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OWNERSHIP STRUCTURE AND COMPANY'S PERFORMANCE

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ABSTRACT

Because of intense competition, companies need to maintain a competitive edge by having stable financial growth to thrive in the market. For this purpose there is a need to assess how different ownership types affect profitability and growth of the company. Hence, many researchers have carried out several studies to explain phenomena of the relationship of ownership structure and how it impacts the profitability of firms. Corporate governance plays an important role due to the fact that it links between shareholders, management and board (Abeyrathna & Ishari, 2016). Soufeljil, Sghaier, Kheireddine, and Mighri (2016) reviewed that corporations are business entities producing certain goods or services which aim at achieving profitability, financial growth and expansion. This area of research has great implication for corporations on how to achieve sustained growth by understanding the effect of different types of ownerships like concentrated ownership, family ownership, managerial ownership, governmental ownership, institutional ownership, insider ownership, block holding etc. affect on the profitability of firm and how different measures of performance like ROE, ROI, ROA and Tobin's Q are used to determine the given relation and relevance of agency theory in analyzing the relationship. Studies suggest that there is still a necessity for further research in this area to fill the loop holes and reach a common ground on the topic of understanding the relationship between ownership structure and firm's performance in terms of growth, profitability and expansion. Majority of researchers have consensus on the opinion that different types of ownership structure are great determinants of a firm's performance.

INTRODUCTION

There are following basic types of ownership structures commonly practiced in Pakistan, namely Sole Proprietorship, Partnership and Limited Liability Companies, Private Limited Companies, Public Limited Companies and Corporations. Sole Proprietorship is the easiest way of starting a business as it is simple to form. In sole proprietorship there is no legal entity, it is concerned with the person who is the owner of that business and he is solely accountable for all the business debts. Sole Proprietorship has low cost of formation and the owner has all the share of the profit. In partnership there are more than one people starting a business as double owners known as partners with the aim to earn profits and the entity is known as partnership.

In partnership the profits are shared between the partners as per the terms decided in the agreement and usually according to the amount of capital invested. In a Limited Liability company there should be at least one member for formation to take place and it allows sharing of liability unlike in a sole proprietorship. The legal entity and the shareholders of LLC are responsible for all the debts of the business and raising funds is easier. Private Limited Companies on the other hand provides easy, safe and transparent transfer of shares and ownership in organizations registered within the country, Public Limited Companies are listed in the Stock Exchange and then there are corporations (Selecting Suitable Form of Business, 2019).

"Business Structures" (2019) the other various ownership structures available in Pakistan are Single Member Company, Guarantee Limited Company, Limited Liability Company, Public Limited Company, Not for Profit/Association/Foundation and Limited Liability Partnership (LLP). In general, other ownership types also include Joint Stock Company, Joint Venture and Share Holding Companies etc.

According to the Security Exchange Commission Pakistan, in May 2016 there were 375 Limited Liability Companies incorporated in Pakistan, a 12% increase in the total number of companies 62,549 in number. Out of the sum, 91% companies were Private Limited companies, 5 % were Sole Proprietorship, 2 % organizations listed were Public Limited Companies and only 1% was registered as association and 1% comprise foreign entities (Dall, 2016).

Types of Ownership Structures

Khan and Nouman (2017) studied that in Pakistan the company's ownership is greatly influenced and determined by various types of ownership structures like family ownership, associated firms, institutional investor, insiders, concentrated ownership, block holding managerial ownership, and foreign ownership impacts the profitability of non-financial companies registered in the Pakistan Stock Exchange. The results of the research revealed that associated ownership, concentrated ownership, institutional ownership and block holding are co related with the growth of a firm and improves the profitability and removes the principal agent issue. Contrary to that, family and managerial ownership are inversely proportional to profitability of the company. Furthermore, foreign ownership also does not increase profitability of a firm and in case of family owned and managerial controlled businesses the interest of small shareholders is neglected which negatively impacts the organization's profitability and does not play a part towards improving it.

According to a study in North Africa and the Middle East ROE and ROA were used as determinants of profit and the factors identified which affect the firm's performance. These were insider ownership, block holding or shareholding and governmental ownership. The managed variables were risk, size, and country impact and industry kind. The results indicated that block holders, insider and government ownership impact to great extent a company's profitability in terms of ROE and ROA. Insider Ownership reduces Return on Equity; block holder ownership has a direct relationship with the firm's market measure, while the government ownership enhances ROA of an organization (Ahmed & Hadi, 2017).

How in the emerging markets Ownership Structure impacts on Firm's Performance?

Zraiq and Fadzil (2018) wrote that according to another research which took place in Jordan on 228 firms in order to study the effect of ownership type on the growth and profitability of companies revealed that family and foreign owned businesses were directly proportional to growth of the company.

Another research conducted in emerging markets for instance Pakistan on 75 firms from the year 2009 to 2013. The objective of the research was to analyze the impact of managerial ownership on Pakistani companies' profitability. Managerial ownership is considered as a remedy for cubing down the agency cost and accelerating financial and shareholding performance of the company. Agency theory might be true in the context of developed countries of the world, but in the case of Pakistan the results of this study suggested that managers' role in firm's ownership does not to a great extent improve the profitability of the companies. (Katper, Anand, & Kazi, 2018).

Afghan, Gugler, and Kunst (2016) stated that publicly traded corporations of Pakistan from 1997 to 2007 were studied to determine the impact of ownership structure on growth and profitability. The results revealed that there is a positive impact of motivation and rewards in companies in Pakistan whereas the growth of financial markets is slow because of derailment of minority shareholders being dictated by big shareholders as they own only a limited number of shares in the firm. The significance of institutional investors in Pakistan is still not known.

19 commercial banks who were a member of Pakistan Stock Exchange from 2006 to 2015 were studied. Concentration ownership was determined on the basis of three parameters, the biggest shareholder, five top biggest shareholders and ten biggest shareholders in terms of percentage. The profitability of the company was determined by Tobin's Q (TQ) and return of financial ratios of Equity and Return on Asset. According to the results of this research the biggest shareholder was directly co related with the ROA, while

the rest of the variables were not related to growth and profitability. Type of Ownership identity did not prominently increase or decrease ROE and Tobin's Q. Policy makers, management and investors were identified as three stakeholders who enhance the company's growth and profitability (Shabbir, 2018).

Aymen (2014) reviewed that the ownership type and profitability are two important aspects of the banking industry. Without a doubt the shareholders are rewarded for handling and directing decisions related to management and plan of action. It is a very fascinating proposition to study the type of ownership influence on profitability of financial institutions. The total number of banks taken was 19, who are members of professional association of banks in Tunisia for 2000 to 2010. The profitability was assessed and determined by Return on Asset and ownership types were ownership concentration, public ownership, private ownership and foreign ownership. In Tunisia's case it was concluded in the research that there is no significant relationship between ownership structure and profitability of a company.

Another study provided an overview of the relation of five kinds of ownership and its impact on growth of companies in Pakistan. The relationship of high ownership concentration with profitability of organization has much significance in developing countries, although this may be true under certain situations and results may vary. KSE 100 index companies were taken as samples for the year 2007 to 2011. The outcomes of the research revealed that no prominent connections exist between of ownership concentration with ROE, ROA and Tobin's Q. It was also found that the number of shares held by the largest shareholder of the organization had a directly proportional relation with Tobin's Q. (Yasser & Mamun, 2015).

Aziz and Saeed (2016) studied the impact of ownership type on profitability of banks assessed using four distinct financial tools. Statistics of 26 distinct banks were taken from Pakistan for a period of 15 years. Ownership concentration effect on bank's growth was S shaped. An S shaped connection was observed as well between Insider ownership and its impact on the bank's financial position. Government ownership was observed to have a negative influence on the Bank's growth. Family ownership and institutional ownership improved the bank's profitability. The result of foreign ownership on the bank's performance was an inverse U shape. It was evident from this study that type of ownership to a great extent defines a company's profitability.

A research took place to examine the effect of family ownership on profitability of an organization from the time period 2004 to 2009 in which a total of 29 manufacturing companies registered in the KSE 100 index of the Pakistan's capital market were taken as samples. The profitability of the company was denoted by ROE, ROA and Tobin's Q and its behavior was observed with respect to the constant variable of family ownership. The results suggested that ownership is directly proportional to growth. Also, an inverse connection was noticed between ownership and dividend profit of an organization. This points to the fact that family run businesses save and hold the earnings instead of passing them on to shareholders in the form of dividend. Good governance leads to better profitability options and growth. Family owned business keeps information confidential and results in substandard governance (Din & Javid, 2012).

According to Ehsan and Javid (2015) another research work examined how different ownership identities impact the growth of the Pakistani banking industry. The effect of ownership concentration and the kind of ownership on the output of banks was examined using four financial ratios and indicators. The findings revealed that ownership structure had S-shaped influence on financial results of the bank. Insider ownership too possesses an S shaped association with the growth of the bank. Out of all the different ownership groups, government ownership was inversely related to the bank's profitability. However family and institutional ownership had a direct proportional effect on the growth of the bank. Foreign ownership had an inverse U-shaped curve connection with the bank's financial growth. So from the outcomes of this study it is very evident that ownership structure is an important factor while determining the financial output of the bank.

A research was conducted on the companies registered on the stock exchange of Jordan in order to study the relationship between ownership types and profitability of the company. The different ownership identities, groups or concentrations used were block holders, family ownership, institutional ownership and managerial ownership were the constant factors taken. ROE, ROA and Tobin's Q were taken as volatile factors and as an instrument to track the financial growth of the firm. The outcomes of this research suggested strong support for the agency theory. The type of ownership structure practiced in Jordan was the concentrated ownership, majority of which was family owned (Mohammed 2018).

Suman, Basit, and Hamza (2016) explored another research which took place in India on 50 firms belonging to different sectors like textile, oil marketing and distribution, movies and entertainment industries present on the Bombay stock exchange for 2011 to 2015. The profitability was calculated using the most frequently adopted tools used in research studies in order to explain the linkage between ownership and firms profitability which are Return on Investment, ROE, ROA and Tobin's Q. Institutional, concentrate, managerial and foreign ownership were taken as constant factors. The results clearly show that ownership structure determines a firm's growth in some way or the other. Company's size, leverage and Tobin's Q also have a prominent effect on the firm's profitability. Ownership structure and profitability of a company are two important pillars of corporate governance. Companies with ownership concentration showed better profitability and financial stability. Managerial ownership was deemed negatively related because of its reliance on rewards and motivations issues.

The interesting thing to note is that different studies suggest different results for the relationship of ownership structure on firm performance especially in developing countries like Pakistan. This study examined the relationship between eight types of ownerships, HHI, GINI Index and company's growth. The study proposes that the ownership structure positively impacts profits and growth of an organization provided the agents are well assessed. Other studies narrate that robust and well surveyed markets result in better management ownership. The findings suggest that there is a visible and prominent link between ownership and market related indicators and growth of organization (Yasser & Mamun, 2016).

Anis, Chizema, Lui, and Fakhreldin (2017) explained another study which took place in Egypt to study the influence of state ownership, private ownership, managerial ownership and employee association ownership on profitability of an organization. The research was conducted on 70 Egyptian firms from 2005 to 2010 for a total six years. The Egyptian companies taken were current members listed in the stock exchange of Egypt EGX 100 index. The study used Agency Theory and Resource Based View to create and generate assumptions. The results showed a strong and visible relationship between private and managerial ownership on the financial outlook of an organization. On the other hand, the relationship of state ownership with company's profitability showed varying outcomes with respect to market and financial performance and indicators. Employee ownership was also variably related with firm's growth but was balanced by how optimistically the investors view the ownership as it enhances company's outlook.

A similar study was conducted in Saudi Arabia on 171 different companies from 2013 to 2014. The two kinds of ownership discussed in the article were concentration and identity of owner which were further grouped into foreign, managerial, family and institutional ownership. Financial instrument used to estimate profitability was ROA. Firm size, firm age, financial leverage and industry sector were constant factors. Ownership concentration and family ownership were directly proportional, increasing but negligible impact on company's growth; institutional ownership was also correlated with company's financial outlook. The relation between managerial ownership and profitability was irrelevant but directly proportional. Foreign ownership had an inverse and minor relationship. The research elaborates about agency theory and dilemma among shareholders and managerial ownership (Amin and Hamdan, 2018).

Haldar and Rao (2011) wrote that there have been contrasting results of different researches, some research shows increasing impact of ownership structure with profitability of company, some display inverse influence and some have both depending on the quantity of equity owned by management. Most of the results claim that organizations controlled by owners have a superior impact on growth than companies controlled by managers, but not a strong relation. The study took place on companies listed in Bombay Stock Exchange BSE-500 Index; data taken annually from 2001 to 2008. The research aims to answer the question of corporate governance as to which ownership structure best enhances a firm's profitability which is still arguable.

Another study took place in Indonesia on the real estate industry, in which ownership type used was institutional investors and managerial ownership. Economic Value Added and Tobin's Q were used as a tool to calculate the profitability and total number of observations taken was 240 from year 2010 to

2015. The results revealed that institutional investors, size of the firm and debt ratio are useful to determine a company's growth. The managerial ownership on the other hand had moderately prominent impact on profitability of the organization in the sector under discussion (Saleh, Zahirdin & Octaviani, 2017).

Çitak (2011) wrote that ownership structure significantly influences financial profitability tools and market-based performance indicators of an organization. The study analyzed the impact of ownership concentration and ownership identity on the performance indicators and financial ratios of ROE and Market to Book Value of Equity for time span 2000 to 2004 for organizations registered on the Istanbul Stock Exchange (ISE 100 Index). MBV and ownership structure had a strong directly proportional association and that investors are more inclined towards concentrated ownership.

Impact of Ownership Structure on Firm's Performance in Developed Countries

According to Migliardo and Forgione (2017) study which took place in 15 countries in European Union taking 1459 banks as samples to study the degree to which a bank's growth is determined by shareholders kind. The banks that had large block shareholders had positive impact on performance of organization, were risk averse and generated higher returns. Also, it was found that ownership concentration balances the inverse impact of institutional, bank and industry ownership on bank's profitability.

Another study which took place in Czech Republic revealed that less ownership concentration is linked with agency cost and high ownership concentration results in controlling owners preferring their personal interests. Both these scenarios can have an adverse effect on the financial profitability of the company. A number of studies took place in the US, Central and Eastern Europe with varying outcomes and did not give appropriate viewpoints. The organizations taken under observation were 34,284 in sample size and the statistics taken were from 2007 to 2015. Results revealed that higher concentrated ownership minimizes the effect of agency theory and improves firm's outlook but in a limited manner. Furthermore, controlling ownership enhances a company's profitability. The outcomes of this research can be utilized by policy makers to construct ownership structures (Machek & Kubíček, 2018).

Corporate governance is an issue of great importance and ownership structure is pivotal in controlling its practices. Ownership structure impacts manager's benefits and profitability of the organization. Ownership identity determines the largest shareholder kind and ownership concentration determines the extent of voting rights of publicly registered organizations on the stock exchange. Profitability of a firm is greatly determined and assessed by effective utilization assets of the organization to achieve growth. Link of ownership structure with company's profitability is of great significance because the wellbeing of ownership identity and concentration affects everyone in the organization (Balagobei & Velnampy, 2017).

Shan and Gong (2017) explained that concentration of ownership to biggest shareholders enhances tremendously long-term profitability of an organization. Alteration of ownership declines the growth of organization, however with passage of duration this inverse influence slowly reduces and this may in turn improve the organizational growth. It's beneficial for a company's profitability that the biggest shareholders own shares and retain it for greater duration which keeps the ownership constant.

Ownership structure is a crucial factor of corporate governance as it impacts on the growth of the company. Problems of Institutional shareholders and cash flow privileges of controlling owners and have correlation influence on Return on Asset and Tobin's Q, whereas ownership irregularities were observed to have inverse relation with organization's profitability. Agency theory and good governance can be understood under the light of these outcomes (Yeh, 2018). The agency theory is of great significance and importance in explaining the link between principal and agent, which states the actions of managers are not in the interest of shareholders which reduces their wellbeing (Shrivastav & Kalsie, 2015).

CONCLUSIONS

Ownership structure is an essential part of corporate governance to settle disagreements taking place among managers and shareholders. Foreign Ownership has been directly proportional, inverse and negligible. There was no contrasting outcome revealed in all the studies that took place for the topic under discussion. The prominent logic behind this varying result are deemed to be the corporate governance climate, variables used in the ownership structure and the tools applied for assessing the growth of the firm and hence there is great room for further research in the topic under discussion. Ownership structure is a topic of great significance to economists, policy makers and corporations as it alters the profitability and financial outlook of a firm. Ownership diffusion reduces company's growth. Separation of ownership and control hinders the motives of managers to improve organization's profitability and effectiveness.

Operational definitions

***Family ownership**:*

In this type of ownership two or more family members own company's shares. The shareholders of the family control the business.

Insider ownership:

In this type of ownership company's senior officials (directors) are the owners. Additionally, any person who owns more than ten percent of voting shares.

Associated Ownership:

In this type of ownership another company owns a significant portion of voting shares as well as influence in decision making. Joint venture companies also come under this definition. This is not a subsidiary company of any other company.

Institutional ownership:

It is the type of ownership in which the stock is owned by mutual funds, pension funds, endowments, investment firms, private foundations or other large entities who manage funds on others behalf.

Ownership concentration:

In this type of ownership the shares are owned by large block shareholders or individual investors. Such investors own at least five percent of the company's shares.
Managerial ownership: In this type of ownership the shares are owned by directors and their families. In another definition the equity owned by members of the board of directors or corporate officers

Block holder ownership:

In this type of ownership the owner owns a large block of company's shares. Through their voting rights they influence company's decisions.

Public sector ownership:

In this type of ownership majority shares are owned by the government. In this case government appointed officials are the decision makers for running the company

Foreign ownership:

In this type of ownership the shares are owned by a foreign company usually a multinational. Their ownership may be through acquisition or foreign direct investment (FDI).

METHODOLOGY

To assess the impact of ownership structure and company's performance we decided to take companies having different types of ownerships. For general consumer companies it was an impossible task. None of the private companies were willing to share their sales data. Finally, we opted for pharmaceutical companies. There is a company Pharmaguide. It has a product known as "SALS, Pharmaceutical Sales Index". This is a quarterly sales report of all the pharmaceutical companies of Pakistan. We requested them for the data of top fifteen companies of Pakistan having maximum growth during the last five calendar years. The data provided by them has been included in this paper as a secondary data for analysis and discussion. Their cooperation is acknowledged with appreciation.

Motivation for the study

The ownership structure has received immense importance in the recent past. The several assumptions were made regarding ownership structure and firm's performance. The motivation behind this study is to explore the concept empirically. This study is the benchmark in providing detailed analysis about the topic of ownership structure. This study is the value addition in the literature of the ownership issues and their impact on firm's performance. This study is helpful to understand the drawbacks of different ownership structures and highlighted their impacts on performance. This study is to conducive for the companies which can align their ownership structures with the best performance structure.

Sample size:

Fifteen pharmaceutical companies having high growth during the past five calendar years (2014 – 2018)

RESULT

Ownership profiles in association of companies' growth have been analyzed. Sales growth rate of top fifteen Pharmaceutical Companies of Pakistan during the past five years (2014 – 2018)

Fifteen Pharmaceutical Companies Showing Highest Average Cumulative Growth During Five Year Period (2014 – 2018)

High Q:

High Q is a private limited company having family ownership. The Chief Executive of the company founded this organization in 1994 and by 2007 he was able to establish the manufacturing plant. The CEO and owner of the company is the main decision maker. The company has had the highest average cumulative growth rate (28%) during the last five years in the pharma industry of Pakistan.

Highnoon:

Highnoon is a public limited company. It started its business in 1984 as a private limited company. The manufacturing facility is ISO 9001: 2008 approved facility. The company claims that it is the first national pharmaceutical company to enter into the list of top twenty pharmaceutical companies of Pakistan. The company has the second highest average cumulative growth rate (21%) during the last five years in Pakistan.

CCL Pharma:

CCL Pharma is one of the major pharmaceutical companies having private ownership. The company has more than half a century experience of manufacturing and marketing its products in Pakistan. It has a large operational base and exports its products in more than fourteen countries of

Asia and Africa. It has a high average cumulative growth rate (21%) during the last five years in Pakistan. It has more than 200 products in its portfolio.

4. ATCO Laboratories: ATCO Laboratories is a private limited company having more than forty years of operation. In 1978 a local consumer group Kohinoor Chemical acquired the company. After acquisition the company entered into diversification now having a wider portfolio. The company is managed by professional managers. Its average cumulative growth rate (20%) during the last five years is one of the highest.

Searle Laboratories*:*

Searle Laboratories was operating as a private company with limited sales and negligible market share. In 1993, a diversified business group International Brands Limited (IBL) acquired that company. In 2012 IBL became a holding company controlling a number of its subsidiaries including Searle. The company is managed by professional managers. Searle has shown an average cumulative high growth rate (20%) during the last five years.

PharmEvo:

PharmEvo is owned by a corporate group having other than pharmaceutical businesses also. The parent company started with a pharmaceutical distribution business and founded PharmEvo in 1999. It is a private limited company managed by the second generation of owners. Its cumulative growth (17%) during the last five years is fairly higher than the market growth.

Barrett Hodgson:

Barrett Hodgson is a private limited company established by former chairman and managing director of Welcome Pakistan, a UK multinational. The company is registered in the UK and thus they claim it to be a multinational. The company has a diverse portfolio of pharmaceuticals. It also has some business agreement with a number of multinationals. Its average cumulative growth (16%) during the last five years is slightly more than the industry growth of 13%.

Getz Pharma:

Getz Pharma is a locally owned private company established in 1995. The company is managed by professional managers. During the last more than twenty years of operation the company has grown well and now it is one of the top ten companies of Pakistan. Its average cumulative growth (16%) during the last five years is more than the industry growth of 13%.

Bosch Pharma

Bosch Pharma is a private limited company established in 1994 by its parent company Munico Associates, a company indenting pharmaceutical raw and packaging materials since early seventies. The company is managed by the second generation of its owners. Its average cumulative growth (16%) during the last five years was slightly more than the industry growth of 13%.

ICI Pharmaceuticals:

ICI Pharmaceuticals is a part of ICI Group operating in the non-pharma sector. It is a multinational and enjoys the status of a private limited company. Its pharmaceutical sector when compared with the total turnover is small. Its average cumulative growth (15%) during the last five years was more than the average market growth of 13%.

Sami Pharmaceuticals:

Sami Pharmaceuticals is a private limited company. The owners are in the pharma business for almost half a century. They started their business as pharma distributors and later established their manufacturing and marketing business. The company is managed by the second generation of owners. Its average cumulative growth (15%) during the last five years is slightly higher than the average market growth of 13%.

Hilton Pharma:

Hilton Pharma is a private limited company. The owner of the company started with the indenting of pharmaceutical raw material in 1969. In 1976 they started a pharmaceutical manufacturing business. They acquired GSK's veterinary products in 2013. They are also present in the consumer segment. The company is managed by the second generation of its owners. Its average cumulative growth (14%) during the last five years is one percent higher than the average market growth of 13%.

Martin Dow:

Martin Dow is a Pakistani multinational. It was founded in 1995. The owner of the company started with pharmaceutical distribution and later it acquired Roche's manufacturing plant in 2010. After Roche's acquisition the company claims to be a multinational group. The company is managed by the second generation of its owner. Its average cumulative growth (14%) during the last five years is one percent higher than the average market growth of 13%.

Bayer Pharma:

Bayer is a multinational of German origin. Bayer Pharma is a part of Bayer Pakistan which also has its pesticide business. The company is managed by professional managers. Its average cumulative growth (12%) during the last five years is slightly lower than the average market growth of 13%.

Martin Dow Marker:

Martin Dow Marker is a subsidiary of Martin Dow, previously it was Merck Pakistan. In 2016 Merck became a part of Martin Dow and renamed as Martin

Dow Marker. The company is managed by professional managers. Its average cumulative growth (11%) during the last five years is slightly lower than the average market growth of 13%.

15 PHARMACEUTICAL COMPANIES OF PAKISTAN SHOWING THE HIGHEST SALES GROWTH DURING THE LAST FIVE YEAR PERIOD (2014 - 2018)		
1	High-Q	28%
2	Highnoon	21%
3	CCL	21%
4	Atco	20%
5	Searle	18%
6	PharmEvo	17%
7	Barrett	16%
8	Getz	16%
9	Bosch	16%
10	ICI	15%
11	Sami	15%
12	Hilton	14%
13	Martin Dow	14%
14	Bayer	12%
15	Martin Dow Marker	11%
	MARKET GROWTH	13%

Source: *Neeshat (2018) SALS, Pakistan Pharmaceutical Sales Index 2018,*

Analysis and Discussion:

The result shows that major multinational pharmaceutical companies (GSK, Pfizer, Novartis, Abbott) are not present in the list. The reason is simple, they do not have high growth (they are below the average of market growth). These companies have a broader base, high volume and are not able to match the market growth due to their heavy base. On the other hand, national pharmaceutical companies have a low base and they have the potential to expand and grow.

There is another very important point that has been revealed to us during our qualitative research done on a very limited scale. Doctors in Pakistan charge commission for their prescription for any product. This unethical practice has been prevalent in Pakistan for many years. The commission ranges from supporting medical conferences to personal gratification in cash or kind. Most of the pharmaceutical companies oblige them according to doctor's dictation and demand. Recently (July 2019) the PPMA (Pakistan Pharmaceutical Manufacturers Association) complained of the increasing demand of the doctor's community But it appears to be a futile exercise. Doctors are very organized and have a cohesive bond among them particularly with reference to blackmailing the pharma companies. It has been learned through reliable sources that the gratification goes from twenty percent of the value of prescribed medicine to as high as fifty percent for medicines having no treatment value.

With reference to ownership structure we see that most of the above mentioned fifteen high growth companies are private limited and are managed by the second generation of the founder owner.

CONCLUSIONS

We conclude that the second generation of owners are more aggressive in their approach for business expansion. On the basis of market condition, we also conclude that these companies have low ethical values. We have also found that these companies have comparatively higher retail prices for their medicines making the business more profitable. They can also offer the doctors higher percentage of commission or more value-added gratification (e. g. car etc.).

RECOMMENDATIONS

The current young generation who are in their early to mid-career stream particularly in the pharmaceutical industry of Pakistan should be taught ethical values. We recommend that a study should be conducted on doctors for assessing the values of life: is it money (the gratification) alone, or is it that patients' treatment essentials should also be considered as the first priority. A study should also be done on the same parameters involving the top and marketing management of major and high growth pharmaceutical companies.

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