

IMPACT OF BACKWARD INTEGRATION ON ORGANIZATIONAL PERFORMANCE OF LUCKY TEXTILE AND GUL AHMED TEXTILE IN KARACHI

By

FARYAL MUGHAL

22832

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APPROVAL FOR EXAMINATION

Candidate's Name: Faryal Mughal

Registration # 02-222153-003

Thesis Title: Impact of backward integration on the organizational performance of lucky textile and gul ahemd textile in Karachi.

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Supervisor's signature: _____

Date: _____

Name: Ma'm Sayma Zia

HOD's Signature: _____

Date: _____

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Abstract

Purpose: The purpose of this study was to find out the impact of backward integration on (Profitability, Financial Stability, Business Expansion, Market Competitiveness, Price Structuring and Sales Growth). This research study aims to investigate role of backward integration process in textile companies named as Lucky Textile and Gul Ahmed Textile to explore short term and long-term implication of backward integration in operational mechanism of the company to compare and contrast pre-and post-operational efficiencies. Furthermore, this study also investigates necessary fundamental require to co-integrate production process with backward chain to determine its scope to operation of textile firms in Pakistan.

Research Method/Sampling: This study comprises of primary data where all responses were collected by using close-ended questionnaire and the sample size is 400. The technique selected for this research is Non-Probabilistic Convenience sampling. Data was analyzed through Bivariate regression statistical technique and Correlation.

Findings: The findings of the research indicate that clearly indicates that there is a significant impact of backward integration process on profitability of listed firms this is because backward integration process helps to ensure supply of input and at lower marginal as compare to market rates therefore results in an increase in net income of firm that comes up with an increase in profitability , financial health, increase in sales and market enhancement of listed firms.

Practical Implication: Textile industry Pakistan is considered as backbone of industrialization process in Pakistan. It has sound scope in Pakistan due to availability of raw material within the country. Furthermore, it is the only industry with largest share in foreign exchange earnings. It has found that contribution of textile export in total exports of the country is around 68 percent, it represents 46 percent of total manufacturing activities within the country. It has share in total GDP of Pakistan around 8.5 percent.

Key Words: Backward Integration, Profitability, Financial Stability, Market Competitiveness, Sales Growth.