

Investment Climate & Business Performance - Pakistan

Khan M Asif

International Christian University,
Tokyo

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7. Measurement Approach – Basic Framework

a) Questionnaire Distribution & Feedback

- a) *Selected Firms (Agri and Tourism) = 135*
- b) *Questionnaire = 8 Variables*
- c) *1 Variable = 5 Questions*
- d) *Five-point Likert scale Model = Multi-item attitudes with 1 = Strongly Disagree, 5 = Strongly Agree.*
- e) *Cronbach's Alpha = 0.852 shows the data is reliable*

Questionnaire Distributed		
Sr.	Sector	Distribution
1	Farm	20
2	Food	20
3	Livestock	15
4	Dairy	15
5	Fisheries	15
6	Wood	10
7	Textile	10
8	Hotels	20
9	Logistics	10
Total		135

Feedback Received		
Sr.	Sector	Distribution
1	Farm	13
2	Food	16
3	Livestock	9
4	Dairy	10
5	Fisheries	7
6	Wood	7
7	Textile	7
8	Hotels	17
9	Logistics	8
Total		94

Feedback so far **70%**

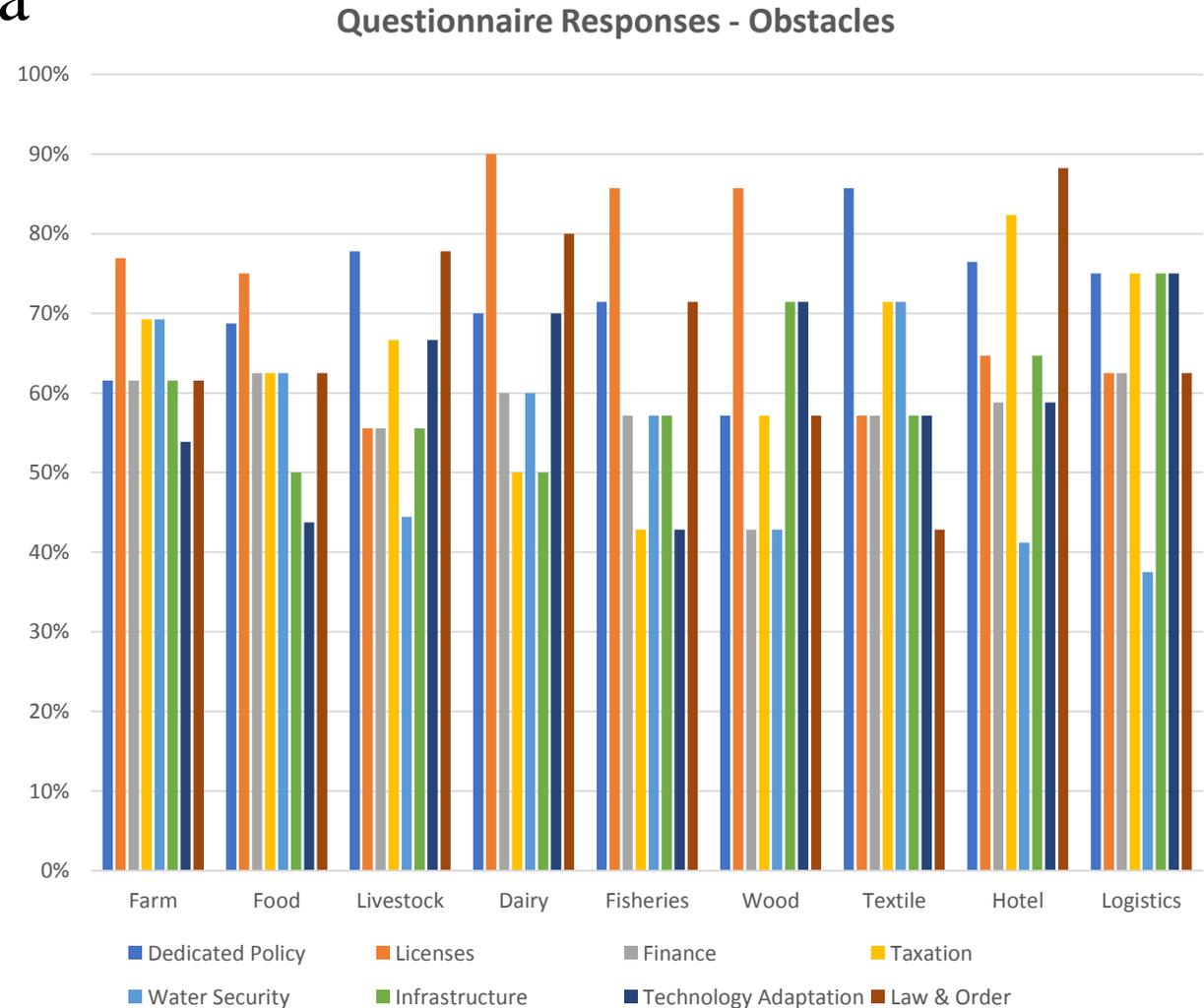
Aggregate Cronbach's Alpha **0.8519**

No.		Entity		Questionnaire:					Date
Sr.	Scale:	Strongly Agree	Agree	Do Not Know	Disagree	Strongly Disagree			
		5	4	3	2	1			
								Score	
1	Dedicated Policy	P1	Is there any policy from government regarding my activity						
2		P2	Government's existing policies are sufficient and helpful for my business activity						
3		P3	Government's existing policies are also helpful for my business expansion						
4		P4	Policy with particular focus is required to improve my business						
5		P5	Policy will not contribute to my existing business						
6	Licenses	L1	Too many licenses are required for the activity to be registered						
7		L2	More than a month time is required to get all licenses						
8		L3	Too many visits are required to get all licenses						
9		L4	No facilitation is available in getting licenses						
10		L5	It proves too costly to register my business						
11	Finance	F1	Many banks are offering advances in my area						
12		F2	Banks advances require high collateral						
13		F3	Banks advances require too many documentations & visits						
14		F4	Many other institutes offer advances in my area						
15		F5	Loans from infomal sources proves highly flexible						
16	Taxation	T1	Too many taxes if registered						
17		T2	Facilitation from tax personnel available						
18		T3	Corruption						
19		T4	Existing tax regime affects my business						
20		T5	Vague language of taxation						
21	Water Security	W1	I know the amount of water required for my business						
22		W2	The required amount of water supply is ensured						
23		W3	I have to arrange water by my own						
24		W4	Quality of water is an issue						
25		W5	Drainage costs high						
26	Infrastructure	I1	All weather access to my location is ensured by authorities						
27		I2	Availability of electricity/gas is ensured by authorities						
28		I3	Access to large markets is ensured at all times						
29		I4	Logistics is available at all times						
30		I5	Contract enforcement and dispute resolution is costly						
31	Technology Adaptation	Tech1	Several schemes are on offer for technology upgradation						
32		Tech2	I can get finance for latest technology adaptation						
33		Tech3	I can get customised technology from industry						
34		Tech4	My productivity/revenue increased because of latest technology						
35		Tech5	Skilled workforce is available in my area						
36	Law & Order	LO1	Law & Order has no effect on my business during last decade						
37		LO2	Authorities have ensured my business is not affected by law & order						
38		LO3	My business could not grow due to law & order						
39		LO4	I have to arrange my own security						
40		LO5	Continous revenue losses due to law & order situations						

7. Measurement Approach – Basic Framework

b) Analysis on Questionnaire Data

Cumulative Responses against Indicators									
	Farm	Food	Livestock	Dairy	Fisheries	Wood	Textile	Hotel	Logistics
Dedicated Policy	62%	69%	78%	70%	71%	57%	86%	76%	75%
Licenses	77%	75%	56%	90%	86%	86%	57%	65%	63%
Finance	62%	63%	56%	60%	57%	43%	57%	59%	63%
Taxation	69%	63%	67%	50%	43%	57%	71%	82%	75%
Water Security	69%	63%	44%	60%	57%	43%	71%	41%	38%
Infrastructure	62%	50%	56%	50%	57%	71%	57%	65%	75%
Technology Adaptation	54%	44%	67%	70%	43%	71%	57%	59%	75%
Law & Order	62%	63%	78%	80%	71%	57%	43%	88%	63%



7. Measurement Approach & Interpretation

- a) Questionair Preparation & Distribution
- b) Analysis on Questionnaire Data
- c) Hypothesis Testing Results (Chi-Square Test)**

Indicator	Value	P-Value	Discussion
Dedicated Policy	8.22	0.08	$P > 0.05 \Rightarrow Do$, Sector Specific Policies can significantly trigger business registrations
License	2.67	0.62	$P > 0.05 \Rightarrow Lo$, Licensing processes can hamper business registrations
Finance	9.33	0.05	$P = 0.05 \Rightarrow Fa$, Finances have the least impact on business Performance
Taxation	1.56	0.82	$P > 0.05 \Rightarrow To$, Tax administration leads to businesses remain informal
Water Security	6.00	0.19	$P > 0.05 \Rightarrow Wo$, Water security leads to business Performance
Infrastructure	9.33	0.05	$P = 0.05 \Rightarrow Ia$, Infrastructure has no significant contribution to business performance
Tech Adaptation	3.78	0.44	$P > 0.05 \Rightarrow TAO$, Latest Technology is essential for business to perform better
Law & Order	3.11	0.54	$P > 0.05 \Rightarrow LOo$, Law & Order has no significant impact on business performance