



DETERMINENTS OF CAPITAL STRUCTURE: EVIDENCE FROM PAKISTAN SUGAR INDUSTRY.

Prof.Dr.Abdul Ghafoor Awan*,Prof.Dr.Zahir Faridi**, Abdullah Shahbaz Anwer Ghazi***

*Dean, Faculty of Management and Social Sciences, Institute of Southern Punjab, Multan-Pakistan.ghafoor70@yahoo.com Cell #0313-6015051

**Director, School of Economics, Bahauddin Zakariya University, Multan-Pakistan.economics@bzu.edu.pk

***MS Scholar, Department of Business Administration, Institute of Southern Punjab, Multan-Pakistan.

ABSTRACT

Capital structure is one of the most complex areas of financial decision making because of its inter-relationship with other financial decision variables. Poor capital structure decisions can result in a high cost of capital which decreases the value of a firm. Effective capital structure decisions decrease the cost of capital and hence the value of a firm increases. The objective of this empirical study is to analyze the factors affecting capital structure of sugar industry in Pakistan and to check whether the results confirm or not pecking order theory and trade-off theory. Different theories of capital structure have been reviewed like Modigliani and Miller theory, trade-off theory, pecking order theory and market timing theory to make assumptions regarding capital structure of sugar firms. The findings are based on empirical results using panel data techniques for a sample of 30 firms listed on Karachi Stock Exchange from 2008-2011. The results show that tangibility is positively associated with leverage whereas size of the firm and liquidity are negatively associated with leverage. The results of profitability and growth opportunities are insignificant.

Key Words: capital structure, pecking order theory, market timing theory, leverage, etc.

1. INTRODUCTION

Pakistan is developing country with distinct institutional trends affecting financing decision of firms. Specifically from financing decision perspective, institutional trends in Pakistan include bond market, tax laws, inflation, religious aspect, and other economic conditions. Corporate bond market has short history in Pakistan. Companies were allowed for the first time in the history to issue term finance certificates (TFCs) for borrowing directly from general public from 1995. Banks in Pakistan do not motivate companies to borrow on long term basis. Corporate needs for long term debt are financed by consistent turnover of short term debt. Corporate tax rate has remained 35% from 2002 to 2013. Currently corporate tax rate for public, private, and banking companies is 33% in 2014-15. Tax rates on bank earnings were brought down from 50% to 35% that is in line with corporate tax rate. Tax has a negative relationship with cost of capital which affects the decisions concerning capital structure. It is not only availability of long term debt market and corporate tax rate that affect the capital structure decisions of firms, but inflation is also affecting the corporate capital structure because main source of leverage in developing countries is short term debt. To respond the inflationary pressure, State Bank of Pakistan adjusts discount rate that affects cost of debt which usually borrower is bound to pay at the end of each period. The inflation has decreased continuously from 20.3% in 2008 to 13.6% in 2009 to 13.4% in 2010 to 11.9% in 2011 to 7.2% in 2014 to 8% by March 2015. This behavior of inflation shows enormous change in inflation in Pakistan overtime. Islamic republic of Pakistan got independence in 1947 on the name of Islam and more than 95% of population in Pakistan is Muslim. According to Islamic Shariah Laws, interest is strictly prohibited. Fixed income market is considered as paying interest on investment. So Muslims in Pakistan may avoid investing in any financial instrument that offers interest. This may be cause of avoiding to invest with corporate bond. Extraordinary spread of banks in Pakistan has been observed because of monopoly of banks in financing corporate debt.

Economic conditions in Pakistan have been remaining exceptional since earthquake of 8th October, 2005. These economic conditions include rapid change in GDP growth, energy crisis, inflation, unemployment, fiscal deficit, war on terror, balance of trade deficit, foreign direct investment, world interest crisis 2007, massive flooding in 2010 etc. GDP growth rate rapidly decreased from 9.0 percent in 2005 to 0.36% in 2009 with an improvement of 2.58% in 2010 and a further improvement of 3.62% and 3.84% in 2011 and 2012 respectively. Due to Pakistan's front state in war on terror, Pakistan's economy has been suffering in many areas including decline in GDP growth, reduction in investment (foreign direct investment and local), lost export, damaged physical infrastructure, loss of employment and incomes, diversion of budgetary resources to military and security related spending, cutbacks in public sector development spending, capital and human capital drains, reduction in capital and wealth, stock exchange rate, depreciation and inflation (**Ministry of Finance, 2009-10**). While analyzing the above conditions prevailing in Pakistan can affect the sale of firm, resulting in fewer sales and cash flow that can restrict firm from borrowing more.

2. LITERATURE REVIEW

Scholarly research suggests that there is an optimal capital structure range. It is not yet possible to provide financial managers with a specified methodology for use in determining a firm's capital structure. However, financial theory does offer help in understanding how a firm's chosen financing mix affects the firm's value.

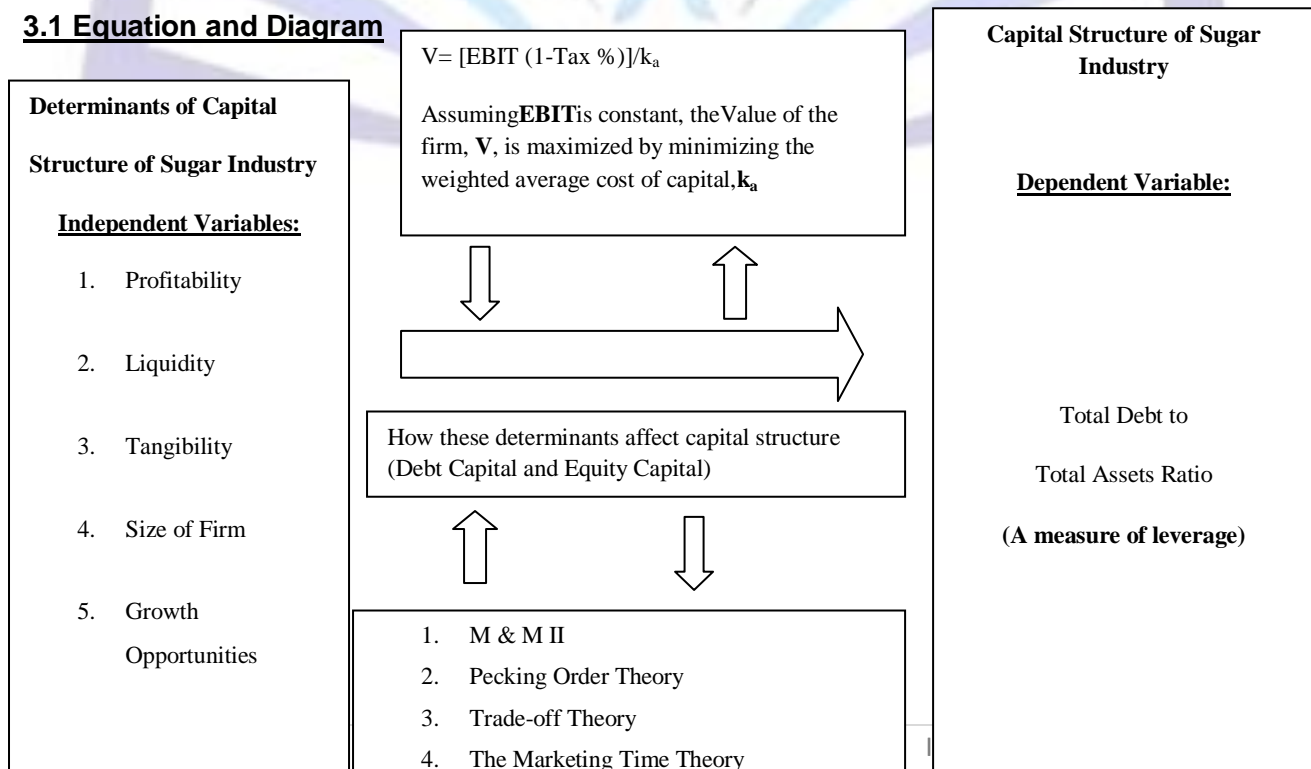


In 1958, Franco Modigliani and Merton H. Miller commonly known as M and M demonstrated algebraically that, assuming perfect markets, the capital structure that a firm chooses does not affect its value. Many researchers including M and M have examined the effects of less restrictive assumptions on the relationship between capital structure and the firm's value. The result is a theoretical optimal structure based on balancing the benefits and costs of debt financing. The major benefit of debt financing is the tax shield, which allows interest payments to be deducted in calculating taxable income. The cost of debt financing results from (1) the increased probability of bankruptcy caused by debt obligations and (2) the agency costs of the lender's constraining the firm's actions. The pecking order theory suggested by Stewart Myers proposes that the cost of financing increases with asymmetric information. This theory maintains that businesses hold a hierarchy of financing sources and prefer internal financing when available, and debt is preferred over equity if external financing is required. The trade-off theory of capital structure presented by Kraus and Litzenberger refers to the idea that a company chooses how much debt finance and how much equity finance to use by comparing the costs of bankruptcy and agency costs of debt with the benefits of tax saving of debt. The market timing theory of capital structure presented by Baker and Wurgler in 2002 argues that firms time their equity issues in the sense that they issue new stock when the stock price is perceived to be overvalued, and buy back own shares when there is undervaluation. Accordingly, fluctuations in stock prices affect firms' capital structures. Sheikh and Wang (2010) suggested that leverage is negatively correlated with profitability, liquidity, and tangibility, and positively correlated with firm size and growth opportunities. In particular, the negative relationships of profitability, tangibility, and liquidity, and a positive relationship of growth opportunities with firm leverage confirm the predictions of pecking order hypothesis. A positive relationship of firm size with leverage confirms the predictions of trade-off theory. Awan & Bashir (2015) analyzed the financial model being opted by textile firms listed at Karachi Stock Exchange in the context of capital structure theories. The analysis was based on a sample of 8 listed firms for the period 2008-2013. They used pooled regression method which shows that both static trade off theory and pecking order theory are related to corporate capital structure theories to the firms in Pakistani textile sector. They found that financing pattern of firms partially supports the static trade off theory and pecking order theory. Awan and Amin (2014) found that factors like liquidity, profitability, tangibility, and size have statistically significant impact on the total debt to total assets ratio. It means that capital structure does matter in textile sector of Pakistan. Pahuja and Sahi (2012) analyzed the determinants of capital structure of thirty listed Indian companies. The debt to equity ratio is taken as dependent variable and size, liquidity, profitability, tangibility and growth as independent variables. The data showed consistency in results regarding two important determinants of capital structure; growth and liquidity. The others such as profitability, size, and tangibility do not seem to have significant impact on capital structure. Here, growth and liquidity is positively related with leverage supporting pecking order theory of capital structure. Awan & Imtiaz (2015) contend that most of the companies listed at stock market try to raise funds from their shareholders without free of cost and these funds prove breathing space of the companies facing liquidity crunch and improve their capital structure. If these companies efficient used their funds and pay handsome dividend to their shareholders it will improve their image and value of their share in stock market.

3. CONCEPTUAL FRAMEWORK

Since the economy of Pakistan is not tax-free, WACC is affected by capital structure decisions. Trade-off theory and Pecking order theory propose opposite relationships regarding the positive and negative effects of profitability, liquidity, tangibility, size of firm and growth opportunities on capital structure. If capital structure of Pakistani sugar firms is evaluated based on market weights then relationship between independent and dependent variables can be better described by market timing theory

3.1 Equation and Diagram



4. Research Methodology

4.1 Data and Type

This research study is based on the secondary data taken from the official website of State Bank of Pakistan publication "Financial Statement Analysis of Non-Financial Companies Listed on The Karachi Stock Exchange for the year 2008-2011." The research includes 30 Sugar Companies listed at Karachi Stock Exchange in consideration to analyzing the financing behavior of Sugar Sector. Time period of the data is from 2008 to 2011.

4.2. Selected Variables:

The variables used in this study and their measurement are largely adopted from existing literature. This allows us to compare the findings with prior empirical studies in developed and developing economies. Leverage ratio is taken as dependent variable while searching for the determinants of the capital structure which has been measured as ratio of debt to total assets. Although capital structure theories use long term debt as an alternative of Leverage of firm but we used here total debt ratio because the main source of debt financing of Pakistani firms is short term debt. The independent variables are liquidity, profitability, tangibility, size and growth. Liquidity is measured as ratio of current assets to current liabilities. Profitability has been measured as ratio of net profit to total assets. Tangibility has been measured as ratio of net fixed assets to total assets. Size of the firm has been measured as natural logarithm of sales and growth has been measured as ratio of sales growth to total assets growth.

4.2 ECONOMETRIC MODEL

In this empirical study we used panel data procedures because the sample contains data across firms and over time. In order to estimate the effects of explanatory variables on debt ratio (a measure of leverage) we used three estimation models, namely, panel least square, fixed effects and random effects. Under the hypothesis that there is no group or individual effects among the firms, we estimated the panel least squares model.

a) Panel Least Squares Model

In this technique, β_0 is supposed to be constant for all sugar firms. It is assumed that policies of all sugar firms are same. There is no difference between the firms. Coefficients β_1 to β_5 are same for all firms

$$LG_{i,t} = \beta_0 + \beta_1 PF_{i,t} + \beta_2 LIQ_{i,t} + \beta_3 TN_{i,t} + \beta_4 SZ_{i,t} + \beta_5 GROW_{i,t} + \epsilon_{it}$$

As panel data contains observation on the same cross-sectional units over several time periods, there might be cross-sectional effects on each firm or on a set of group of firms. Different techniques are available to deal with this type of problem, however, two estimation techniques, namely, fixed effects and random effects are very prominent.

b) Fixed Effects Model

This model assumes intercept β_0 different for all sugar firms. Hence coefficients of all firms are different which means that each firm has different financial policies from other firm.

$$LG_{i,t} = \beta_{0i} + \beta_1 PF_{i,t} + \beta_2 LIQ_{i,t} + \beta_3 TN_{i,t} + \beta_4 SZ_{i,t} + \beta_5 GROW_{i,t} + \mu_{it}$$

c) Random Effects Model or Error components model

This model breaks β_0 intercept of fixed effects model into two parts β_0 and ϵ_{it} . ϵ_{it} shows cross-section error component whereas μ_{it} shows time-series error component

$$LG_{i,t} = \beta_0 + \beta_1 PF_{i,t} + \beta_2 LIQ_{i,t} + \beta_3 TN_{i,t} + \beta_4 SZ_{i,t} + \beta_5 GROW_{i,t} + \epsilon_{it} + \mu_{it}$$

Where:

- $LG_{i,t}$ = Leverage of the firm i at time t
- $PF_{i,t}$ = Profitability of the firm i at time t
- $LIQ_{i,t}$ = Liquidity ratio of firm i at time t
- $TN_{i,t}$ = Tangibility of the firm i at time t
- $SZ_{i,t}$ = The size of the firm i at time t
- $GROW_{i,t}$ = Growth opportunities of the firm i at time t
- β_0 = Common y-intercept
- $\beta_1 - \beta_5$ = Coefficients of the concerned independent variables
- μ_{it} and ϵ_{it} = Stochastic error term of firm i at time t

This study also employs the Hausman specification test to determine which one estimation model, either fixed effects or random effects, best explains our estimations.

5. EMPIRICAL MODEL



Table-I Descriptive Statistics of selected variables

	LEVERAGE	PROFITABILITY	LIQUIDITY	TANGIBILITY	SIZE	GROWTH
Mean	0.747	6.1	1.31	0.55	6.38	1.19
Maximum	3.58	53.37	14.52	1.08	7.40	5.65
Minimum	0.124	-30.54	0.09	0.08	5.30	0.18
Std. Dev.	0.48	13.77	1.76	0.19	0.36	0.67
Observations	120	120	120	120	120	120

Total debt ranges from 12.4 percent in case of Habib sugar mills in year 2011 to 358 percent in case of Mirza sugar mills in year 2008 with an average of 74.7 percent as compared to 65.6 percent average total debt for sugar sector in Pakistan. The findings support Booth et al, 2001. Each sugar firm in Pakistan enjoys 6.1 percent of net profit on every unit in Total Assets. Pakistani sugar firms generate profitability as low as -30.54 percent in case of Husein sugar mills in year 2010 and as high as 53.37 percent in case of Mirza Sugar mills in year 2009. Profitability indicates the return on investment and fluctuation in return is called risk that we measure with help of standard deviation of profitability. So we can say that average risk level associated with return on investment in sugar sector is 13.77 percent. If we compare the risk with average profitability we can say average firm in this sector is generating very low operating income as compared to its associated risk. A Pakistani sugar firm has maximum 108 percent fixed assets due to negative shareholders' equity in MEHRAN sugar mill. Total asset of sugar firms grow at an average of 1.19 percent annually. Current assets of each firm are 1.31 times of its current liabilities. We may conclude that Pakistani sugar firms have short term debt paying ability as low as .09 times in case of Abdullah shah Ghaazi sugar mills in year 2008 and as high as 14.52 times in case of premier sugar mills and distillery ltd. In year 2010. Prior to estimating the coefficients of the model, the sample data were also tested for multi-collinearity presented in Table-2.

Table-2 Correlation Coefficient of Variables

	LEVERAGE	PROFITABILITY	LIQUIDITY	TANGIBILITY	SIZE	GROWTH
LEVERAGE	1.000					
PROFITABILITY	0.154	1.000				
LIQUIDITY	-0.395	0.256	1.000			
TANGIBILITY	0.225	-0.237	-0.368	1.000		
SIZE	-0.211	0.037	-0.126	-0.147	1.000	
GROWTH	0.025	0.058	-0.099	0.085	0.202	1.000

Results show that most cross-correlation terms for the explanatory variables are fairly small, thus giving no cause for concern about the problem of multi-collinearity among the explanatory variables. No explanatory variable is perfect or close substitute of any other independent variable.

Table-3 explains the results of Panel least squares. Column 1 shows explanatory variables while column 2 shows coefficients of these variables. Column 3, 4 and 5 show standard error, t-statistic, and probability respectively. 31% variations in the model are explained by the independent variables which is low.

Table-3 Results of Panel Least Squares using software E-view

Total panel (balanced) observations: 120				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
β_0	3.045	0.729	4.174	0.000
PROFITABILITY	0.011	0.003	3.723	0.000
LIQUIDITY	-0.131	0.024	-5.492	0.000
TANGIBILITY	0.204	0.221	0.921	0.358
SIZE	-0.362	0.109	-3.322	0.001
GROWTH	0.006	0.058	0.104	0.917
R-squared	0.311	F-statistic	10.31	
Adjusted R-squared	0.281	Prob. (F-statistic)	0.00	

We found Coefficient of profitability .011 which is positive and statistically significant. It describes that one unit increase in profitability will increase leverage by .011 unit. The results of Panel Least squares Model are consistent with theoretical prediction of Trade-off theory. The co-efficient of liquidity is .131 which is negative and statistically significant. It describes that one unit increase in liquidity will decrease leverage of sugar firms by .13 unit. The results of Panel Least squares Model are consistent with theoretical prediction of Pecking order theory. It has been observed that coefficient of tangibility is .204 which is positive and statistically insignificant. However, the positive coefficient for tangibility confirms the theoretical prediction of trade-off model for tangibility. Coefficient of size is .36 which is negative and statistically significant. It describes that one unit increase in size of the sugar firm will decrease the leverage of these companies by .36 unit. The results are consistent with Pecking Order Theory. We have found that coefficient of growth is .006 which is positive and highly insignificant. However positive relation with leverage is consistent with pecking order theory. Table- 4 specifies the estimates of Fixed Effects Model. Column 1 shows independent variables while column 2 shows coefficients of these variables. Column 3, 4 and 5 show standard error, t-statistic, and probability respectively. 88% variations in the model are explained by the independent variables which is high.

Table- 4 Results of Fixed Effects Model using Software E-views 8

Total panel (balanced) observations: 120					
Variable	Coefficient	Std. Error	t-Statistic	Prob.	
β_0		3.05	0.73	4.17	0.00
PROFITABILITY		-0.00	0.00	-0.59	0.56
LIQUIDITY		-0.03	0.02	-1.91	0.06
TANGIBILITY		0.40	0.15	2.68	0.01
SIZE		-0.40	0.11	-3.48	0.00
GROWTH		0.05	0.03	1.53	0.13

R-squared	0.88	F-statistic	17.74
Adjusted R-squared	0.83	Prob. (F-statistic)	0.00

We found Coefficient of profitability 0 and statistically insignificant. It describes that any unit change in profitability will not bring any change in leverage. However the negative sign showing inverse relationship profitability and leverage consistent with theoretical prediction of Pecking order theory. The co-efficient of liquidity is .03 which is negative and statistically significant. It describes that one unit increase in liquidity will decrease leverage of sugar firms by .03 unit. The results of Fixed Effects Model are consistent with theoretical prediction of Pecking order theory. It has been observed that coefficient of tangibility is .40 which is positive and statistically significant. It shows that one unit increase in tangibility of sugar firms will increase leverage by .40 unit. The positive coefficient for tangibility confirms the theoretical prediction of trade-off model for tangibility. Coefficient of size is .40 which is negative and statistically significant. It describes that one unit increase in size of the sugar firm will decrease the leverage of these companies by .40 unit. The results are consistent with Pecking Order Theory. We have found that coefficient of growth is .05 which is positive and insignificant. However positive relation with leverage is consistent with pecking order theory. Table-5 specifies the estimates of random effects model. Column 1 shows regressors while column 2 shows coefficients of these regressors. Column 3, 4 and 5 show standard error, t-statistic, and probability respectively. 21% variations in the model are explained by the regressors which is low.

Table- 5 Results of Random Effects Model using Software E-views 8

Variable	Coefficient	Std. Error	t-Statistic	Prob.	
C		2.87	0.63	4.53	0.00
PROFITABILITY	0.00	0.00	0.00	0.53	0.60
LIQUIDITY	-0.05	0.015	-3.06	-3.06	0.00
TANGIBILITY	0.37	0.14	2.61	2.61	0.01
SIZE	-0.36	0.097	-3.71	-3.71	0.00
GROWTH	0.04	0.03	1.18	1.18	0.24
R-squared	0.21		F-statistic	6.03	
Adjusted R-squared	0.17		Prob. (F-statistic)	0.00	

We found Coefficient of profitability 0 which is highly insignificant. It describes that any unit change in profitability will not affect leverage. However the positive sign showing positive relation is consistent with theoretical prediction of Trade-off theory. The co-efficient of liquidity is .05 which is negative and statistically significant. It describes that one unit increase in liquidity will decrease leverage of sugar firms by .05 unit. The negative relationship between liquidity and leverage is consistent with theoretical prediction of Pecking order theory. It has been observed that coefficient of tangibility is .37 which is positive and statistically significant. It describes that one unit increase in tangibility will increase leverage of sugar firms by .37 unit. The positive coefficient for tangibility confirms the theoretical prediction of trade-off model for tangibility. Coefficient of size is .36 which is negative and statistically significant. It describes that one unit increase in size of the sugar firm will decrease the leverage of these companies by .36 unit. The results are consistent with Pecking Order Theory. We have found that coefficient of growth is .04 which is positive and insignificant. The positive relation with leverage is consistent with pecking order theory.

Table- 6 shows the results of Housman specification from which it is clear that Fixed Effects Model is better than Random effects model since probability is less than 0.10

Table- 6 Findings of Housman test using Software E-views 8

Correlated Random Effects - Housman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	24.49	5	0.00



6. CONCLUSIONS

This empirical study attempted to explore the determinants of capital structure of 30 sugar firms listed on the KSE Pakistan during 2008-2011. The investigation is performed using panel econometric techniques, namely, Panel Least squares, fixed effects, and random effects. This study has employed the debt ratio (a measure of leverage) as an explained variable. The debt ratio includes both long-term and short-term debt. The results of Panel least squares and random Effects Model are consistent with trade-off theory w.r.t profitability and tangibility while liquidity, size, and growth confirm predictions of pecking order theory. On the other hand results of Fixed Effects Model are consistent with pecking order theory w.r.t profitability, liquidity, size and growth and only tangibility supports trade-off theory. However the results of profitability are highly insignificant with respect to fixed effects model and random effects model. In panel least squares method, results of profitability are significant but brings very small change in the dependent variable leverage. The finding supports the view of firm size as an inverse proxy for the probability of bankruptcy.

Since Fixed Effect Model is better than Random Effects Model according to Housman specification test, we conclude with statement that

- ✓ The results of profitability are not significant.
- ✓ Pakistani sugar firms with better short term debt paying ability tend to have less leverage.
- ✓ The firms having more fixed assets tend to have more leverage.
- ✓ Larger Pakistani sugar firms tend to have less leverage and vice versa.
- ✓ The results of Growth are highly insignificant.

However, the results indicate that these models provide some help in understanding the financing behavior of Pakistani sugar firms. Hence, we conclude that Pakistani sugar firm preferably finance their operations from their internal sources however firms with more tangible assets take short term loans to finance themselves.

REFERENCES

- [1]. Akhtar, S. (2007). Keynote address: Fixed income market development in emerging market economies. SBP Research Bulletin, 3, 1-6.
- [2]. Anurag Pahuja and Ms. AnuSahi (2012). Factors affecting capital structure decisions: Empirical evidence from selected Indian firms, International Journal of Marketing, Financial Services & Management Research vol.1 no. 3, ISSN 22773622
- [3] Awan, Abdul Ghafoor and Muhammad Sajid Amin (2014). Determinants of Capital Structure, European Journal of Accounting Auditing and Finance Research Vol.2, No. 9, pp. 22-41.
- [4]. Awan, Abdul Ghafoor & Shumaila Bashir (2015). Determinants of Capital Structure of Textile Industry of Pakistan, Industrial Engineering Letters, 6 (1): 56-64.
- [5]. Awan, Abdul Ghafoor, Imtiaz Bashir (2015). Impact of Dividend Announcement on the Share Price of selected Listed Companies at KSE, Science International, 27(4):3523-3527.
- [6]. Baker, M., & Wurgler, J. (2002). Market timing and capital structure. *Journal of Finance*, 57, 1-32
- [7]. Booth, L., Aivazian, V., Demircug-Kunt, A.E. and Maksimovic, V. (2001), Capital Structures in Developing Countries, *Journal of Finance*, Vol. 56, PP. 87-130.
- [8]. Fama, E.F. and French, K.R. (2002), Testing trade-off and pecking order predictions about dividends and debt, *The Review of Financial Studies*, Vol. 15 No. 1, pp. 1-33
- [9]. Hausman, J. (1978), Specification tests in econometrics, *Econometrica*, Vol. 46, pp. 1251-71.
- [10]. Jensen, M., and W.Meckling (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Capital Structure. *Journal of Financial Economics* 3, 305-360
- [11]. Kraus, A. and R.H. Litzenberger, A State Preference Model of Optimal Financial Leverage, *Journal of Finance*, September 1973, pp. 911-922.
- [12]. Modigliani, F., and M. Miller (1958). The Cost of Capital, Corporation Finance, and the Theory of Investment. *American Economic Review* 48, 261-297. 31
- [13]. Myers, S.C., 1984. The capital structure puzzle. *Journal of Finance* 39, 575-592.
- [14]...Myers, S.C. and Majluf, N.S. (1984), Corporate financing and investment decisions when firms have information that investors do not have, *Journal of Financial Economics*, Vol. 13 No. 2, pp. 187-221
- [15]. Nadeem A. Sheikh and Zongjun Wang. (2010) Financing behavior of textile firms in Pakistan, *International Journal of Innovation, Management and Technology*, Vol. 1, No. 2
- [16]. Titman and Wessels (1988), The Determinants of Capital Structure Choice, *Journal of Finance*, Vol.43, PP. 1-19.



[17]. http://www.finance.gov.pk/survey_1112.html, Pakistan Economic Survey 2011-12

[18]. http://www.finance.gov.pk/survey_0910.html. Pakistan Economic Survey 2009-10

[19]. <http://www.sbp.org.pk/departments/stats/bsa.pdf> "Financial Statements Analysis of Non-Financial Companies Listed on the Karachi Stock Exchange (2008-2011)", State Bank of Pakistan.

Brief Biography of Authors

1 Prof.Dr.Abdul Ghafoor Awan



Abdul Ghafoor Awan was born in Multan City of Pakistan and got his early education there. He graduated from Bahauddin Zakriya University Multan. Then he moved to Islamabad where he did his M.Sc from Quaid-i-Azam University, Islamabad. He did his M.Phil and Ph.D in Economics from Islamia University of Bahawalpur. He has also done his Ph.D in Business Administration from the University of Sunderland, United Kingdom. He qualified Central Services Exam in 1985 from Federal Public Service Commission Islamabad.

He taught graduate and post-graduate level different subjects at Quaid-i-Azan University Islamabad, Bahauddin Zakariya University Multan, and George Masson University of the United States. Institute of Southern Punjab, Multan. Presently, he has been serving as a Professor and Dean, Faculty of Management, and Social Sciences at Institute of Southern Punjab, Multan-Pakistan since October 01, 2010. His major field of Research includes: advanced Macroeconomics, Innovation and Economic Growth, International Finance, Emerging Economies, Entrepreneurship, Corporate Governance. He is the author of 8 books and 124 research papers. He Produced around 80 Students of M.Phil in English and Economics, and MS in Business Administration, in addition to supervising research projects/Thesis of 400 students of MBA, M.Sc Economics, Media Studies and M.A English. He is on the Editorial Boards of 20 International and National Journals.

2. Prof.Dr.Zahir Faridi



Mr.Zahir Faridi is an Associate Professor in Economics. Currently, he is serving as a Director, School of Economics, Bahauddin Zakariya University, Multan. He did his Ph.D in Economics from Islamia University of Bahawalpur. He is the author of many books on different subjects of Economics. His major field of interest is Econometrics and Macroeconomics. He is the author of about 60 research papers.

3.Abdullah Shahbaz Anwer Ghazi



Abdullah Shahbaz Anwer Ghaazi has been a Lecturer of Accounting and Finance at various institutions like Govt. Post Graduate College of Commerce, Qasimpur Colony, Multan, University of Education, Lahore, Institute of Southern Punjab, Multan and Sir Syed College of Commerce, Qasimpur Colony, Multan. At present, he is enrolled as MS degree student in the program of Business Administration (Finance), at Institute of Southern Punjab, Multan, Pakistan. He earned the degree of Bachelor of Commerce (B.Com) in 2006 from Government College of Commerce, Multan. He stood 2nd in B.Com Examination and college awarded him a distinction certificate. He has earned the degree of Master in Business Administration (Finance) in 2008. He secured class competition in Finance specialization and Department of Business Administration awarded him a

Certificate of Finance. In 2013, he started teaching at Directorate of Distance Learning, Bahauddin Zakariya University, Multan, Pakistan. Mr.Ghaazi is the corresponding author and can be contacted at: mbadms2008@gmail.com. Cell =923337636136.