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Corporatization and Globalization of Pakistani Companies

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Abstract

This study intensively assesses to the issues confronted by Pakistani companies in different sectors pertaining to corporatization, their nourishment and concerns for globalizing their operations when they stretch their network abroad. Corporate sector substantially chip in overall economic development, and they also nourish the formal and documented economy. If they globalize their operations and trade and/or invest beyond borders, they transfer their skills, competitive knowhow, technology, and resource base overseas. Resultantly, they turn as global players and benefit the global economy. The investigation approaches include qualitative and quantitative researches. This empirical enquiry entails observations via media content examination and structured survey. The primary data is extracted from renowned newspapers and survey. The secondary data is extracted from extant literature review and authentic database of Securities and Exchange Commission of Pakistan (SECP) to become aware about growth trends of corporatization during the period of 2007-08 to 2011-12, and issues pertinent with corporatization and corporate globalization in Pakistan. The findings uncover incremental trends of corporatization in Pakistan even in the periods of economic slackness and partial turmoil, and her companies are globalizing their operations and network. On the other hand, testimonies record incidences of divestiture and liquidation of multinational companies in Pakistan, and relocation of the domestic companies mainly in textile sector to Bangladesh. Such events resulted in the wake of failures of governance, law and order cum energy crises.

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1. Introduction

Corporate bodies offer more edges than other forms of business like proprietorship and partnership, since their founders have the legitimate capability to raise more funds (capital and finance) from stockholders and lending institutions. They can operate at relatively bigger scale than the other forms of business, can modernize their business to gain economies of scale, and adopt international best practices. The liabilities of the owners are limited only up to the extent of their equity, and in the undesirable event of bank default, banks cannot run down on the personal properties of the owners, which is not the case with other forms of business. Hence, in many countries of the world, corporatization has fostered many folds. But obviously, a corporate body is a distinct legal body, separate from its owners, and it has to severely comply with the laws of the land and particularly, the corporate conduct established by the Securities and Exchange Commission (SEC) of a country. In Pakistan, members of companies form either of the two forms of corporate units, public or private limited companies. Their growth and role is considered vital in job generation, income creation, industrialization, trade, particularly export and import, investment, technological and infrastructure development, skill's up-gradation, value and productivity improvement, and contribution in overall economic development. If they determine to go global, they acquire a level playing field in the regime of globalization, backed by privatization, free market economy, substantial success of World Trade Organization (WTO) era, treaties regarding free trade, and ententes among nations. Globalization has been fostered by corporate globalization or the ever-escalating role of global businesses and companies in the world trade, and the inclination of the world leaders, and global institutions like WTO, United Nations (UN), World Bank (WB), International Monetary Fund (IMF), and others to entertain the world as a global village having global community with global culture, global consumers, and global marketplace. They advocate uniform international laws, standards, and certifications to foster global business. Globalization is the integration and interdependence of the economies, and offers the leverages of free flow of trade, investment, finance, technology, and people around the world (Anjum, 2011; European Commission, 2005; Hill, 2006; International Monetary Fund, 2012; Jeffus, 2003; Qureshi, 2014, 2015; and Qureshi and Jalbani, 2014). From dynamite bomb to globalization, everything has merits and demerits resting on its usage. The extant literature depicts that stockholders, bond holders, and financers inclusive of bankers entertain corporate globalization positively, which add their corporate image and equity value (Gande, et al., 1984; Li et al., 2011 and Qureshi, 2014). However, corporate globalization is not that much simple, it exposes a firm to concealed risks, uncertainties, volatile markets, strange foreign laws and regulations, and stern rivalry among domestic cum global businesses (Liet al., 2011).

Despite sluggish economic conditions, evidences have been recorded for trends of corporatization in Pakistan (Securities and Exchange Commission of Pakistan, 2013) and corporate globalization of her companies (Qureshi, 2014). Over the period of time, the number of corporate units, especially private limited companies is fostering rapidly in the country. Pakistani companies in textile sector, leather, food, pharmaceutical, sports, surgical goods, and other domains have gone beyond just exports and have inaugurated overseas offices, sales and distribution subsidiaries, branches, outlets, and even facilities abroad. Many companies in textile and pharmaceutical industries have got their brands registered overseas to emphasize on value addition, branding, and marketing within global markets. Some of the prominent Pakistan origin banks have also launched foreign chapters (Qureshi, 2014). Some of the trade associations have opened up offices in selected countries to facilitate export trade and global business of Pakistani companies. Such associations consist of Pakistan Bed-wear Exporter's Association (PBEA) and Federation of Pakistan Chambers of Commerce and Industries (FPCCI). PBEA opened its office in Europe and hired a consultant to facilitate trade and help its members deal with the issues of European and international conventions and standards (Pakistan Bed-wear Exporter's Association, 2014). FPCCI opened its offices in Chengdu and Kuming cities in China to boost regional trade, investment, business, and finance (Federation of Pakistan Chambers of Commerce and Industries, 2014).

1.1 Research problem: The terms corporatization and corporate globalization reflect two key aspects: one, corporate global dominance; and two, augmenting formal documented economy and flourishing the firms that pertain to medium-scale to large-scale corporate units having more capabilities to raise capital and finance for running the business at a relatively larger scale with economies of scale, and to adopt standardization along with global best practices. In addition, they chip in substantial value in the overall economy. When they engage in international trade or go global by investing and trading abroad, they avail global market opportunities but at the cost of facing the challenges of stiff global competition, strange foreign customers, regulations, international laws, standardization and certification, etc. A study on corporatization and corporate globalization of Pakistani companies will reveal the latest trends of growth of corporatization and corporate globalization of Pakistani companies, and issues of government assistance will help assimilate the emerging situations in the corporate sector.

1.2 Research objectives: The study probes into two key areas: to discover the very latest trends of growth and issues of government support pertaining corporatization and corporate global expansion of Pakistani companies during past five years (from 2007-08 to 2011-12). However, here the purpose is not analyze the data of all firms under each sector, rather the total number of corporate units are identified and distinguished on the basis of public and private limited companies only.

1.3 Research questions: The key questions under the probe are answered through literature review, Media Content Analysis, and quantitative survey. They include:

- Why Pakistani firms are turning as corporate bodies?
- What are the latest trends of growth of corporatization in Pakistan?
- Why Pakistani companies are globalizing their operations?
- What are the latest trends of corporate globalization of Pakistani companies?
- What are the key issues of public-private collaboration regarding corporatization and corporate globalization in Pakistan?

1.4 Research design and data collection: The probe embodies qualitative cum quantitative research paradigms. It’s an empirical investigation that involved literature survey and observations via media content examination for qualitative investigation, and survey for quantitative investigation. In addition to acquiring secondary data from scholarly journals and books, the websites of Securities and Exchange Commission of Pakistan (SECP) and newspapers are referred to track growth trends and issues pertaining corporatization in Pakistan during past five years from 2007-08 to 2011-12, while the issues pertaining corporate globalization are traced from renowned newspapers during the same tenure. The primary data source contains a survey through questionnaire comprising close-ended and structured queries built on five-point Likert scale. The population consists of the limited liability companies in the top-five export sectors in Pakistan, since they possess relatively more potential to globalize their web of operations. They consist of textile sector, food group inclusive of rice, seafood, and wheat sectors, and leather sector – having a population of 5,270 companies.

From the sampling frame obtained from SECP, five plus percent i.e. 286 units are randomly selected (through the formula of deVaus, 2005, as cited by Saunders et al., 2011). Proportionate stratified sampling articulated with systematic sampling is deployed for sampling.

1.4.1 Data Analysis: The data Analysis techniques include observations via media content assessment; while quantitative Analysis techniques for survey results contain: Reliability test for determining soundness of the measurement tools; Correlation test to measure strength of association among pertinent variables; Multiple Regression Analysis to find significance of the model and interdependence of variables; and One-way ANOVA to learn about equivalence or difference among the means of the five populations.

1.5 Justification and significance of the study: The author found no single study available in (public and private sectors) about corporate Pakistan's nourishment and issues and moves toward globalization. The study assists globalizing entities and potential Pakistani companies, pertinent policy makers, and academia in comprehending the latest phenomenon.

2. Literature review

In comparison with other forms of business like proprietorship and partnership, corporations enjoy many edges. They possess greater capability to raise equity from stockholders and leverage finances from banks, bondholders, and lending entities. They reduce their risks as in case of insolvency, their loss is limited only to the extent of their capital (Berk and DeMarzo, 2013). The stronger funds and other resources enable them to produce products at economies of scale, become productive, and build their overall capacities at par to play at a wider level that can lead to greater profits. In addition, if they behave responsibly and engage themselves in welfare cum developmental activities, they shine their corporate image. In the regime of free markets, liberty in trade and commerce, and the world becoming a global village, corporatization has been flourished many fold. With the advent of the Internet and e-commerce, global companies have grown more than ever, and Trans-National Companies (TNCs) have been escalating from the emerging economies like India, Indonesia, Malaysia, Mexico and Thailand. The era of corporatization and globalization extended more rapidly in the wake of WTO regime that formally commenced in 1995. The fastest growing fast food giant, McDonald stretched its network of franchise restaurants worldwide from inaugurating its first branch in 1940 to 33,000 plus branches/franchises up to 2012 (McDonald, 2012). Dell Computers presents a typical example of corporate global expansion. Dell turned as the largest company in direct marketing through selling custom-built computers directly to customers. It sought a niche market and pioneered in that domain. Dell stretched its business in more than 170 countries and out-smarted International Business Machines (IBM) and Hewlett-Packard (HP) by redefining the market of make-to-order computers and selling directly to customers (Wall Street, 1999). The government agencies, enterprises of all types and sizes, and individual customers loved to place orders for custom-built computers, and ordered desktops, laptops, computer note books, servers, and data-sharing systems. When Dell availed web-based commerce in 1999, it was surprised to observe that 40 percent of its sales emanated from this electronic channel (Kehoe, 1999). Customers could order any time in a 24 hours' day depending on their convenience. They enjoyed the easy access on the variety of products, prices, warranty, installation, after-sales services, technical information, and so on. Moreover, Dell enjoyed a huge crew of engineers and pro consultants to cater state-of-the-art services. The whole menu of products delivery was strengthened by a competent supply chain management system (Gupta and Govindarajan, 2004).

Usually, TNCs and global businesses enjoy more resources than small and Medium-Size Enterprises (SMEs). They can fully exploit their skills of corporate entrepreneurship, since they encourage developing and nourishing the ideas factory through generating new and pragmatic ideas for innovative products. Along with Research and Development (R&D), they apply stat-of-the-art tools and techniques of engineering, manufacturing/production, marketing, Information Technology (IT), and other core functions of the business. They possess great financial resources, avail investor's trust in raising more investment, and banks and financial institutes trust them and lend them at a discounted interest rate (Liet al., 2011). If they succeed, business extension in the global arena becomes very easy to them. Through a well-designed financial management system, globally operating and expanding companies, and large-scale corporations install the whole infrastructure to accomplish their goals. With better finances, they hire the best leaders and teams, and to whom they can even buy from the other leading companies or direct competitors, and equip them with the required resources and inputs to do the right job. They can afford to adopt the latest standards, principles of modern scientific management, and turning their organizations to continuous learning organizations. Moreover, they undertake marketing and business research on a massive scale to grasp the deep knowledge of customers and markets, build the unique, innovated, and premium products to meet customers' needs, and develop a fortified supply chain management system to deliver those products briskly, efficiently, and effectively. They very well embrace the notion and strategies of target marketing and branding, and can tolerate the heavy cost of advertising. Hence, international companies, MNCs, global companies and TNCs (i.e. all sorts of global businesses or intercontinental companies) pose substantial challenges and threats to the domestics companies, particularly the micro enterprises and SMEs (Qureshi, 2014).

2.1 Conceptual framework and key variables: The conceptual framework exhibited in Figure 1 portrays the variables affecting a company's globalization. They consist of objectives for growth; competitive strengths (i.e. capabilities); regulations for businesses; and institutional support mechanism as independent variables, and corporate globalization as the dependent variable.

Objectives for growth pertain to incentives for doing business abroad (Qureshi, 2014). According to Bloomstrom (2002), the utmost salient motivators (or incentives) for foreign entities to invest overseas include five components: *market size* ensuring market demand and growth potential, *real income level* promising handsome returns due to purchasing power, *skilled human resources* capable to perform up to expectations, *modern infrastructure*, such as road network, bridges, utilities, etc., and *facilitative mechanism* through fiscal policy, trade policy, and macro-economic stability. Other dazzling attractions to companies for stretching their network overseas are approaching world class skilled labor, technology, and infrastructure, availing new sources of finance, and the escalated resource base (Jones, 2002). Many researchers support the premise that many multinational enterprises invest in foreign markets to avail specific location-based advantages. As defined by Bloomstrom (2002) and Bloomstrom and Kokko (2003), the inducements for a host government to attract foreign direct investment include generating employment, income, and knowledge development opportunities for the populace, which trigger revenue creation for the governments in the form of taxes and duties. In many studies, the positive and significant influence of foreign direct investment is observed in many host nations like China, Greece, Hong Kong, India, Indonesia, Japan, Malaysia, South Korea, Taiwan, Thailand and United Kingdom (Bloomstrom and Kokko, 2003).

Building ***competitive strengths*** call for devising competence-creation strategy, many researchers believe that it's based on exploration of resources, which can be in the form of factors of production, or more specifically better sources of finance, indigenous resources, well-groomed teams with proven competence, cutting edge technology, access to modern and superior processes, and so forth. Competence-creation strategy based on exploration of resources enable subsidiaries to attain desired goals (Santangelo and Meyer, 2011). Porter (1985) observed that expansion of operative network into foreign markets relies on building capabilities in the value chain system, inclusive of upstream activities of Research and Development (R&D), operations, finance, marketing, Human Resources (HR), and Management Information System (MIS), and downstream activities of sales management, logistics, and customer support and services. According to Gupta and Govindarajan (2004), born global companies leverage their unique technological knowledge to enormously extend their competitive edge in overseas operations. Such companies possess great potential sometimes mixed with access to abundant resources that enable them to pursue their expansion goals. For born global companies, intensity of technology is perceived as a major driver paving the way to success in the global arena, and it plays a vital role in their geographic extension. Technological intensity provides marvelous stimulus for born global companies as well as technology-intensive organizations enabling them to add more value in their value chain activities and stretch their geographic presence.

Regarding ***regulations for businesses***, many countries require an overseas entity to seek a license before entering the domestic market. Countries like United Arab Emirates (UAE) and Saudi Arabia demand such permits from foreign-based companies and make it mandatory to establish partnerships or joint ventures with local partners. The purpose is to enable local firms to tap an underlying opportunity, share local cum overseas knowledge, skills, expertise, technology, and resources for mutual interest that ultimately leads to profitability. Although the stakes of all the investing firms appear on the line, even then differences in opinions and decisions of partners/directors take place sometimes. Limited liability companies in particular require company registration at Securities and Exchange Commission (SEC) type of entities in different countries along with mandatory compliance procedures for corporate governance, whereas non-compliance may attract serious forfeits. Even proprietorship or partnership concerns in general, require firm registration in many countries. Similarly permits may be required to get the premises built in. Estrin and Meyer (2011) stated that barriers to exit occur when the decision-making processes tend to be complex, such as procrastinated decisions and processes regarding licensing, work permits, etc. that need government sanctions, lingered on lawsuits, pending negotiations with trade unions, and so forth. Sometimes due to decreasing demand, changing trends, or dearth of returns, or mis-governance and non-transparent systems, foreign companies determine to quit from a country, but the legitimate framework provokes obstructions in their way. Thus, the liquidation decision may turn very costly or inapplicable. In nexus with foreign regulations, *political uncertainty* is a situation that provokes hitches in the smooth operations of globally operating companies, which may negatively affect their profitability as well, and ultimately influence their decisions with respect to investment and commitment (Johanson and Vahlne, 2009). In countries like Pakistan, Afghanistan, Somalia, and Nigeria, non-national i.e. foreign companies continually feel the menace of swiftly changing political policies and a high level of legal-political instability, which might cause them difficulties in operations, while a withdrawal decision can also be very costly. Hence, companies that go global, consider individual countries' laws governing foreign businesses, and favor *uniform international business laws*. Several studies acknowledge and confirm the network of associations or relationships especially with suppliers and buyers (Johanson and Vahlne, 2009).

The institutional influences are significantly involved in organizational learning. These influences can be in the form of technical support for capacity building by public or private sector bodies, or financial support by government or financers. Greater the techno-financial support, greater is the level of global expansion by potential firms. The two relevant terms used with institutional influences are *institutional voids and institutional uncertainty*. Institutional voids refer to dearth of supportive network, which paves the way to success for international companies. Institutional uncertainty refers to the volatile policies or rapidly changing institutional rules governing businesses (Santangelo and Meyer, 2011). Relevant evidences have been found in banana republics, especially many unstable governments of Africa and Asia.

In nexus with ***institutional support***, evidences have been recorded worldwide that investors, banks, and lending bodies perceive corporate globalization favorably and support them by investing or loaning them at discounted/concessionary terms (Li et al., 2011), and the incentives and support of government along with public-private collaboration seems crucial (Qureshi, 2014). In international markets, business partners, angel investors, investment banks, and venture capital companies exist that invest in the potentially lucrative ventures. The classical theory on internationalization of firms presented by Johanson and Vahlne (1977; 2009) maintains that companies exploit learning and experimental knowledge to explore new markets around the world. The art of such companies is to combine local responsiveness with global integration (Barlett and Ghoshal, 1989). Their global expansion strategy stresses that they need to focus on local responsiveness or adaptation through product design, packaging, pricing, product offerings, and other processes involved in managing the global business (Barlett and Ghoshal, 1989; Prahalad and Doz, 1987). A globally expanding organization learns from its internal environment (i.e. internal departments, divisions, subsidiaries, etc.) and external environment (demographic and socio-cultural forces, economic, competitive, natural, technological, and legal-political forces).

2.2 Hypotheses: The hypotheses under investigation are depicted beneath:

H_1: Objectives for growth (significantly and positively) affect companies for corporate globalization.
H_2: The competitive strengths (significantly and positively) affect companies for corporate globalization.
H_3: Institutional support for businesses (significantly and positively) affects companies for corporate globalization.
H_4: Regulations for business governing businesses (significantly and positively) affect companies for corporate globalization.

3. Data Analysis

In addition to reviewing extant literature for finding answers of some research questions, qualitative data was also analyzed through observations by utilizing media content assessment, and quantitative Analysis for testing hypotheses.

3.1 Observations through Media Content Analysis: The purpose of observations through Media Content Analysis is to discover the latest trends of corporatization and corporate globalization of Pakistani companies during past five years (from 2007-08 to 2011-12). In addition, the related issues of corporate Pakistan are unearthed through print media sources. From reliable and renowned source of media, following content is discovered:

There is a substantial *rise of trends of corporatization in Pakistan*. Securities and Exchange Commission of Pakistan (SECP) registered 334 new companies in Pakistan, witnessing a growth of 35% over the corresponding month of Nov. 2011, despite the period of sluggish economic conditions (Dawn, 2012). SECP recorded total corporate portfolio up to 61,650 companies in the fiscal year 2011-12. The registration of companies stood 4871 in 2007-08, which plunged to 3181 in 2008-09 due to the assassination of the former premier, Ms Benazir Bhutto and alarming domestic uncertainty, and then kept improving from 3041 new companies in 2009-10, to 3385 in 2010-11, and 3926 in 2011-12 (Securities and Exchange Commission of Pakistan, 2013). Recently, again SECP registers 383 new companies in March 13, recording a growth of 8% over the preceding month

(Dawn, 2013). The similar evidences were recorded from: Business Recorder (2013), Daily Times (2013), Pakistan Today (2013), The Express Tribune (2013), and The Nation (2013). The Figure 2displayed below exhibits the Year-wise Companies' Incorporation at SECP.

In nexus with 'public private collaboration and more specifically corporate-government cooperation,' observing the situations through authentic media sources was considered as the right tool. Media has emerged as a powerful institution to identify the hardcore realities of life. When the grievances of the business community with the public bodies get published, they are well-recognized by all the stakeholders in the society. It was also learnt that nearly 80 % of the promises about grants and subsidies to exporters that the government makes in its strategic trade policies (devised by ministry of commerce) go unrealized (Daily Express, 2012; Dawn, 2012; Ghumman, 2013a; and Khan, 2013).Due to aggravated business climate, many multinational pharmaceutical companies wounded up their operations in Pakistan (Abduhu, S. 2013). Almost 40% domestic textile units relocated to Bangladesh to avoid energy turmoil and uncertainties in this banana republic and gain advantage of cost savings through incentives in Bangladesh (Ahmed, 2012; Azad, 2012; Jafri, 2012). The ministry of finance diverted its funds for Rs15 billion earmarked for export development fund to various expenditure heads. A mega scam of fraud for Rs760 million was disclosed at Trade Development Authority of Pakistan (TDAP), (Khan, 2013a, 2013b). Some of its high ups formed fake export companies, to whom millions of rupees were granted on account of subsidies and grants for opening offices, retail outlets, and warehouses abroad, and for freight subsidy. Many of the claims were processed and passed within a single day. Some of the officials were interrogated (by anticorruption agencies), others jailed, and some suspended (Ghumman, 2013b and Khan, 2012).

3.2 Quantitative Data Analysis: The results of the quantitative investigation are presented in Tables.

The Table 1exhibited above has splendid reliability of the measurement scale. The score of Cronbach Alpha stands = 0.977 with 27 items is greater than the benchmark of 0.70, suggesting that it's highly reliable for data Analysis. In addition, it portrays that when number of items/variables was 5, the score stood 0.967. The individual scores of all the variables fall between the ranges of 0.743 to 0.801, which means they tend to be highly reliable.

The Table 2 and 3 presented above display *R* values, ANOVA and coefficients. In Table 2, the *R* values of the model that states the coefficient of determination or the effect of the predictors over the criterion variable. The *R*-score is R=0.826, with R^2 value = 0.683, and adjusted R^2 = 0.681, that suggests the predictors explains the criterion variable by 68%. The significance level of the model that is sig.= 0.000 and the *F* value is *F* = 153.776, which suggests the overall model fit. The Table 3, the results exhibit that all the independent variables had *t*-scores that are greater than the cut off value of 2 with the significance level that is less than 0.05. Hence, all of the predictors appear significant. The individual scores are: constant B = 0.267, t = 2.612, and sig.= 0.002, objectives for growth B = 0.307, t = 3.485, and sig.= 0.015, competitive strengths B = 0.345, t = 3.900, and sig.= 0.001, foreign regulations B = 0.442, t = 4.927, and sig.= 0.001, and institutional support B = 0.467, t = 5.612, and sig.= 0.000. On the basis of the results driven from Multiple Regression Analysis, all the hypotheses are accepted.

The Table 4 shows the value of significance of results, sig.= 0.062 means it is insignificant for the estimation of the population. The F statistics is *F* = 1.480, thus it fails to reject the common assumption that the means of the population are equal (i.e. the means are the same).

4. Conclusion and recommendations

This section concludes the research work, proposes course of actions in recommendations part, and eventually highlights the delimitations of the undertaking.

4.1 Conclusion: Corporate global expansion is the extension of a company's operations into overseas markets, whether it takes place through exports, or opening sales offices abroad, or establishing partially or wholly owned subsidiaries across borders.

- Pakistani firms are turning as corporate bodies since they enjoy additional capacity to raise equity, finances, and other resources to play the game at bigger scale in the expectation of greater profits, while their risks get limited only to the extent of their shareholding. Moreover, the corporate sector appears content with its services, as it did not express any grievances through media, which seems quick to notice such things. There is a *rise in trends of corporatization in Pakistan*. The total number of limited liability companies kept increasing from 2007-08 to 2011-12, except in 2008-9 when the number heavily dipped due to the assassination of the former premier, Ms. Benazir Bhutto and arising legal-political instability. This entire period of five years witnessed economic shocks and turmoil. Securities and Exchange Commission of Pakistan (SECP) registered total corporate portfolio up to 61,650 companies in the fiscal year 2011-12 (Securities and Exchange Commission of Pakistan, 2013).

- *Objectives for growth* to avail lucrative global opportunities provide stimulus or incentives to Pakistani companies to bear the unforeseen risks to penetrate into un-tried markets and manage across borders. There is a *rise in trends of corporate global expansion in Pakistan*. Many companies in textile, food, and leather sectors, service providing concerns, banks, and pharmaceutical companies have overseas physical infrastructure to run their businesses abroad. However, *incidences of relocation and divestiture* also take place, as a substantial proportion of textile industries relocated to Bangladesh in the wake of energy and law and order crises, ever-escalating corruption, unstable policy framework, and mis-governance. Due to these reasons, some multinational pharmaceutical companies wounded up their operations from Pakistan, and even the indigenous people avoided investing in business.
- Globally expanding Pakistani companies as well as exporters have problems with the government regarding undermined law and order, energy, corruption, and governance framework. They complaint about Trade Development Authority of Pakistan (TDAP) and Ministry of Commerce (MoC) that they make false pledges about subsidies and grants for sales tax refunds on imported inputs for export, opening overseas offices, warehouses, outlets, etc. Corruption scams at TDAP, having worth of millions of rupees appear pending at investigating agencies.

4.2 Recommendations: The suggestions are submitted hereunder for the consideration of the globally expanding Pakistani companies and policy makers:

- *Effective role of government through incentives and support mechanism (powered by fairness)*: The government plays a dominant role in accelerating foreign trade through exports or through globally expanding companies having headquarters here in Pakistan, and offices/subsidiaries abroad. The government should make sure that if these companies qualify for acquiring incentives/grants like opening offices/subsidiaries, outlets, and warehouses abroad, standardization, capacity building, research, branding, marketing, subsidized financing schemes, duty drawbacks, and sales tax refunds, etc., they should avail them without any obstructions. By legislative framework, the claims processing organizations like Trade Development Authority of

Pakistan (TDAP), or Ministry of Commerce (MoC) should not exercise any bureaucratic red tapes.

- *Effective role of government for handling domestic crises pertaining poor governance and transparency*: The government has to boldly face all the domestic challenges that obstructs to these companies in accelerating their foreign trade. These crises consist of uncertain law and order conditions, fanaticism, electricity and gas outages, ever-escalating rampant corruption, and mis-governance. Indeed it requires a *strengthened political economy* (i.e. political, economic, and legal system), and good governance cum transparency to tackle the internal challenges and those of global economy.

4.3 Scope and delimitations of the study

The probe only covers the patterns of growth and global expansion of Pakistan's corporate sector and government support. It does not analyze the challenges to them in the domestic and global arena, the domains of corporate governance, Corporate Social Responsibility (CSR), their diversification, foreign trade, Foreign Direct Investment (FDI), and Gross National-Product (GNP).

Table 1: Reliability statistics [Cronbach's Alpha (CA) and N of items (variables)]

CA	N	CA	N	CA	N	CA	N	CA	N	CA	N	CA	N
.977	27	.967	5	.845	3 (OJ)	.881	12 (CS)	.801	3 (RB)	.852	6 (IS)	.743	3 (CG)

Table 2: Model summary and ANOVA (of Multiple Regression Analysis)

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
.826[a]	.683	.681	.50730	153.776	.000[a]

Table 3: Coefficients

Variables	B	t	Sig.
Constant	.268	2.614	.002
Objectives for Growth	.307	3.485	.015
Competitive Strengths	.345	3.900	.001
Regulations for Business	.442	4.927	.001
Institutional Support	.467	5.612	.000

a. Dependent variable: Corporate globalization

Table 4: ANOVA

	Sum of Squares	d.f.	Mean Square	F	Sig.
Between Groups	.047	1	.047	1.480	.062
Within Groups	.127	3	.042		
Total	.174	4			

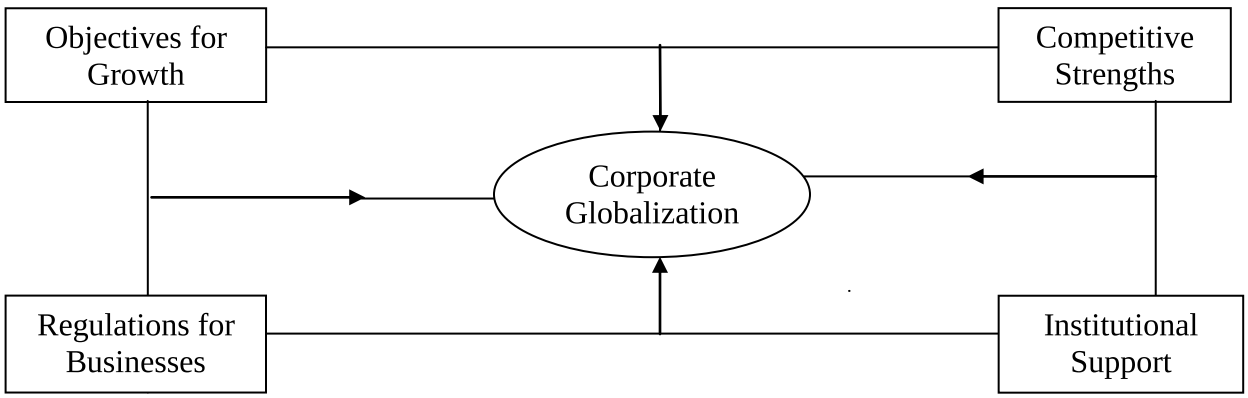
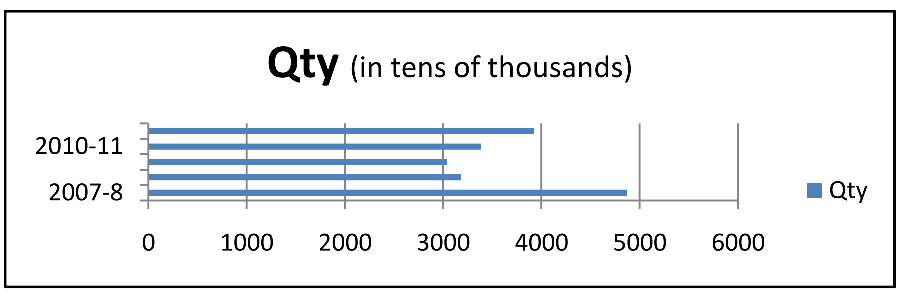


Figure 1: Conceptual framework on corporate globalization



Source: Securities and Exchange Commission of Pakistan, Annual Report 2012 (pg. 180)
Figure 2: Trends of Growth of corporate Sector in Pakistan during 2007-8 – 2011-12

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