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Constraints and Barriers in Corporate Governance and Managerial Efficiency: A Comparative Analysis

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Abstract
The focus of this study is to investigate the constraints and barriers in managerial efficiency of corporate sector in Pakistan, not only for the better results of the corporate but also for the whole economy. A comparison of Pakistani corporate sector is made with 32 low income countries. Corruption, crime, gender, finance, infrastructure, innovation of technology, are the major constraints for managerial efficiency of corporate sector in low income countries elaborated in this study. Different dimensions of each variable are used to compare level of severity of constraints in different countries. Pakistan, as a whole, is comparatively bearing a low ratio of these hindrances as compared to remaining third world countries but these constraints need attention not only to increase the managerial efficiency of corporate sector in Pakistan but also for the whole economy. This study is contribution to literature regarding the implementation of healthy corporate governance in Pakistan as compared to same economies and suggests the constraints and barriers to avoid default period of the corporate and less efficiency of economy. Furthermore, it helps us to trace the major key factors regarding the implementation of healthy corporate governance to increase managerial efficiency of the corporate because it is not the Government that helps corporate to implement corporate governance effectively but corporate itself can do it effectively. The data is collected by using the secondary sources and World Bank is used as a data source to compare Pakistani corporate sector with low income countries. The results suggest that Pakistan is bearing fewer ratios of all variables as compared with other country variables that shows that Pakistani corporate sector can easily overcome these constraints if there will be proper implication of proper corporate governance.
Keywords: Constraints, Barriers, Pakistan, Corporate Governance

1. Introduction

Third world countries are those countries whose income is very low as compared to other countries. Pakistan also comes under the catalog of low income countries. The major problem with these countries is that these countries have weak corporate governance structure. A country with minimum checks and balances will be facing more constraints to implement healthy corporate governance. If we overview the implication of corporate governance in Pakistan, efforts were made much earlier to implement it effectively and the evidences are laws and regulations of corporate, laws for criminals, prudential regulations of SBP, regulations of stock exchange for listing, and National Accountability Ordinance of Pakistan. But all these evidences can be concluded as general evidences because the major evidence for the implication of effective corporate governance is religion, Islam. It provides us the thumb rules regarding the ethics of business which provides sound guidelines for the implication of good and healthy corporate governance. It has some major problems regarding the implication in developing economies due to major weaknesses of this agenda while making laws and regulations to implement it in that particular economy. Weakness of this agenda leads it to create more barriers for corporate sector to flourish and contribute in the economy as a whole.

So, the purpose of the study is to find out the barriers and constraints regarding the implication of corporate governance in developing economy like Pakistan to increase the managerial efficiency of corporate to play vital role in economy. Corruption, crime, gender, finance, infrastructure, innovation of technology, performance, regular taxes, trade and workforce are the major constraints discussed in this study and different dimensions of each variables are compared with all low income countries to make a comparative analysis of pakistani corporate sector. Next chapter will provide the evidences for the significance of effective corporate governance and the problems and barriers affecting the managerial efficiency of the corporate.

2. Literature Review

Workforce is most important factor for corporate sector of an economy. But when it comes to downsizing of the workforce for better results of corporate, sometimes it effect positively while sometimes it can also decrease the performance of the firm. So, workforce is the major constraint for managerial efficiency of corporate if corporate takes no measures at the time of their hiring and firing. Management will also have some role in the period of distress which is the barrier for the corporate to implement it effectively, so turnover of the management can be taken as a solution for the problem. So, implementation of poor corporate governance itself is creating hindrances not only for the corporate but also for the experienced individuals of that corporate (Gilson,1989).

Performance is also treated as constraint for managerial efficiency of corporate. Different firms measure it differently but the major measure of performance is related with the implementation of laws, rules and regulations in corporate. So, it demands the implication of good and healthy corporate governance (Barclay, 1989; Holderness, 1989).

Financial distress of a firms is not only the outcome of weak corporate governance but it is the product of corruption in a corporate where gifts are utilized to induce the high officials or governments to meet their short or long term objectives like to avoid taxes or get electricity or water connection or for the betterment of infrastructure of corporate. These things ultimately lead the corporate workforce to do their tasks dependently with least responsibility (Wruck, 1990).

Innovation and technology counts because the utilization of all facilities of a corporate can lead a corporate to be managerially efficient. It includes that how much you are using the online methods that can communicate you with the outer world faster such as websites, emails etc. (Gilson, 1990).

Financing of a corporate is always a big issue that can help to determine the efficiency of corporate. If a corporate depends more on finances it is necessary to know that either it is depend ending on internal or external finances. Mostly firms depend upon banks to provide them credits to meet their all needs including investments and working capital. The least you depend upon banks, the more chances of that you can survive for more time without any debts (Gilson el, 1990).

There is an association between corporate governance structure and managerial efficiency of corporate. There are three financial indicators which help to predict that governance system of that particular corporate is very low. While if some control variables will be used the corporate will be help to restructure again. The results of the study show that companies who itself are admitting their weak points such as corruption, gender, infrastructure, information and technology will be more willing to minimize or diminish the effect of these factors so that they can again be on the path of managerial efficiency and thus can contribute towards the efficiency of the economy(Daily, Dalton1994).

Workforce and infrastructure of a corporate are most important to increase their efficiency. If there will be low percentage of independent directors it will be the barrier for managerial efficiency of the corporate (Elloumi & Gueyie 2001).

Transparent disclosure of a firm is the major factor that can decrease the barriers of managerial efficiency as it will lead the workforce to do their tasks independently. It will increase the performance of firm that will beneficial for economy as a whole (Mitton, 2001).

Main hindrances for the implementation of corporate governance are law enforcement mechanisms, abuse of shareholders rights, low commitment of boards, and weak monitory system (Okpara, 2011). This study will find out the barriers for managerial efficiency of a corporate and then will compare Pakistani barriers with other low income countries.

Significance of the research

Most of the research in the area of corporate governance has been done for the developed economies because the rich data is available for these economies. Most of the developing economies which also include the Pakistan are characterized as the economies where the enforcement of law and protection of investors is very weak. In developing economies, ownership structure is concentrated so it holds the pyramid structure as was observed in case of Belgium (Ronneboog, 2000).

From 1985, researchers were of the view to find out an association between bankruptcy and corporate governance and this relationship was found by Daily & Dalton in 1994. They used the significant characteristics of corporate governance whose positive implications can strengthen the corporate. But afterwards all the researchers started to work on corporate governance related with bankruptcy of corporate. They were of the view that firms, voluntarily filing the bankruptcy will be more willing to restructure again then the firms who are not filing the bankruptcy and are dependent upon the window dressing.

This theme is used as a whole for the betterment of economies having low incomes. All the characteristics used by previous researchers can be the barriers and constraints for an organization to implement corporate governance effectively (Daily & Dalton, Mitton, Turetsky, Mahajan Sharma, Thomas and Moltan). Corporate want to take the remedial measures always after the declaration of bankruptcy while corporate governance must be implemented at the commencement of the business. So this study is going to find out the barriers and constraints to implement it effectively. Okpara, J. in 2011 conducted the study regarding the barriers and constraints for implementation of healthy corporate governance in Nigeria that is a developing economy, so this study is going to find out the barriers and hindrances in Pakistani corporate regarding the implementation of healthy corporate governance through including all the dimensions that could contribute to find out the barriers and constraints.

In 2003, a study was conducted by R. Mir and Nishat to find out the firm performance through different corporate governance structures but no study is still conducted to find out the constraints to implement corporate governance effectively to increase managerial efficiency of a corporate.

This study is a contribution to literature as Pakistan is compared with other low income countries that where it falls in barriers of efficiency. Pakistan is comparatively enjoying less ratio of all barriers although it is also the victim of these hindrances, if good measures and check and balances will occur, Pakistan can be included in developed economies.

3. Methodology

World Bank is used a data source to gather all the information regarding the each dimension of different variables for all low income category countries including Pakistan. World Bank is an authentic source in a sense as it was based upon interviewed surveys through all the regions on each variable. Corruption, crime, gender, finance, infrastructure are the variables related with the business environment. If business environment is analyzed carefully it will help to identify the obstacles and then to overcome them for efficiency of the economy as a whole. So, we are focusing on factors that actually shape the environment of a business. For some firms, these factors will be considered as barriers, and for others these will be considered as accommodating and thus will help those countries either to be more efficient and healthy or be less efficient.Accomodating business environment is considered an ideal environment that increase the prospects of business or firm to flourish more. Constraints discussed in this study are the factors if handled properly will increase the employment level of the economy, and income generated from taxes will be contributed for the development or welfare of society in terms of health and care, education, public investment and other services. Graphical presentation was tabulated to better compare the ratios of each variable from different countries with Pakistan.

Table 1: Finance
Table 1.1:

	Pak	Benin	CAR	Eretrea	Malawi	Burk Faso	Chad
SavingAc	64.7	99.2	98.5	98.2	96.9	96.8	95.9
Loans	8.6	42.8	26	n/a	40.1	28.4	n/a
Loans Co	75.9	97.3	n/a	n/a	n/a	91.7	n/a
Co Value	67.7	227.6	233.4	n/a	n/a	n/a	n/a
No Loans	57.2	n/a	n/a	84.6	n/a	n/a	42.9
Loan Rej	0	n/a	23.8	n/a	n/a	n/a	n/a
Loan Bnk	9.7	n/a	25.3	n/a	20.6	25.6	n.a
Int Fin	88.8	89.5	n/a	94	n/a	n/a	n/a
Invst Bnk	8.4	n/a	n/a	n/a	13.4	15.6	n/a
Invst Crdt	0	n/a	6.4	n/a	n/a	n/a	9.1
Invst Equit	0.7	n/a	8.2	n/a	2.9	n/a	n/a
WC Bnk	4.6	32.9	n/a	n/a	31	33.1	n/a
Bank WC	1.6	16.9	n/a	n/a	14.1	13.7	n/a
WC Crdt	11.9	n/a	n/a	n/a	n/a	n/a	n/a
Fin Const	17.7	70.3	n/a	n/a	51	15	n/a

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Table 1.2:

	Bang	Zambia	Togo	Madag	Ethiopia	Nepal	Rwanda
SavingAc	95.3	95	94.2	94.1	n/a	n/a	n/a
Loans	n/a	n/a	n/a	n/a	46	39.1	37.6
Loans Co	n/a	92.9	n/a	n/a	96.3	n/a	96.7
Co Value	n/a	n/a	237.6	n/a	n/a	259.7	n/a
No Loans	n/a	46	n/a	41	n/a	50.7	n/a
Loan Rej	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loan Bnk	24.7	n/a	16.9	n/a	n/a	17.5	n/a
Int Fin	n/a	88.1	n/a	n/a	n/a	n/a	n/a
Invst Bnk	17.1	n/a	13.1	n/a	15	n/a	18.2
Invst Crdt	n/a	n/a	5.5	8.6	n/a	n/a	n/a
Invst Equity	n/a	n/a	n/a	n/a	n/a	3.9	n/a
WC Bnk	43.1	n/a	n/a	n/a	40.7	32.1	32.5
Bank WC	19.6	26.4	10.3	n/a	21.4	16.3	15.5
WC Crdt	n/a	n/a	58.6	15.6	n/a	n/a	n/a
Fin Const	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Table 1.3:

	Burundi	Tajikstan	Niger	LAO PDR	Maurit	Tanzania	Mozamb
SavingAc	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loans	35.3	33.6	29.7	n/a	n/a	n/a	n/a
Loans Co	97.3	n/a	n/a	100	95.3	92.5	90.6
Co Value	266.5	n/a	229.6	307.6	n/a	n/a	n/a
No Loans	n/a	37.8	n/a	59	n/a	n/a	n/a
Loan Rej	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loan Bnk	n/a	21.4	n/a	n/a	n/a	n/a	n/a
Int Fin	n/a	n/a	89.2	97.2	n/a	n/a	n/a
Invst Bnk	15.5	n/a	n/a	n/a	n/a	n/a	n/a
Invst Crdt	n/a	6.3	n/a	n/a	n/a	n/a	n/a
Invst Equity	n/a	18.8	n/a	2.8	n/a	n/a	n/a
WC Bnk	25.5	n/a	33.4	n/a	n/a	n/a	n/a
Bank WC	n/a	n/a	13.1	n/a	21.5	n/a	n/a
WC Crdt	n/a	n/a	17.4	n/a	n/a	n/a	16.4
Fin Const	0	n/a	62	n/a	n/a	n/a	n/a

Table 1.4:

	Zimbabwe	CDR	Afghan	Kenya	Liberia	Mali	Krygryz
SavingAc	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loans	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loans Co	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Co Value	261.3	261	253.6	n/a	n/a	n/a	n/a
No Loans	N/A	n/a	49.9	89.1	37.9	n/a	n/a
Loan Rej	23.1	n/a	n/a	n/a	0	n/a	n/a
Loan Bnk	n/a	n/a	n/a	22.9	0	29.3	17.9
Int Fin	n/a	87.8	86.9	n/a	0	n/a	n/a
Invst Bnk	n/a	n/a	n/a	15.5	0	n/a	13.9
Invst Crdt	6	5.6	n/a	n/a	0	n/a	n/a
Invst Equity	n/a	n/a	8.2	n/a	2.8	4.8	21.4
WC Bnk	n/a	n/a	n/a	26	0	n/a	n/a
Bank WC	n/a	n/a	n/a	n/a	0	n/a	n/a
WC Crdt	n/a	n/a	n/a	17	0	n/a	n/a
Fin Const	63.7	73.3	n/a	n/a	0	n/a	n/a

Table 1.5

	Guinea	Siera Leo	Ghana	Uganda	Combodia	Gambia	GuineaBa
SavingAc	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loans	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loans Co	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Co Value	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No Loans	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loan Rej	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loan Bnk	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Int Fin	94.1	87	86.5	n/a	n/a	n/a	n/a
Invst Bnk	n/a	n/a	n/a	12.8	n/a	n/a	n/a
Invst Crdt	n/a	n/a	n/a	n/a	7.7	n/a	n/a
Invst Equity	n/a	5.2	n/a	n/a	n/a	n/a	n/a
WC Bnk	n/a	0	n/a	n/a	n/a	n/a	n/a
Bank WC	21.9	9.2	19.2	16.9	n/a	26.4	n/a
WC Crdt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fin Const	58.3	n/a	66.2	n/a	n/a	n/a	71.6

Saving Accounts (SavingAc):

Table 1 presents that in Pakistan, 64.7 percent firms are having trend of maintaining checking or saving accounts (SavingAc) to finance their business activity. This trend is comparatively least one with other low income countries. Benin has the highest proportion of firms that are relying more on saving accounts to finance their business that is 99.2 percent.

Loans:

The 8.6 percent Pakistani firms are relying on loans provided by banks for financing purpose that is lowest percentage as compared with other countries. Ethiopia is the only country that is relying more on loans of banks as 46 percent firms of this country are relying on credit facilitated by banks.

Loans Collateral (Loans Co)

Banks require collateral against loans provided by them and 75.9 percent Pakistani firms, getting loans from banks, have to give collateral (Loan Co) against loan facility that is very low as compared with other low income country's bank. LAO PDR is the country where 100 percent firms have to give collateral against all their loan facilities provided by banks.

Collateral Value (Co Value)

In Pakistan, collateral value must be of 67.7 percent of total loan value that is the lowest value required by banks as security against their loans while LAO PDR is the country where security must be 307.6 percent of total loan value that is the highest and positive response of a country banks to secure corporate sector by securing their shareholders including them.

No Loans:

In Pakistan, 57.2 percent firms are not in need of loans to finance their business activity while Kenya is only country that is comparatively relying more on bank loans as 89.1 percent firms of this country are meeting their financing needs through loans facilitated by banks.

Loans Rejected(Loan Rej)

Under the catalog of low income countries, Central African Republic(CAR) and Zimbabwe are only two countries whose loan application was rejected while all remaining countries creditability was worthy to accept their request of financing.

Loan from Banks (Loan Bnk)

Pakistan when get loans from banks, 9.7 percent of these loans is used to finance the investment side of firms which shows that Pakistan is relying less on loans for investment and financing purpose. While Mali is using 29.3 percent of total loans for investment purpose which is the highest trend as compared to other countries.

Internal Finance (Int Fin)

Table 1.1 presents that Pakistan is among those countries whose 88.8 percent firms are relying on their own finances for investment purpose and under this category, LAO DDR is the country whose 97.2 firms are using their internal finance for their investments. Pakistani 8.4 percent firms rely on banks for investment which is the lowest proportion to rely on bank facilities.

Investment through Banks (Invst Bnk)

Rwanda is the country which has the highest trend of 18.2 percent firms who for investment rely on bank finances, credits and loans.

Investment through Credit Suppliers (Invst Crdt)

Low income countries also depend upon the credit provided by credit supplier but Pakistani firms do not depend upon the services of credit supplier while Chad is the country whose 9.1 percent firms rely on loans provided by credit suppliers.

Investment through Equity (Invst Equity)

Kyrgyz Republic (Kyrgyz) is the country whose 21.4 percent firms are using their stock returns or their equity in their investment while in Pakistan 0.7 percent firms are relying on their equity for financing purpose.

Working Capital through Banks(WC Bnk)

For working capital(WC) finances, Bangladesh(Bang) rely more on banks as 43.1 percent of firms rely on loans provided by banks for WC purpose.

Bank Working Capital (Bank WC)

Pakistani firms do not rely on banks for WC finances. Pakistan totally 1.6 percent relies on WC finances provided by banks and Ethiopia rely more on banks that is 21.4 of their WC needs.

WC through Credit supplier (WC Crdt)

For WC finances, Gambia rely 34.7 percent on credit suppliers while Pakistan rely on credit suppliers for WC purpose is 11.9 percent which is the lowest proportion as compared with other countries.

Finances as Constraints (Fin Const)

Countries with low income have many problems to get loans to finance their business activities and Pakistan is among those countries who is not victim of such constraint as only 17.7 percent forms of Pakistan are facing these problems while Burkina Faso(Burk Fas) is the country whose 75 percent firms are facing the problem to access these finances to run their business activities.

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Table 2: Corruption

Table 2.1:

	Pak	Combadia	CDR	Ghana	Maurit	Guinea	Keynea
GGTD	48	61.2	65.7	n/a	82.1	84.8	79.2
GTO	58.8	60.3	54.4	n/a	48.2	57.3	32.3
GGC	14.1	76.8	75.7	61.2	76.2	74.6	71
VOG	0.3	14.9	9.3	8.3	8.1	7.9	7.8
GGOL	12.7	n/a	53.6	n/a	33.2	51.9	n/a
GGIL	n/a	43.9	n/a	38.8	32.8	34.3	n/a
GGCP	20.9	91.6	50.7	47.6	53	65.5	n/a
GGEC	71.1	58	38.3	n/a	39.9	56.6	n/a
GGWC	62.3	n/a	46.1	n/a	76.4	38.6	33.8
Bribery	57.3	57.8	52.9	n/a	46.6	55.4	n/a
1 BPR	60.2	n/a	57.2	n/a	52.9	60.7	42
CAC	59.3	53.7	72.7	n/a	n/a	n/a	n/a
CSAC	38.4	n/a	33	n/a	n/a	n/a	n/a

Table 2.2:

	Uganda	Benin	Bangl	GuineaBa	Burundi	Liberia	Krygryz
GGTD	n/a	54.5	85.1	63.1	56.5	n/a	n/a
GTO	n/a	n/a	54.4	n/a	n/a	54.4	39
GGC	n/a	59	n/a	n/a	n/a	51.6	53
VOG	5.6	5	n/a	n/a	n/a	n/a	4.7
GGOL	n/a	44.6	n/a	40.3	n/a	49.6	n/a
GGIL	n/a	n/a	51.3	n/a	n/a	46	n/a
GGCP	n/a	47.3	n/a	n/a	n/a	62.9	56.3
GGEC	n/a	48.8	42.4	n/a	n/a	51.9	n/a
GGWC	n/a	48.3	52.7	n/a	n/a	54.6	33.9
Bribery	n/a	31.6	40.8	n/a	n/a	55.3	35.7
1 BPR	n/a	38.5	60.4	n/a	n/a	70.5	42.5
CAC	n/a	67.8	54.9	n/a	n/a	n/a	58.9
CSAC	n/a	36.1	n/a	25.2	n/a	n/a	29.8

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Table 2.3:

	Tajikstan	Afghan	Nepal	LAO PDR	Chad	Mali	Gambia
GGTD	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GTO	33	28.8	n/a	n/a	n/a	n/a	n/a
GGC	n/a	n/a	62.2	n/a	n/a	n/a	n/a
VOG	n/a	n/a	4.4	n/a	n/a	n/a	n/a
GGOL	38.5	n/a	n/a	88.2	52.6	42.4	n/a
GGIL	31.5	n/a	n/a	59.6	0	35.2	29
GGCP	n/a	n/a	n/a	n/a	58.6	n/a	n/a
GGEC	n/a	n/a	n/a	n/a	48.7	39.5	n/a
GGWC	n/a	n/a	n/a	n/a	70.9	40.2	n/a
Bribery	30.1	n/a	n/a	32.4	0	n/a	n/a
1 BPR	37.9	n/a	n/a	39.1	0	n/a	n/a
CAC	n/a	53.6	n/a	n/a	67.2	n/a	n/a
CSAC	n/a	19.8	n/a	18.9	36.2	n/a	n/a

Table2.4:

	Niger	Togo	Madag	Burk Faso
GGTD	n/a	n/a	n/a	n/a
GTO	n/a	n/a	n/a	n/a
GGC	n/a	n/a	n/a	n/a
VOG	n/a	n/a	n/a	n/a
GGOL	n/a	n/a	n/a	n/a
GGIL	n/a	n/a	n/a	n/a
GGCP	46.6	n/a	n/a	n/a
GGEC	n/a	37.8	n/a	n/a
GGWC	n/a	n/a	n/a	n/a
Bribery	n/a	n/a	n/a	n/a
1 BPR	n/a	n/a	n/a	n/a
CAC	83.7	70.2	n/a	70.5
CSAC	n/a	33.5	20	25.7

Gifts to Get Things Done (GGTD)

Table 2 presents that 48 percent firms in Pakistan use gifts as a source to get all their things done regarding their business. This trend is the lowest one as compared with all low income countries while Bangladesh (Bang) has the highest rate of 85.1 percent of firms who use this tactic to get all their things done.

Gifts to Tax Officials(GTO)

Cambodia is the country which has the highest trend of using gifts to refrain themselves from taxes so 60.3 percent firms of Cambodia present gifts to tax officials during meeting to get things done. Pakistan comes at second number to use this tactic so Pakistani 58,8 percent firms present gifts to tax officials.

Gifts to Secure Government Contracts (GGC)

Government Contracts are considered much important in Cambodia as table presents this country use gifts to secure all Government contracts. Pakistan also uses this tactic to secure all contracts but this trend is lowest one in Pakistan as compared to all other low income category countries.

Value of Gifts (VOG)

Most countries consider the value of gifts as compared to the value of contract and table shows that in Cambodia, it is 14.9 percent significant to check the value of gifts, while presenting, as compared with the value of particular contract. In Pakistan it is 0.3 percent significant.

Gifts to Get Operating License (GGOL)

In Pakistan, 12.7 percent firm use to present gifts when it comes to get operating license for business activity that is the lowest ratio as compared with other countries. The highest trend to use gifts to get the license of doing business activity is in LAO PDR where88.2 percent firms use this tactic to get operating license.

Gifts to Get Import License (GGIL)

In Pakistan, there is no trend of using gifts to get any kind of import license. However in LAO PDR, it is the highest trend of presenting gifts, when it comes to get import license.

Gifts to Get Construction Permit (GGCP)

The lowest trend of using the gifts to get permission for construction from Government is in Pakistan as compared with all other low income category countries presented in tables that are 20.9 percent. However LAO PDR has the highest trend of using the gifts to get construction permission from government as 91.6percent firms of this country use gifts as a source to get permission.

Gifts to Get Electrical Connection (GGEC)

The highest trend of using gifts for the purpose of illegal electrical connection is in Pakistan that is 71.1 percent. After Pakistan, Cambodia is the country where gifts are used as tactic to get electrical connection and the ratio of this activity is 58 percent.

Gifts to Get Water Connection (GGWC)

For this activity, Pakistan is on 3rd number as 62.3 percent firms are using gifts to get water connection while in Mauritania (Maurit) this activity has the highest trend as 76.4 percent firms use this tactic to get water connection.

Bribery

For this activity, Pakistan comes at second number as compared with other countries and 57.3 percent firms are using this as tactic to get all their things done. This trend is again highest in Cambodia that is actually 57.8 percent.

One Bribe Payment Request (1 BPR)

In Pakistan, there are 60.2 percent firms who have at least enjoyed one bribe payment request so according to this trend, Pakistan comes on second number while Liberia is the country whose 70.5 percent firms have enjoyed at least one bribe payment request in their business life.

Corruption as Constraint (CAC)

Corruption is the problem which is more faced by the low income countries so Pakistan is among those countries for whom corruption is the major constraint for the managerial efficiency of their corporates and that are 59.3 percent. In Niger corruption is considered as major constraint as compared with all countries and that is 83.7 percent.

Court System as Constraint (CSAC)

In Pakistan, the major constraint for managerial efficiency of corporate sector is the court system as people avoid abiding by all the rules and laws set by the court system and after Pakistan, Chad is the country where court system is again considered as constraint for the managerial efficiency of the corporate.

Table 3: Crime

Table 3.1:

	Pak	Ethiopia	Zimbabwe	Malawi	Bang	Kenya	Rwanda
PFS	48.7	91.9	91.9	90.4	77.3	74.6	73.7
COS	1.1	n/a	n/a	6.6	n/a	2.2	n/a
ASC	2.3	n/a	n/a	7.3	n/a	n/a	n/a
LAT	0.4	n/a	n/a	5.7	n/a	3.9	n/a
ALAT	3.9	n/a	n/a	11.7	n/a	n/a	7.1
Pro Loss	0.2	n/a	n/a	n/a	n/a	1.1	n/a
CTDAC	35.3	n/a	n/a	n/a	n/a	33.1	n/a

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Table 3.2:

	Maurit	CAR	Tanzania	Zambia	Gambia	CDR	Liberia
PFS	73.6	72.7	71.7	71.5	n/a	n/a	n/a
COS	n/a	7.3	2.2	n/a	4.3	3.3	3.2
ASC	n/a	10.1	3.1	n/a	6.1	11	6
LAT	n/a	4.7	n/a	n/a	2.7	1.8	2.8
ALAT	n/a	12	n/a	n/a	8.7	10.2	7.8
Pro Loss	n/a	n/a	1.3	n/a	n/a	1.5	3.9
CTDAC	n/a	n/a	n/a	n/a	n/a	63.3	n/a

Table 3.3:

	Kyrgyz	Chad	Siera Leo	Mozamb	Mali	Togo	Guinea
PFS	n/a	n/a	n/a	n/a	n/a	n/a	n/a
COS	2.4	1.7	1.7	n/a	n/a	n/a	n/a
ASC	5.7	n/a	n/a	4.3	4.2	3.7	n/a
LAT	n/a	2.5	n/a	n/a	n/a	2.4	2
ALAT	n/a	n/a	n/a	n/a	n/a	12.7	8.3
Pro Loss	n/a	n/a	1.7	n/a	1.1	n/a	1.5
CTDAC	n/a	45.8	n//a	33.6	0	n/a	n/a

Table 3.4:

	Benin	Afghan	Madag	Uganda	Niger	Burk Faso
PFS	n/a	n/a	n/a	n/a	n/a	n/a
COS	n/a	n/a	n/a	n/a	n/a	n/a
ASC	n/a	n/a	n/a	n/a	n/a	n/a
LAT	1.9	n/a	n/a	n/a	n/a	n/a
ALAT	16.9	14.4	n/a	n/a	n/a	n/a
Pro Loss	n/a	1.2	1.1	0.8	n/a	n/a
CTDAC	52.7	61.8	48.1	n/a	44.2	42.2

Payment for Security (PFS)

Table 3 presents that in Pakistan, there is trend of paying extra for security purpose but in Pakistan this trend is very low as 48.7 percent of firms are paying extra for security purpose that comes under crime category. Ethiopia is the country which has the highest trend of paying extra to secure all their business activities.

Cost of Security (COS)

If we analyze the cost of security as compared to the annual sales of firms, tables are presenting that in Pakistan, as firms have lowest trend of paying extra for security purpose so there cost of security is also low that is 1.1 percent. In Central African Republic (CAR) it has the highest cost of security as compared to the annual sales of firms and its value is 7.3 percent.

Average Security Cost (ASC)

The average security cost as compared to annual sales of firms is 2.3 in Pakistan that is the lowest one in all low income category countries while in Congo Dem Rep (CDR) the average security cost is highest that is 11.9 percent.

Losses Against Theft (lAT)

During the shipment, there are chancing of occurring losses through theft. In Pakistan the ratio of losses against theft during their shipment is 0/4 percent of total value of products which is lowest one as compared with other countries while in Malawi it is 5.7 percent of total products value which is the highest ratio among all low income category countries.

Average Losses Against Theft (ALAT)

In Pakistan, the average loss against this theft is 3.9 percent of total products value while in Benin it is

16.9 percent of total product value which is the highest average loss against theft.

Production Loss(Pro Loss)

As compared to other countries, in Pakistan 0.2 percent loss occur of total products either through theft or any other reason which is lowest one while in Liberia the production loss occure3.9 of total product value either during production or after its production through theft.

Crime, Theft, Disorder as Constraint (CTDAC)

All these activities come under crime which in result create disorder that ultimately will be not beneficial for the corporate individually and for the economy as a whole. In Pakistan, these activities are considered as constraint as their ratio is 35.3 percent while in CDR its ration is 63.3 percent which is the highest one.

Table 4: Gender

Table 4.1:

	Pak(gend)	Kyrgyz	Mali	Zimbabwe	CAR	Liberia	Madag
FPIO	6.7	6.4	58.3	56.2	53.3	53	n/a
FPTM	n/a	27.5	21	17.4	12.2	29.9	n/a
FPE	0.8	42.6	30.6	n/a	25.9	n/a	27.5
FNPPE	0.1	11.3	8.8	8.9	n/a	n/a	8.9

TABLE 4.2:

	Ghana	Benin	Rwanda	Chad	Malawi	Togo	CDR
FPIO	44	43.9	41	40.1	n/a	n/a	n/a
FPTM	n/a	27.5	n/a	n/a	15.6	15.1	13.7
FPE	34.8	n/a	30.3	n/a	n/a	n/a	n/a
FNPPE	n/a	n/a	10.4	n/a	n/a	n/a	6.7

Table 4.3:

	Nepal	LAO PDR	Eritrea	Tajikstan	Ethiopia	Kenya	Uganda
FPIO	n/a	n/a	n/a	n/a	n/a	n/a	n/a
FPTM	13.4	n/a	n/a	n/a	n/a	n/a	n/a
FPE	n/a	43.5	40.4	31.4	25.3	n/a	n/a
FNPPE	6.7	n/a	n/a	8.1	n/a	8	7.2

Female Participation in Ownership (FPIO)

Kyrgyz Republic is the country which has the highest proportion of females in their ownership structure and 60.4 percent firms of this country are having female employees in ownership. In Pakistan, only 6.7 percent firms are having females in their ownership.

Female Participation in Top Managers(FPTP)

In Pakistan, it has no trend of hiring females as top managers while in Liberia, 29.9 percent firms are having females as their top managers while Central African Republic is having 12.2 percent of females as their firm's CEO or top managers.

Female Permanent Employees (FPE)

In Pakistan, 0.8 percent firms are having female employees as their permanent faculty which is lowest trend as compared with remaining countries while the highest trend of hiring permanent female employees is in Lao PDR in which 43.5 percent firms are having permanent female employees.

Female Non Productive Permanent Employees (FNPPE)

In Pakistan, the rate of non productive permanent female faculty is 0.1 percent while the highest trend regarding non productive employees is in Kyrgyz Republic where the ratio is 11.3 percent. In Nepal, the ratio of non productive permanent female employees is 6.7 percent which is lowest one before Pakistan.

4. Results

Corruption, finance, crime, gender and infrastructure are the factors that shape the business environment. These variables are constraints for low income countries such as Madagascar, Niger, Mali, Central African Republic, Congo Dem Rep, Rwanda, afghan, Zambia, Sierra Leona, Geneau Bassau, Geneau, Kenya, Kyrgyz Republic, Tajikistan, Burkina Faso, Eritrea, Mauritania, Mozambique, Ghana, Cambodia, Liberia, Burundi, Nepal, Tanzania, Bangladesh, Benin, Loa PDR, Togo, Chad, Malawi, and Pakistan. Excess ratio of these variables shows that how much this variable can create problem for that particular country. In Pakistan, 57.2 percent firms are not in need of loans to finance their business activity while Kenya is only country that is comparatively relying more on bank loans as 89.1 percent firms of this country are meeting their financing needs through loans facilitated by banks. Pakistan is among those countries whose 88.8 percent firms are relying on their own finances for investment purpose and under this category, Lao DDR is the country whose 97.2 firms are using their internal finance for their investments. Pakistani 8.4 percent firms rely on banks for investment which is the lowest proportion to rely on bank facilities. 48 percent firms in Pakistan use gifts as a source to get all their things done regarding their business. This trend is the lowest one as compared with all low income countries while Bangladesh (Bang) has the highest rate of 85.1 percent of firms who use this tactic to get all their things done. In Pakistan, it has no trend of hiring females as top managers while in Liberia, 29.9 percent firms are having females as their top managers while Central African Republic is having 12.2 percent of females as their firm's CEO or top managers. in Pakistan, there is trend of paying extra for security purpose but in Pakistan this trend is very low as 48.7 percent of firms are paying extra for security purpose that comes under crime category. Ethiopia is the country which has the highest trend of paying extra to secure all their business activities. In Pakistan, the average loss against this theft is 3.9 percent of total products value while in Benin it is 16.9 percent of total product value which is the highest average loss against theft. So the results suggest that Pakistan is bearing fewer ratios of all variables as compared with other country variables that shows that Pakistani corporate sector can easily overcome these constraints if there will be proper implication of proper corporate governance.

5. Recommendations

Good and healthy Corporate Governance is the solution that can be provided to overcome these hindrances as Pakistani data shows that it is comparatively in a good position to survive for many years regarding to its finances for the economy, So if proper remedial measures will be taken or policies will be adopted to diminish the effect of these factors, the managerial efficiency of corporate will increase that ultimately will increase the efficiency of economy. It will help to bring Pakistan out of developing economies.

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