

# Development of local economy through the strengthening of small-medium-sized forest enterprises in KPK, Pakistan

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## Abstract

Small–medium-sized forest enterprises (SMFEs) have historically played an essential role in developing countries' economies worldwide because most businesses start as small businesses, and government support and knowledge-based recourse are critical to the sustainable development of SMFEs and local economies. The current studies examined the effects of the Khyber Pakhtunkhwa (KPK) government's (Pakistan) support (GS) and entrepreneur knowledge (EK) on the development of small–medium-sized forest enterprises (SD) and their contribution to the local economic development (LED) of the region. Primary data were collected from 350 SMFEs in KPK, Pakistan. The model was developed by using a structural equation model (SEM) to investigate the impact of GS, EK, and SMFEs on the growth, SG, and sustainable development of the local economy. This study concludes that EK and GS could increase growth in SMFE businesses and contribute to LED. On the other hand, crediting loans and equipping businesses with training could not directly affect SMFE businesses and LED growth. The government needs to use natural resources and the SMFE communities as leaders among suppliers in the local market for the sustainable development of LED and SMFEs, alongside focusing on preserving and taking initiatives to develop. This study discusses several practical implications for policymakers, business owners, and academics, with recommendations for future research. © 2021 by the authors. Licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).

## Author keywords

Entrepreneur knowledge; Government support; KPK, Pakistan; Local economic development; SMEF development