

Latest Issue

THE PAKISTAN DEVELOPMENT REVIEW
Volume 48, Number 1 (2009)

ABSTRACTS

**An Investigation of Firm Heterogeneity in
the Constraints to Development and
Growth in Pakistan**

Sajjad Moghal and Wade D. Pfau

This study considers the importance of firm characteristics in explaining the degree of business constraints facing Pakistani firms in the Investment Climate Survey. We quantify how firms with differing characteristics experience particular problems. After controlling for other factors, the largest differences in responses to business constraints occur among firms that vary by manufacturing industry, and among firms operating under different ownership structures or selling in different markets. In some cases, firm size and firm location also play an important role. The age of the firm generally does not lead to significant differences. These results account for the heterogeneity of firms better than others, and may be important for policy-makers to develop more specific approaches to fostering the investment climate.

**The Ultimatum Game and Gender Effect:
Experimental Evidence from Pakistan**

Shahid Razzaque

Laboratory experimentation was once considered impossible or irrelevant in economics. Recently, however, economic science has gone through a real 'laboratory revolution', and experimental economics is now a most lively subfield of the discipline. This study attempts to examine answers to questions of the changing behaviour of opposite sexes under conditions of both anonymity and knowledge of gender by playing the ultimatum game in Pakistan. It is observed that the behaviour of males and females in Pakistani society is quite different from that found in earlier studies. Insights from the previous experiments have already shown that normative economic theory had failed in its predictions of human behaviour. Currently, the ultimatum game is widely discussed in

behavioural economic literature, and this paper will adjust the traditional ultimatum game into a new form wherein it will be tested in the country (Pakistan) with multidimensional behaviour of subjects. With regard to gender effect specifically, all previous studies came up with somewhat mixed results, since results do not always point in the same direction and it is rather early to draw far-reaching conclusions regarding the behavioural differences of men and women. More facts are required in order to move towards the development of a systematic theory. This work is a small attempt to investigate the changing behaviour of opposite sexes under different controlled conditions.

Wastewater Use in Cauliflower Production and Farmer's Health: An Economic Analysis

SHAHZAD KOUSER, ABEDULLAH, and ABDUS SAMIE

The present study aims to estimate the economic values of negative externalities of wastewater use in cauliflower production. Cost-benefit analysis is employed to estimate the farmer's health externalities in the production sector. The data are collected from 200 farmers (100 from each group, wastewater and freshwater) in the year 2006 from two peri-urban villages of Faisalabad city. Ignoring the value of negative externalities, wastewater use is profitable in vegetable production but when the economic value of negative externalities are factored in the analysis, the results strongly discourage its use. The cost of health externalities due to wastewater use in cauliflower production (only for a three-month crop) is Rs 3.2 million from the 741 acres planted. In Faisalabad, 5,283 acres of vegetables are cultivated using wastewater, and the value of total negative health externalities amounts to Rs 90.7 million in a year. A huge economic loss due to wastewater use may attract the attention of policy agents to intervene. Among different available options, installation of a water treatment plant appears to be most viable to minimise the external effect of wastewater use in peri-urban agriculture.

Urban Informal Sector: How Much Women Are Struggling for Family Survival

TASNIM KHAN and RANA EJAZ ALI KHAN

The paper analyses the contribution of informally employed women (for the age group of 16–60 years) to their household budget. The urban informal sector largely absorbs women workers. We examine the determinants of their contribution to their household budgets for the survival of the families. Applying the OLS model to 937 observations, it is found that women as heads of household, women's education, and ownership of assets by woman have a positive effect on their contribution. The burden of the large family size, household poverty, and loans availed by the household are shared by the informally employed women, as these variables positively affect their

contribution. Age of the woman has a non-linear effect on woman's contribution. The contribution first increases and then decreases by an increase in the age of the woman. Married women and women living in nuclear families contribute more to the household budget. The household per capita income and number of children (5–15 years) in the household have shown a negative effect on the contribution of women to the household budget. The household's economic vulnerability due to unemployment of husband and lower productivity caused by lower education of husband are also largely shared by the urban informally employed women, i.e., they struggle more for family survival. However, the number of adult males in the household decreases the volume of contribution by women and the burden on women is relaxed.