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Journal homepage: www.publishing.globalcsrc.org/jafee**Asset Growth and Profitability of PLCs in SAARC Economies**¹**Khawaja Khalid Mehmood**

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khawjakhalid@bzu.edu.pk**ARTICLE DETAILS****History***Revised format: May 2017**Available Online: June 2017***Keywords***Asset Growth,**Profitability,**SAARC,**Public Listed Companies**(PLCs)***JEL Classification:***G12, L25***ABSTRACT**

Purpose: Past research concerning companies' asset growth and profitability comparisons within and across SAARC (South Asian Association for Regional Cooperation) economies is extremely limited and the purpose of this research is to fill that gap.

Design/methodology/approach: This research accessed data (2009 to 2013) from Thomson Reuters Data stream, drawn comparisons for years 2009-13, and used Tukey's HSD test for analyses.

Findings: Findings reveal that profitability of Pakistani, Indian, and Bangladeshi companies was overall better in 2010 and 2011 pointing towards these countries' successful exit from crisis. These years marked higher asset growth as well among Indian, Bangladeshi, and Sri Lankan companies. Importantly, countries' cross comparisons reveal that profitability of Bangladeshi companies was better than others in all years, however, Sri Lankan companies also had higher profitability than Indian ones during 2011-13 and had higher asset growth compared to Pakistani companies in 2012 and 2013. Overall, Pakistani companies had lowest asset growth.

Implications/Originality/Value: The study updates information concerning SAARC economies' corporate and business world and demonstrates that asset growth and profitability trends could be inspired from international events and an economy's condition. Future studies could be industry specific; include other SAARC countries using a different criterion; and use different ratios for analysis.

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Corresponding author's email address: khawjakhalid@bzu.edu.pk**Recommended citation:** Mehmood, K.K., (2017). Asset Growth and Profitability of PLCs in SAARC Economies. *Journal of Accounting and Finance in Emerging Economies*, 3(1) 33-46**DOI:** <https://doi.org/10.26710/jafee.v3i1.159>**1. Introduction**

Founded in 1985, SAARC has been important organization for South Asian countries; established for promoting interaction and crafting shared vision for mutual benefits (Zaman, Atif, & Farooq, 2011). SAARC countries share number of similarities such as geographical proximity, social and agricultural backwardness, illiteracy, and poverty; yet the countries are dissimilar in their economic and trade policies (Khan, 2015). Hence, specific patterns of political stability and economic growth vary among countries as also indicated through their varying GDPs. Indisputably, corporate and banking sectors in SAARC countries need to aggressively contribute to the overall economic balance and prosperity. Effective government policies regarding key economic variables such as labor rates, investor incentives, taxes, and

electricity and fuel prices could actually boost up these sectors; whereas ineffective policies might indeed cripple their performance.

International events and crises might as well affect these sectors significantly (Raj & Roy, 2014). GFC severely impacted all countries including South Asian countries leaving them with difficult economic conditions and awkward corporate and banking sector performance (Kumar, 2013). Hence, monitoring companies' asset growth and profitability is important to assess business climate and it could provide crucial information for business and economic policy making (Malik, 2013). It could indeed be considered more important for SAARC countries due to inherent economic problems in them.

For SAARC economies, though numerous research exists on different subjects like renewable energy, economic growth, FDI (Alam et al., 2015; Zeb, Salar, Awan, Zaman, & Shahbaz, 2014); stock market returns, banking income and market power (Nguyen, Skully, & Perera, 2012; Singhanian & Prakash, 2014); trade openness, education, and investment (Tahir, Estrada, Khan, & Afridi, 2016). But, there is less research and information regarding companies' asset growth and profitability comparisons within and across SAARC countries which represents a research gap. Whereas, comparisons of asset growth and profitability are important to perform for judging companies' diversification levels and economic prosperity with reference to global financial crises during the period. Hence, this study attempts to fill this information gap. The following sections provide review of literature, methodology, results and conclusions.

2. Literature Review

As indicated above, substantial studies have been conducted in different subjects for SAARC countries. Study of Zeb et al. (2014) concerning energy production, carbon emissions, GDP, and poverty indicated that poverty and GDP positively affected energy production whereas carbon emissions negatively affected it. Another similar study by Alam et al. (2015) found that financial development, per capita GDP, and FDI significantly impacted energy demand in the SAARC region. Study of Singhanian and Prakash (2014) in context of stock markets behavior reported that existing stock prices depended on previous stock prices implying serial autocorrelation in stock market returns.

In banking context, study of Nguyen et al. (2012) based on four SAARC countries (Pakistan, India, Bangladesh, Sri Lanka) found that banks with higher market power put greater emphasis on conventional interest income producing activities. For same countries, in 2013, another study by Perera, Skully, and Chaudhry investigated determinants of commercial banks' profitability. However, research into companies' profitability and asset growth comparisons within and across SAARC countries has been limited. In fulfilling its objective, this study relies on companies data (2009-2013) belonging to four SAARC countries: Pakistan, India, Bangladesh, and Sri Lanka which is consistent with studies of Nguyen et al. (2012) and Perera et al. (2013). In fact, these four nations hold supreme importance in the region due to their economies (Zaheer, 2013). Table 1 below includes GDP of SAARC countries and indicates that the sample countries have been top four with respect to their GDPs over the five years period.

Table 1. SAARC Countries GDP (at market prices)

Countries	2009	2010	2011	2012	2013
Afghanistan	12,486,943,506	15,936,800,636	17,930,239,400	20,536,542,737	20,458,939,155
Bangladesh	102,477,791,472	115,279,077,465	128,637,938,711	133,355,749,482	149,990,451,022
Bhutan	1,264,758,198	1,585,472,534	1,820,207,626	1,823,692,110	1,798,333,726
India	1,365,371,474,049	1,708,458,876,830	1,835,814,449,585	1,831,781,515,472	1,861,801,615,478
Maldives	2,166,330,189	2,323,401,759	2,449,576,518	2,514,041,557	2,790,659,901
Nepal	12,854,985,464	16,002,656,434	18,913,574,371	18,851,513,891	19,271,168,018
Pakistan	168,152,775,283	177,406,854,515	213,755,282,059	224,646,134,571	231,086,513,915

Sri Lanka	42,066,217,872	56,725,780,417	65,292,732,252	68,434,422,594	74,317,814,502
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Source: World Bank

The following section provides brief information regarding performance of different businesses and sectors as well as overall economic outlook in recent years in sample countries.

2.1 Economic Outlook and Business Performance in SAARC

2.1.1 Pakistan

Textile, sports goods, sugar, cement and fertilizers are main industrial sectors of Pakistan. During 2009-10, industrial sector growth was 4.9% and its contribution to GDP was 18.5% (Rizwan, 2015), whereas the contribution during 2013-14 increased to 20.8% (Ministry of Finance, Government of Pakistan [MFGoP], 2014). According to MFGoP (2014) manufacturing sector was most important during 2013-14 with its 65% contribution followed by construction (11.48%), mining and quarrying (14.45%), and electricity and gas. Cement was claimed to be more profitable sector during 2012-13 (Bhutta&Tirmizi, 2013).

Pakistan's average GDP growth for 2009-13 marks lowest at 3% compared to that of India (7.48%), Bangladesh (5.92%), and Sri Lanka (6.48%)¹. Basically, economic development in Pakistan has been severely affected by ongoing terrorist threats and activities (Hyder, Akram, &Padma, 2015). Consequently, Pakistan's corporate sector has been dwindling during previous years. But, there has been certain recovery after 2009. After Moody's announcement of conversion of five large Pakistani banks' outlook from 'negative' to 'stable', stock market flourished, resulting into KSE 100 Index passing 30000 barriers for a new record (Umar, 2014). As a result of certain government initiatives, industrial sector recorded growth of 5.8% during 2013-14 against of 1.4% in preceding year (MFGoP, 2014).

2.1.2 India

India has been among rapidly growing economies after China and had GDP growing greater than 9% during 2008-09 (Dongre, 2012). According to World Bank source, India had highest average GDP of 7.48% during 2009-13 among Pakistan, Bangladesh and Sri Lanka. Historically, India's economic growth stemmed majorly from its early 1990's decision to embrace regime of trade openness, free flow of resources and competitive markets. Consequently, Indian economy grew 40% faster during two decades after 1991 (Ezell & Atkinson, 2014). The industrial production grew by 13% during 1995-96 and maintained consistency in other years (Dongre, 2012). But, according to Mazumdar (2014), the contribution of Indian industrial sector did not touch even 30% contrary to around 45% in other developing countries.

Investment in various sectors has been quite remarkable in India. Chittoor and Aulakh (2015) report that during 1990 there were just under 2000 companies in India which increased to around 8390 in 2010. The tremendous growth in number of companies is eventually evident through huge industrial production of Rs.899144 crores during 2007-08, however at the same time there are arguments that economic growth seemed to slow down last several years (Dongre, 2012; Ezell & Atkinson 2014).

2.1.3 Bangladesh

Bangladesh is a developing country and its economic growth has stayed between 4% and 6% per year (Alam, Begum, Buysse, & Van Huylenbroeck, 2012). In real terms, the GDP since 1971 has tripled, population growth declined to 1.4% from 2.9%, whereas food production has raised three times (Belal, Cooper, & Khan, 2015). According to the Economy Watch, the country's economy has been growing around 6% since last two decades in spite of passive implementation of economic reforms, inadequate

¹ <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

electricity supply, corruption, poor infrastructure, political instability, and global financial crisis². The important industrial sectors include electronics, leather products, ceramics, chemicals, and pharmaceuticals (Nath, 2012). The industrial sector's contribution towards GDP has been increasing during last few years. Further, garments' exports have been significant. In 2013, these exports passed \$21 billion amounting to 18% of GDP³.

2.1.4 Sri Lanka

With an [economy](#) of \$80.591 billion in 2015 and [per capita GDP](#) of around \$11,069 (IMF figures⁴), [Sri Lanka](#) has been demonstrating favorable growth last few years. Though Sri Lanka is categorized among lower middle income nations, yet it offers availability of several commodities, good infrastructure, urbanization, and modernization (Maliyadde, 2013). Sri Lanka entered GFC with a fragile economic condition having double figure inflation, higher debt to GDP ratio, and higher fiscal deficit; yet it made rapid recovery owing to several variables such as huge foreign capital inflows, expansionary fiscal policy, and falling interest rates (World Bank, 2010).

Sri Lankan major industrial sectors comprise mining and manufacturing (in particular textiles and cement); whereas service sectors include tourism, banking and insurance (Kish Trade Promotion Centre [KTPC, 2002]). According to Perera and Wickremasinghe (2010), manufacturing sector contributed substantially to Sri Lanka's export income as well as national income. Also, the banking sector marked significant growth as evident through fast expansion in its total assets since 1998 (Weersainghe & Perera, 2013).

3. Data and Methodology

This research needed data concerning ROIC and TAG of public listed companies operating in various sectors during 2009-2013. For the four SAARC countries, companies listed on Karachi Stock Exchange (Pakistan), National Stock Exchange (India), Dhaka Stock Exchange (Bangladesh), and Colombo Stock Exchange (Sri Lanka) were taken into the sample. All data were accessed using Thomson Reuters DataStream as this is frequently used and reliable data provider (Bohl, Diesteldorf, & Siklos, 2015). The study incorporated companies in SAARC countries as these countries possess a lot of economic, geographical and political similarities (Khan, 2015).

3.1 ROIC

Among accounting based measures of profitability, ROIC has been commonly employed by previous scholars and it indicates company's payoff from investment or company's effectiveness in turning capital into profits and also shows its ability to reward suppliers of long term capital and attracting potential investors (Damodaran, 2007; Weijermars, 2012).

Following formula is used by Datastream for computing ROIC:

$$\frac{\text{Net Income} - \text{Bottom Line} + ((\text{Interest Expense on Debt} - \text{Interest Capitalized}) \times (1 - \text{Tax Rate}))}{\text{Average of Current Year's and Last Year's (Total Capital + Short Term Debt + Current Portion of Long Term Debt)}} \times 100$$

3.2 TAG

Total Asset Growth has been frequently utilized accounting ratio which indicates company's investment activities and rate of change in it (Lewis & Tan, 2016). Following formula is used by Datastream for computing TAG:

² See <http://www.economywatch.com/economic-statistics/country/Bangladesh/>

³ See http://www.indexmundi.com/bangladesh/economy_profile.html

⁴ <http://www.imf.org/external/pubs/ft/weo/2015/01/weodata/weorept.aspx?pr.x=48&pr.y=18&sy=2014&ey=2019&scsm=1&ssd=1&sort=country&ds=.&br=1&c=524&s=NGDPD%2CNGDPDPC%2CPPPGDP%2CPPPPC&grp=0&a=#download>

$$(Total\ Assets\ (Recent\ Year) / Total\ Assets\ (Previous\ Year) - 1) \times 100$$

As mentioned earlier, sample selection of countries was principally made on basis of their GDP growth rate as well as their data complexity. After having outliers removed through box plots (Li, Huang, Chen, & Chang, 2014), there were 13385 observations for ROIC, and 13884 observations for TAG. SPSS was used to run the analyses and all pair wise comparisons of ratios across countries and various years were obtained by Tukey's HSD Test (Pinto, Stanislawczuk, Loguercio, Grande, & Bauer, 2014).

4.0 Findings

4.1 ROIC and TAG comparisons in SAARC

4.1.1 Pakistani Companies' Profitability and Asset Growth Analysis

Table 2 shows that profitability (ROIC) of Pakistani companies almost doubled in 2011 with ROIC of 10.84% from 5.5% of 2009 and it stayed high in other consecutive years as well with 2013 having highest ROIC (11.26%). Alternatively, Total Asset Growth (TAG) showed a decreasing trend.

Table 2: ROIC and TAG of Pakistani Companies (2009-13)

Variable	Year	N	Mean	SD
ROIC	2009	166	5.50	22.09
	2010	177	9.25	16.26
	2011	182	10.84	17.75
	2012	177	9.42	19.30
	2013	163	11.26	25.33
	Total	865	9.28	20.33
TAG	2009	166	15.38	58.12
	2010	177	13.62	26.80
	2011	184	11.73	18.43
	2012	179	12.51	17.59
	2013	165	6.87	21.18
	Total	871	12.05	31.83

Now consider Table 3 regarding results of Tukey's HSD Test (only significant findings are discussed in whole analyses; legend for Table 3 also applies to all other tables). Table 3 affirms that profitability of Pakistani companies was significantly higher in 2013 compared to one in 2009.

Table 3: Tukey's HSD Test for Pakistani Companies

ROIC		
(I) Year	(J) Year	Mean Difference (I-J)
2009	2010	-3.74
	2011	-5.34
	2012	-3.91
	2013	-5.75*
2010	2011	-1.59
	2012	-.17
	2013	-2.01
2011	2012	1.42
	2013	-.41
2012	2013	-1.84

*(significant at .10 level), ** (significant at .05 level), *** (significant at .01 level)

4.1.2 Indian Companies' Profitability and Asset Growth Analysis

Table 4 indicates that ROIC of Indian companies increased in 2010 (9.72) after which it was falling consecutively (average ROIC has been 7.92%). Table 5 also indicates that 2010 was better year compared to 2009, 2012, and 2013 regarding Indian companies' profitability. Profitability in 2011 was also higher than that in 2013. Table 4 shows that TAG was maximum in 2011 at 24.13% amongst all years. Table 5 provides substantial support for this. Additionally, it shows that 2010 also marked higher TAG compared to 2009, 2012, and 2013. Therefore, it concludes that Indian companies aggressively went for asset growth during 2010 and 2011.

Table 4: ROIC and TAG of Indian Companies (2009-13)

Variable	Year	N	Mean	SD
ROIC	2009	2292	7.50	21.83
	2010	2314	9.72	22.89
	2011	2232	8.59	20.09
	2012	2296	7.26	20.01
	2013	2119	6.41	21.23
	Total	11253	7.92	21.27
TAG	2009	2324	18.03	43.90
	2010	2363	21.66	53.64
	2011	2355	24.13	57.83
	2012	2395	16.156	44.17
	2013	2296	12.48	37.78
	Total	11733	18.52	48.23

Table 5: Tukey's HSD Test for Indian Companies

ROIC			TAG		
(I) Year	(J) Year	Mean Difference (I-J)	(I) Year	(J) Year	Mean Difference (I-J)
2009	2010	-2.22***	2009	2010	-3.62*
	2011	-1.09		2011	-6.09***
	2012	.245		2012	1.88
	2013	1.09		2013	5.55***
2010	2011	1.13	2010	2011	-2.47
	2012	2.47***		2012	5.50***
	2013	3.32***		2013	9.18***
2011	2012	1.33	2011	2012	7.97***
	2013	2.18***		2013	11.65***
2012	2013	.85	2012	2013	3.68*

4.1.3 Bangladeshi Companies' Profitability and Asset Growth Analysis

Descriptive (Table 6) for Bangladeshi companies show that profitability increased in 2010 but it was reducing in consecutive years. Asset growth kept increasing after 2009 until 2011 where it reached 35.8%, but after that it fell sharply whereby it touched 11.6% in 2013.

Table 6: ROIC and TAG of Bangladeshi Companies (2009-13)

Variable	Year	N	Mean	SD
ROIC	2009	22	19.50	12.54
	2010	39	24.61	17.54
	2011	47	16.81	12.44
	2012	49	16.67	14.32
	2013	49	17.07	13.48
	Total	206	18.60	14.41
TAG	2009	22	26.69	29.98
	2010	39	29.71	24.38
	2011	47	35.80	44.58
	2012	49	18.28	18.10
	2013	50	11.60	11.65
	Total	207	23.69	28.94

Tukey's test (Table 7) also indicates that 2010 was better year regarding profitability compared to 2011 and 2012. Similarly, in 2011 TAG was significantly higher than in 2012 and 2013. Also, 2010 also marked higher TAG compared to one in 2013.

Table 7: Tukey's HSD Test for Bangladeshi Companies

ROIC			TAG			
(I) Year	(J) Year	Mean Difference (I-J)	(I) Year	(J) Year	Mean Difference (I-J)	
2009	2010	-5.12	2009	2010	-3.02	
	2011	2.69		2011	-9.11	
	2012	2.83		2012	8.41	
	2013	2.42		2013	15.10	
2010	2011	7.80*	2010	2011	-6.08	
	2012	7.94*		2012	11.43	
	2013	7.54		2013	18.12**	
2011	2012	.14	2011	2012	17.52**	
	2013	-.26		2013	24.20***	
2012	2013	-.40	2012	2013	6.68	

4.1.4 Sri Lankan Companies' Profitability and Asset Growth Analysis

Table 8 shows no prominent trend regarding ROIC of Sri Lankan companies. However, it is unlike TAG. Specifically, TAG has been quite low in 2009 (14.08%) after which it gradually increased and was maximum (30.65%) and more than double of 2009 in 2011 (refer Table 9 also). It however, started falling after 2011 and ended up at 18.06% in 2013.

Table 8: ROIC and TAG of Sri Lankan Companies (2009-13)

Variable	Year	N	Mean	SD
ROIC	2009	210	9.26	21.94
	2010	208	12.05	16.08
	2011	208	13.68	20.78
	2012	218	12.61	20.65
	2013	217	10.51	18.08
	Total	1061	11.62	19.65
TAG	2009	212	14.08	48.75
	2010	210	23.08	69.40
	2011	209	30.65	60.0
	2012	221	22.75	52.63
	2013	221	18.06	35.40
	Total	1073	21.6742	54.42053

Table 9: Tukey's HSD Test for Sri Lankan Companies

TAG			
(I) Year	(J) Year	Mean (I-J)	Difference
2009	2010	-9.01	
	2011	-16.57**	
	2012	-8.67	
	2013	-3.99	
2010	2011	-7.56	
	2012	.33	
	2013	5.02	
2011	2012	7.90	
	2013	12.58	
2012	2013	4.68	

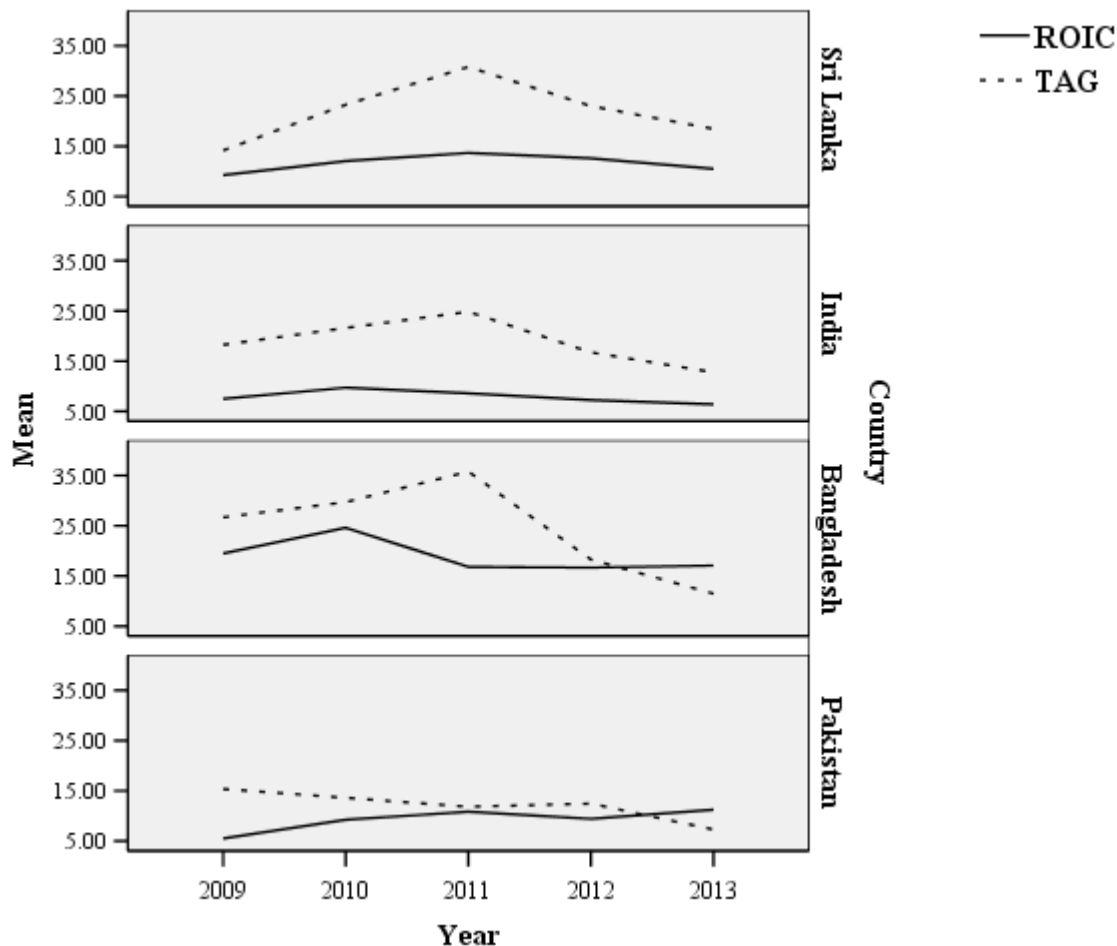
4.1.5 Conclusion and Discussion

Profitability and asset growth patterns have been distinct for different countries (refer to Figure 1 also). Regarding ROIC, Sri Lankan companies did not show any prominent pattern. For Pakistani companies, 2011 and 2013 were particularly better. In fact, GFC had adverse impact on world economies. Scholars reported that in Pakistan, it severely affected stock exchange volatility and had a negative impact on companies' profitability (Ali & Afzal, 2012). Abbas, Tahir, Rehman, and Perviz (2012) reported lower profitability of textile based companies for instance, during the crisis. Years 2010 and 2011 were better for Indian companies regarding profitability, and 2010 have been better for Bangladeshi companies.

As regards TAG, it has been falling after 2009 for Pakistani companies. A sort of inverted U-shaped curve was reflected of TAG for Indian and Sri Lankan companies. Overall, TAG was higher in 2010 and 2011 for Indian and Bangladeshi companies. Better profitability of Indian companies during 2010 and 2011 is indicative of India's successful recovery from GFC. IMF (International Monetary Fund) report (2011) noted that 2600 Indian companies had higher profits and lesser interest obligations. Later, IMF report (2013a) mentioned substantial slowdown in India's overall growth after successful recovery. Specifically, it reported that Indian companies' profitability that recovered post GFC deteriorated afterwards mainly due to increasing interest rates, slow permits for infrastructure projects, and falling demand levels. The effects of GFC on Bangladeshi economy were somehow mixed (Akter & Basher, 2014). Hence, Mollik and Bepari (2010) also reported that instead of GFC striking the country, stock prices on Dhaka Stock Exchange were continuously increasing. Bangladesh also seemed to show similar economic trend as of

India after 2011 as for instance, IMF (2013b) reported higher profitability (ROA and ROE) of Bangladeshi banks in 2010 compared to that of 2011 and 2012. Higher asset growth among Sri Lankan companies during 2011 against 2009 could also be attributed to similar factors as for Indian and Bangladeshi companies.

Figure 1. Companies' TAG and ROIC (2009-2013)



4.2 Comparison of Companies' ROIC and TAG among SAARC Countries

This section includes comparison of countries on ROIC and TAG during 2009-2013. Consider Table 2, 4, 6, and 8. Regarding 2009, they indicate that Bangladeshi companies had maximum ROIC (19.50%) and TAG (26.69%). Pakistani companies had lowest ROIC (5.5%), whereas Sri Lankan companies had lowest TAG (14.08%). Tukey's Test (Table 10) reveals that Bangladeshi companies did better in profitability than Pakistani and Indian companies in 2009.

Table 10. Tukey's HSD Test for 2009

ROIC		
(I) Year	(J) Year	Mean Difference (I-J)
Pakistan	Bangladesh	-13.99**
	India	-1.99
	Sri Lanka	-3.75
Bangladesh	India	11.99*
	Sri Lanka	10.24
India	Sri Lanka	-1.75

Year 2010 descriptives in Table 2, 4, 6, and 8 indicate that Bangladeshi companies again had higher ROIC (24.61%) and TAG (29.71%). Regarding ROIC, Pakistani and Indian companies ranked lower than others. For TAG, Sri Lankan companies were second to Bangladeshi companies, while Pakistani companies had lowest TAG (13.62%). Table 11 verifies that Bangladeshi companies had significantly better profitability compared to all others.

Table 11. Tukey's HSD Test for 2010

ROIC		
(I) Year	(J) Year	Mean Difference (I-J)
Pakistan	Bangladesh	-15.36***
	India	-.47
	Sri Lanka	-2.80
Bangladesh	India	14.88***
	Sri Lanka	12.56***
India	Sri Lanka	-2.32

Descriptives for 2011 (Table 2, 4, 6, and 8) show that Bangladeshi companies had maximum ROIC (16.81%) and TAG (35.80%). Alternatively, Indian companies had lowest ROIC of 8.59% and Pakistani companies had lowest TAG of 11.73%. Table 12 affirms that Bangladeshi and Sri Lankan companies were more profitable than Indian companies. Regarding TAG, it reveals that Pakistani companies had lowest TAG of all.

Table 12. Tukey's HSD Test for 2011

ROIC			TAG		
(I) Year	(J) Year	Mean Difference (I-J)	(I) Year	(J) Year	Mean Difference (I-J)
Pakistan	Bangladesh	-5.97	Pakistan	Bangladesh	-24.07**
	India	2.25		India	-12.40**
	Sri Lanka	-2.84		Sri Lanka	-18.92***
Bangladesh	India	8.22**	Bangladesh	India	11.67
	Sri Lanka	3.12		Sri Lanka	5.15
India	Sri Lanka	-5.09***	India	Sri Lanka	-6.52

Year 2012 descriptives (Table 2, 4, 6, and 8) show that Bangladeshi companies had highest profitability (16.67%) followed by Sri Lankan companies (12.61%); while Indian companies had lowest (7.26%). However, TAG of Sri Lankan companies for this year were highest among others (22.75%). Table 13 also confirms that Bangladeshi and Sri Lankan companies were more profitable than Indian companies. On TAG, Sri Lankan companies had significantly higher TAG than Pakistani companies.

Table 13. Tukey's HSD Test for 2012

ROIC			TAG		
(I) Country	(J) Country	Mean Difference (I-J)	(I) Country	(J) Country	Mean Difference (I-J)
Pakistan	Bangladesh	-7.25	Pakistan	Bangladesh	-5.77
	India	2.16		India	-3.64
	Sri Lanka	-3.19		Sri Lanka	-10.24*
Bangladesh	India	9.41***	Bangladesh	India	2.13
	Sri Lanka	4.05		Sri Lanka	-4.47
India	Sri Lanka	-5.36***	India	Sri Lanka	-6.59

Descriptives for 2013 (Table 2, 4, 6, and 8) show that Bangladeshi companies had highest profitability (17.07%) followed by Pakistani companies (11.26%); while Indian companies had lowest (6.41%). However as for year 2012, TAG of Sri Lankan companies for 2013 had been highest among others (18.06%). Pakistani companies had lowest TAG (6.87%). Tukey's test (Table 14) reveals that Indian companies' profitability had been lowest of all. Sri Lankan companies had higher TAG than that of Pakistani companies.

Table 14. Tukey's HSD Test for 2013

ROIC			TAG		
(I) Country	(J) Country	Mean Difference (I-J)	(I) Country	(J) Country	Mean Difference (I-J)
Pakistan	Bangladesh	-5.82	Pakistan	Bangladesh	-4.73
	India	4.85**		India	-5.60
	Sri Lanka	.74		Sri Lanka	-11.19**
Bangladesh	India	10.66***	Bangladesh	India	-.88
	Sri Lanka	6.56		Sri Lanka	-6.47
India	Sri Lanka	-4.10**	India	Sri Lanka	-5.59

4.2.1 Conclusion

As part of additional analysis, comparisons of countries on the variables were made for all years altogether. Tukey's test for all years (Table 15) also indicates that Bangladeshi companies outperformed all others regarding profitability. This was followed by Sri Lankan companies which had better profitability compared to Pakistani and Indian companies. Interestingly, it also reveals that during these five years, overall, asset growth in Pakistani companies was significantly lower than in others.

The literature supports the idea that impact of GFC on all countries was not equal (**Griffith-Jones & Ocampo, 2009**). Ali and Afzal (2012) assert that GFC had a negative effect on stock returns in Indian and Pakistani stock exchanges but the effect was stronger for Indian stock market. Further Kumar (2013) argues that post crisis performance of Bangladesh and Sri Lanka, for instance, was better as they continued to grow, whereas a slowdown in Indian economic growth was observed alternatively. This phenomenon might as well have triggered the differences among profitability and asset growth patterns among the four SAARC countries.

Table 15. Tukey's HSD Test for All Years

ROIC			TAG		
(I) Country	(J) Country	Mean Difference (I-J)	(I) Country	(J) Country	Mean Difference (I-J)
Pakistan	Bangladesh	-9.32***	Pakistan	Bangladesh	-11.64***
	India	1.36		India	-6.47***
	Sri Lanka	-2.34*		Sri Lanka	-9.62***
Bangladesh	India	10.68***	Bangladesh	India	5.18
	Sri Lanka	6.98***		Sri Lanka	2.02
India	Sri Lanka	-3.70***	India	Sri Lanka	-3.16

5. Limitations and Future Research

This research accomplished its objective of comparing profitability and asset growth within and across four SAARC countries. However, future studies could include other SAARC countries using a different criterion, use different ratios for analysis, and control certain variables accounting for differences among countries. Future researchers could be industry specific as well in order to specialize the information.

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