



Globalization and its impact on small scale industries (A case of Pakistan and Bangladesh)

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Abstract

This study allows one to analyze the influence of globalization on the growth of small businesses. The goals of the research were focused on the small-scale business effect of globalization. The study found that there is a substantial effect on investment in net assets of rising income or higher costs of production, since an improvement in production costs and profits means at the end of the year that the business has excess capital and these resources would be used in net assets as an observance of globalization patterns. The data for this analysis were mainly obtained from the financial corporate reports that exchanges released as DSE in Bangladesh and PXS in Pakistan. The period of study is 6 years (From 2014 to 2019) including ten companies registered from Pakistan Stock exchange & Bangladesh Stock Exchange on both dependent and independent variables. Regression analysis have been applied to get statistical results of study. Results from Pakistan have demonstrated that an increase in production costs and profit has been seen in globalization. In Bangladesh, however, the link between globalization/net asset investment and cost of production and net income before tax was not significantly linked. Alternative hypotheses describing significance relationship between selected variables in the analysis contained in Pakistan, and null hypotheses in Bangladesh have been shown to have no significant relationship with variables.

Key words: Production, Profit before tax, operating cost

1. Introduction

In contemporary economic growth globalization is one of the key developments. For decades we saw the pattern in which controversial economic agents were divided and combined into a single economy, firstly the markets were expanded outside city limits and then the market acquired regional meaning (Muniruzzaman 2017). The industry takes on the domestic stage and, as a consequence of



the internationalization of the economy, the domestic market just became a part of the global market. The extent of globalization, in reality (Pandya 2016). The creation of business partnerships represents the following: individual firms, countries, industrial markets and the globe.

Grossman and Helpman (2015) was one of the first to examine the purely commercial phenomena of economic globalization. Palley (2018) explained the disparity between international corporations and global competition. Portraits have provided the guidance to improve the national economy competitiveness on the wider world business image and globalization conditions (Pandya 2016, Indriyani 2017, Palley 2018, Karabag 2019, Lacal-Arántegui 2019, Petricevic and Teece 2019, Werner 2019, Witt 2019). Literature, however, does not characterize the international markets or the contents of global businesses in detail, nor does it explain their characteristics, which enable a business to be measured by the global levels of its activity. This is critical in order to strengthen the company's global strategy and competitive behavior, productivity and financial status.

1.1 Theoretical background

There are many theories related to international trade such as Adam Smith's theory of absolute profit, Ricardo's theory of comparative profit, and Heckscher-Ohlin theory. But recent theories have emerged in the field of business and in relation to the company's performance. You can see these principles below:

1.1.2 Krugman model

The theory of Krugman measures the impacts on global markets of economies of scale and is known as the modern theory on trade. In the International Economics Journal of Related Nations, Krugman first proposed this theory in 1979. Krugman believes that consumers have access by using various items, scale economies and monopolistic competition are market structures. There are, however, two reasons why countries trade with one another: first, trade would expand market diversity, thereby increasing usefulness (Lacal-Arántegui 2019). The second is the size economy. This ensures that the economy is restricted and confined because countries do not trade with each other. Consequently, manufacturers cannot reap from scale savings and output prices are higher. But if trade between two countries is finished, the effects on trade is like population growth and all good goods are produced on a large scale. Any high profit and inefficient businesses are kept out of the market and professional firms are created and saved (Hafeez, Basheer et al. 2018).

1.2 Small scale industries

SMEs or small and medium sized enterprises can be defined as, self-regulating organizations, which tend to have less than a certain threshold of workers. These small industries are commonly those with less than 50 staff members. SMEs are a vital component of the economy of a country. Such firms are integral in catering to the niche market and their significance in terms of exports, production and providing employment, is incomparable (Shafi, Sarker et al. 2019).

The Pakistani economy consists of almost 3.3 million Small and Medium Enterprises. These may consist of (amongst many other variants) services providers, manufacturing units and startups. SMEs make up over 30% of Pakistan's GDP and approximately 25% of generating exports.

SMEs in Pakistan face a number of restraints due to fluctuating economy. As a result, such conflicting policies have slowed down the progression in these industries. The small businesses in



the state are self-governing bodies with little to no regulation, which causes hindrances in accessing financial services and funds when the need arises.

Since SMEs are self-regulating independent industries, and lie outside the governmental regulatory structure, financial establishments find it challenging to evaluate them for potential loans and other fiscal services. As a result, this acts as a deterrent in loan acquisition, indemnity guarantees and also makes them susceptible to high lending rates.

Apart from financial restrictions, power shortage is one of the major problems that SMEs encounter on a day-to-day basis. Power supply issues and unscheduled hourly power cuts have long-term effects on the productivity, profitability and scalability of small-scale businesses.

If the SME segment in Pakistan is brought into the government's regulatory framework, it can reach its true potential. With the accessibility of complete information, banking and other financial institutions could be able to help these firms grow their identities, besides assisting in the development of the country's economy.

The only way SMEs can improve is to embrace standard protocols and procedures as parameters of their operations and it is our job to encourage them to explore new and improved business structures that can better aid in productivity. The SMEs in Pakistan are slowly taking a backbench, as commercialization is on the rise. It's our civic duty to encourage the individuals working in such small businesses and appreciate their skills.

Skills such as terracotta pottery, traditional jewelry making such as the craftsmanship in Baluchistan, or cobblers who make exquisite Peshawari chappals in the bazaars of Peshawar, the art of crochet and hand embroidery are skills that have been passed on by generations.

These things specifically apply to the rural areas, where these services are a mean of livelihood for men and women. We need to highlight the craftsmanship and creativity of our people and support the trades of millions of these skilled artisans.

1.3 Significance off study

A country's economic growth is closely tied to the scale of industrial production. As a consequence of the expansion of the industrial industry, the utilization of natural capital has expanded product and service production, enhanced work opportunities and better living standards. Many countries have been working to build the manufacturing base of this country since independence, including Pakistan, India, and Bangladesh. It has drawn up diverse policies that are based on economic growth in the public and private sectors (De Backer, DeStefano et al. 2018).

1.4 Objectives of the study

The establishment of the WTO in 1995 places pressure on member States to drastically reduce their numbers and has increased the risk of developed and developing economies in developing and developing countries to create a more complicated economy: the liberalization of investment structures during the 1990's and the international growth of foreign direct investment, particularly in Socialist and developing countries (Karabag 2019). The unprecedented transformation, coupled with all these shifts, of the economic framework in which small companies operate indicates that in the market, there is no option but "competitive." Many nations have implemented strategic policies for small countries and global markets. This research primarily aims to explore the effect of globalization on small business growth (Latif, Rana et al. 2017).

Studies on the effect of globalization on small firms are also at an early stage in developing



countries. Many literatures address studies into the influence of globalization, both in general and indirectly, on the development of IDOs in developing countries. But it has not drawn any attention to the influence of globalization on SSI. This article concentrates on this research gap (Latif, Rana et al. 2017).

2. Literature Review

Globalization involves not just the internationalization, but also a period of liberalization that turns the globe into a little village to direct the concept of globalization. In every area there is more competition. Innovation, strategies and incentives to help their economies and countries in particular, battle with a strategy to maintain their economies. This research will help us understand the globalization problems for small companies and help us to identify suitable ways in many countries to manage the situation (Petricevic and Teece 2019).

Because certain countries have not completely transitioned to global structures, the gains of globalization were not fully benefitted by small companies. Global agents in the developed world wish to extend boundaries, create global attitudes and increase interdependence and reliance on cooperation to promote financial and economic integration in developing countries, such as Pakistan, India and Bangladesh. The growth of IDOs has not created many positive effects in developing countries, however. This is because developing countries lack the requirements to enter the global process effectively, such as a healthy and rising economy, financial and profitability infrastructures and an efficient workforce (Boussebaa and Faulconbridge 2019).

All theories of globalization have been put hereunder in eight categories: liberalism, political realism, Marxism, constructivism, postmodernism, feminism and eclecticism. Each one of them carries several variations.

2.1 Research theories

2.1.1 Theory of Liberalism

Liberalism sees the process of globalization as market-led extension of modernization. At the most elementary level, it is a result of 'natural' human desires for economic welfare and political liberty. As such, trans planetary connectivity is derived from human drives to maximize material well-being and to exercise basic freedoms. These forces eventually interlink humanity across the planet (Tickell and Peck 1995).

- Technological advances, particularly in the areas of transport, communications and information processing, and,
- Suitable legal and institutional arrangement to enable markets and liberal democracy to spread on a trans world scale.

Such explanations come mostly from Business Studies, Economics, International Political Economy, Law and Politics. Liberalists stress the necessity of constructing institutional infrastructure to support globalization. All this has led to technical standardization, administrative harmonization, translation arrangement between languages, laws of contract, and guarantees of property rights.

2.1.2 Theory of Political Realism

Advocates of this theory are interested in questions of state power, the pursuit of national interest, and conflict between states. According to them states are inherently acquisitive and self-serving, and heading for inevitable competition of power. Some of the scholars stand for a balance of power,



where any attempt by one state to achieve world dominance is countered by collective resistance from other states (Ghosh Dastidar 2017).

Another group suggests that a dominant state can bring stability to world order. The ‘hegemon’ state (presently the US or G7/8) maintains and defines international rules and institutions that both advance its own interests and at the same time contain conflicts between other states. Globalization has also been explained as a strategy in the contest for power between several major states in contemporary world politics.

2.1.3 Theory of Marxism:

Marxism is principally concerned with modes of production, social exploitation through unjust distribution, and social emancipation through the transcendence of capitalism. Marx himself anticipated the growth of globality that ‘capital by its nature drives beyond every spatial barrier to conquer the whole earth for its market’. Accordingly, to Marxists, globalization happens because trans-world connectivity enhances opportunities of profit-making and surplus accumulation (Ali, Liu et al. 2017).

Marxists reject both liberalist and political realist explanations of globalization. It is the outcome of historically specific impulses of capitalist development. Its legal and institutional infrastructures serve the logic of surplus accumulation of a global scale. Liberal talk of freedom and democracy make up a legitimating ideology for exploitative global capitalist class relations.

2.1.4 Theory of Constructivism

Globalization has also arisen because of the way that people have mentally constructed the social world with particular symbols, language, images and interpretation. It is the result of particular forms and dynamics of consciousness. Patterns of production and governance are second-order structures that derive from deeper cultural and socio-psychological forces. Such accounts of globalization have come from the fields of Anthropology, Humanities, Media of Studies and Sociology.

Constructivists concentrate on the ways that social actors ‘construct’ their world: both within their own minds and through inter-subjective communication with others. Conversation and symbolic exchanges lead people to construct ideas of the world, the rules for social interaction, and ways of being and belonging in that world. Social geography is a mental experience as well as a physical fact. They form ‘in’ or ‘out’ as well as ‘us’ and ‘they’ groups.

They conceive of themselves as inhabitants of a particular global world. National, class, religious and other identities respond in part to material conditions but they also depend on inter-subjective construction and communication of shared self-understanding. However, when they go too far, they present a case of social-psychological reductionism ignoring the significance of economic and ecological forces in shaping mental experience. This theory neglects issues of structural inequalities and power hierarchies in social relations. It has a built-in apolitical tendency.

2.1.5 Theory of Postmodernism

Some other ideational perspectives of globalization highlight the significance of structural power in the construction of identities, norms and knowledge. They all are grouped under the label of ‘postmodernism’. They too, as Michel Foucault does strive to understand society in terms of



knowledge power: power structures shape knowledge. Certain knowledge structures support certain power hierarchies (Muniruzzaman 2017) (Haque and Azmat 2015).

The reigning structures of understanding determine what can and cannot be known in a given socio-historical context. This dominant structure of knowledge in modern society is 'rationalism'. It puts emphasis on the empirical world, the subordination of nature to human control, objectivist science, and instrumentalist efficiency. Modern rationalism produces a society overwhelmed with economic growth, technological control, bureaucratic organization, and disciplining desires.

This mode of knowledge has authoritarian and expansionary logic that leads to a kind of cultural imperialism subordinating all other epistemologies. It does not focus on the problem of globalization per se. In this way, western rationalism overawes indigenous cultures and other non-modern life-worlds.

Postmodernism, like Marxism, helps to go beyond the relatively superficial accounts of liberalist and political realist theories and expose social conditions that have favored globalization. Obviously, postmodernism suffers from its own methodological idealism. All material forces, though come under impact of ideas, cannot be reduced to modes of consciousness. For a valid explanation, interconnection between ideational and material forces is not enough.

2.2 Globalization and Small-Scale Industries

Pakistan is an agrarian/developing country that is striving hard for transition of its economy from agriculture to industry. The policies of the incumbent government have been instrumental in bringing about basic structural changes in the social and economic milieu of the country.

Efforts are being made for requisite sustainable growth in the manufacturing sector and restoration of Macro Economic Stability. The manufacturing sector contributes 17 to 18 % of the total GDP of the country and employ 11.2 % of the labor force. The total target fixed by the government in manufacturing sector in GDP is 24 to 25 % by the year 2010 and per capita income from US \$ 450 to 1000. The surveys to bifurcate small and medium industries have not been carried out in Pakistan, therefore only joint figures of the small and medium industries are available. The small and medium enterprises form the backbone of any economy in the world and play key role in the successful economic growth. Hence all countries are focusing their special emphasis for the development of their small industries. In Pakistan the large enterprises were considered as the real force for the growth of the economy, hence the small industries remained neglected. Despite their problems the Small and Medium Enterprises contribute over 90% of business in Pakistan and provide employment to 83% of the work force in the manufacturing sector (Dey, Babu et al. 2019).

They contribute over 30% to GDP and are generating one fourth of the manufacturing sector's export earnings. They are big source for generating self-employment in the country and substantiating the family's income. Small industries, the key drivers for value-added exporters are important for being biggest source of low-cost employment, for helping in regional and local development, in achievement of fair and equitable distribution of wealth, employment opportunity provider to women, assist in fostering a self-help and entrepreneurial culture in the country. There is no single definition of small industries in Pakistan. The Federal Bureau of Statistics (FBS) implicitly uses the limit of 10 employees for small industries. The State Bank of Pakistan considers an establishment as small if its employees are less than 100 people or the value of its assets is less than Rs. 20 million. The Small and Medium Enterprises Authority (SMEDA) defines the small industry, which employees 10 to 35 persons and its production assets are between Rs 2 million to Rs 20 million.



2.2.1 International and Regional Scenario for Small Industries

The small industries are an integral part of economic lifeline of most countries around the world. They are a major source of ideas and employment. They both sustain and stimulate the growth of industrial sector. Though these small enterprises are full of enthusiasm but also fail owing to their inexperience, lack of finances and management skill. The multinationals of the world are endeavoring to make their ingresses all over the world. It is apprehended that these small industries may not be overshadowed under the multinationals. Despite the efforts of multinationals to capture the world industry, the importance of small industries cannot be ignored (Kilic 2015).

They can benefit by the disciplined approach to direct settings, which harnesses their character sense of enterprise, their capabilities and potentialities to their provision of goods and services. The small industries are vital for world prosperity, job creations and creation of wealth. The small and medium industries according to an estimate are capable of creating almost one billion new jobs in the world, which it will need in the near future. In the developed countries these industries have constituted a significant portion of Gross Domestic Product (GDP) varying from 90% - 58% and provided ranging between 55% to 80% jobs of the total employment in Western Europe, USA and Japan (World Bank, 1997). These industries feed to automobile industries in Japan and other countries of the world at lower cost.

2.2.2 Bangladesh Experience under Special Credit Program

In Bangladesh small industry is currently defined as an industrial undertaking either in manufacturing process or service activity within a total investment of Bangladeshi TK 1.5 Million and the investment in machinery and equipment not exceeding Bangladesh TK 1.5 Million excluding taxes and duties. The Tangail Saree Technology was successfully transferred to west Bengal due to migration of a number of weavers from Tangail to West Bengal, where they established a new enterprise. Bangladesh Tobacco Co. Ltd. Successfully transferred the technology of wrapping a “birria” by cigarette paper to small sector. The Government of Bangladesh had taken up different financial assistance programs with a view to extending financial assistance to small industries at favorable terms and conditions.

2.3 Small Industries in Pakistan

The history of small industries in Pakistan is not very old because very small number of industries came in the share of Pakistan after its independence in 1947. The areas, which formed the part of Pakistan, were already backwards as compared to the areas, which formed the part of India. Three textile mills and insignificant manufacturing units were installed in the areas of Pakistan before the partition of Sub-continent. The government of Pakistan had very meager resources, which were not even sufficient to pay the salaries of its employees (Tejani and Milberg 2016).

After its consolidation the government focused its attention on the industrialization process, which was accelerated during President Field Marshal Mohammad Ayyub’s regime. The preferential treatment was given to the large-scale manufacturing instead of small-scale industries. The big industrialists had every access to the cheap credit and foreign exchange from the banks, whereas the small industries had no such facilities nor they could influence any policy favorable to them. For promotion of small industries in the country the government had set up the National Small Industries Corporation in 1956, which was later on merged with Pakistan Industrial Development Corporation in 1965. The performance of the NSIC can be very well judged from the growth rate of small-scale



industries in the country, which was 2% only in sixties. After the separation of East Pakistan, the NSIC was dissolved in 1972 & Provincial Small Industries Corporations / Departments were set up in all the four provinces. These organizations supposed to provide advisory services, assist in obtaining credit and provide training and common facilities for establishing the small industries in their respected provinces for selected industries like metal, leather, ceramics, woodworking, pottery, cutlery, small tools and textiles (Kilic 2015).

The government of Pakistan kept on focusing its attention on large scale industries which became the cause of the growth of small-scale industries in seventies. The important feature of Pakistan's economic development since 1950 was the high rate of growth of the large and medium scale manufacturing. During the first half of fifties the growth rate was 25% per annum, which decreased to 8% per annum in the second half. The growth rate of LSE again accelerated in sixties, which was 17% per annum in the first half and decreased to 10% per annum in the second half. Embolden by this growth rate, Mr. Zulfikar Ali Bhutto, nationalized most of the large-scale industries of Pakistan. This nationalization scared the industrialists and they preferred setting up of a small-scale industry in apprehension of nationalization of large scale. Moreover, the large inflow of remittances from Pakistani workers abroad to the tune of US\$ 2 to 3 billion annually in seventies and early eighties created large market for a variety of consumer durables, produced by the small industry sector.

Thus, the growth rate of small industries in 70s increased up to 27.5% per annum. The government of Pakistan realizing the importance of the small industries while formulating the industrial policy statement in June 1984 emphasized on the importance of small industries for the economic growth and employment generation. The unit involving fixed capital investment of up to 10 million was defined as a small industry. Major measures include provision of timely credit; opening new and strengthening existing training facilities; development of specific programs for marketing of small unit products; were enunciated for the development of small industries in the country: The government except announcing above mentioned policy guidelines practically did nothing for the uplift of small industries. The Small Business Finance Corporation (SBFC) could have effectively chalked out any program for the growth of small industries but its performance was not satisfactory. There was only one Development Financial Institution (FDI) i.e. SBFC for the financial assistance to small industries, whereas there were so many DFI'S for provision of financial assistance to large-scale industries (Asghar, Yousuf et al. 2014).

3. Methodology

3.1 Introduction

In this chapter, on the basis of previous discussion, all obtained knowledge and practical implication has been applied to this chapter. To provide the prospective results, different writers have discussed the impact of Globalization & It's Impact on Small Scale Industries in Developing Countries (Pakistan and Bangladesh). Different international and Pakistani writers used different research tools and techniques to study the relationship and interdependency of different dependent and independent variables (Hoque, Saif et al. 2016).

Specifications regarding the environment of Pakistan, different methods were taken up to the mind. There were lot of assumptions regarding different techniques, but Aryan and Aryan (2015); Park and Ratty (2008); Nunda and Hammoudeh (2017); Park and Ratty (2008); Paver et al (2008); Ayadi, Chattered and Obi (2000); CongLa (2016); Sandusky (2008) and Papapetrou (2001) analysis techniques it is founded that correlation and regression are the best techniques to find out the results



in the scenario of south Asia region.

Many researchers used different analysis techniques to find out the answers of their research, specifications regarding the environment of Pakistan. Different methods were taken up to the mind, there were lot of assumptions regarding different techniques, but last stated method of Gaff and Ford (1999) was found best to apply on analysis process. On the basis of above discussion, this paper will use regression and correlation analysis to find out the answers of research questions and objective.

3.2 Research Design

This research work is designed in such a way that it helps to understand the relationship of Production, Profit before tax, & Operating cost. It could be a quantitative research based on secondary data. We have use statistical tools for research results. Statistical Tools will be correlation analysis and linear regression analysis on different variables. The study area of this research work is Globalization & It's Impact on Small Scale Industries in Developing Countries (Pakistan and Bangladesh) will be studied.

3.3 Secondary Source of Data

This paper uses the secondary source of data from annual reports of Pakistan Stock Exchange & Bangladesh Stock Exchange. Secondary source of data means that the data which is already used for any other purpose. On the other hand, there is nothing regarding the data collection that has been collected from survey technique or questionnaire. The whole research based on the secondary source of data. Louganis (2006) used secondary source of data to analyses.

3.4 Sample Selection Criteria

Hamilton (2003) studied the non-financial sector listed in stock exchange are direct contributors towards the economy of the country, due to this reason these companies was give the clear picture of insurance sector's efficiency. Louganis (2016); Gasser and Goodwin (2014) and Darkness (1989) determined the macroeconomic variables and developed the model with annually data.

3.5 Sample and period of the study

The period of study is 6 years (From 2014 to 2019) including ten companies registered from Pakistan Stock exchange & Bangladesh Stock Exchange on both dependent and independent variables. Papapetrou (2001) used for the period 1974-2000, He used the firm performance measures in US stock market return data. Sandusky (2012) used data from annual report of 25 years and used annually data on stock market returns. Sandusky (1999) used oil prices for the period 1973-1998 and used annually data on S&P 500 index upon capital structure determinants.

3.6 Source of Data

Secondary information is the source of analysis. The data for this study will be collected mainly from corporate financial reports published by the Ministries of Micro, Small and Medium Enterprises, Governments of different countries (DSE from Bangladesh and PXS from Pakistan). This report seeks to examine the impact of globalization on the growth of small businesses. This is why development trends and many aspects of the competitiveness of the SSI sector in countries have been estimated (Enckell 2016, Indriyani 2017, Petricevic and Teece 2019).

3.7 Research Variables

To conduct this research, I'm going to analyze these three variables, Production, Revenue, and Net

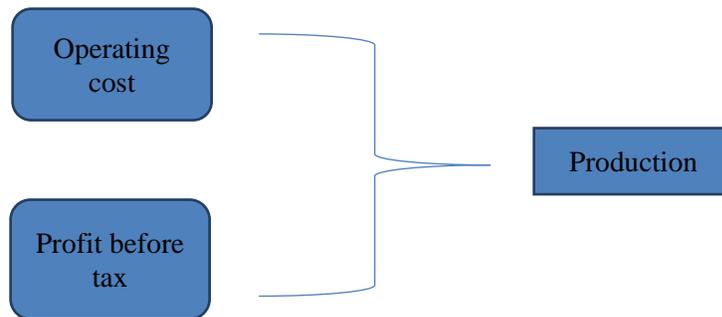


assets. Production in terms of operating cost, variation in product line and quality. Revenue in terms of profit before tax and net assets in term of total assets total liabilities as it's perceived that due to globalization a lot of industries has shifted towards capital intensive to labor intensive.

Net assets: Globalization tend to increase capital investment instead of labor investment, so globalization would be measured by net assets investment.

Production / operating cost: it would be measured that how increase in production cost can increase value of net asset, so production would be measure by operating or production cost.

Revenue / profit before tax: does increase in profit before tax would increase investment in net assets, this would be measure by relationship of profit before tax and net asset values.



3.8 Regression equation

$$\text{Production} = a + b_1 (\text{Profit before tax}) + b_2 (\text{Operating cost}) + e$$

For this study we are going to collect data for these variables. We have used the annual reports of the company. Net assets will be picked from the balance sheet, profit will come from the income statement of the company. The operating cost to evaluate the production level will also be taken from the income statement of the company.

3.9 Data for analysis

Panel data analysis have been applied upon ten companies, five companies from Dhaka Stock Exchange and five companies from Pakistan Stock Exchange.

Data have been selected from 2014 to 2019 upon three variables including net assets, profit before tax and operating cost.

In order to analyze the above-mentioned data to test the hypothesis, simple regression analysis have been used via MS excel and SPSS.

3.10 Hypothesis

H1: There will be a significant effect of globalization in small scale industries.

H2: There will be no significant effect of globalization in small scale industries.

3.11 Conclusion

Many researchers used different analysis techniques to find out the answers of their research, specifications regarding the environment of South Asia. Different methods were taken up to the mind. There were lot of assumptions regarding different techniques but Aryan and Aryan (2010);



Park and Ratty (2018); Mari and Hammoudeh (2017); Nunda and Hammoudeh (2007); Ayadi, Chattered and Obi (2015); Cong et al (2008); Sandusky (2008) and Papapetrou (2011) analysis techniques it is founded that correlation and regression are the best techniques to find out the results in the scenario of south Asia region. On the basis of above discussion, this paper will use regression and correlation analysis to find out the answers of research questions and objective.

All tools of analysis have same results, first regression analysis should have showed that there is positive relationship among the variables; correlation analysis should have showed that there is positive correlation among the variables and these variables move towards the same direction, there direction may be positive or negative.

4. Data analysis

Data analysis has been done on two countries first, study has been observed scenarios of Pakistani companies. Regression analysis have been studied relationship between selected variables, model summary define relationship with value of R, that means variables have significant relationship, value of R 0.67 means variables are strongly related to each other. Model summary also explained r square and adjusted r square, these terms defines explained variations of the model selected for variables. Regression model have been explained reasonably from 41% to 45% depending on values of r square and adjusted r square (Fontana and Egels-Zandén 2019).

Anova model defines significance of model, significance of model which have been selected upon the basis of three variables like net assets, net profit before tax and cost of operations. Value of significance 0.00 proved that alternative hypothesis has been proved right.

4.1 Results for PSX companies

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.673 ^a	.453	.412	14.5147		
a. Predictors: (Constant), Net profit before tax, Operating cost						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4707.047	2	2353.523	11.171	.000 ^b
	Residual	5688.281	27	210.677		
	Total	10395.327	29			
a. Dependent Variable: Net assets						
b. Predictors: (Constant), Net profit before tax, Operating cost						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-242.895	65.369		-3.716	.001
	Operating cost	2.778	.647	2.214	4.296	.000
	Net profit before tax	3.554	.760	2.409	4.674	.000
a. Dependent Variable: Net assets						



Coefficients table defines the real value of relationship between variables, first of all study need to observe the values of significant which are absolutely below the level of significance 0.05, that means net asset have significant relationship with operational cost and net profit before tax. Values of standardized coefficient beta shows that how much change would change on net assets if operational cost or net profit will change, in other words, change in operational cost up to one unit would change net asset 2.21 units and vice versa. Same like this change in one unit of net asset would change net profit up to 2.40 units.

4.2 Analysis on Dhaka Stock Exchange

Observing the model of regression upon Bangladesh stock exchange, its seen that model is insignificant at all levels, value of r is too low to define any kind of relationship, explanation of variations upon the basis of r square and adjusted r square are also too low. Anova model is insignificant at significance value of 0.29, same results have been observed upon coefficients table that means variable selected (cost of operations, net profit before tax and net assets) have no any kind of relationship or interdependence (Yang, Shafi et al. 2018).

Here in case of Dhaka stock exchange study have selected null hypothesis that means variables have no significant relations, or in other words we can say that globalization have not impacted the small-scale industry in Bangladesh upon the basis of selected sample.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.296 ^a	.088	.020	24.5745		
a. Predictors: (Constant), Net profit before tax, Operating cost						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1565.542	2	782.771	1.296	.290 ^b
	Residual	16305.492	27	603.907		
	Total	17871.034	29			
a. Dependent Variable: Net assets						
b. Predictors: (Constant), Net profit before tax to sale, Operating cost						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	63.335	37.103		1.707	.099
	Operating cost	-.082	.404	-.043	-.202	.842
	Net profit before tax to sale	-1.343	.906	-.315	-1.482	.150
a. Dependent Variable: Net assets						



The research was conducted on data related to the performance of small-scale industries in the affected areas. The SSI sector has been examined in the belief that it has the largest share of the industrial sector in developing countries. We need to use a mixed approach to our analysis for this reason, as we will use statistical data as well as multiple online surveys for some small businesses.

5. Conclusion

This research has help us assess the impact of globalization on small business development. We can find out how globalization is affecting small businesses and how we can sustain these aspects to help small businesses survive. Objectives of the study were based on the impact of globalization on small scale industry. Study have observed that is there any significance impact of increase in profit, or increase in production cost on investment in net assets, because increase in production cost and profit means company have surplus resources at the year end, and these resources must be employed in net asset to observe the trend of globalization. As globalization believes on investment of net assets instead of increasing their traditional labor. Results upon the basis of Pakistan proved that increase in production cost and profit have employed globalization as increase in net asset have been observed. But in case of Bangladesh no significant relationship has been observed upon the relationship of globalization/ net asset investment and production cost with net profit before tax. In case of Pakistan study accepted alternative hypothesis define significance relationship between selected variables and in case of Bangladesh null hypothesis have been proved that variables have no significant relationship. During the research, I have considered the secrecy of the data and another ethical consideration my research could have tackle is to get the latest data. If the study requires interviewing the small-scale industries, then it could create some disturbance to get data also there could have some trust issues as well.



6. References

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