development and Management Company” (KPEZDMC) spread over 1000 acres. This study is a discussion-oriented document which gives a way forward for future research avenues in the perspective of CPEC particularly in the Entrepreneurial sector, predominantly in Pakistan. A study will conceptualize its initial stages by KPEZDMC, giving the zone resident industrialists of REZ an additional benefit of being an exceptionally pre-planned economic zone of international standards. In past, this population has faced poverty and barriers to development, in terms of public and private facilities provided to them but the effect of REZ on this zone might sharper and faster because of area population and nature.

The development and growth of existing entrepreneurship is a process with many societal benefits including job and wealth creation and the advancement of innovation (Tang and Koveos, 2004). Entrepreneurs must make strategic decisions for different tasks which are different in nature but also must ensure that those decisions are the best ones not only for their business but also for themselves. While some entrepreneurs are pleased to be self-employed in a small scale only, but others have growth aspirations for their ventures (Shane, 2009). Growth intention is an essential characteristic of entrepreneurial behavior and a key ingredient in understanding venture development and growth (Smith, Hampson, Chaston, & Badger, 2003). Another researcher Ajzen, (1991) argued especially if the phenomenon of decision making involves unpredictable time lags, planning, and a high degree of cognitive processing will encourage also the entrepreneurs for initiating new ventures (Krueger & carsrud, 2000).

The tax incentives are widespread even though the available empirical evidence on the cost-effectiveness of such incentives in stimulating investment is highly inconclusive. The study primarily intended as a primer on the use of tax incentives for policymakers, especially those in developing countries. (Zee, Stotsky & Ley, 2002).

### **1.1 Opportunities for Entrepreneurs in CPEC**

REZ provide a number of opportunities to achieve a higher path of industrialization. REZ will work as a strong economic incentive for Pakistan's KP government to introduce reforms to improve the domestic business environment, style of governance, productive capacity, export base, and enhance commercial attractiveness for more foreign investments. REZ will help creating jobs for the country's large, under-employed population, especially a growing educated workforce, thus turning a social burden into an economic dividend. Trade creation opportunities will induce both countries to further strengthen their trade relations. Opportunity for domestic allied industries to expand their ancillary businesses with SEZ firms. SEZs would provide an opportunity for labor pooling thus cutting down job search costs on the part of workers and employers, and hence unemployment of skilled workers. SEZs by establishing backward linkages with the large Chinese market and Chinese SEZs in China can create a strong and sustainable business integration through trade and investment.

In 2014, China initiated a massive economic development project called “One Belt One Road” (OBOR). This project of China aims to spend over \$ 3 trillion during the next several decades on infrastructure investments in sixty-eight countries. Further, this initiative also will develop major industrial, agriculture, and energy centers in the participating countries (The Economist, 2016).

Pakistan is perhaps the most important country among the countries involved in this initiative, which effects on socio-economic development not only on CPEC members countries but as well as regional development. There is a regional economic connectivity project, considered to be an extension of China's ambitious OBOR initiative, referred to as the CPEC. It aims to facilitate trade along with an overland route that connects Kashgar and Gwadar, through the construction of a network of highways, railways, and pipeline. God has bestowed the land of Pakistan with a lot of treasures and blessings while China knows how to utilize these blessings in the right way, 60 billion \$ will be used for the betterment of the economic conditions of both countries. (Chaudhury, 2017).

The CPEC is opening attractive avenues for investment emerging from economic cooperation between the two rising powers of Asia. With extensive roads, railways, ports, and energy infrastructure being laid down, businessmen all around Pakistan are finding new opportunities that are worth their money and time. Pakistani entrepreneurs can take part in CPEC in many ways, can think about joint ventures with Chinese investors to get most of it and make it more fruitful for both countries (Delmar & Wiklund, 2008).

Rashakai, a small town of KP located along the Nowshera-Mardan road, is famous for its cloth market (Shireen Kotay).<sup>2</sup>It was considered among the top cloth markets in KP. The importance of Rashakai increased and multi-folds after the construction of “Motorway Interchange” (M1) in 2007. Rashakai interchange provides paths for Nowshera, Mardan and northern parts of KP such as Swat, Malakand, Bunner, Chitral, and Dir. Before the M1 Interchange, Rashakai economic

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<sup>2</sup> This is the name of the place in Mardan

activities are based on cloth knitting, cultivation for livelihood and transportation. However, the M1 motorway and Rashakai interchange construction expend these economic activities such as constructing hotels for travelers, providing fuel to vehicles entering the M1 motorway along with maintenance and washing services. Keeping in view the importance of Rashakai town it has given the name of Rashakai Technology City after the CPEC project. This area will flourish economically as thousands of technology-related projects will be processed and referred to as the Rashakai Economic Zone (REZ) due to the development of the Economic Zone in this town by the government. On the other hand, many other districts of KP, specialized in their own commodities, will be connected by CPEC route to REZs. For instance, Mansehra and Abbottabad district just 150 km from REZ are gifted with gemstones, metal stones, metal ores, soap, phosphate and magnesium, Charsadda 30 km from Rashakai specialized in footwears and sugarcane production, Mardan 10 km from Rashakai produces tobacco. Similarly, wheat, maize, tobacco, rice, mustard, watermelon, muskmelon, apricot, guava, pear, peaches, plum, citrus, and mulberry are produced in Swabi 30 km from Rashakai, whereas Lower Dir 120 km from Rashakai is enriched with gemstones, marble/granite. The above-mentioned areas although specialized in their commodities but in small scale. when these districts or specialized markets are interconnected with each other through logistics, technology and supply-demand which is a basic theory of economic create a huge investments, as well as job creation and betterment in livelihood of the local residents, this is the ultimate contribution of REZ and people are intended to start entrepreneurial ventures in there local areas. However, if these areas

relate to REZs there would be a multi-dimensional effect on the socio-economic development of these areas.

## **1.2 Research Questions**

Following are the research question

1. What is the contribution of REZ in developing entrepreneurship under CPEC?
2. What is the perception of society about the future role of REZ, in entrepreneurship and business creation?
3. Do people have intentions of starting or developing entrepreneurship in REZ, due to CPEC as an opportunity?

## **1.3 Objective of the Study**

The main objective of this study is to investigate the contribution of entrepreneurship in Special Economic Zones under CPEC: In this connection, the Rashakai Economic Zone is considered as a case study.

1. To investigate the society's perceptions about the future role of REZ, in entrepreneurship and business creation.
2. To examine the effect of incentives and loans facility on the intentions of a local community for starting Entrepreneurship.

## **1.4 Significance of the Study**

This study plays an important role in formulating policy actions for entrepreneurs along with CPEC. Other business opportunists or those who are intended to shape their future as an entrepreneur and a businessman can also utilize this



document for a better understanding of CPEC development and entrepreneurship nexus. It is quite plausible to think and investigate that, how people are responding to this kind of mega projects. This research has policy significance to advocate incentives for small businessmen and entrepreneurs, who are going to start in the future. Based on these incentives of loans and lower taxes their responses are received, which indicate that policy outcomes, should be constructive enough for better planning.

### **1.5 Hypothesis of the study<sup>3</sup>**

**H<sub>0</sub>** There is no relationship between incentives (tax and loans ), market competitiveness and intentions to start a new venture as entrepreneurs

**H<sub>1</sub>** There is a relationship between incentives (tax and loans), market competitiveness and intentions to start a new venture as an entrepreneur.

### **1.6 Plan of the study**

This research is organized in a way that after this Introduction Chapters are followed. Chapter II is composed of Literature Reviews, where different works of literature related to the topic are reviewed. Chapter III contains Data and Methodology. Chapter IV described Results and Discussion and the last but not the least Chapter V is highlighting the Conclusion and Policy Recommendations. In this Chapter limitations of the study and future direction for research are also described. Followed by references and appendices.

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<sup>3</sup> Hypothesis are driven on the base of gap undefined from several studies, where the hypothesis are constructed on bases of estimating a relationship between incentives and intentions to start a new business along CPEC Routs which are under construction

## **CHAPTER 2**

### **Review of Literature**

#### **2. I Introduction**

This chapter includes all the relevant work conducted by researchers around the world. Some papers are related to Business Opportunities Along CPEC but the Entrepreneurship and the relationship of Incentives Under CPEC are very interesting facts.

Small and medium enterprises (SMEs) serve as a pivot in enhancing the economic wealth and progress of the country. the entrepreneurial culture of the developing country can boost enhancing revenues through, creation new jobs and encourage them in payments of tax, alleviating poverty and raising the livelihood of the society. Entrepreneurial structure boosting up the rural area and connect them with the urban area, which literally contributes in the distribution of wealth in the society and in the long run, it affects the regional advancement as well (Bauchet & Morduch, 2013).

SEZ is the most discussed and disputed topic in India. For the economic development and to encourage export of various things and to take place in globalization all the countries are contributing themselves and trying for it consciously and SEZ is one of the parts of this. All over the opposition to SEZ, but for financial development, export evolution, increase employment of the country, SEZ is essential. SEZ has been acquired land from the farmers, the government should be done rehabilitation and included them as shareholders of the SEZ projects as well as the family members of the farmers should be reserved some vacancies of employment (Vaidya, 2017).

The Process of innovation is typically modeled as a function of the incentive structure i.e. institutions, assumed access to existing knowledge, and a more systemic part. Innovation also implies that the stock of (economically) useful knowledge increases. Other words, innovation is one vehicle that Diffuses and upgrades already existing knowledge, thereby serving as a conduit for realizing knowledge spillovers. The Accumulation of aspects of the invention, i.e., knowledge, human and/or Physical capital, cannot alone explain economic development. Innovation And entrepreneurship are needed to transform these inputs in profitable ways (Elert & Henrekson, 2017).

The study has strived to illustrate the relationship between knowledge, entrepreneurship, and innovation. Stressing the importance of a holistic approach implying that a multitude of measures and instruments has to be considered to attain sustainable economic development (Braunerhjelm, Acs, Audretsch & Carlsson, 2010).

SEZ is a new horizon in state industrial evolution, that significantly strengthen the specialized industrial sectors of the state which contribute to higher invention and productivity. The decision of the central government to establish SEZ policy 2005 has brought tremendous opportunities for evolution and development (Roopam, 2014).

“Government of Pakistan” (GOP) and “State Bank of Pakistan” (SBP) have a lot of efforts to sustain the SME sector of Pakistan and give them a mainstream sector of the economy. SME sector in Pakistan thrived due to effective entrepreneurial, managerial and skill labor, one window customer services, and innovative services and product as well and enhanced ability to meet customer satisfaction (Qureshi & Herani, 2011). With the advent of (CPEC)’s investment, the prospects of Entrepreneurial future growth and sustainability highly increased. The difference between China and Pakistan culture is a

difference, In Entrepreneurial exchange program minimize cultural resistance and the norm of business will be exchanged and develop as well (Bari & Cheema, 2005). The Chinese economy is very different from other economies they are hardworking country and the impact are very fruitful in other economies. The business communities of other countries must ensure that the transformation of business must take them as a team, so the impact can be high economic output (Arora & Vamvakidis, 2010). Diverse business culture must have engaged business professionals within the SME sector to share ethical decision making and country-specific elements across different cultures (Newberry, & Derek, 2006).

The study has indicated the effect of synergy as "the SEZs are closely linked to domestic enterprises and industrial clusters through supply chains or values chains. This connection not only helps achieve economies of scale and business competence but also stimulates synergistic learning and enhances industrial competitiveness". "key criteria to consider when establishing SEZ includes: location advantage, macroeconomic of the country, industrial investment support, investment cost, skill labor, government policies" Cluster approach for ensuring optimum invention communications. To provide sustainable development of territories at their intensive use. To provide a balanced account of ecological, economic, social aspects by constructing the facilities of infrastructure (Tsertseil, 2015).

The tax incentives are usually extended with a sunset provision that defines an expiry date for the specified incentives. Ideally, these sunset clauses should be strictly adhered to in order to ensure that investors do not have unlimited access to preferential treatment under the zones. If they are re-negotiated, this is clearly justified and in line with contingencies

specified under the sunset clause, the continuation of such incentives is usually conditional on the positive evaluation of past effects (Owens, 2005).

Non-tax incentives can be quite wide-ranging from streamlined administrative procedures, such as one-stop shops for government services and fast-track customs procedures, to the provision of infrastructure, or simplified legal and regulatory requirements. These additional services can be just as important as tax incentives in attracting investment into a zone, but their impact depends on the circumstances and the types of tax incentives on offer (Farole, 2011b).

Government and private sector agencies have made quality investments in entrepreneurial development in Nigeria. The study shows deficiencies in entrepreneurial strive which are development traceable to inadequacy in strategic alliances between existing institutions involved in the development of entrepreneurship in Nigeria. The study recommends the establishment of functional institutions based on acceptance policies that encourage education of and among entrepreneurs for specialization and project execution, quality evolution in networking among natural and artificial persons involved in the programs of entrepreneurial development among others. The capacity of stimulating entrepreneur behaviors for the discovering and satisfying unsatisfied markets even in the face of risks and uncertainties and for entrepreneurial development (NDU, Ndubuisi, & Walter. 2015).

## **2.2 Role of CPEC on SMEs**

Taking account of the favorable developments gained by SMEs in Pakistan from the CPEC project, it has been observed that various SMEs projects are becoming part of CPEC. Due to this huge investment from China, SMEs is now employing both Pakistanis and Chinese employees thus creating a cultural diversity. According to Express Tribune, the Coal Power Project worth \$1.8 billion based in Sahiwal has now become a part of CPEC and constitutes around 75% of Pakistani and 25% Chinese employees (Ahmad, Naz & Majid 2018). It becomes clear of these statistics that a pool of human resources, as well as the assortment of two entirely different cultures, are being inculcated in small and medium enterprises under the CPEC.

Chinese culture is being brought into the organizational territories will have a sufficiently immense impact on the Pakistani nationals employed at work. One of the major reasons for this cultural influence is since China is a highly developed economy as compared to that of Pakistan that comes under the head of developing nations of the world. China's incredible growth in the economy has helped to fuel the developing economies such as Pakistan and thus has replaced the command-oriented socialist economy to strengthen the SME sector of Pakistan. People employed in small and medium enterprises have become more committed towards their work and started working even harder to increase the economic contribution as per the results of the recent Survey.

According to Nuri (2016), work ethic in Chinese Confucianism and its dynamic culture can become an important source of economic growth of the SME sector of Pakistan due to an enhanced focus towards commitment, trust, hard work, honesty, harmony, strictness, and development of peace in the region. Hence, with the unveiling of the CPEC in

Pakistan and with the advent of Chinese behavioral patterns, value systems and cultural norms in Pakistan, there seems a positive aspect in prospects for the business growth in the SME sector (Tribune, 2016). Further, it has also been debated that this game changer project will have greater positive implications for the country's financial prosperity as SMEs will get a maximum edge of profits through regional connectivity. It would no doubt have mighty socio-cultural consequences due to the CPEC route and SME society of Pakistan will be transformed at large (Nuri, 2016).

This holds that on the premise of cooperation and interest this symbiotic relationship is based on friendship and eventually will sustain positive economic outcomes. CPEC will surely spill over long-standing socio-cultural marks in Pakistan's business industry through its various regions, including KPK, Northern areas, Punjab, Sindh, and Baluchistan. CPEC would be fruitful, especially in the SME sector of Pakistan due to the reason that the Chinese will follow a non-invasive approach in Pakistan's domestic policies. This absence of unnecessary and undue interference will indeed be a support for the industry at large, as biased, disdainful behaviors will completely avoid by Chinese contrary to the Westerns value system and work ethic related behaviors. Yet Pakistani workers in SMEs will be bound to work under strict rules and time limits, but such disciplines will change the picture of the country in the long term in a positive way.

### **2.3 Way Forward**

Socio-cultural implications on the SME growth and economic development in Pakistan that Chinese culture will soften the hard engrained and deep-rooted feudal and tribal setup of Pakistan as a host country. It will result in an increase in the positive economic stake of the SME growth and sustain the financial development of Pakistan in the long term.

Moreover, it will help diminish the wave of disbelief and wariness at international especially in the South Asian region of the globe. SME sector can gain maximum benefits from CPEC commencement in Pakistan owing to the reason that businesses will have to exercise accountability, punctuality, consensus, the nation's focus, law and order, provincial equity and transparency. This stance has also been supported by Small Medium Enterprises Development Authority (SMEDA), in Pakistan that CPEC provides massive incentives for increased trade and investment. Especially the industrial sector's upgradation alongside the CPEC routes to strengthen joint venture in Pakistan on SMEs.

Resultantly, the institutionalization of ancillary venture projects in Pakistan will become an important source of SME sector's emergence as well as give a boost to economic development and growth. Economically CPEC may be beneficial for Pakistan, although it will create a heavy debt burden for the country. Pakistani politicians have argued that the project will "produce equal opportunities for all regions of Pakistan"(Ahmad and Mi, 2017). Pakistani leaders have also argued that CPEC will "improve Pakistan's current economic development and create new business and job opportunities." They also added, "that it will have an impact on the living standard of the common people and will address grievances, sense of deprivation, discrimination and poor management of resources"(Ahmad and Mi, 2017).

According to "Small Medium Enterprise Development Authority" SMEDA, the CPEC corridor is the preeminent prospect for SME modernization and development to capitalize upon and the inclusive and equitable economic development and growth only depend upon the effectiveness of Pakistan's small and medium enterprise sector. An unseen benefit of CPEC is open new trade avenues but also to attract foreigners to sustain the



economic growth of the industrial and SMEs sector. Study find an unlimited potential in our youth and manpower whose talent needs to be unleashed and fully capitalized upon, incoming training and technological advancement because of CPEC will help the maximum capacity utilization of the workforce at low cost in small and medium enterprises.

## **CHAPTER 3**

### **DATA AND METHODOLOGY**

#### **3.1 Introduction**

This chapter is composed of data collection techniques, sample size, and estimation techniques. The chapter also includes the construction of variables, its measurement tools, and techniques.

#### **3.2 Data of the Study**

In this study, primary data was collected through a survey method. The independent variables are age, experiences, income level, gender, education, Saving, Loans, Incentives, Awareness about CPEC, Regional market competitiveness, household size, and the dependent variable is Entrepreneurship. The demographic variables are an important input when formulating target audience for a study. The study is based on cross-section data which is collected from district Mardan and Nowshera.

#### **3.3 Sampling Techniques and Sample Size**

In this study, a Cluster sampling technique is used to collect data. The total population for our study area is 510,676 household. Now based on total population, we found 400 sample size through proportionate sample calculator, with a 95% confidence level and 5 % significance level. We have divided our population into two clusters i.e. Mardan and Noshehra based on population which is 198,808 household and 311,868 households respectively. From each cluster, we collect 9 circles from Nowshera and 11 circles from Mardan randomly. One circle is then made of 20 respondents. The household data is obtained from the Bureau of Statistics. An open and closed-ended questionnaire was made

to collect data from respondents. The respondents were selected through simple random sampling.

### 3.4 Estimation Techniques

In this study, we have used descriptive statistics and crosstabs to interpret the data. A probit regression model is used to analyze the data because our dependent variable is binary in nature. In the literature, different studies have used logit or probit models for the analysis of the binary dependent variable. To check the normality of our data, Kolmogorov-Smirnov<sup>a</sup> and Shapiro-Wilk tests are used.

**Table 3.1 Tests of Normality**

Tests of Normality						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Mardan	.385	200	.000	.626	200	.000
Nowshera	.382	200	.000	.627	200	.000
a. Lilliefors Significance Correction						

The significant value of both is less than 0.05 its mean data is normally distributed that's shown in the above table 3.1.

**Table 3.2 Construction of Study Variables**

<b>Name</b>	<b>Definition</b>	<b>Sign</b>
Age	Age of the respondents is taken a number of years, used as regressor/independent variable	AG
Experiences	A number of years the person has worked in the market or he/she is experienced in related business, which also used as an independent variable for analysis.	EXP
Income Level	Pakistani rupees in thousands	INC
Gender	Gender of the respondent (Male/Female)	GD
Education	Number of years of schooling	EDU
Saving	Saving for starting a business or unforeseen contingencies in life.	SV
Loans	Loans which is financial aid, which is availed from financial institutions. If the loan facilitation is given to the respondent on less interest rate they are highly intended to start an entrepreneurial venture.	Loan
Incentives	Incentives are the most attractive variable, Every investor is intended to facilitate himself from the incentives. SEZ is the area where trade law are different from all over the country so incentives are a major role in that SEZs and the respondents are highly intended to start there venture.	INCN
Awareness about CPEC	Awareness of business opportunities under CPEC	AWRC
Regional market competitive	Regional market competitiveness is an economic term which means in near future market is competitive if the person is intended to start an	RMC

ness	entrepreneurial venture it is the best time for investment.	
Household size	A number of individuals in one family who are intended to start a business takes 1 otherwise zero.	HSZ
Entrepreneurship	If the person is intended to start a new business as an entrepreneur takes value one otherwise zero.	EN

### 3.4.1 Model one of the Study (Mardan)

#### Equation 1

$$\begin{aligned}
 &PROBIT[(\text{Intended enterprenureship} = 1)] \\
 &= \beta_0 + \beta_1(AG) + \beta_2(EXP) + \beta_3(INC) + \beta_4(GD) + \beta_5(EDU) + \beta_6(SV) \\
 &+ \beta_7(\text{loan}) + \beta_8(INCN) + \beta_9(AWRC) + \beta_{10}(RMC) + \beta_{11}(HSZ) + \mu_i
 \end{aligned}$$

Where  $\beta_1$  is the Age of person,  $\beta_2$  is a dummy variable of experience if the person has experience of doing business takes value one otherwise zero.  $\beta_3$  is INC which is Income taken as monthly PKR, which is linked with respondent willing to start a new venture of an entrepreneur.

$\beta_4$  is GD, which is the gender of the respondent if the respondent is male its value is one otherwise it takes zero.  $\beta_5$  is EDU, which is education taken as a number of schooling in years.  $\beta_6$  is SV, which is basically Saving if the respondent has some saving for starring a venture it takes one if not it takes zero.

$\beta_7$  is a loan, which is taken as if the loan facility is available for respondents which can lead to intentions of starting a new venture as an entrepreneur takes value one otherwise

zero.  $\beta_8$  is INCN which is incentives if the Government give incentives for new entrepreneurs if a respondent is willing to start a business in response to incentives takes value 1 otherwise zero.

$\beta_9$  is AWRC if the respondent is aware of the business opportunities under CPEC, 1 takes value 1 otherwise zero.  $\beta_{10}$  is RMC which is regional market competitiveness if the person is intended to start an entrepreneurial venture, because the market is competitive for the business, takes value 1 otherwise zero.

$\beta_{11}$  is HSZ, which is shown the household size. If family size is huge, but their entrepreneurial intentions are not high to start a business. but a family which is small in a size but they are highly intended to start their entrepreneurial venture, so it doesn't mean that if a size of a family or household is huge they must start a venture.

### 3.4.2 Model one of the study (Nowshera)

*PROBIT*[(Intended enterprenureship = 1)]

$$= \beta_0 + \beta_1(AG) + \beta_2(EXP) + \beta_3(INC) + \beta_4(GD) + \beta_5(EDU) + \beta_6(SV) + \beta_7(\text{loan}) + \beta_8(INCN) + \beta_9(AWRC) + \beta_{10}(RMC) + \beta_{11}(HSZ) + \mu_i$$

Where  $\beta_1$  is the Age of person,  $\beta_2$  is EXP, which is experience if the person has experience of doing business takes value one if not then zero.  $\beta_3$  is INC which is Income taken as monthly PKR which are linkage with respondent willing to start a new venture of entrepreneur it takes 1 otherwise zero.

$\beta_4$  is GD, which is the gender of the respondent if the respondent is male its value is one otherwise it takes zero.  $\beta_5$  is EDU, which is education taken as a number of schooling of a

respondent in years.  $\beta_6$  is a dummy variable of saving (SV) if the person has some saving for starting their venture takes value one otherwise zero.

$\beta_7$  is loan taken as if the loan facility is available for respondents which can lead to the intention of starting a new venture as an entrepreneur takes value one otherwise zero.  $\beta_8$  is INCN which is incentives, Government gives incentives for new entrepreneurs if a respondent is willing to start a business it takes value 1 otherwise zero.

$\beta_9$  is AWRC, which is awareness of business opportunities under CPEC if a respondent is aware it takes one otherwise it takes zero.  $\beta_{10}$  is RMC which is regional market competitiveness if the person is intended to start business or venture as entrepreneur due to market is competitive for the business, takes value 1 otherwise zero.  $\beta_{11}$  is HSZ, which is shown the household size. If family size is huge, but their entrepreneurial intentions are not high to start a business. But a family which is small in a size but they are highly intended to start their entrepreneurial venture.

# **CHAPTER 4**

## **RESULTS AND DISCUSSION**

### **4.1 Introduction:**

This chapter is composed of results sections, which are taken from two districts, zone one is Nowshera and zone two is Mardan. Section 1 explains the results of Nowshera whereas section 2 explains the result of Mardan and in the last section of this chapter, empirical results are also given with statistical and economics interpretations.

### **4.2 Descriptive Statistics: Nowshera**

This is the first section of chapter 4 which is Nowshera, and the following tables show the respondent behavior toward starting new ventures.

Table no 4.1 shows, socio-economic characteristics of respondents from Nowshera, where the minimum age of research respondent is 21 years, while the average age of respondent is 39 years and maximum age is 56 years. Minimum experience of the respondent is 0 and the maximum experience is 35 years. There are some respondents who have no experience of doing business but they are intended to start their own entrepreneurial venture. Average experience of 7 years and a month is quite enough market experience to find a gap for new ventures development or conducting an entrepreneurship-based business. Monthly minimum income is 10000 PKR, while the average monthly income is 49500 PKR. Income of respondents indicates current economic benefits, which can also affect future willingness to start entrepreneurship venture, because of expected income from these activities. The education of the respondents starts from 0 to 21 years. There were illiterate respondents and there were respondents holding a higher level of degree in different



disciplines. The respondent of this area was highly diversified in term of education. However, the average level of education is 13 years.

**Table 4.1 Socioeconomic characteristics of Nowshera KP respondents:**

Socio-Economic Characteristics	N	Minimum	Maximum	Mean	Std. Deviation
Age	200	21.00	56.00	39.885	7.78103
Experience	200	.00	35.00	6.2600	7.15811
Monthly Income	200	10000	100000	49500	26826
Education in Years	200	.00	21.00	13.430	6.81449
Valid N (Listwise)	200				

Table no 4.2 shows the respondents have to save for starting a new Entrepreneurship venture or not? In the data set 84 out of 200 respondents are not saving for starting a new venture, which is 42 percent. 116 respondents are saving for future and system has unobserved few observations. The data shows that most of the individuals are saving some amount for starting new ventures.

**Table 4.2 Saving and Entrepreneurship in Nowshera**

Responses	Frequency	Valid Percent	Cumulative Percent
No	84	42	42.0
Yes	116	58	100.0
Total	200	100.0	

Table no 4.3 shows that the respondent who is not intended to extend the existing business is 131 out of 200, which is 65.5 percent. These respondents include the businessman, who is not extended their business because they established the present business after a tough time and they know how to grow up the same venture in the new area. The other 69 respondents are intended to extend the existing business, which is 34.5 percent. These existing businesses include their family business or their present business.

**Table 4.3 Intention to Extend the Existing Business**

Responses	Frequency	Valid Percent	Cumulative Percent
No	131	65.5	65.5
Yes	69	34.5	100.0
Total	200	100.0	

Table no 4.4 shows that 39 respondents are not aware of KPEZDMC provided economic incentives. 161 out of 200 respondents, which is 80.5 percent are aware of these incentives and they give a positive vibe to start a new venture within REZ. Ten years tax holiday is the most likely incentive, the respondent is intended to start entrepreneurship,

**Table 4.4 Individuals response to incentives from Government (KPEZDMC<sup>4</sup>)**

Responses	Frequency	Valid Percent	Cumulative Percent
No	39	19.5	19.5
Yes	161	80.5	100.0
Total	200	100.0	

Table no 4.5 shows that REZ improves regional market competitiveness which creates competition among the business and the product or services available in the markets. 176 respondents have a sense of awareness regarding regional market competitiveness. If the REZ completed on time the local market flourish and the new investment show their interest in REZ and people of Nowshera livelihood must be better.

**Table 4.5 Rashakai Economic Zone Can Improve Regional KP Market Competitiveness**

Responses	Frequency	Valid Percent	Cumulative Percent
No	24	12.0	12.0
Yes	176	88.0	100.0
Total	200	100.0	

Table no 4.6 shows that REZ has a positive role in improving social infrastructure most of the respondent will know that because SEZ brings a very huge investment in this area. If SEZ will develop, its basic infrastructure which is a basic component of development like health care, education, and transportation.

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<sup>4</sup> Khyber Pakhtunkhwa Economic Zone Development Management Company

**Table 4.6 Rashakai Economic Zone has a positive role in improving social infrastructure**

Responses	Frequency	Valid Percent	Cumulative Percent
No	40	20.0	20.0
Yes	160	80.0	100.0
Total	200	100.0	

Table no 4.7 shows that the opportunities in REZ for the business community in kp are sufficient for the region. Mostly 177 respondent has acknowledged REZ provide sufficient opportunities for the locals. The Government provided facilitation for fruit and vegetable processing unit because it's a hub of all the district come toward the Peshawar or Punjab province it is a plus point for perishable items processing unit to be installed. Other opportunities are stitching, knitting textile Rashakai is very famous for cloth market so its specialized item of this region.

**Table 4.7 Rashakai Economic Zone provide sufficient opportunities to the business community in KP**

Responses	Frequency	Valid Percent	Cumulative Percent
No	23	11.5	11.5
Yes	177	88.5	100.0
Total	200	100.0	

Table no 4.8 shows that the respondents are aware of the upcoming development plan and have primary level knowledge about CPEC is a very general type. Some respondents only perceived that it is just a Road, and some of these are a little more updated and they

argued that it is a road and Railway line as well. Few respondents answered that it is a well-organized infrastructure.

**Table 4.8 Do you know about CPEC Rashakai Economic Zone**

Responses	Frequency	Valid Percent	Cumulative Percent
Yes	199	99.5	99.5
No	1	.5	100.0
Total	200	100.0	

### **4.3 Descriptive Statistics Mardan:**

This is the second section of chapter 4 which is Mardan, and the following tables show the respondent behavior toward starting new ventures.

Table no 4.9 shows, socio-economic characteristics of respondents from Mardan, where the minimum age of respondent is 20 years, while the average age of respondent is 40 years and maximum age is 59 years. Minimum experience of the respondent is 0 and the maximum experience is 30 years. Average experience of 8 years and four months is quite enough market experience to find a gap for new ventures development or conducting an entrepreneurship-based business. Monthly minimum income is 10000 PKR, while the average monthly income is 64650 PKR. Income of respondents indicates current economic benefits, which can also affect future willingness to start business or entrepreneurship, because of expected income from these activities. The education of the respondents starts from 0 to 21 years. There were illiterate respondents and there were respondents holding a higher level of degree in different disciplines. However, the average level of education is 10 years.

**Table 4.9 Socioeconomic characteristics of Mardan KPK respondents**

Socioeconomic characteristics	N	Minimum	Maximum	Mean	Std. Deviation
Age of Respondent	200	20.00	59.00	40.13	8.37279
Experience of Business	200	.00	30.00	8.400	7.57343
Monthly Income	200	10,000 PKR	12,0000	6465 0	29311
Education	200	.00	21.00	10.58	6.32795

Table no 4.10 shows the frequencies against the option, either respondent of the study have saved for starting a new venture (Entrepreneurship), or not? The data shows that 79 out of 200 respondents are not saving for starting a new venture, which is 38.3 percent. Most of the respondents are saving money on a monthly basis, who are intended to start a new venture. 121 respondents are saving for the future. The data shows that most of the individuals had some saving for starting new ventures. It can be a positive amenity for future due to SEZ under CPEC.

**Table 4.10 Saving for Starting a new venture (Entrepreneurship)**

Responses	Frequency	Valid Percent	Cumulative Percent
Not saving	79	39.5	39.5
Saving	121	60.5	100.0
Total	200	100.0	

Table no 4.11 shows that respondent who is not intended to extend the existing business is 162 out of 200, which is 81 percent. These respondents include the individuals, who want to start a new business along with their existing business because the opportunities for new business are going to be explored due to SEZ under CPEC. while 37 respondents are intended to extend the existing business. Those existing businesses include shops, Restaurants, workshops, utility store, rent a car and many more.

**Table 4.11 Intention to Extend the existing Business**

Response	Frequency	Valid Percent	Cumulative Percent
Not intended	162	81.4	81.4
Intended	38	18.6	100.0
Total	200	100.0	

Table 4.12 shows that respondent is willing to start a new venture on given incentives from government, where 100 respondents are not willing to start a business. This indicates that the expected return from this business is lower from their existing job or business in the city or outside. while exactly 100 respondents are willing to start a new business on given incentives from the government. Those respondents are looking for such kind of opportunities from the government. Respondents argued that if the government cut the tax for first 10 years, they will start a second business under this opportunity, so incentive must

also include minimum income tax from small business holders to encourage them into the market.

**Table 4.12 Intended to start a business on given incentives from a government (KPEZDMC)**

Responses	Frequency	Valid Percent	Cumulative Percent
Not willing	100	50	49.5
willing to start a business on Incentives	100	50	100
Total	200	100.0	

Table no 4.13, shows that 49 respondents are not aware of KPEZDMC given incentive to the entrepreneurs. but the respondent who's are related to the business community they know the incentives are given in REZ by KPEZDMC. Some bread earner is related to logistic business Government given 25 % of subsidy on the transportation cost from Karachi port to anywhere in Kp. Some respondent is interesting in property business government given a 25% discount on land prices. If Women entrepreneurs' are financed by kp governments which are good to encourage the females.

**Table 4.13 Do you know KPEZDMC provided economic incentives under REZ**

Responses	Frequency	Valid Percent	Cumulative Percent
No	49	24.0	24.0
Yes	151	75.5	99.5
Total	200	100.0	



Table, no 4.14 shows that 150 respondents out of 200 are willing to start a business out of REZ or expand their business. The incentives which REZ provided to the new investors which are easy installment plan, uninterrupted power, 10 years income tax holiday 25% of an equity investment of women Entrepreneurs to be financed by kp government etc. Out of REZ is more beneficial because the rules in REZ are not implemented on them who are out of the REZ.

**Table 4.14 Incentives are given to entrepreneurs out of REZ, are you intended to start a business**

Responses	Frequency	Valid Percent	Cumulative Percent
No	50	23.5	23.5
Yes	150	75.0	98.5
Total	200	100.0	

Table no 4.15, shows the 150 respondents are willing to start entrepreneurship and only 50 respondents are not willing to start their new venture. Market competitiveness in which the quality of basic inputs like human resources, infrastructure, the creation of rules and regulation for the betterment of the firms and then given incentives for the newcomers that encourage innovation and upgrading the firm's abilities.

**Table 4.15 REZ Can Improve Regional Market Competitiveness In KP**

Responses	Frequency	Valid Percent	Cumulative Percent
No	50	25.0	25
Yes	150	75.0	100.0
Total	200	100.0	

Table no 4.16, the table shows that mostly respondent are agree REZ has a positive role to improve social infrastructure. If the REZ develops the labor colonels are also developed, they need healthcare facilities near to their workplace, education for their kids and vocational training centers for the upcoming upgraded types of machinery. Public facilities, which include housing society and playgrounds for kids and parks for their entertainment and transportation facilities will be also the part of the social infrastructure, which will be improved due to special economic zones under CPEC. This is very commonly perceived in the region, only a few people disagreed with the role of the Rashakai economic zone in the development or improvement of social infrastructure.

**Table 4.16 REZ has a positive role in improving social infrastructure**

Responses	Frequency	Valid Percent	Cumulative Percent
Do not Agree	10	.5	.5
Agree	190	95.0	100.0
Total	200	100.0	

## 4.4 Empirical Results

These results are for the District Mardan and Nowshera what factor are influencing factors of intentions to start entrepreneurship venture at both districts.

### 4.4.1 Influencing factors of Intention to start Entrepreneurship at Mardan:

#### 4.4.1 Influencing Factors of Intention to Start Entrepreneurship at Mardan

Dependent Variable: ENTREPRENEURSHIP				
Method: ML - Binary Probit (BHHH)				
Date: 03/12/19 Time: 23:31				
Sample: 1 200				
Included observations: 200				
Convergence achieved after 37 iterations				
QML (Huber/White) standard errors & covariance				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
EXPERIENCE	0.078311	0.032904	2.379990	0.0173
INCENTIVES	0.968725	0.401600	2.412165	0.0159
INCOME	0.384893	0.114351	3.365896	0.0008
LOANS	2.372958	0.465287	5.099989	0.0000
SAVING	3.370581	0.734941	4.586195	0.0000
EDUCATION	0.015552	0.169803	0.091587	0.0270
McFadden R-squared	0.885149	Mean dependent var	0.585000	
S.D. dependent var	0.493958	S.E. of regression	0.136502	
Akaike info criterion	0.225882	Sum squared resid	3.596130	
Schwarz criterion	0.341323	Log-likelihood	-15.58817	
Hannan-Quinn criter.	0.272599	Deviance	31.17635	
Restr. deviance	271.4507	Restr. log likelihood	-135.7254	
LR statistic	240.2744	Avg. log likelihood	-0.077941	
Prob(LR statistic)	0.000000			

In the case of Mardan, the results show that positive relationship between our dependent variable and all independent variables. All variables have a significant impact on the dependent variable. Incentives are positively correlated and have a strong relationship about 96% with our dependent variable, which shows that the respondent is willing to start a business if there are some incentives given by the Government. An investor is attractive for the incentives which will lead their business to their desired level. Income of the respondents is positively and significantly associated with intentions to start entrepreneurship, which indicates that, as we move from lower income to higher income individuals, chances of starting entrepreneurship increases because Special Economic zone is a clear opportunity for those, who are well-off. Loans are positively and significantly associated with the intention of the respondent for startup, which shows that, if the loan facility is provided to entrepreneurs' they will accept that facility for their business. Saving is having also a positive correlation with dependent variable responded have more saving so they invest more and great startup provided by saving, education and experience must also have significant and positive related with dependent variable which means that more education level achieved have great entrepreneur return for the betterment of the startup and involved their on knowledge, Experience is essential because if a respondent has more experience it will be fruitful for their upcoming startup and vice versa.

#### 4.4.2 Influencing Factors of Intention to Start Entrepreneurship at Nowshera:

##### 4.4.2 Influencing Factors of Intention to Start Entrepreneurship at Nowshera

Dependent Variable: ENTREPRENEURSHIP				
Method: ML - Binary Probit (BHHH)				
Date: 03/12/19 Time: 22:26				
Sample: 1 200				
Included observations: 200				
Convergence not achieved after 500 iterations				
QML (Huber/White) standard errors & covariance				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
EDUCATION	1.394144	0.236710	5.889669	0.0000
EXPERIENCE	0.358245	0.054262	6.602161	0.0000
INCOME	0.620705	0.187614	3.308415	0.0009
INCENTIVES	0.494804	0.323138	1.531249	0.0257
LOANS	11.11405	0.489805	22.69078	0.0000
SAVING	13.89361	0.471026	29.49649	0.0000
McFadden R-squared	1.000000	Mean dependent var	0.580000	
S.D. dependent var	0.494797	S.E. of regression	2.56E-06	
Akaike info criterion	0.070001	Sum squared resid	1.27E-09	
Schwarz criterion	0.185442	Log-likelihood	-6.43E-05	
Hannan-Quinn criter.	0.116718	Deviance	0.000129	
Restr. Deviance	272.1168	Restr. log likelihood	-136.0584	
LR statistic	272.1167	Avg. log likelihood	-3.21E-07	
Prob(LR statistic)	0.000000			

In the case of Nowshera, the results show that positive relationship between our dependent variable and all independent variables. education and experience are significant and are positively related with a dependent variable which means that higher level of education of a respondent achieves great entrepreneur return, Experience is essential because if a respondent has more experience it will be beneficial for their upcoming startup and vice versa. Income of the respondents is positively and significantly associated with intentions to start entrepreneurship, which indicates that, as we move from lower income to higher income of individuals, chances of starting entrepreneurship increases because Special Economic zone is a clear opportunity for those, who are well-off. Incentives are positively correlated and have a strong relationship with the dependent variable, which shows that the respondent is willing to start a business if there are some incentives given by the Government. Investor are attractive for the incentives like 10 years income tax holiday, 25% of Equity investment, 25% of subsidy on transportation from Karachi port to anywhere in KP, 5% markup discount on financial for five year, one time duty free import on capital goods which will lead their business to their desired level. Loans are positively and significantly associated with the intention of the respondent for startup, which shows that, if the loan facility is provided by the financial institution through Government and private sectors to entrepreneurs' they are very positive in case of the loan and we can see this from last few decades. Saving is also having a positive correlation with the dependent variable, if the respondent has more and more saving, they can invest more and great start provided to their entrepreneurship

## CHAPTER 5

### CONCLUSION AND POLICY RECOMMENDATION

The chapter includes a conclusion of the study and followed by the policy and recommendations.

#### 5.1 Conclusion

The people of Nowshera and Mardan are intended to start an entrepreneurship venture, based on the above results, the intentions of respondents are positively influenced and associated with increasing income across respondents and availability of financial capital. The education and experience of respondents are the most important factors, which are positively associated with starting up an entrepreneurship venture. Education provides information transparency advantages and reduces the transaction cost of a certain business transaction, which will lead to sustainable entrepreneurship and the chances of a successful business also get higher, if the person is experienced and educated. Special economic zones are associated with opportunities and positive externalities to most of the residents around. However, people are looking forward to finding a source of financial aid, like loans with an almost low-interest rate. This Special economic zone REZ which is a part of CPEC will provide opportunities, which will be explored very positively, and can also increase the income level of the residents, income level rise will lead to entrepreneurship and small businesses in the region. The people of both areas i.e. Mardan and Nowshera are rational behaviors minded they know how to get benefit from REZ opportunity of business, they are literally business minded peoples if we study the past of

the peoples of Mardan and Nowshera, they are more intended to start entrepreneurship because they have better ideas in their local areas which will be a part REZ.

## **5.2 Policy Recommendations**

The study recommends, to provide incentives to locals peoples, to ensure new business and entrepreneurs inflow in the market.

The incentives should be also given to the nearby population for promoting SEZs, these special economic zones are promoted through tax-free policies and training for sustainable entrepreneurship.

Loans on a lower rate of interest should be provided to intended business activities, which can help in generating a number of employment opportunities in the region.

## **5.3 Limitations of The Study:**

Due to resources limitations, we couldn't include all the special economic zones and areas but if the resources or sponsorship is provided study can be exceeded to other special economic zones as well.



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## Appendix

Perceptions of local residents about the expected contribution of entrepreneurship in special economic zones under CPEC: A case study of the Rashakai economic zone, Nowshera, KP

Questionnaire No: \_\_\_\_\_

Date: \_\_\_\_\_

Locality: \_\_\_\_\_

This survey is being conducted as part of an M.Phil degree at the Department of Business Economics at PIDE, Islamabad. This questionnaire will be mainly focused on perceptions of local residents about the expected contribution of entrepreneurship in special economic zones under CPEC: A case study of Rashakai Economic Zone, Nowshera, KP.

The following questions are thus purely for academic purposes and mainly concerned with household perception about the Rashakai Economic Zone (REZ). Your input is highly valued, and I will be grateful if you could please take a few minutes out to express your views in this regard. This information and the identity of respondents will be kept confidential. The information gathered will only be used for this research and not for any other purpose. Your cooperation is highly appreciated.

General Information:

1. Gender: \_\_\_\_\_
2. Age: \_\_\_\_\_
3. Marital Status: \_\_\_\_\_
4. Education: \_\_\_\_\_

5. Profession: \_\_\_\_\_
6. Monthly Income Level (PKR): \_\_\_\_\_
7. Total number of household members: \_\_\_\_\_
8. House ownership: \_\_\_\_\_
9. House type: (Pawed) (Semi pawed) (unpawed)

### **China Pakistan Economic Corridor and the Special Economic Zone**

- 1 Do you know about CPEC? Yes  No
- 2 If yes, explain \_\_\_\_\_
- 3 Do you know about Special Economic Zone? Yes  No
- 4 If yes, explain \_\_\_\_\_
- 4 Under CPEC there are many SEZ are developing? any Idea; \_\_\_\_\_
- 5 Do you know about SEZs which have been developing under CPEC in KP?  
Yes  No
- 6 If yes, name \_\_\_\_\_
- 7 Do you know that SEZ will be developed under CPEC in District Nowshera?  
Yes  No
- 8 If yes name \_\_\_\_\_
- 9 Do you know, under CPEC, REZ has been established? Yes  No

10 If yes, explain\_\_\_\_\_

11 Do you know about KP Economic Zones Development & Management Company (KPEZDMC)? Yes  No

If yes, explain\_\_\_\_\_

12 Do you know KPEZDMC provide facilitation for entrepreneurship? Yes  No

If yes, explain\_\_\_\_\_

13 Do you know KPEZDMC provided economic incentives under REZ? Yes  No

If yes, explain\_\_\_\_\_

14 If those incentives are given to entrepreneurship which is Out of REZ, are You intended to start a business? Yes  No

15 Which type of incentive will encourage you to start a new business or entrepreneurship?

16 1) Loans, 2) Tax cut, 3) 25% Transport Subsidy facility given by the government to access from port to kp market, 4) Training, 5) others(uninterrupted electricity, 25% discount on land price, 5% Markup Discount, One time Duty free import of capital goods )

17 If a loan, How much in percentage will be required according to your business value, to help you with starting a new business? 5%  10%  15%  20%  25%  30%



18 What interest rate should be applicable to you for a loan you receive?

Zero interest rate  , 5%  , 10%  , or more

19 If Tax cut please explain the time span, for how many years the tax cut policy should be applicable to you?

5 years  , 10years  or you want to pay with a lower percentage on normal returns

20 If Transport, Please explain the required transport facilities, which are applicable to your business?

21 If yes, what type of transport facility \_\_\_\_\_

22 Do you have any saving for starting entrepreneurship? Yes  No

23 If yes, how much as a percentage of total income you save each month \_\_\_\_\_  
\_\_\_\_\_

24 Do you have any experience of doing business? Yes  No

25 Are you intended to start a new business? Yes  No

26 What type of business would you like to start? \_\_\_\_\_

27 If you are a businessman, Are you intend to extend that business in REZ? Yes  No

28 If yes, what is your present business \_\_\_\_\_

29 Are you Intended to Start Business on Given Incentives from Government (KPEZDMC)?

Yes  No

30 Does REZ have the potential to improve your business confidence in KP? Yes  No

31 If yes, how \_\_\_\_\_

32 Can REZ improve regional (Kp) market competitiveness for your business? Yes  No

33 If yes, how \_\_\_\_\_

34 Does REZ have economic potential in terms of job creation? Yes  No

35 If yes, how \_\_\_\_\_

36 Can REZ be helpful in entrepreneurial structure and workforce level?

Yes  No

37 If yes, how \_\_\_\_\_

38 Can REZ boost KPK industrial sector development? Yes  No

39 If yes, how \_\_\_\_\_

40 Does REZ have a positive role in improving social infrastructure? Yes  No

41 If yes, how\_\_\_\_\_

42 Does REZ have the potential to improve the livelihood of a region? Yes  No

43 If yes, how\_\_\_\_\_

44 Does REZ encourage business communities to take benefits from incentives?

Yes  No

45 If yes, how\_\_\_\_\_

46 May REZ be helpful to increase the economic welfare of local residents?

Yes  No

47 If yes, how\_\_\_\_\_

48 Can REZ benefit local business communities more than other business communities?

Yes  No

49 If yes, how\_\_\_\_\_

50 Does REZ provide sufficient opportunities to the business community in KP?

Yes  No

51 If yes, how\_\_\_\_\_

52 Does other EZs are needed to be established under CPEC? Yes  No