

Socio-Economic Impacts of Sporting Goods Industry; A Case Study of Sialkot

Abdul Saboor

BS Student, Faculty of social sciences, National University of Modern,
Languages, Islamabad.

Hamayun Watto

Assistant Professor, Faculty of social sciences, National University of
Modern, Languages, Islamabad.

Abstract

This paper is designed to evaluate the socio-economic impact of sporting goods industry generally in Pakistan, particularly in Sialkot. Sialkot is one of the finest sports goods producing city in the world which also contribute massively to economic fabric of Pakistan. This paper would also have been discussed the possible challenges faced by this reputed industry along with the submission of possible solutions of the problems mentioned afterwards. Also, this research has been conducted in order to find the new avenues and dimensions in industry after covid-19 pandemic. It is interesting to note that the pandemic has brought much of avenues and dimensions with it and the way of thinking of the businesses have been changed. Unlike some of the businesses which fired half of their workers after observing the 50 percent attendance, the sporting goods industry has commenced in its full capacity. At the end, the paper concludes with the comprehensive overview of the defined question of impacts of sporting goods industry in Sialkot and produce some suggestions in order to enhance this massive billion-dollar industry in its complete potential.

Key Words: Pakistan, Sialkot, Sporting goods industry, Socio-economic, covid-19 pandemic.

Introduction

Sporting goods industry is an integral industry in state's economy. Likewise, many South Asian Countries i.e. Bangladesh, Srilanka, Pakistan is considered to be the best exporter of sports goods in the world. The Pakistani city Sialkot is famous for its wide range of industry including Sports, surgical and agricultural, cutlery and leather-

oriented products. In this paper, the only focus point is going to be the Sporting goods industry and its socio-economic impacts on the lives of Pakistani people in general and the people residing in Sialkot in particular. Sporting goods industry proves to be an integral part of Pakistani economy and Sialkot is among the cities which is flourished itself and produce a good name to its land.

One can imagine the importance of sole sporting industry from the fact that the country used to earn much revenue form the exports of sporting goods. A number of people has been attached with this industry and hence, this industry plays an integral part in country's progress and prosperity. It is an important point to notice that this major industry of only one city of the country used to contribute to the country's economy and also a sizeable number of families have earned their bread from this sole industry alone. Nevertheless, the fluctuated government's policies, uncertain and unfavorable political environment, lack of modern technology and skilled labor and other impediments are the deemed factors which gradually reduce the actual potential of the industry to much extent. It is necessary to mention that all these challenges which are described above are all the possible impediments which slow down the pace of local industry and put their future at stake. This paper will also highlight the major challenges to the sporting goods industry and also tried to address the real possible solutions.

The industry widely contributes in the prosperity of local masses of Sialkot and boosts up their living standard bar with no doubt which ultimately reflects the prosperity of Pakistan's economy as a whole. Pakistan generates the handsome collection of revenue from its exports of sports goods manufactured in Sialkot. One can reflect the Sialkot as the sports hub of the world since it receives the wide range of orders from well-known international sports brands. A number of international sports brands source their products from Sialkot sporting industry which ultimately used to help the country's economy to remain sustainable but the in the very recent time, the emergence of Covid-19 has deteriorated the substantial growth of the Sporting goods industry subsequently. It is interesting to note that the pandemic has brought much of avenues and dimensions with it and the way of thinking of the businesses have been changed. Unlike some of the businesses which fired half of their workers after observing the 50 percent attendance, the sporting goods industry has commenced in its full capacity. The global supply chain has declined widely and leave many of the people un-employed. According to reports, Pakistan has suffered loss of 300 million

dollars¹ in its exports during the corona pandemic. It is interesting to note that Pakistan have earned 1billion dollars by exporting footballs to the European nations. In this paper, the impact of Covid-19 on the industry will also be discussed and will try to answer possible solution in order to revamp the industry to its firm footing and viability for the new avenues for the prosperity of the said industry.

Last but not the least, the sporting industry has a wide potential to flourish in the economic competition of the world. Pakistan has made multiple policies in order to boost its exports in order to support struggling economy and in this regard, Sialkot's sporting goods industry has a wide potential despite multiple challenges on national and international level. The paper concludes with the comprehensive overview of the understanding, challenges, potential and specifically the possible strategy to boost up the potential of Sporting industry of Sialkot which resultantly would be beneficial for the country's economic prosperity.

Objectives of the Study

- To understand the sporting goods industry along with its potential, and socio-economic impacts on the masses of Sialkot in particular.
- To evaluate the challenges faced by the industry specifically in the post-corona regime and its possible solutions.
- To find real possible solutions in order to open new avenues and dimensions of the industry to explore after Covid-19 pandemic.

Theoretical Framework

Theories are designed to address the subjective questions in the proper manner in social science. There are number of theories which can be applied in this research work but the nearest possible theoretical work which would possibly address the research problem is Economic Liberalism. This theoretical approach has been introduced by Adam Smith in 1776 in his book "The Wealth of Nations". He is known as the father of economics. According to him, there should be free market concept and individuals must allow to trade freely with minimal government interference. According to it, with this initiative individual will get a free hand and it creates free and fair competition among the individuals. In the context with research work, the sporting

¹ "Sports Industry Struggles to Recover," The Express Tribune, last modified June 27, 2020, <https://tribune.com.pk/story/2251145/sports-industry-struggles-recover>.

goods industry of Sialkot has competed with the rest of the world. There are approx. 2000 units producing orders for sporting goods orders for the International customers in the city and it is only being possible with the minimal government interference in this regard. It not only put the healthy competitions among the cards but also assist the country's economy to greater extent. With minimal intervention and provision of the privileges to the industry, Pakistan would be among the developed and prosper state in the world.

Literature Review

In research article named "Contribution of Sports industry in economic growth in Pakistan" authored by Ijaz, Aqib, Nabeel and Dr. Fareeha. In this research work, the authors have highlighted the importance of contribution of sports industry in Pakistan's economic growth. The authors argued that the major chunk of the exports of Pakistan consists of sports goods and considered to be the backbone of the economy. The football industry in Pakistan has proved a golden egg since the sports goods exports of the country has beard almost majority of football exports. About 80 percent of the exports are directly connected with the football and soccer related accessories. According to the authors, the manufacturing of sports goods and their export proves to be a pivotal for country's economy. The authors helped their argument with facts and figures. According to the authors Pakistan has seen a bombastic boom in football exports since 2012 and now the international football body FIFA also place their orders to Pakistan for its events. There is a dire need to promote and expand this industry in sober manner in order to generate handsome amount of revenue. In nutshell, the assertion has been given on government to take productive steps to boost up this beneficial industry.

In report "Situation Analysis COVID 19 – Industrial Cluster of Sialkot – A Way Forward in Uncertain Times"² published by Punjab government. This report has encompassed all major steps by the government in order to cater the industry during the Covid-19 pandemic. The report widely dealt with each aspect of professional field and define the living steps that the Punjab government took in Corona pandemic. In this report, Punjab government has highlighted the massive steps taken in Covid pandemic. There is a comprehensive conclusion of each description of field specially the industrial

² "Report," Punjab Board of Investment and Trade, accessed December 25, 2021, <https://pbit.punjab.gov.pk/system/files/Industria>

workers which are badly affected in this pandemic. The government has announced different schemes and compensation for those workers who had lost their jobs due to suspension of work in sporting goods factories and other industries. In all these depressed situations, the government also have highlighted the major boosts in orders post-covid period and praise the efforts of Sialkot city for its contribution in national exchequer. The reports highlighted the pandemic as the worst tragedy in recent years and highlighted the major achievements of government to secure the industries of Sialkot in every possible way.

In an opinion article “Sialkot-many feathers in one cap”. The article has been written by Amjad Mahmood³. In this article the writer has given the broad-spectrum view of Sialkot and comprehensively took debate on the cultural, agricultural, and industrial history of Sialkot city. According to him, Sialkot is one of the rich cities of Pakistan. The land has much potential to flourish and there is no doubt at all. It is interesting to note that the pandemic has brought much of avenues and dimensions with it and the way of thinking of the businesses have been changed. Unlike some of the businesses which fired half of their workers after observing the 50 percent attendance, the sporting goods industry has commenced in its full capacity. The city’s industrial and agricultural importance have been highlighted in this article among the historical previews. The major exports of city is leather based products, surgical instruments and cutlery and of course the sports goods which not only made the city an apple of the world’s eye but also made it as the major financier of the country’s economy. Basically, the author targets fields of agriculture and the industry that take the Sialkot level to other extent. Firstly, he has put extensive light on agriculture of the city. He added some of the history and is talked about its famous Banaspati rice. The author just put his concerns about the crop and asked the government to take firm steps to flourish these enriched crops to international market to more extensive way. On the industrial side, the author has praised the industrial progress of the city and asked the government to take firm steps to boost it further.

In the report “Sialkot industries struggle to recover” published in Express Tribune⁴, It has been observed that the sports industry in Sialkot is struggling heavily

³ Amjad Mahmood, "Sialkot — a City with Many Feathers in Its Cap," DAWN.COM, last modified May 24, 2021, <https://www.dawn.com/news/1625404>.

⁴ "Sports Industry Struggles to Recover," The Express Tribune, last modified June 27, 2020, <https://tribune.com.pk/story/2251145/sports-industry-struggles-recover>.

after the Corona pandemic. The total exports of 1 billion dollars have been shrink down to 700 million dollars in corona period. In this report, interviews of different traders have been conducted in which they stressed government to take effective measure to save industry from crash landing. The traders have shown intense worry about the deteriorating situation of the industry and have shown the deep concerns over the massive unemployment due to pandemic. Also, the relief given by government have also been highlighted. Overall, in general terms concerns of traders have been highlighted and appeal has been paged on government table to take steps in order to cater this most beneficial sports industry. They asked government to give maximum possible relaxations in order to take the industry for smooth take off in order to take country for the direction of progress and prosperity.

In research paper “The pandemic of Covid-19-Impact on sports economy” by Mahvish, Sairah, Reema Aman⁵. The authors have taken the detail insight of the impacts of corona disease on mental and physical health of sportsman and the sports related industries. Corona disease is emerged as one of the deadly diseases which comes after decades. The sportsman and the sports related industry have badly affected due to this deadly pandemic. The authors thoroughly investigate the current scenario by using different charts and tables. The authors are agreed on the fact that the corona virus have badly inculcate the negative vibes in sportsman and affect their mental and physical health to greater extent. The authors investigate the situation of post corona world in detail and also put effort to describe the impacts of corona disease on the sports in a comprehensive way. The authors have advocated their arguments with both quantitative and qualitative data and conclude their discussions effectively with the suggestions to fight with the disease. They also have shown deep concerns over the suspension of sports related industry which remained closed for months due to deadly virus.

Research Gap:

My research is basically focuses on socio-economic impacts of sporting goods industry in Pakistan. We have still few things remain on which anyone can conduct research like: how we can make improvements in our industry, how we can make it too worthy in globe, which aspects should be focused or need betterment.

⁵ PAKISTAN SOCIAL SCIENCES REVIEW (PSSR), accessed December 25, 2021, <https://pssr.org.pk/issues/v5/2/the-pandemic-covid-19-impacts-on-sports-economy.pdf>.

Research Questions:

- What are the socio-economic impacts of sporting goods industry on Pakistan in general and people of Sialkot in particular?
- What are the major challenges faced by the sporting goods industry in Post-Covid regime and what are the possible solutions to overcome these challenges?

Hypothesis:

The Sialkot's sporting goods industry has played a pivotal role in prospering the lives of its resident and contribute handsome amount of ratio in Pakistan's economy despite some challenges. The Post-Covid era hence, put the industry in entire new dimension and paves the way to find new avenues in order to overcome complex challenges and their possible solutions.

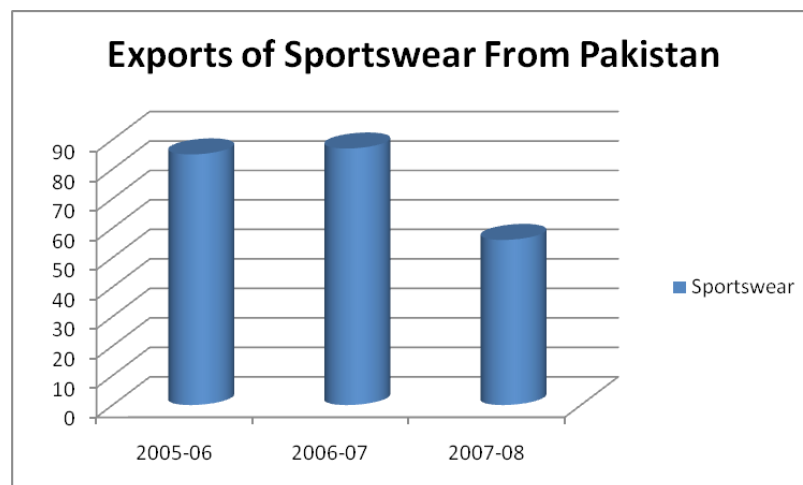
Research Methodology:

There are two types of methodologies used in research paper. Qualitative and quantitative. Qualitative research includes figures and words while quantitative research includes figures, numbers, digits and tables etc. My research is under qualitative method of research. Various articles, opinion reviews, documentaries and research papers has been analyzed to conduct this study.

Sialkot's sporting goods industry and its socio-economic impacts

Sialkot is the multi-faceted and multi-dimensional city of Pakistan. It is located in Pakistan's province Punjab. The city has enriched in multiple aspects for its richness in literature, beautiful landscapes, cultivated land, industrialization. Being the major bread runner for the country, Sialkot possesses a number of industries which moreover have played a pivotal role in boosting up the Country's economy. Above all industries, Sialkot is famous for sporting goods industry where approx. 2000 units are working day and night for the production and completion of international orders. It includes sports items and sports wears i.e. cricket, football, hockey sticks, volleyball, and the players' kits and accessories. There are number of international brands which directly contract the local vendors for their completion of orders. Multiple world-class brands include Nike, Adidas, Puma, Lotto and many others are directly source their orders from Sialkot based industries which resultantly have inclusion of handsome amount in

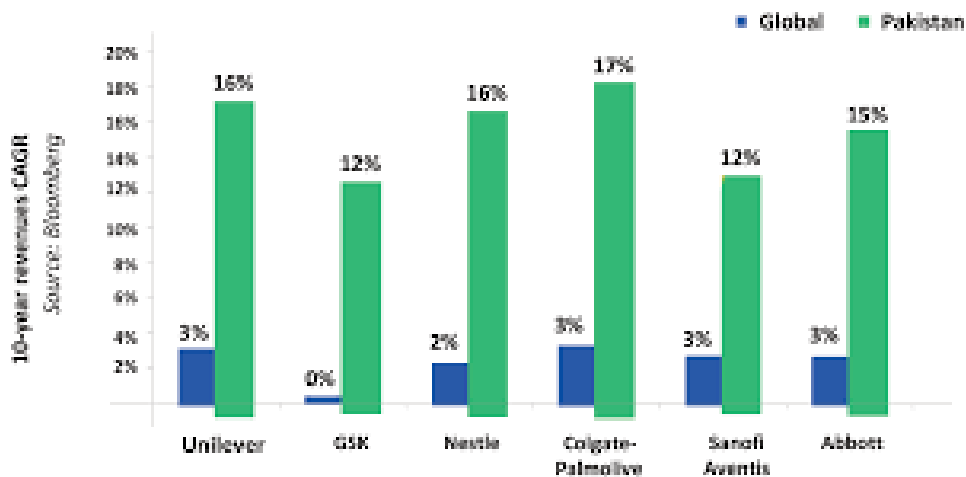
Country's exchequer⁶. On the other hand, it has posed the multiple employment opportunities where skillful labor got able to run their families in sophisticated way. The traders have shown intense worry about the deteriorating situation of the industry and have shown the deep concerns over the massive unemployment due to pandemic. Also, the relief given by government have also been highlighted. Overall, in general terms concerns of traders have been highlighted and appeal has been paged on government table to take steps in order to cater this most beneficial sports industry. Interestingly, the women also participate in the nation-building as they work together with men in order to support their families. Sialkot becomes 3rd largest industrial city of Pakistan after Lahore and Karachi with handsome per capita income of its residents. It is the need of the hour for the governments and the legislators of the country to have serious insight in this and develop national consensus to rectify this issue. Secondly, higher tariffs and duties on imports of raw materials, gas and electricity prices consequently have increased the cost price of locally produced product which unable the local vendors to compete with international market. There are number of sub-industries involved and a sizeable number of labors earn bread for their families. There is a net of industries in Sialkot. The sizeable number of local populations have worked in leather, sporting goods industry, cutlery and industry of surgical instruments. The over-all population is living in above the poverty line. The manufacturing of sports goods and their export proves to be a pivotal for country's economy. The authors helped their argument with facts and figures.



⁶ Ijaz et al., "Contribution of Sports Goods Industry towards Economic Growth of Pakistan," .2017

According to this graph exports of sport wears decreases from 2005 to 2008. In 2005-06 it was almost 80% while in 2006-07 it become 82% and then in 2007-08 it facing a sudden down.

According to the authors Pakistan has seen a bombastic boom in football exports since 2012 and now the international football body FIFA also place their orders to Pakistan for its events. There is a dire need to promote and expand this industry in sober manner in order to generate handsome amount of revenue.



Map showing the percentage of revenues in different multinational corporations at global level and national level.

In nutshell, the assertion has been given on government to take productive steps to boost up this beneficial industry. The ratio of lower middle class in Sialkot has been less as compare with other parts of the Punjab. Sialkot is one of the highest per capita cities of Pakistan because of its industrial base. On the other hand , the land of Sialkot is highly fertile and it produce world class rice which also have made major contribution to National exchequer.⁷

Major challenges to the sporting goods industry

Sialkot is one of the cities of Pakistan which majorly contributes to its economic well-being. As mentioned previously it is the third largest export producing city of Pakistan. As known for its massive sports products, the city has put the major part in strengthening the country’s economy despite many challenges. There are number of challenges that the industry has been faced which directly affect its actual potential.

⁷ Amjad Mahmood, "Sialkot — a City with Many Feathers in Its Cap," DAWN.COM, last modified May 24, 2021, <https://www.dawn.com/news/1625404>.

These are confused government's policies, uncertain political situation and government decisions, high tariffs and tax ratio on raw material, lack of modern technology and skillful labor, power outage along with tough conditions to compete with international world and last but not the least the recent episode of Covid-19 which proved to be a mega disaster for global economies and industries. All of the above-mentioned challenges would be discussed one by one. In Pakistan there is a lack of trend of certain and continuity of policies. Every government has come up with its own plans and wrap up the policies of previous government without taking an overview in general practice. The traders have shown intense worry about the deteriorating situation of the industry and have shown the deep concerns over the massive unemployment due to pandemic. Also, the relief given by government have also been highlighted. Overall, in general terms concerns of traders have been highlighted and appeal has been paged on government table to take steps in order to cater this most beneficial sports industry. This directly put devastated impact on businesses and hence the major stake holders packed their suitcases to next destination which ultimately results in unemployment and poverty. It is the need of the hour for the governments and the legislators of the country to have serious insight in this and develop national consensus to rectify this issue. Secondly, higher tariffs and duties on imports of raw materials, gas and electricity prices consequently have increased the cost price of locally produced product which unable the local vendors to compete with international market⁸. The government needs to facilitate the industries and put the prices of gas and electricity to minimal in order to have firm and competitive environment with rest of the world in order to make economic situation better. Thirdly, unskilled labor and lack of modern technologies are also the major challenges which put impediment for the industry to match with international competitors. This is the major problem of the country to not to adopt the modern techniques. The consequence is clear and sound as the country is far behind to its competitors like Turkey, India and Bangladesh. In Pakistan, the record orders have been placed after years. Pakistan have won different orders from India and Bangladesh in post corona era. Different industries including the sporting goods industry have been resumed their operations after months of suspension of their work. Now there is a time for the rectifications of technologies and certain update has been needed in this regard.

⁸ Dr I. Khoso, "Covid-19 and Socio-economic Disparities," DAWN.COM, last modified June 7, 2021, <https://www.dawn.com/news/1628012>

Last but not the least, Covid-19 proves to be a cancer for global economy where the businesses got suspended for year now. Though some of the industry started to open but most of them are struggling for their complete revival. Unemployment have increased due to closure of industry and hence global recession also put the local industry on border line. Pakistan is the developing country and have severe economic crunch in recent times. It is the hard time for its economy nevertheless the country remains lucky to resume its industrial activities in full capacity. Its high time for Pakistan to use its diplomatic tool and seek bilateral trade with its friend countries in this regard.

Sporting goods industry and Post-Covid regime

As mentioned above Covid-19 has put the inclination of many businesses to decline, sporting goods industry is one of them. During the pandemic, the international market has been suspended for months which resulted in massive unemployment, poverty, shutting down of business and factories and disturbance of social fabric. It is interesting to note that the pandemic has brought much of avenues and dimensions with it and the way of thinking of the businesses have been changed. Unlike some of the businesses which fired half of their workers after observing the 50 percent attendance, the sporting goods industry has commenced in its full capacity. After opening of the business brands have started to place their orders and hence the disappointment among the workers to some extent. Beyond all these unfortunates of this hazardous pandemic, it also has paved the new avenues to explore for the world as the trend has been mend towards online order placement. Now many units in the city have opened their online stores in order to provide facilitation to their customers which boost up their business threefold. Covid-19 asserts the many business owners to find new avenues to explore and hence different techniques must be applied in this regard. In Pakistan, the record orders have been placed after years. Pakistan have won different orders from India and Bangladesh in post corona era. Different industries including the sporting goods industry have been resumed their operations after months of suspension of their work. It is a positive sign for the industries which got paralyzed for months. Still there is a more room to fill with. Unlike the removal of workers, there is a dire need to have much more industrial zones in order to compensate the local labor to avoid them from unemployment. The government should join hand with private enterprises in order to

establish and expand more economic zones and industrial estates. It would definitely be resultant in progress of the country and prosperity of its people.

Way forward

In the light of above debate of this paper, there are some suggestions for the improvement of sporting goods industry. Firstly, there must be an adoption of new techniques and technologies in order to match the international standards in context of healthy competition. The Government of Pakistan must establish special economic zones in major cities including Sialkot and establish new industrial parks of sporting goods. The traders have shown intense worry about the deteriorating situation of the industry and have shown the deep concerns over the massive unemployment due to pandemic. Also, the relief given by government have also been highlighted. Overall, in general terms concerns of traders have been highlighted and appeal has been paged on government table to take steps in order to cater this most beneficial sports industry. Also, the government must take steps to invite foreign brands and experts to establish their setups there and train the local workers and labors with respective skills in order to enhance their potentials. Secondly, the exploitation of labors has been observed in the factories which put the morale of the labors down and enhance the mistrust between owner and workers. The formulation of firm policies and their implementation must be ensured by the government in order to secure workers' rights. Last but not the least, the government must take steps to secure this productive industry by giving it incentives in order to enhance the country's exports at large during the Covid pandemic.

Conclusion

This paper strives to encompass all possible aspects of the topic and comprehensively evaluate the discussion with possible answers to the problems addressed in it. The sporting goods industry in nutshell, has considered as the one of the integral part of Pakistan's economy. In perspective of encompassing only one industry of Sialkot, it has given a chunk in the country's economy with various opportunity of employment, eradication of poverty which ultimately put the country on the track of progress and prosperity. The traders have shown intense worry about the deteriorating situation of the industry and have shown the deep concerns over the massive unemployment due to pandemic. Also, the relief given by government have also been highlighted. Overall, in

general terms concerns of traders have been highlighted and appeal has been paged on government table to take steps in order to cater this most beneficial sports industry. The various challenges have been addressed in this paper with the possible solutions. It is the established fact that industry in any country may face some variable challenges and the respective governments take steps to fix those challenges. In Pakistan, Sialkot is considered to be a sports hub and is produced best quality sports products. Despite challenges, the industry generates the massive amount for the country and get appraisal from all over the world. Nevertheless, the rapid emergence of Covid-19 has slowed down the progress of industry like other businesses in the world. The Post-Covid scenario has also been discussed and it tried to explore new dimensions and avenues for the industry in order to curb the pandemic situation as well-made advancement in the industry. It would be helpful to flourish for the local entities of Sialkot in particular and the Pakistan's economy in general.

Bibliography

- "Economic Liberalism." Encyclopedia Britannica. Accessed December 25, 2021. <https://www.britannica.com/topic/liberalism/Classical-liberalism>.
- Ijaz, Aqib, Nabeel, and Dr.Fareeha. "Contribution of Sports Goods Industry towards Economic Growth of Pakistan." 2017.
- Khoso, Dr I. "Covid-19 and Socio-economic Disparities." DAWN.COM. Last modified June 7, 2021. <https://www.dawn.com/news/1628012>.
- Mahmood, Amjad. "Sialkot — a City with Many Feathers in Its Cap." DAWN.COM. Last modified May 24, 2021. <https://www.dawn.com/news/1625404>.
- PAKISTAN SOCIAL SCIENCES REVIEW (PSSR). Accessed December 25, 2021. <https://pssr.org.pk/issues/v5/2/the-pandemic-covid-19-impacts-on-sports-economy.pdf>.
- PAKISTAN SOCIAL SCIENCES REVIEW (PSSR). Accessed December 25, 2021. <https://pssr.org.pk/issues/v5/2/the-pandemic-covid-19-impacts-on-sports-economy.pdf>.
- "Report." Punjab Board of Investment and Trade. Accessed December 25, 2021. <https://pbit.punjab.gov.pk/system/files/Industrial%20Cluster%20of%20Sialkot%20%20A%20Way%20Forward%20in%20Uncertain%20Times%28final%29.pdf>.
- "Sports Goods Industry In Pakistan." Essays, Research Papers, Term Papers | Internet Public Library. Accessed December 25, 2021. <https://www.ipl.org/essay/Sports-Goods-Industry-In-Pakistan-PCNJS4NGSWU>.
- "Sports Industry Struggles to Recover." The Express Tribune. Last modified June 27, 2020. <https://tribune.com.pk/story/2251145/sports-industry-struggles-recover>.