Sustainable Business Growth

Pathway to Success

Ishrat Husain

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Sustainable Business Growth depends on:

- External economic environment
- Public policies and institutions
- Macroeconomic conditions
- Business readiness

Building Firm Capabilities

Purpose: Export Competitiveness

How can this be achieved?

Invest in Workforce — Low Labour Productivity

30–40%
of China's level

30%
productivity gains by exporters

$8–9 billion
additional annual earnings

Efficiency, Quality, Reliability and Innovation

A 30% productivity gain by exporters can translate into $8–9 billion in additional earnings annually.

Invest in Workforce — Education, Productivity and Worker Welfare

5 years	40%	20%	15%	5%
average schooling	of the population is illiterate	potential rise in overall productivity	gain accruing to the owner	gain accruing to workers

Use TEVTA and training initiatives run and managed by the private sector; use workers' welfare funds for workers' housing; treat workers with respect and dignity.

Professionalization of Management

By all means, employ relatives who are qualified, skilled and professional in their respective fields.

Hire professionals through open competition, remunerate them with market-based compensation, and promote on merit and performance.

Purge incompetence and dead wood

Use of Expert Advice

Each company cannot have in-house expertise in gauging and forecasting future trends.

Management consulting firms can provide expert advice specific to the line of business in which you are engaged.

Future trends

Expert advice

Line of business

Joint Venture Collaboration

FDI flows and export growth are correlated.

Global supply chains

Technology know-how

Design

Branding and intellectual property

Marketing networks

Best managerial practices

Capital

66%
more productive

Access to global supply chains, technology know-how, design, branding and intellectual property, marketing networks, best managerial practices and capital creates strong spillover effects for domestic industry. Foreign-owned exporting firms are 66% more productive than domestic firms.

Digitalization of Firms

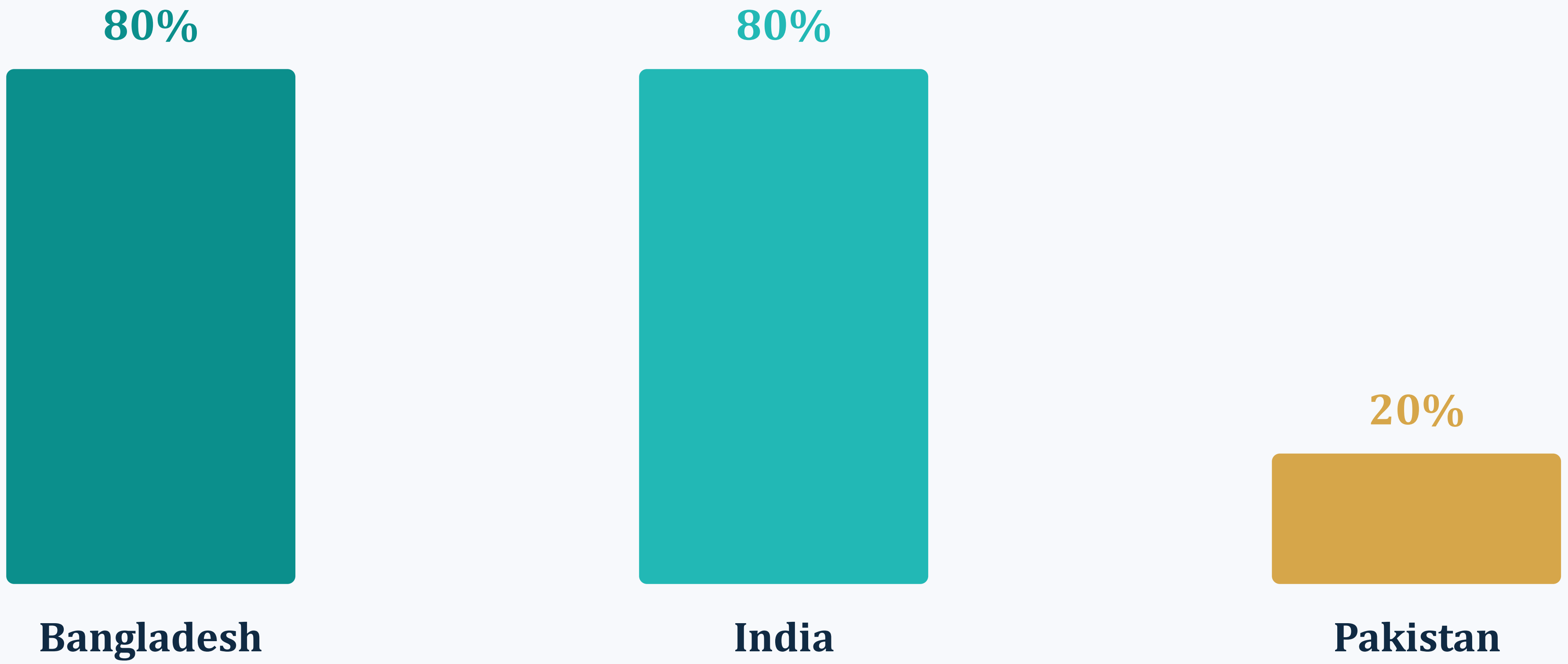
End-to-end digitalization and automation

- Improves customer services
- Introduces transparency
- Improves efficiency

Owner returns are sustainable

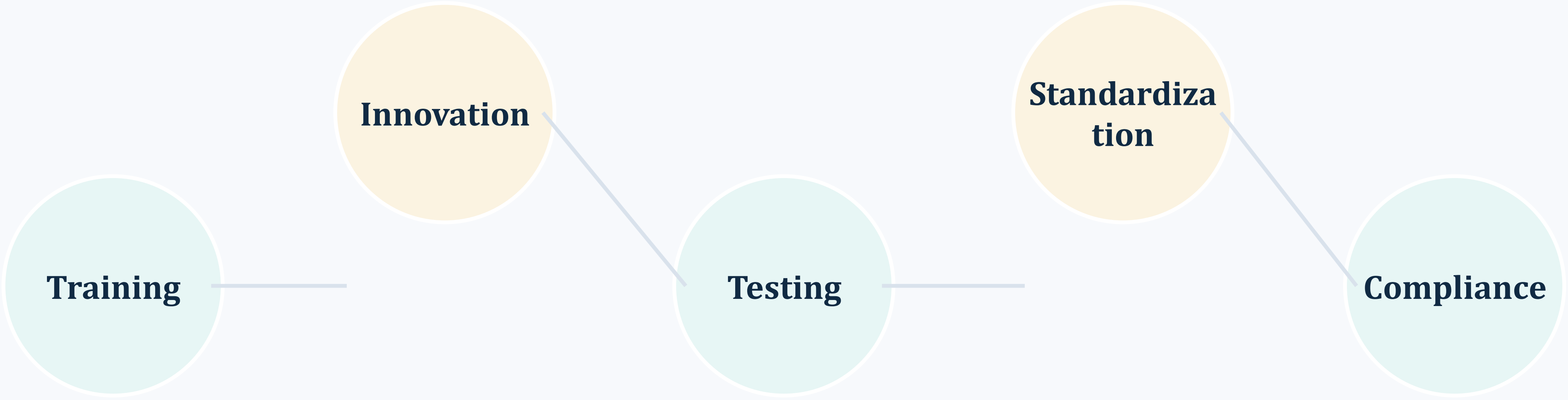
Technology Assimilation

Pakistan has lagged in adopting, assimilating and applying new technologies in production, distribution and trading platforms.



80% of firms in Bangladesh and India engage in technological innovation; in Pakistan, only 20% do so.

Productive Collaboration among Members of Associations



Productive collaboration among members of associations — leading to training, innovation, testing, standardization and compliance at the industry level — is missing.

Good Corporate Governance

There is a positive correlation between an active, independent and competent Board and superior company performance.

33%

return on capital employed
Top corporate governance companies

15%

return on capital employed
Companies at the bottom

Good corporate governance opens access to outside capital that can help in expansion, acquisition, technology upgradation, penetration into new markets and improved competitiveness.

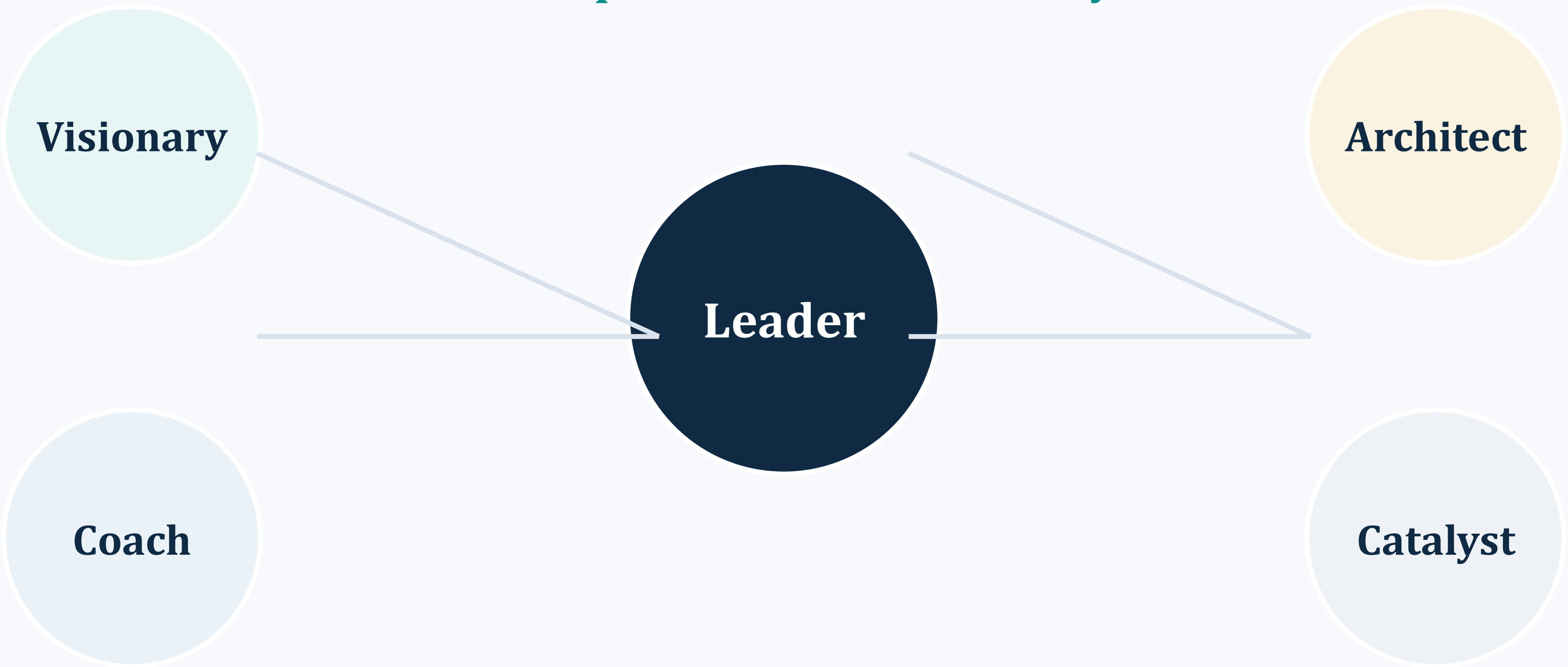
Corporatization of Family Businesses

Sole proprietorship → **Private limited companies** → **Public listed companies**

Corporatization of family businesses — from sole proprietorships to private limited companies and public listed companies — spreads risks concentrated in one individual across multiple stakeholders.

Effective Leadership

In a VUCA environment, a leader is required who is a Visionary, Architect, Coach and Catalyst.



Keeps a close eye on global, regional and national megatrends; anticipates major shocks, disruptions and emerging risks; and develops a new vision for the company.

Aligns people, structure, systems and processes with the new vision, and inspires and motivates them to make it happen.

Strategic Management

Professionalization of management rather than saddling the company with unqualified relatives would ensure long-term sustainability of the business.

Most firms collapse when operational management falls into the hands of those who are not capable of running the affairs.

Export of Services

International exchange of services is moving faster than that of goods.

Pakistan is beginning to see the initial results in ICT exports.

Other services have become tradable across borders due to connectivity and can mobilize adequate earnings.

Risk-taking

Accept failures

Long-term horizon

These services can mobilize adequate earnings if business owners display risk-taking, accept failures, and hold a long-term horizon for expecting returns on their investment.