

## Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

\*Adeel Akram and \*\*Khizra Safdar Khan

---

**Abstract:** The aim of this study is to analyze the factors influencing the exports of sports goods in Sialkot. In order to explore these factors, a survey was conducted through questionnaire, focusing on human resource available on the part of firm, their training, the role of taxes in this industry, technical collaboration and business development characteristics along with characteristics of the owner. 40 firms were surveyed through convenient sampling technique. Information was collected by the firm's managers or any other top management employee regarding all the factors affecting performance of export-oriented firms. CAGR (Compound annual growth rate formula) was used in order to explore the growth experience of the export-oriented sports goods firms. PESTLE analysis was conducted to evaluate the Political, Economic, Social, Technological, Legal and Environmental factors affecting the growth performance of sports goods firms. The results indicate that firms experiencing growth employ more skilled labor as compared to those undergoing negative growth. Owner's characteristics also had an impact on the firm's performance as growing firms had more educated owners. From the analyses of the data some recommendations have been mentioned including establishment of skill development centers for the work force, Common testing facilities, improvement in labor laws, establishment of R&D departments, government interventions regarding the policies of infrastructure, trade, and import tariffs should be managed in favor of manufacturers.

**Keywords:** Sports, training, business development, skilled labor, R&D

### 1. Introduction

Economic development is one of the major and foremost objectives of all the countries. Almost all the countries strive in the best possible way to achieve economic growth. Among all the contributors of economic growth, exports are one of the main factor while promoting economic growth. Different studies are conducted to establish the relationship among exports and economic growth by different authors from different countries including Balassa (1985), Ram (1987), Alam (1988) and many others.

\*M.Phill Student, Department of Business & Commerce, GIFT University Gujranwala

\*\*Assistant Professor, Department of Business & Commerce, GIFT University Gujranwala

## 2 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

Pakistan is following Export oriented industrialization (EOI) in 1970's. In 2019, Pakistan exported US\$ 17.07 billion and imported US\$ 45.471, resulting in a negative trade balance of US \$28.38 billion. Major exports of Pakistan comprise of different categories including food, textile, petroleum and other manufactured products. Exports of sports goods are included in the other manufactured category. Sports goods industry has played an important role in establishing international trade market. Because of better quality of Sports goods, Pakistan has gained international fame. The percentage of Pakistan sports goods export from the total export of Pakistan is only 1.51 percent (2018-19)<sup>1</sup>. Pakistan has been one of the major exporters of sports goods especially football which contributes about 49 percent of the total sports good's exports.

The sports goods manufacturing division of Pakistan has a rich history and a dynamic manufacturing base. At first ascending as a cottage industry, the area now consists of developed manufacturing units in and around Sialkot city of Punjab. Over the time, Sialkot and its adjacent zones have developed into a cluster for manufacturing sports goods, counts on record learning and accessibility of skilled labor. The leader product for this cluster is the inflatable ball (for the most part soccer ball) which has had a huge influence in picking up the territory international recognition. Pakistan takes into account very nearly 70 percent of the worldwide interest for inflatable balls<sup>2</sup>. Different products being created in Sialkot area are cricket bats, hockey sticks, tennis rackets, indoor recreations and defensive rigging including sports apparel, gloves, and pads etc.<sup>3</sup>

Sialkot has been specialized to outsource world prestigious brands including Nike and Adidas generating employment to many skilled and non-skilled professionals from everywhere throughout the nation. It is proved to be a significant supporter of annual exports of Pakistan. In 2018-19, sports goods exports from the nation surpassed US\$ 312 million<sup>4</sup>. Considering the commitment of the business to the employment market and export competitiveness of Pakistan, it has established a unique position.

---

<sup>1</sup> TDAP (trade and development authority of Pakistan)

<sup>2</sup> PSDF Request for Proposal 2016

<sup>3</sup> PSDF Request for Proposal 2016

<sup>4</sup> Monthly Bulletin of Statistics October 2019; Pakistan Bureau of Statistics.

Regardless of the considerable number of milestones and achievement of this sector, the sports goods manufacturing industry of Sialkot is still a labor intensive one. Producers depend on customary knowledge and have over the time included just couple of semi mechanized processes to their work. The dependence on labor to work, diminishes their advantage. Most manufacturing exists in informal and unregistered set ups utilizing physical work and minimal skilled input. While Pakistan has been confronting rivalry from nations like India, Bangladesh, China and Taiwan are quick getting up to speed and giving extreme rivalry. These business sectors depend on their mechanized processes to convey affluence and particular items in bulk.

Considering all this, supporting local manufacturers and workforce is a need of hour to develop in global competitiveness perspective. Interventions featuring the upgradation of the technical skills of workforce in the industry to set assemble guidelines are required. These interventions can best be connected after a basic appraisal of the present and future needs of the industry, which will point out the key necessities for the sector.

In Pakistan there are few cities which contribute intensively towards exports goods production and exports. Sialkot is ranked third after Karachi and Lahore in terms of export revenue. Sialkot city is Pakistan's highest per capita income city (\$1200+)<sup>5</sup>. As Sialkot being one of the most efficient cities in terms of export, it also contributes towards the employment and growth of the economy. Sialkot sports goods industry has the ability to supply their products worldwide. Pakistan has been able to give a tough competition to its neighboring countries because of these major exporting cities. Major exportable product of Sialkot is Football in which Forward sports, Vision technologies, Capital sports have major participation as forward sports client is Adidas. The Brazuca Ball was manufactured solely by Forward Sports which was used in FIFA world cup 2014. There have been many milestones and achievement of this industry but despite all the success and hard work there is still room for improvement. Other than few companies of this sector most of the other firms face many problems. Several of them are as follows Human resource, adoption of new technology, Tariffs on imports and business development. Data for the total exports of sports goods for the year 2016, 2017 and 2019 have been shown in the Table below.

---

<sup>5</sup> Punjab portal All about Punjab in one place, <https://www.punjab.gov.pk/sialkot>.

#### 4 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

**Table: 1.1: Total exports of sports goods in Pakistan**

Year	2017-18	2016-17	2015-16
Sports Goods			
(I) Foot Balls Complete	152,987	138,303	158,243
(II) Gloves (Sports)	110,771	98,808	84,075
(III) Other (Sports)	48,785	43,069	53,904
Total	312,543	280,180	296,222

Source: Trade and development authority of Pakistan (2019) TDAP.

The firms of Sialkot are all exporting their product to different countries. As the firms of Sialkot are manufacturer plus exporter so their growth is based on their exports as all of them are focusing and relying on exports. It is evident from study of Wang et al (2008) about the exporting and productivity, leading a positive impact on the growth of the firms.

There are some issues which affect the sports goods manufacturer as they have the potential to grow but due above-mentioned constraints, they do not have the means to grow effectively. Because of these issues the cost of the production becomes high leading to high selling price. The cost related problems include tariffs, labor issues and infrastructure, technology advancement or coping up with the world's technology are crucial for future sustainability. As this industry is still relying on traditional methods for the production of their goods. The neighboring countries are keeping up with the world in terms of technology which gives them a competitive advantage for attracting clients. Also lack of government support and unstable political system discourage the foreign investment are very crucial for this industry.

The sports goods industry is well established in Sialkot. As this city is identified as the city of exporter and it has vast number of companies whether small, medium or large exporting sports goods all over the world. Statistics of recent years have shown that there has been a decrease in the overall exports of sports goods from Pakistan. This paper identifies that the factors which influence the growth of exports of sports goods.

##### **1.1: Objectives of the study**

The study is based on investigating the factors that are influencing the growth of sports goods industry in Sialkot. Following are the objective of the study.

- To evaluate the impact of human resource on the exports of sports goods in Sialkot.
- To assess the influence of new technology on the exports of sports goods in Sialkot.
- To analyze the role of tariff on imports on the exports of sports goods in Sialkot.
- To investigate the role of business development on the exports of sports goods in Sialkot.
- To assess the role of owner's characteristics on the exports of sports goods in Sialkot.

This study is organized in six sections. First section describes brief introduction of the study, which include purpose of this research. In second section literature review regarding factors affecting firm's efficiency is presented. Third section presents the theoretical framework. In fourth section data collection, research design, methodology and data analysis are presented. Fifth section presents the findings of this study, instruments and analysis. Sixth section presents conclusion and policy recommendation.

## **2. Literature Review**

The study has reviewed the related literature by carefully examining the earlier conducted in relevance to export performance of firms exploring the factors influencing the export potential, presented in a chronological order. Harvey and Germain (2001) analyzed the trade of sports goods and international division of labor regarding unequal hierarchy of nations. 28 countries on the part of NAFTA were selected for the time period of 20 years. Trade statistics of these countries were analyzed and concluded that the theories regarding dependency and regulations provides no appropriate acceptance. For regulations theory, social and cultural systems were not suitable to discuss the amalgamation of capital and labor explaining the structure of hierarchy of nations.

Khara and Dogra (2009) examined the constraints affecting the export performance of the Indian sports goods industry. Globalized advertisement, firms; particularly smaller ones, confront various boundaries to trading are the factors examined in the study. The paper offers an investigation regarding price improvement hindrances observed by firms in the Indian setting. This examination focussed on flourishing products exporters situated in the Northern territory of Punjab, through personal contacts. The consequences of the tentative findings proposed that the exporters confront imperatives grouped into monetary (accessibility and cost of financing),

## 6 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

advertising (promoting, trade bundling and imagination), mechanical (access and quality administration) and sources of information (skilled labor and raw materials). In this manner, conclusions and suggestions are inferred for policy makers and stake holders.

Khalid Nadvi et al (2011) analyzed that Global value chains and labor standards in the international sports industry and explored that China is becoming a global producer by attracting all of the global brands. The study explored that the relationship between China's economic growth and international labor standards and how these standards have affected the geography and organization of global football production. It was found that compliance with labor standards alone is insufficient for competing against China.

Sharma and Sharma (2010) conducted a research on analysing the technical and scale efficiency of small industries state wise clusters in India. The purpose of this paper was to analyse the relative production proficiency of state-wise bunches in the enrolled small-scale sector in India. For this, information development analysis based on BCC model is utilized. Specialized and scale efficiencies for 23 states and three union domains were assessed. Seven states including, Delhi, Meghalaya, Uttranchal, Haryana, Punjab, Andaman and Nicobar and Tamilnadu were observed to be in fact efficient while Delhi and Meghalaya turned out to be the main scale efficient states. Large portion of the states were observed to work at diminishing scale, depicting notch for venture and further business development. Since the outcome demonstrates enormous degree for development in miniscule ventures in India, producers can utilize it as a device to accomplish the objective of comprehensive development. Scale productivity analysis for small scale businesses in India mirrors the execution effectiveness of the state level arrangements for the small-scale ventures.

Athar Iqbal, et al (2012) investigated the relationship among exports and economic growth of Pakistan by using secondary data of exports, GDP and real terms of trade from 1960 to 2009. The data was taken from World Bank Indicators. The paper utilized the granger causality test, depicting that there is a unidirectional causality from GDP to exports and not from exports to GDP. Results suggested that in Pakistan, export led growth is not

applicable. So, the policy makers should focus on increasing the overall GDP rather than going for increased export.

Aggarwal et al (2012) examined the productivity improvement of sports goods industrial cluster in Meerut India. The article focused on SME's potential to grow and essential knowledge needed for development needed on the part of their owners. Due to lack of knowledge these owners do not get the benefits of technology and market dynamics. Moreover, they do not know source of the required funds for the establishment of the industry, hindering the growth of SME's. Establishment of a common facilitation center (CFC) can resolve these issues and can also cover limitations faced by the owners of SME's.

Poonam Chauhan (2013) studied the factors affecting the exports of sports goods in India. Sample size selected for this study was 60, 30 from Meerut and 30 from Jalandhar. For the analyses, questionnaires were prepared and being filled by the managers of the firms. CAGR (Compound annual growth rate formula) was used in order to estimate which firm was growing and which one is experiencing negative growth. The study has found that are affecting the export performance of sports goods firms, including human resource, business development, Innovation and technology upgradation and commercial collaboration.

PSDF (2016) conducted a study on sports goods manufacturing sector of Sialkot, to find the current skill levels and the skill gap among the labor. Desk reviews, explanatory reviews and quantitative survey of firms were done to explore the issue. The study revealed about the lack of awareness on part of small and medium enterprise about the formal training courses offered by TSP (training service provider). The reason is that these training centers offers few courses which are related to the sector and also the trainers were not qualified.

Asif and Waqas (2017) studied export performance of Pakistan in terms of structural constraints. Their aim of the study was to find the reasons behind slow export performance of Pakistan. Secondary data was used from government websites depicting that taxation, labor policy, institutional development and firm specific factors are the reason of the poor performance of Pakistan in terms of exports.

### **3. Theoretical Framework**

#### **3.1 Introduction**

This section introduces the design, and particular methods utilized for the fulfillment of the objectives of the study. The procedure involves

## 8 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

measurement of comprehensive information, tools used to gather data, questionnaire development, organization of the test for accumulation of the information and statistical analysis.

### **3.2 Theories**

#### **3.2.1 Definition of variables**

For this study several variables are used to analyze the factors affecting the growth of exporting sports goods firms.

#### **Human Resource**

HR is the most fundamental element of the sports goods industry as it is heavily based on the operations. Human resource includes skilled labor, semi-skilled labor and unskilled labor required to carry out the operations of the company. This variable will be analyzed on the bases of their commitment to the organization, their training, wages, learning and other development activities.

#### **Technology Development**

It is complimentary for the companies to form alliance with international experts regarding the any type of new technology for the production of their goods. These includes workshops with the experts, introduction to the new technology, research for further development and technology adaptation.

#### **Tariffs on import**

Raw materials are required for the production of goods in any industry. If these raw materials are costly then the finished product would also get high priced in comparison to other countries with low level of tariffs on import. But this is not same for all the industries and it differs for small, medium and large enterprises. As there are government incentive which cannot be availed simply including EOU (export-oriented unit) and EPZ (export processing zone).

#### **Business development**

Business development is seen as all the opportunities that are adopted including new product design, business model, expansion and marketing. Business development is an ongoing process which is to recognize and adapt the opportunities that would be the result of growth of the business. In this fast era of technology new market access and technology adaptation is very crucial.

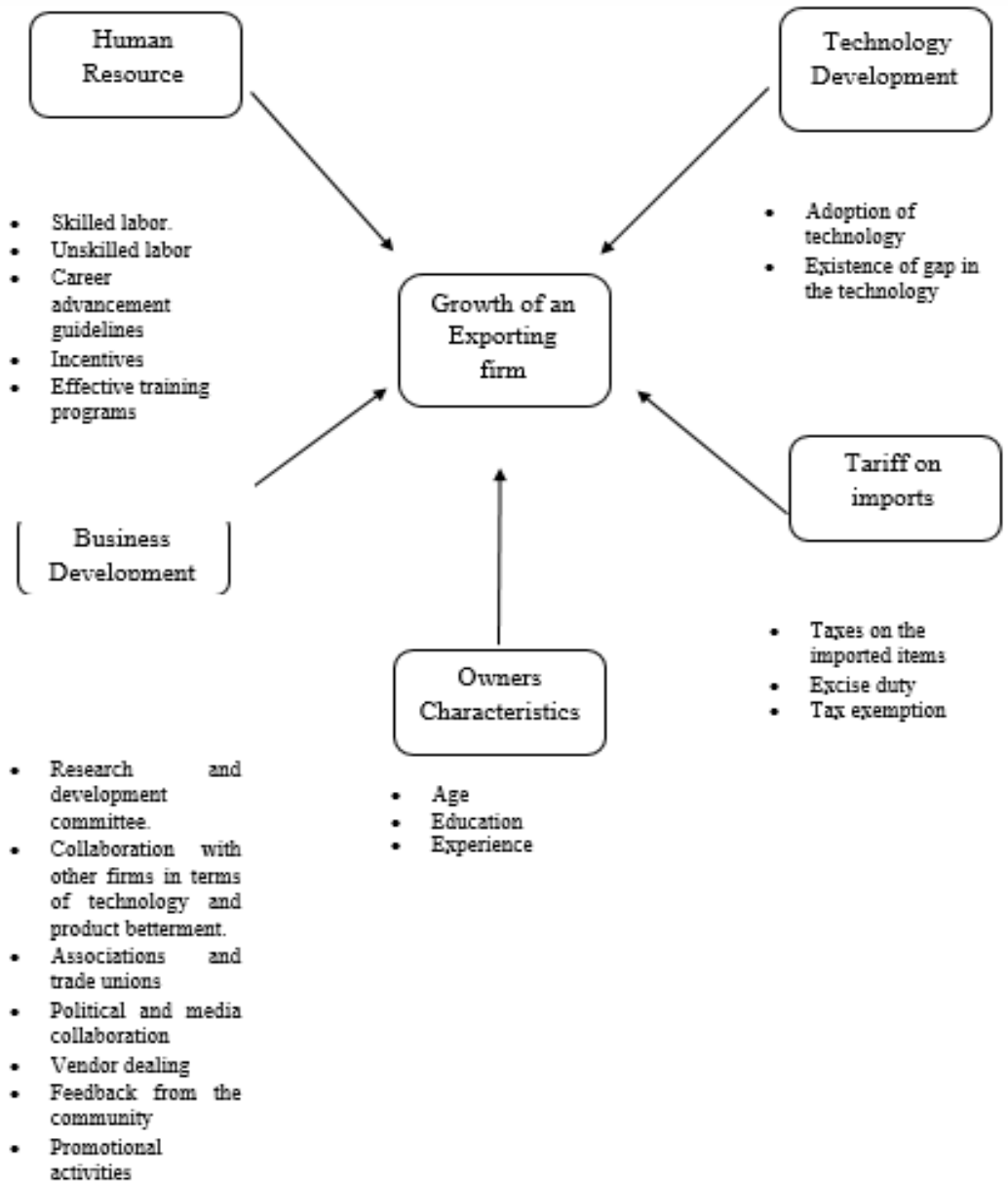


**Owner Characteristics**

There are numerous personality traits that define the owner and their business. The traits that will be discussed comprising of the education of the owner and his/her age and the experience regarding the firm's operations.

**Fig 3.1 Theoretical Framework**

## 10 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis



Source: Author's own conceptual framework

### 3.3 Data collection

#### 3.3.1 Target Population and Data source.

Target population for this study is sports goods manufacturers plus exporters in Sialkot. Data was collected from them in the form of questionnaires. As the selected firms were manufacturers/exporters so their growth is based on their exports earnings. It is evident from study of Wang (2008) that exporting has a positive impact on the growth of the firms.

#### 3.3.2 Sample size selection

For the conduction of this study convenient sampling was used as there are a lot of sports goods manufacturer in Sialkot. Sports goods manufacturer were selected with whom the author has a direct contact with because of working in custom clearing agency in Sialkot. The survey was conducted from 40 companies. Questionnaires were prepared and filled by the managers of department or from top management or middle management.

#### 3.3.3 Estimation Technique

To assess the company's growth, CAGR (Compound annual growth rate) formula was used to be applied on number of labor. It is used to represent the growth/decline of the firm in terms of investment, returns, employees, unit delivered, revenue etc.

$$CAGR = \left[ \frac{\text{Ending Value}}{\text{Beginning Value}} \right]^{\left[ \frac{1}{\# \text{ of years}} \right]} - 1$$

PESTLE analysis is a framework used by marketers to explore the macro environmental factors that have an impact on the organization.

### 4. Data Analysis

Table number 4.1 represents the overall number of employees in the last 3 years in surveyed firms, depicting that whether the employees in a firm has increased or decreased over last 3 years.

**Table. 4.1** Number of employees during the last three years with respect to growth experience. (Average)

	2014-15	2015-16	2016-17
Growing	87.57	113.38	139.76
Declining	116.26	110.95	99.95
Total	101.2	112.26	120.85

## 12 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

According to the survey the firms which are in the phase of growth has increased their overall number of employees in the last three years and the firms whose employees has decreased in the last three years are in the phase of decline Das and Kalita (2009).

**Table. 4.2 Total number of firms with respect to growth experience.**

	Number of firms	Percentage
Growing	21	52.5
Declining	19	47.5
Total	40	100

According to the analysis of the data in terms of CAGR of employees. It has been found that among the 40 firms there are 21 firms which are in the growing phase and the remaining 19 firms which are in the declining phase.

### 4.1 Owner characteristics with reference to Growth Experience

Table number 4.2 shows the average age of the owners of the sports good's firms. Data reveals that the growing firms have younger owners than those experiencing negative growth (Amran, 2011).

**Table. 4.3 Owner's characteristics with respect to Firm's growth experience.**

Firm's experience	Growing	Declining	Total
Age (average years)	46	52	49
<b>Education (frequency)</b>			
Inter	10	13	23
Graduate	6	5	11
Post Graduate	5	1	6
Experience (years)	7.14	7.36	7.25

Survey reveals that firms who are undergoing growth are managed by more graduates and post graduates owners than those experiencing negative growth According to table 4.2, average number of years in terms of experience does not show any difference in regarding firm's growth (Chiliya and Roberts, 2012).

## 4.2 Human Recourse characteristics with reference to Growth Experience

According to the survey, on average number of skilled labor in the growing firms is 109.7 as compared to 65 skilled workers among those firms experiencing negative growth. Career advancement guidelines are different measures that the company uses for the employee's promotion/demotion on the basis of their performance annually. Some of the advancement guidelines have been analysed in present study are provision of provident funds, and training in order to improve labor productivity.

**Table. 4.4 Human Recourse characteristics with respect to Firm's growth experience.**

Firm's experience	Growing	Declining	Total
<b>Total number of labor</b>			
Skilled	109.7	65	88.48
Unskilled	30	34.67	32.18
Total	139.76	99.95	120.85
<b>Career advancement guidelines for the employees</b>			
Provident Funds (CAG1)	71.4	52.6	62.5
Training (CAG2)	90.5	84.2	87.5
Bonus (CAG3)	95	84	82.5
Leaves and wages increment (CAG4)	90.5	73.6	82.5
Incentive schemes offered to employees (Percentage)	71.4	52.6	62.5
Effective training Program offered (Percentage)	90.5	73.7	82.5

Bonuses are in the form of cash and company's stock that is given to the employees annually based on their performance. Leaves and wages increment differ in every company as some of them uses annual percentage for the wages increase and some define a specific amount that may be increased after a year. And leaves are based on monthly bases that how many off days an employee can get monthly. Table 4.4 shows the career advancement guideline that are devised by the company for their employees. The survey shows that the firms in the phase of growth are

## 14 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

actually taking care of their employees in the form of career advancement guidelines, this is the reason for their increased number of employees in the last 3 years.

This shows that in order for a company to grow in terms of its employees and to retain them they must advise career advancement guidelines which will help them increase the overall satisfaction of the employees and also their willing to work for that particular firm. The results are similar to that of Poonam Chauhan. (2013).

Table number 4.4 shows the Incentive schemes which are followed by owners offered to employees including salary increment, hospital funds, school funds, gift and in the form of cash in order to improve their performance. It is to be noted that the firms who are providing their employees with different incentive schemes they are on a growing pattern (71.4 percent).

Effective training programs are annually based for the employees in the upgradation of their skills and in some cases it is required by the government for certification as in dangerous goods handling program that needs to be attended by the firm's operation managers after every 2 years in order to get certified that they do know how to handle the dangerous goods effectively. Data shows that among growing firms, 90.5 percent sports goods industries use various training methods to upgrade the skills of their employees from time to time including firefighting, HR training programs, first aid usage, machinery, awareness to react on certain emergencies, seminars and training of security personnel.

As mentioned in the above paragraph that effective training programs are needed to enhance the abilities of the employees, this can be seen that the firms who are training their employees are gaining more from them and they are prospering. The study about productivity improvement of sports goods in Meerut shows that common facilitation centres and training centres should be made for the industry of sports goods Aggarwal (2012).

### **4.3 Technology Development with reference to growth experience.**

Table number 4.5 reveals that the 80 percent of the 40 firms are adopting new technology but the firms. It has been found that the recent researches in technology upgradation have been found useful. The table shows that the firms in the growing phase are adopting new technology more often than the firms in the declining phase.

**Table. 4.5 Technology Development Characteristics with respect to growth experience. (Percentage)**

Firm's Experience	Growing	Declining	Total
<b>Adoption of new technology (Percentage)</b>	85.7	73.7	80
<b>new technology adoption in the past three years (Percentage)</b>	76	58	67.5
<b>Adoption of capital-intensive technology (Percentage)</b>	76.2	73.7	75
<b>New strategy for launching products in the market (Percentage)</b>	85.7	63.2	75
<b>Existence of technological gap (Percentage)</b>	62	63	62.5
<b>Existence of Research &amp; development committee (Percentage)</b>	76	26	52.5

Among the 40 firms, 76 percent from the growing firms have adopted new technology in the last 3 years. The firms who are adopting new technology are on a growing pattern, studies relating to the adoption of technology regarding its importance in the industry is crucial as it is required for gaining opportunities (Gandhi et al, 2014).

Result shows the adoption of capital-intensive technology, depicting that majority of firms in the Sialkot sector has replaced their workers by adopting labor saving technologies. Data reveals that sports goods industry of Sialkot do adopt new strategies for the promotion of their products, which clearly indicates that 75 percent of sports goods firms of Sialkot are adopting new strategies for launching products in the marketing in the form of fun fares, social media, word of mouth, advanced billboards, sponsorships, starters pack etc..

According to the survey it has been found that the element of growth can be achieved by utilizing different strategies for launching new products in the market (Gandhi et al, 2014). Data reveals that there do exist a gap in terms of technology that is being used in Pakistan with reference to that

## 16 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

being operating in foreign countries regarding operations and selling techniques. The firms of Sialkot require the technology gap to be reduced to achieve growth. The study of declining market share of Pakistan in football industry is just because of old operations system and use of outdated technology (Tanveer et al, 2012). The purpose of research and development department is essential for manufacturing companies as it will explore innovative ways for the operations and will find ways for the product improvement. It is revealed that 76 percent of sports goods industries in the growing phase had the Research and Development Committee that suggested them the technology development, product design and other operational activities that require enhancement.

### **4.4 Business Development characteristics with reference to Growth Experience**

Collaboration among the firms includes the sharing of resources and knowledge for the betterment of the product and for their own exposure and experience. Table 4.6, reveals that 62 percent of the firms in the growing phase wish to have this collaboration for the betterment of their firm so they can fight against the global competition. Reason for this collaboration is that they need to exchange knowledge

**Table. 4.6 Business Development Characteristic's with respect to Firm's growth experience.**

Firm's Experience	Growing	Declining	Total
<b>collaboration with other firms for product betterment</b> (Percentage)	62	52	57.5
<b>Technical collaboration with other firms</b> (Percentage)	62	26	45
<b>Member of sports goods association</b> (Percentage)	59.14	84.2	70
<b>Member of trade unions</b> (Percentage)	43	37	40



<b>Professional relation with other companies</b> (Percentage)	76.2	79	77.5
<b>Measures employed by the firm against calamities</b>			
CL1 (Theft prevention)	85.7	68.4	77.5
CL2 (Terrorism)	80.9	57.8	70
CL3 (Bio mechanical risk)	80.9	57.8	70
CL4 (Fire)	90.5	78.9	85
CL4 (Fire)	90.5	78.9	85
<b>Political and media collaboration</b> (Percentage)	14.3	26.3	20
<b>Clarity in vendor dealing</b> (Percentage)	66.67	57.8	62.5
<b>Utilization of feedback from community and employees for service improvement</b> (Percentage)	71.4	68.4	70
<b>Difficulties that are restricting Firm's performance</b>			
RES1 (taxes)	95	89	92.5
RES2 (excise duty)	95	89	92.5
RES3 (raw material)	85	89	87.5
RES4 (Technology)	71	73	72.5
RES5 (Finance)	62	73	67.5
<b>Policy interventions urgently required enhance the productivity</b>			
Low income tax (PL1)	71	58	65
labor law (PL2)	76	63	70
Government support (PL3)	81	52	67.5
Less import duty (PL4)	90	63	77.5
Loans at low interest rate (PL5)	71	58	65
New technology (PL6)	66.7	52	60

For the better performance of the firm one must collaborate with other in order to improve themselves. It has been found that those who are willing

## 18 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

to collaborate with others are actually growing (Alonso and Bressan, 2017). Technical collaboration is specified to the sharing of software's and websites for the handling and promotion of their products. 62 percent of the respondents experiencing growing phase are in the technical collaboration with other firms.

Trade associations play a crucial role in promoting best practice, helping companies become more competitive and formulating effective public policy. They have tremendous potential to act as coordinated voice of business when talking to government and great value in terms of quickly disseminating messages about government policy to their members. Productive engagement between associations and government is very important for the policy makers. Table 4.6 shows that majority of the sports goods firms in Sialkot are associated with association council (Aggarwal, 2012). Results show that most of the firms did not received any impact from the trade unions. But the growing firms have much more impact from the trade unions in comparison to the declining firms.

Professional relations are the relations that the firms have with each other in terms of their operations which includes the custom clearing agencies, forwarding agents and suppliers. In this context this relation is shared by some companies. Table shows that the 77.5 percent of the firms in the Sialkot have professional relations with their counterparts.

Table 4.6 shows the safety measures that the growing firms employ in their organization in terms of theft, terrorism, mechanical risk, guidelines and precautionary measures to make employees aware of the bio mechanical risks that is associated with their work and provision of firefighting equipment's and trained employees in case of any fire.

Political and media collaboration is important for sports goods industry as media is the best way for communicating and broadcasting messages. Only 14.3 percent of growing sports goods manufacturers are using the media for the promotion of their products. Political collaboration is required in such a way that it is used for the change in policies that will be beneficial for the industry and to change such policies government has to be involved.

Results show that out of 40 firms, 25 firms that constituting 62.5 percent, stated that they are clear in terms and conditions with all of their vendors, whereas only 37.5 percent firms do not have clear understanding of the terms and condition and it may change with respect to the conditions they

face. 70 percent of manufacturers from Sialkot obtain feedback both from employees and as well as from their customers for enhancing their product and operations among them. According to the firms, taxes, excise duty, raw material availability and technology are the factors restricting their performance. Results conclude that from the 40 firms, 92.5percent of the firm's view taxes and excise duty as the top difficulty that is restricting their performance (Khara and Dogra, 2009; Asif and Waqas, 2017 and PSDF, 2016). According to the firm's, the policy that needs to be changed for the betterment of their performance includes low income tax, less import duty on raw materials leading to reduced cost of production. Provision of loans at low interest rate, and adaptation of new technology are considered as important factors for firm's growth.

#### 4.5 Taxes with reference to growth experience

Table 4.7 shows the status of taxes that are experienced by the firms of Sialkot. According to the survey 42.5 percent of the firms answered that status taxes are high in Sialkot. 47.5percent of the firms answered the taxes are medium in Sialkot and only 10 percent of the firms declared that the taxes are low in Sialkot (Asif and Waqas, 2017).

#### 4.7 Taxes with reference to growth experience.

Firm's Experience	Growing		Declining	Total
	<b>Status of taxes experiencing (Percentage)</b>			
High	43		42	42.5
Medium	52		42	47.5
Low	4.7		15.7	10
<b>Tax Exemption received (Percentage)</b>	42.8		36.8	40

From the analysis of tax exemption in the city of Sialkot, it was revealed from table number 4.29 that 40percent of firms of Sialkot do get tax exemption for developing and producing sports goods items for the purpose of export. The table 4.7 also shows that 60 percent of surveyed firms, do not get any exemption from tax for the production and exports of sport goods. The firms in Sialkot sector who are growing do want exemptions form tax, as it will increase their overall productivity and profit ratio.

#### PESTLE Analysis

## 20 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

PESTLE (Political, Economic, Sociological, Technological, Legal and Environmental) analysis for the firms of Sialkot shows that most of the firms have a common answer to all the aspects of PESTLE. For the political statement it has been observed that the Sialkot industry considers exchange rate, taxes and government funding requirement which have an impact on their operations and it is seen as a problem for them.

Economic analysis for this industry states that the industry of Sialkot considers labor cost, interest rate, inflation and raw material as the factors that are influencing their operations.

Social analysis was difficult for this industry as they did not forecast this factor having any impact on their operations, but some of them answered it as the requirement of skilled labor and attitude of the local community towards the preference of imported products. Technology analysis in this perspective was same for all the firms as they all require new technology and do feel the need for research and development centres. Legal factor for this analysis states that all the firms require labor laws to be made, as then they will be able to work efficiently. The last is the environmental analysis, which according to the Sialkot industry is the ISO certification, and the documentation of wastage material, these documentations are essential for their exports.

### **5. Conclusion**

- Career Advancement guidelines are given by the firms of Sialkot in different forms and is divided among four categories, which includes 62.5 percent for providing funds, 87.5 percent for training, 82.5 percent for bonus, 82.5 percent for leaves and wages increment. The growing firms are facilitating their employees with more guidelines in comparison to the firms which are declining.
- Import duties and taxes has been observed to be increasing over the years. Which increases the overall cost of production and lowers the profitability of the firms.
- Research and Development centers should be made by the government in order to facilitate the industry in terms of innovation and coping up with the changing trends in the foreign market.
- Common testing facilities should be made in order to provide the basic and required testing and certification which is required by the foreign buyers.

- Availability of raw materials in Pakistan is scarce, which is why the manufacturers have to import those materials and bear heavy duty on those imported items leading to high cost of production.
- International market focuses on the certification of the firms and the manufactured product. Agencies should be made in order to facilitate the firms to easily access these certifications.
- Firms of Sialkot are adopting various methods to deal with different calamities that might occur. These calamities have been categorized in four dimensions; 77.5 percent for theft prevention, 70 percent for terrorism, 70 percent for bio mechanical risk, 85 percent for fire.
- Almost all of the firms in Sialkot sector are facing some difficulties that are restricting their overall performance. 92.5 percent for taxes, 92.5 percent for excise duty, 87.5 percent for raw material availability, 72.5 percent technology and 67.5 percent finance.

## **6. Recommendations**

Some recommendations are given on the basis of obtained results.

- Skill development centres should be made in order to facilitate the work force with the changing needs of this industry.
- Skill development center should be made for proper training of work force, so that new machinery or any kind of new product can be handled by Sialkot industry.
- Common testing facilities and certification institutions should be made.
- R&D centre for better operations and betterment of the current product should be made.
- Research should be done on sports goods industry of Sialkot, which will help this industry in collecting information about themselves and also the policies that can enhance their overall productivity and profitability.
- The government should review their policies regarding the infrastructure, facilities, funding's and taxes so that the firms can have a better output and more profit.
- Managers of these firms can use this as a guideline to train their employees and educate them about the sports industry.
- PESTLE analysis should be analysed carefully as it incorporates the political, economic, social, technological and legal environment. The strengths of these firms should be made even better, their weaknesses should be discarded as it will give them an upper hand

## 22 Investigating the Factors Affecting Export Potential of Sports Goods Industry in Sialkot City: A Pestle Analysis

---

in the foreign market, their opportunities should be realized and threats should be dealt with.

- This paper will be help for those who seek knowledge in terms of research and development formation for the product enhancement, innovation, Human resource and their current issues, raw materials and taxes.

### References

- Alam, M.I. (2003), "Manufactured exports, capital goods, imports, and economic growth, experience of Mexico and Brazil" *International economic journal*, 17(4): 85-105.
- Alonso, A. D., & Bressan, A. (2017). Collaboration among micro and small firms in a traditional industry. *Journal of Small Business & Entrepreneurship*, 29(1), 57-75.
- Aggarwal, T. G. Garg, T. K. and Wani, V. P. (2012). Productivity Improvement of Sports Goods Industrial Cluster in Meerut India. *Journal of Mechanical Engineering Research*, 4 (1): 28-35.
- Amran, N. A. (2011). The effect of owner's gender and age to firm performance: A review on Malaysian public listed family businesses. *Journal of Global Business and Economics*, 2(1), 104-116.
- Asif, M. & Ahmad, W. (2017). Export Performance of Pakistan: Role of Structural Factors
- Balassa, B. (1985), "Exports, policy choices, and economic growth in developing countries after the 1973 oil shock" *Journal of Development Economics*, 18,: 23-35.
- Chiliya, N., & Roberts-Lombard, M. (2012). Impact of level of education and experience on profitability of small grocery shops in South Africa. *International Journal Business, Management, Economic Research*, 3(1), 462-470
- Das, D. K., & Kalita, G. (2009). Do Labor Intensive Industries Generate Employment?: Evidence from firm level survey in India.
- Gandhi, A., Magar, C., & Roberts, R. (2014). How technology can drive the next wave of mass customization. *Business Technology Office*, 1-8.

- Harvey, J., & Saint-Germain, M. (2001). Sporting goods trade, international division of labor, and the unequal hierarchy of nations. *Sociology of Sport Journal*, 18(2), 231-246
- Hameed, I., Iqbal, A., & Devi, K. (2012). Relationship between exports and economic growth of Pakistan.
- Khara, N., & Dogra, B. (2009). Examination of export constraints affecting the export performance of the Indian sports goods industry. *European Journal of International Management*, 3(3), 382-392
- Nadvi, K., Lund-Thomsen, P. E. T. E. R., Xue, H., & Khara, N. (2011). Playing against China: global value chains and labour standards in the international sports goods industry. *Global Networks*, 11(3), 334-354.
- Chauhan, P. (2013). A study of factors promoting sports goods industries in India.
- PSDF (2016). Sports goods manufacturing sector skills study, Pakistan.
- Pakistan Bureau of Statistics (2019). Monthly Bulletin of Statistics; Government of Pakistan, Islamabad
- Ram, R. (1985), "Exports and economic growth: some additional evidence" *Economic Development and Cultural Change*, 33, 415-25.
- Sharma, S., & Sharma, M. (2010). Analyzing the technical and scale efficiency of small industries in India: state-wise cluster study. *Measuring Business Excellence*, 14(2), 54-65
- Tanveer, M. A., Rizvi, S., & Riaz, W. (2012). Declining market share of Pakistan in football industry. *Asian Journal of Business and Management Sciences*, 1(11), 33-42
- TDAP (2019). Trade and development authority of Pakistan, Government of Pakistan, Islamabad.
- Tsou, M.-W., J.-T. Liu, J. K. Hammitt, and K.-H. Wang (2008). "Exporting and Productivity Growth: Evidence from the Taiwan Electronic Plants." *Scottish Journal of Political Economy*, 55, 190–208.