Impact of Taxation on Information Processing of Financial Services Business Location Decisions

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Abstract

Question on the goodness of taxation system has been raised many times in the past by many researchers. In this study response research was carried out to find the effects of taxation on economy. Purpose of this research is to add a new dimension in the taxation literature by investigating the relationship between tax system variables and variable like location decision, information process and key decision makers. Relationship between these variables is tested by using data collected from financial service providers functioning especially in Sindh province. The main objective of the research was to know that "How do firms undertake information processing prior to making their decisions?" GLM (General Linear Modeling) was applied for checking the relationship between the variables, and research concluded that criteria for evaluating the extensive information process regarding selection of location must be improved and role of personnel involved in decision making on the basis of information must be significant. Moreover, this study provides evidence that some tax system variables are positively concerned with information processes, key decision makers, and location decision making. It also shed light on the fact that high or moderate tax burden do not necessarily impact decision making pertaining to business location.

Keywords: Firms' location decisions, taxation burden, information processing, key decision makers

1. Background of the Study

As Pakistan moves toward becoming an economically viable country, the regional economic developments becomes critical. In future, success will come to those companies, large and small, that can meet global standards and tap into global networks. And it will come to those cities, states, and regions that do the best job of linking businesses that operate within them to the global community (Kanter, 1995)

From above mentioned assertion, it can be deduced that future success will be possible if only global standards are met irrespective of firm's size. Moreover, those cities, states and regions that link their local businesses to the global community will also be no exception. Decision making regarding industry location is very complex because it involves multifaceted characteristics including tangible and intangible elements comprising actions are often very difficult to measure and evaluate (Hayter, 1997).

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It is generally observed that financial service providers are not looking to the tax as a very important factor for considering a business location, but their first priority is business opportunity followed by some tax exemptions. It is difficult for financial services providers to make their strategic decisions based only on increase or decrease in tax rate.

2. Literature Review

'Economic men' who is totally informed, rational and optimizing are rarely seen in practice, instead organizations found to act with imperfect knowledge and generally in detection of non material trimmings (Smith, 1976). The concept of best possible decisions, minimizing costs and maximizing profits are in the sense theoretical notion. Organizations are political, cultural institutions and economic institutions that are unclear and no individual is able to have perfect knowledge (Barrow, 1998).

It is desired by the regional governments to understand yardstick employed by firms for location decision making. Meeting the economic, political and social goals and understanding the means of development and provision of environment, which offers a best-fit to deliver the maximum benefits desired by industries (Cheshire, 1999). To assists in meeting the objectives of both industry and regional government entities, there is a proved knowledge gap in the area of location decision-making process which this research seeks to address.

Studies on location decision making by individual firms can be traced from (Weber, 1909). The theory considers only inputs from a range of materials sources and normally directs output to a single point market. The new direction is towards a more comprehensive business networking approach. It reflects industry and workforce shifts under the advance of new technologies. To understand how firms make location decisions, it is necessary to review how the major theories have been constructed and developed. After Weber many researchers work on that aspect.

Choosing a strategic location for business operations has always been of critical interest to industry and commerce. The old economy heavily relied on neoclassical economic theory to provide a set of guiding principles, and focused on proximity to material resources, transport and markets. However many argued that the new information economy must be viewed through the prism of different paradigm. The research of Cathy critically examined the implications of the new economy for location decision making process of key industries. And the research concluded the interrelationship among four determinants of the decision process. In particular, the organizational structure of firms was seen to play a predominant role in the location decision making process (Cathy, 2004).

The arbitrage arguments were used by researchers in their research to drive the results on the optimal location of asset holdings. The arbitrage approach involves making a risk-preserving change in the location of asset holding to determine whether the after tax-return on the investor's portfolio can be improved. Their research examined the Inter- temporal portfolio problem for an investor with the opportunity to invest in both taxable and tax-deferred saving accounts and was published in 2004. The results
indicated that investors have a strong preference for locating taxable bonds in the tax-
deferred retirement account and locating equity in the taxable account. The preference
reflected the higher tax burden on taxable bonds relative to equity. When investors can
borrow without restrictions on their taxable accounts, it is optimal for them to invest their
entire retirement account wealth in taxable bonds and either borrow or lend in the
taxable account to achieve an optimal overall portfolio mix (Dammon et al, 2004).

Stochastic models for facility location were discussed by Snyder (2005). In the light of
his research, the common objective in stochastic programming was to optimize the
mean outcome of the system; e.g. minimize expected cost or maximize expected profit.
The research reviewed the literature on stochastic and robust facility location models.
The intention was to illustrate both the rich variety of approaches for optimization under
uncertainty that have appeared in the literature and their application to facility location
problems for the industries (plants) in USA. A wide variety of approaches were proposed;
the research discussed at least a dozen such measures. Many of those approaches
have modeling, analytical, and computational advantages over the traditional objectives.
The researcher explored those alternative measures with the intention of providing a
foundation for researchers doing work in the related fields (Snyder, 2005).

Badri (2007) collected data from 205 detailed industrial location factors for research.
Reliability analysis was used for checking the cronbach alpha and then resorted to
factor analysis for checking the factor loadings and suggested that 'no previously
published research has developed a comprehensive set of critical factors to the industrial
location decisions in the available literature'. His research described a study that again
produced an instrument which identified a set of fourteen critical factors of industrial
location. Those critical factors were synthesized from an extensive literature search.
The results concerning the measures developed in the study were encouraging but a
great deal of further research remained to be done. Replications of above mentioned
empirical work were needed to corroborate these results. Studies were needed with the
involvement of more modern and emerging items.

Effects of financial intermediation on the net return to savings and the gross return to
investment were crucial in the study conducted by Ash and Harry (1999). The spread
between those two returns mirrored bank interest margins, in addition to the transaction
cost and taxes borne directly by savers and investors. In this research, the researchers
explored the existing literature in several ways. First they used bank level data for eighty
(80) industrial and developing countries between 1988-1995 to provide summary
statistics on the size and decomposition of bank interest margins and profitability. Then
they used regression analysis to examine the underlying determinants of interest spreads
and bank profitability. Apart from covering many banks in many countries, the study
was unique in its coverage of determinants of interest margins and profitability. These
determinants included a comprehensive set of bank characteristics (such as size,
leverage, and type of business, foreign or domestic ownership), macroeconomic
indicators, taxation and regulatory variables, financial structure variables, and legal and
institutional indexes. And they did it by entering the equity ratio as an independent
variable in the profit regression. The research focused on accounting measures of
income and profitability as investors equalize (risk-adjusted) financial returns on bank
stocks in the absence of prohibitive barriers.

Finally the research confirmed some findings of previous research. A positive relationship between capitalization and profitability and a negative relationship between reserves and profitability. But other important determinants of bank margins and profitability, such as ownership, corporate taxation, financial structure, and the legal and institutional setting, have not been treated extensively in the literature. Banks with relatively high non-interest earning assets are less profitable. Banks that rely largely on deposits for their funding are also less profitable, because deposits apparently entail high branching and other expenses. The international ownership of banks also has a significant impact on banks spreads and profitability. Foreign banks realize higher interest margins and higher profitability than domestic banks in developing countries. The finding may reflect the fact that in developing countries a foreign bank's technological edge is relatively strong, apparently strong enough to overcome any informational disadvantage in lending or raising funds locally (Ash & Harry, 1999).

In his thesis, Nigel (2000) investigated the emergence of contemporary land banking and its effects, especially of the Genesee county land bank and its attempts to bring tax-foreclosed property in the city Flint back into productive use. The overall purpose of the thesis was to understand, estimate, and to document the impact of property tax foreclosure, abandonment and the ability of land bank programs to counteract these impacts in the city of Flint (Nigel, 2000). And finally he stated that home owners within 500 feet of a demolition saw 0.75% increase in their property value; properties between 500 and 1000 feet of a demolition saw a 2% increase in value; and housing between 1000 and 1500 feet of a demolition saw 1.6% increase. Moreover, since the inception of Genesee county land bank demolition program an occurrence of increase in valuation of property with an estimation of $112 million is shown in Flint, Michigan in this study (Nigel, 2000).

Other research was conducted with an aim to verify the impact of fiscal variables in the multinational firm's localization choices within the European Union member states by the Roberta and her colleagues. An economic exercise was carried out through a panel data estimate to test the impact of taxation in determining the FDI inflow trends and geographical localization. The starting point in the specification process of the equation was the gravitational model, whereby the explicative variables of FDI inflows were the dimensions of receiving and investing countries, distance and trade barriers. The results of empirical analysis confirmed the importance of environmental and fiscal variables, besides the macroeconomic variables to explain the FDI inward flows in European Union countries. Among fiscal variables, the empirical analysis showed the total fiscal wedge on labor influences, more than the corporate tax rate and FDI inflows in the European Union countries. This suggests that business firms focus their attention on overall tax contribution burdens while making their localization choices, not the single corporate tax rates, which indeed provide partial information. They concluded that when the growing capital mobility within the European Union tend to increase the FDI elasticity to taxation, tax policies were constrained by the Maastricht parameters, the stability and the growth pact, whose stringent budget constrains leave little room to tax rate reductions, unless they are accompanied by correspondent public expenditure reductions.
Those cuts, according to some estimates, would contribute together with a more advantageous tax system to determine more FDI inflows in a country, provided they do not influence negatively to the environmental variables, in particular the infrastructure endowment (Roberta, Cristina, & Claudio, 2001).

In her research (Mary, 2002) tried to investigate extent to which level of taxes affect a corporation's decisions for the allocation of its defined benefit plans, assets between equity and bonds. If a firm want to integrate its corporate financial policy and defined benefit investment policy, one opportunity exists that is a tax arbitrage opportunity. The tax arbitrage opportunity arises because cost/after-tax returns differentiate between the forms of organizations, methods of financing and investment choices involved in the strategy. Researcher applied a quantitative technique of (Regression) of percentage of Defined Benefit assets which invested in the bonds on the tax benefits from the arbitrage strategy and find a positive and significant relation ship between defined benefit bond allocation and firm's tax benefits as also described by the Black. Finally she concluded that tax benefit of the firm from an arbitrage strategy, which exploits differences in tax treatment across organizational entities, investment choices, and methods of financing include their defined benefit asset allocation. The theory suggests that if tax benefit to corporate leverage exists an arbitrage opportunity exists, and defined benefit investment in bonds should be positively related to corporate marginal tax rates. But if benefits of tax to corporate leverage do not exist, an arbitrage opportunity still exist, but the defined benefit schemes of investment in bonds should be positively related to the difference between marginal investor's tax rate on equity income and bond (Mary, 2002).

A model of financial institutes was developed for analyzing the impact of various forms of taxation in Spain and the analysis purely focused on the

1) Competition between the banks and alternative financial arrangements (Investment fund and organized security market).
2) Regulation of the banks.
3) Bank's monopoly power and risk taking behavior.

It is suggested that investors can directly access security market, but the resulting portfolios were relatively illiquid. Also, they may or may not have access to investment funds, which also perform an asset transformation function. This research produced the following results:

a) Under certain conditions, the loan and deposit markets can be separated, and hence loan rates and monitoring activity is unaffected by tax on deposits.
b) If borrowers were Value Added Tax registered firms and investors are not, then a VAT is equivalent to a tax on deposits.
c) Reduction in the level of deposits and increase in direct investment and/or investment fund holding can be result of tax.
d) Deduction in the amount lent and monitoring efforts and induction of more firms to borrow on the securities markets is an outcome of tax on bank loans.
e) A general tax on capital income reduces the level of deposits, since investor's
willingness to pay for bank’s transaction services increase with their disposable income.

f) A tax on deposits may induce banks to invest in riskier portfolios (Ramon, 2002).

The historical and structural reasons were explored by Mick (2004) and he went on to suggest that there are some very clear contrast between two categories of countries the ‘North’ (essentially the OECD countries) and the ‘South’ (the rest) in the ways in which taxation issues feature on the political agenda. First many poor countries were historically created and incorporated into the world economy as producers of primary commodities, mineral or agricultural produce, for export to the rich countries. In return, they imported manufactured goods. Given the production structure and the small size of their populations and economies, many developing countries, especially in Sub-Saharan Africa, have a high ratio of international trade (imports and exports) to GDP. International trade has therefore been a ‘natural’ priority source of tax revenue. Second, average incomes make it difficult to raise significant revenues from direct personal income taxes. Indirect taxes, especially international trade and internal sales, turnover and excise taxes, have generally yielded higher returns to revenue efforts. Third, direct, visible taxes have been politically unpopular in poorer countries as compared to richer countries. Indeed, they have been even more unpopular in some Southern countries because of an association with European colonial rule (Mick, 2004).

The work of Auerbach (2006) was beyond the Harberger model though the more recent literature took it both forward and backward. Forward in considering issues not previously studied, and backward in reestablishing the relevance of the shareholder incidence approach. One of Harberger’s assumptions was that the corporate tax rate can be imposed as an increment, over and above the individual tax rate that applied in both corporate and non-corporate sectors. The research was conducted purely for the burden of corporate tax in the US in September 2006. The impact of corporate income taxes on capital accumulation, the implications were clear. For taxes on capital income, in general, he was expecting an increase in the effective tax rate on new saving and investment to reduce capital accumulation. The resulting decline in the capital-labor ratio would increase before-tax returns to capital and lead to a fall in wages, thus partially shifting the tax burden from capital to labor (Auerbach, 2006).

3. Scope and Research Objectives of the Study

Conventional studies in the field of industrial location decisions have generally emphasized on production sector (Barrow, 1998). Manufacturing industries are mainly sensitive to transport infrastructure, low and medium labor requirements, infrastructure generally strongly sensitive to raw material supplies, transport infrastructure, and needs for capital (Hayter, 1997). However the newly rising financial institutions, (financial service providers) also encounter the above mentioned problems.

There are a variety of factors which are relevant and responsible for location decision making of financial services business. In this study, attempt has been made to examine the location decision making process and to resolve the issues confronted by management while making the above mentioned decision regarding their business.
Neoclassical economists have indicated that the impact of location factors on industry location decisions is significant (Friedrich, 1929, Hotelling, 1929, Isard, 1956, Smith, 1966). Scarcity in the literature has been observed about the factors responsible for business location decisions in case of financial service providers. While the availability of literature regarding warehouse and distribution industry is abundant.

Connection between organizational structure of firms and their location decision making is indicated in literature. (Townroe, 1971; Hamilton, 1974; McDermott & Taylor, 1982; Schmenner, 1982; Laulajainen & Stafford, 1995). Firstly, firm seeks a business location to meet these spatial strategies. Rees (1974) claimed different location strategies of firms are manifestations of ongoing internal structural change. Secondly when it comes to the actual process of making a location decision (such as deciding what information is needed, where to obtain the information, how extensive the evaluation process should be, and who is involve in the decision process.), is always determined by the experience, capability and organizational structure of the firms (Townroe, 1969; Hamilton, 1974; Schmenner, 1982). This study tries to identify the impact of level of taxation on financial services business location decisions, through the examination of interrelationship between the determinants of decision making process. The research will examine these recent trends in the context of Pakistan's Taxation and their effects on city firms.

Information processing is a very essential part of making decision regarding location. It includes deciding what type of information is needed, from where that information can be obtained, and extensiveness of the evaluation process. It is determined by objective of the location decision of the firm/company, its experience, capability and what type of organizational structure it possess. In addition, nature of information processing must be influenced by the decision makers, who play a key role in decision making of a firm because of their personal perception and preference for a specific location or some other locations. Decision making process regarding location involves people. Firms with different organizational structure must have different involvement of personnel at different stages of decision process.

The study is intended to identify tax factors which have influence on the "location decision" of the financial services business. The findings of the location studies based on the survey approach and statistical studies can be influenced by the current economic conditions. Studies found that tax burden is a significant variable in deciding a particular location, often sampled mostly from the periods, having low economic growth and zero economic growth. When businesses are at starting stage, taxes would not be more important than other factors.

Many studies covering the turbulent “1970s and early 1980s” attribute more impact on tax variables than the studies conducted after 1983. These suggest: taxes tends to be more significant detriment to the firms during economically hard times. Definitely tax differentials are generally thought to be less important for the business firms in general than other factors. For any industry taxes can be a more important factor. When talking about the tax policy, the interrelationship of burden of tax and the government expenditure must be considered in the analysis. Efficiency of government programs, especially in the area of transportation, public safety programs, and education can vary according
to the level of funding. The level of tax can have a direct impact on the programs funded by the government which ultimately have impact on the quality of life for all citizens and businesses of the state. The main objective of the research was to know that "How do firms undertake information processing prior to making their decisions?"

4. Significance of the Study

Studies on location decision making by individual firms can be traced from Weber (1909). His theory considers only inputs from a range of materials sources and normally directs output to a single point market. The new direction is towards a more comprehensive business networking approach. It reflects industry and workforce shifts under the advance of new technologies. To understand how firms make location decisions, it is necessary to review how the major theories have been constructed and developed. After Weber many researchers work in that aspect.

5. Problem Statement

This research will examine these recent trends in Pakistan as a problem in taxation and their effects on city firms:

1. Not getting the financial products they (customers) need (i.e. under-investigating financial services by financial service providers and discouraging consumption by consumers and business).
2. Purchasing the financial products they need but at a higher than market price (a potential problem for individuals and small business who do not have unrestricted access to non-Pakistani financial service providers).
3. Purchasing these financial products they need from non Pakistani suppliers who don't bear a disproportionate level of taxation.

6. Data Sources

For the research almost all financial service providers in the province of Sindh were selected for data collection, these service providers are:
Public Sector Commercial Banks.
Private Sector Commercial Banks.
Foreign Banks.
Development Financial Institutions.
Investment Banks.
National Investment Trust.
Micro Finance Institutions.
Insurance Companies.
Leasing Companies and,
Modarba Companies.
7. Data Analysis & Findings

The role of the personnel in decision making process of "financial services business" locations, the motivation and preference affect both the method and procedure by which location decision is taken. This affects the course of eventual choice (Toyne, 1974). Understanding about the personnel who are involved in the decision making process regarding business location, and how significantly they are involve, and how they influence the decision process which might provide the opportunity for foreign and local economic developers to make their decisions improved. In addition to identifying the personnel involved in business location decision process of financial services, it is also assumed that the managerial characteristics of key decision makers also influence the information process. Primary data was collected by sending questionnaire to all above financial service providers.

A questionnaire was organized as a set of questions for eliciting information (Hawkins &Tull, 1994). It is very important element in the research process because the design directly affects the quality of the data collected (Carroll, 1994; Sancher, 1992).

Before constructing a questionnaire it is necessary to decide exactly what information is to be collected, from which respondents and with which technique. The numeric component of the study is to test the hypothesis as stated in the chapter for investigating the relationship between the variables of the interest.

Talking about question contents and wording, which encourage further for accurate response, a various response format is chosen in the design. Location decision (LD) was measured by using seven item questionnaire sample question as "how long has your company been established?"

Information Process (IP) was measured by using six items questionnaire. Sample question was, "When deciding to locate your institute's operations, which source did you use to obtain information about your current site?"

Data collection took place in three phases; Firstly, questionnaire was sent to all 146 financial service providers through TCS (a local courier service provider). Only 11 financial service providers responded back, which was about (8%). The response rate was dissatisfactory. To overcome the problem the same instrument was sent again to those service providers who did not respond, through e-mail. The time response rate was satisfactory (38%). Finally researcher visited the regional headquarters of 11 service providers to get questionnaire filled personally. Out of 146 financial service providers, 63 institutions responded which is equal to 43.16% of total population.

In the last GLM (General Linear Modeling) was applied for checking the relationship between the variables. Reason of application of (GLM) is the presence of some categorical independent variables in our analysis. The quantitative technique is a statistical model that incorporates normally the distributed dependent variables and the categorical or continuous independent variables.
Diagnostic Test

*LD = α + β1**IP18 + β2IP19 + β3IP20 + β4IP21 + β5IP22 + β6IP23 + μ

* Location Decision making
** Information Process

The main focus of this study was to examine the interrelationship between the determinants of decision making process: Financial services business location decisions, information process.

Table 1 Location decision variables (LD)

<table>
<thead>
<tr>
<th>Location Decision Variables</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std: Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>*LD1</td>
<td>60</td>
<td>1</td>
<td>7</td>
<td>3.62</td>
<td>2.380</td>
</tr>
<tr>
<td>*LD2</td>
<td>63</td>
<td>1</td>
<td>3</td>
<td>1.70</td>
<td>.496</td>
</tr>
<tr>
<td>*LD3</td>
<td>63</td>
<td>1</td>
<td>3</td>
<td>1.60</td>
<td>.752</td>
</tr>
<tr>
<td>*LD4</td>
<td>63</td>
<td>5</td>
<td>5</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>*LD5</td>
<td>63</td>
<td>5</td>
<td>5</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>*LD6</td>
<td>63</td>
<td>1</td>
<td>4</td>
<td>2.87</td>
<td>1.024</td>
</tr>
<tr>
<td>*LD7</td>
<td>63</td>
<td>1</td>
<td>2</td>
<td>1.54</td>
<td>.502</td>
</tr>
</tbody>
</table>

*Definition of variables are given in the appendix-I

Table 2 Information Processing

<table>
<thead>
<tr>
<th>Information Processing</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std: Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>*IP18</td>
<td>63</td>
<td>1</td>
<td>6</td>
<td>2.94</td>
<td>.948</td>
</tr>
<tr>
<td>*IP19</td>
<td>63</td>
<td>1</td>
<td>5</td>
<td>2.57</td>
<td>1.118</td>
</tr>
<tr>
<td>*IP20</td>
<td>63</td>
<td>1</td>
<td>2</td>
<td>1.03</td>
<td>.177</td>
</tr>
<tr>
<td>*IP21</td>
<td>63</td>
<td>1</td>
<td>4</td>
<td>1.51</td>
<td>.759</td>
</tr>
<tr>
<td>*IP22</td>
<td>63</td>
<td>1</td>
<td>4</td>
<td>1.46</td>
<td>.692</td>
</tr>
<tr>
<td>*IP23</td>
<td>63</td>
<td>1</td>
<td>4</td>
<td>1.97</td>
<td>.474</td>
</tr>
</tbody>
</table>

*Definition of variables are given in the appendix-I

Table 3 Financial services Business Location Decisions and Information Process

<table>
<thead>
<tr>
<th>Dependent Variable: Financial Services Business Location Decisions</th>
<th></th>
<th></th>
<th>Sig:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parameter</td>
<td>B</td>
<td>T</td>
<td></td>
</tr>
<tr>
<td>Intercept</td>
<td>3.790</td>
<td>3.585</td>
<td>.001</td>
</tr>
<tr>
<td>IP18</td>
<td>.160</td>
<td>1.218</td>
<td>.229</td>
</tr>
<tr>
<td>IP19</td>
<td>.228</td>
<td>1.999</td>
<td>.051</td>
</tr>
<tr>
<td>IP20</td>
<td>-2.637</td>
<td>-3.047</td>
<td>.004</td>
</tr>
<tr>
<td>IP21</td>
<td>-1.467</td>
<td>-1.825</td>
<td>.074</td>
</tr>
<tr>
<td>IP22</td>
<td>-.002</td>
<td>-.009</td>
<td>.993</td>
</tr>
<tr>
<td>IP23</td>
<td>-1.773</td>
<td>-2.686</td>
<td>.010</td>
</tr>
<tr>
<td>Adjusted R2</td>
<td></td>
<td>.287</td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td></td>
<td>.366</td>
<td></td>
</tr>
<tr>
<td>Computed using α</td>
<td></td>
<td>.05</td>
<td></td>
</tr>
<tr>
<td>Significance</td>
<td></td>
<td>.001</td>
<td></td>
</tr>
</tbody>
</table>
IP 20 stands for how many criteria were used for selecting a business location. According to the variance and average of IP 20, fewer criteria were used having negatively related to the financial services business location decisions.

Hypothesis two pertains to the relationship between financial services business location decisions and information process.

The empirical results from the Table indicate the relationship (IP 19) extensive information process is positively related to financial services business location decision.

(IP 20) states that more criteria were used for selecting the location is positively related to financial services business location decisions, which shows the less criteria were used that is why it has negative impact according to Table. But here this situation concerned with more criteria, when as a decision maker uses more criteria for selecting a business location it will give results accordingly.

(IP 23) states that more the significant role of personals been in decision process is positively related to financial services business location decisions. According to the empirical results, Table shows that more significant role of personals are negatively related to financial services business location decision making.

8. Recommendations

Results of above mentioned analysis suggests that if fewer criteria were used they will have negative impact on financial services business location decisions. Thus number of criteria must be improved, extensive information process have positive relation to financial services business location decision, and research concluded that if more criteria are to be used for selecting a business location, it will give results accordingly (i.e. positively). Research also concluded that more the significant role of personals been in decision process is a key for selecting an appropriate location for financial services business.

9. Policy Implication & Areas of Further Research

This study will help those financial service providers who are trying to start or expand their business from existing to new locations before making the decision regarding location and how best the required information can be availed and process for making successful decision about the location of their business.

10. Research Limitations

1. There are some omitted financial institutions in the data sources because of 2006-2007 economic downfall, especially in stock exchanges of Pakistan.
2. Another limitation is relatively small size of sample because of limited availability of institutes in the jurisdiction.
3. The research was limited only to Sindh province of Pakistan. It can be applied to compare the tax structure of other provinces of the country.
References


