

"IMPACT OF TERRORISM ON STOCK MARKET RETURNS OF  
PAKISTAN"



BY:

*HIRA ASIF*

*01-221132-013*

SUPERVISOR:

Muhammad Bilal Saeed

A research thesis submitted in partial  
fulfillment of the requirement for the Degree of  
MBA

Department of Management Sciences (GS)  
Bahria Institute of Management and Computer  
Sciences

Bahria University Islamabad

2014

## **ABSTRACT**

Stock market plays an important role in the development of the country. This is known as a strong determinant that determines the investment level within the country. The past few years have witnessed strong market returns owing to several factors and terrorism is one of them. This research will thus shed light the relationship between stock market returns and terrorism in Pakistan. KSE, LSE and ISE stock market will be studied in this regard. Terrorism is selected as one of the independent variables because it has known to cripple various sectors of the economy.

Key terms: Terrorism, Stock market returns .LSE.ISE, KSE

## ACKNOWLEDGEMENT

I humbly express gratitude to the mercifulness of *Allah Almighty* who enabled me to complete this thesis partial fulfillment of the requirement for the degree of Master of Business Administration. I would like to express my very great appreciation to my thesis Supervisor **Bilal Saeed** for his valuable and constructive suggestions during the planning and development of this research work. His willingness to give his time so generously has been very much appreciated.

I also have had the support of my family throughout the entire pursuit of a terminal degree. Without their support, and pure willpower to succeed, I may have not made it to this point.

## **DEDICATIONS**

I would like to dedicate this research to my parents and friends without whom it wouldn't have been possible at all. A special thanks to Sir Bilal Saeed who was always there to support me.

# TABLE OF CONTENTS

ABSTRACT.....	iii
ACKNOWLEDGEMENT.....	iv
DEDICATIONS.....	v
TABLE OF CONTENTS.....	vi
CHAPTER 1 INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Theoretical Background.....	3
1.3 Problem Statement.....	5
1.4 Research Questions.....	6
1.5 Research Objectives.....	6
1.6 Significance of the Study.....	8
1.7. Organization of the Thesis.....	9
CHAPTER 2 REVIEW OF LITERATURE.....	10
2.1 Literature Review.....	10
2.2 Theoretical Framework.....	18
2.3 Hypothesis of the Study.....	22
CHAPTER 3 RESEARCH METHODOLOGY.....	23
3.1 Data Description.....	23
3.2 Method.....	23
CHAPTER 4: RESULTS AND DISCUSSION.....	26
4.1 Empirical Results.....	26
4.2 Discussion.....	58
CHAPTER 5 CONCLUSION.....	60
5.1. Conclusion.....	60
REFERENCES.....	62