



## Financial Performance and Structural Reforms: Analyzing the Case for Privatizing Pakistan International Airlines (PIA)

Aqsa Hafeez<sup>1</sup>

Received: 13 September 2024/ Revised: 30 May 2025/ Published: 25 June 2025

### Abstract

PIA (Pakistan International Airlines) a national carrier and once called as a national pride of Pakistan now it has been indulged in atrocious condition due to ample of contributing factors as it includes; smuggling, poor service quality, grass-root level mismanagement, fake pilot licenses, governance issues, lack of timely strategic structural reforms, internal organisation' conflicts and political interferences which cause a consistent financial loses in PIA. In the current scenario, privatisation could be a viable option due to the deteriorating economic and governance structure of PIA. However, despite government efforts, several loopholes still exist in the privatisation process, which should be reconsidered by the government. This article will explore privatisation, the hybrid model (PPP), and structural reforms to identify which model would be suitable for restructuring the PIA in the best possible way. This study will be conducted using a qualitative method, using secondary sources, which include journals, news articles, and PIA annual reports.

**Keywords:** PPP, Privatisation, Profitable Gains, SEO's, Regulatory Framework, Structural Reforms, Financial Condition, PIA

### Introduction:

Privatisation is the sale of state-owned enterprises to private firms- it is the opposite of nationalisation. Since the 20<sup>th</sup> century, several states around the globe transferred their controlling authority from government to private enterprises to stabilise their economies. In Britain, several examples of airlines, railroads, electricity, telecom and steel sectors have been involved

in privatisation to sustain the sluggish economy. Currently, the process of privatisation of state-owned enterprises (SOEs) is being held in both developed and developing states, to gain profits due to a vigorous regulatory environment and management by private firms (Yarrow et al., 1986). As claimed by William Megginson that these reforms largely augmented the domain and efficacy of the world's capital market.

<sup>1</sup> M.Phil. Scholar, Department of Political Science, Government College University, Lahore, Pakistan

✉ [aqсахafeez566@gmail.com](mailto:aqсахafeez566@gmail.com)

© The Author(s) 2024. Published by Himalayan Research Institute.

This is an Open Access article distributed under the terms of the Creative Commons Attribution-Non Commercial which permits non-commercial reproduction and distribution of the work, in any medium, provided the original work is not altered or transformed in any way, and that the work is properly cited. For any further information, contact [himalayanpolitics@gmail.com](mailto:himalayanpolitics@gmail.com)



According to him, privatisation will likely increase profitability, efficiency, capital spending, and dividend payouts. Therefore, states sometimes pursue either partial or complete privatisation, which involves several theories and experiences of different states at different levels of privatisation; minority, majority and wholly privatisation.

A case study of the Egyptian Model of Privatisation and Western China can be considered as an example. In the case of Egypt, state-owned enterprises used to run the state's economy between 1960-90 efficiently, but then, from 1991, due to sluggish management of SOEs by the state after the government had initiated the process of privatisation to boost its economy. Initially, privatised firms did not function well, but until mid-1998, privatised firms indicated positive signs due to complete privatisation instead of partial privatisation. In another case of Western China, both partial and complete privatisation cause a win-win situation when market forces and the government's helping hand mutually result in incentives (Amess et al., 2009). Similarly, Turkey, Srilanka, Bangladesh, India, and many other Asian and Eastern states privatise SOEs to improve the efficiency of swollen and often futile industries.

In the context of Pakistan, the privatisation process was initiated during the tenure of Nawaz Sharif in 1991 with the creation of the Privatisation Commission (Pasha, 2022). Initially, in the domain of privatisation, only industrial dealings or supply chain transactions were involved. Still, since 1993, the range of sectors in privatisation has increased to petroleum, transport sector (railway, airline, and shipping ports), energy sector, and telecommunication and banking sector. Many sectors have been revolutionised under privatisation, but some are still unprofitable state-owned enterprises. PIA in Pakistan is one of them. Due to the lack of fiscal performance and institutional reforms of PIA, the government has initiated the plan of privatising this national airline (Naeem, 2024).

### Statement of Problem

Pakistan International Airlines has remained a highly focused agenda for every government because of its weak financial performance and lack of rigorous structural reforms. The government can rectify this airline by streamlining policies and strategies, but due to political interferences and internal conflicts, this national carrier suffers from fiscal loss and mismanagement. Therefore, firstly, there is a need to study the PIA case study in historical and contemporary debates to understand whether it is an unprofitable organisation or the fault of flawed leadership that made it a loss-making corporation. Secondly, suggest some

policy recommendations to overcome the shortfalls existing in the process of PIA privatisation and the overall process of privatisation policies implemented in Pakistan.

### Research Objective

- To identify the loopholes in the process of PIA's privatisation.
- To critically examine the State-owned profitable enterprise to privatisation. Journey of loss-making PIA.
- This paper suggests some recommendations for PIA rectification, based on a detailed study of privatisation, public-private partnerships, and structural reforms.

### Literature Review

In a neoliberal ideology, privatisation is considered the capitalist economic system that prevails worldwide to undo the eroding effects of socialism, as also argued by Margaret Thatcher. Margaret Thatcher initiated the process of privatisation in Britain in the 1980s, which was then followed by other blocs of the world, from Sub-Saharan Africa to Latin America and later to Asia (Zara Emmanuel Kwaghe, 2021).

(Sunita Kikeri et al., 1997) Explained that the practice of privatisation is ramping up across the globe since the 1980s with no significant loss, due to which of World Bank Group has also proactively supported the idea of privatisation as the remedy for the poor performance of SOEs. Privatisation stands out well in this decision-making process when deciding which sector should be privatised and which to reform, as it produces more profitable gains in post-colonial and industrial states.

(Haque et al., 2002) explored outcomes of nationalisation in Bangladesh since the independence of Bangladesh in 1971 from West Pakistan, which was followed by an ideology of socialism. There was a lack of an international market approach in the initial years due to the prevailing notion of nationalisation and socialism, which created the state monopoly over the industry sector. As (Awaal, 2020) claimed that the nationalization in East Pakistan increased from 34% in 1970 to 90% in 1972 which soon showed the signs of deficit in industrial sector then in the era of Zia (1975-81) privatization of industrial sector was promoted to encourage foreign investment, resuming stock market, increase the growth of exports and to ensure market-driven exchange.

(Mohan Phuyal, 2024) examines the prospects and challenges of privatisation in the post-colonial state of India. As the market-oriented reforms were initiated in

India from the 1990s till 2006, the administration of airlines and airports was in the control of the government. Since 2006, due to the amplification in passenger, air traffic, and customs, the PPP (Public Private Partnership) model has been implemented in several airports by the government of India. This initiative brought several prospects in the privatisation sector, including growth in capacity, tech integration, efficient management, decreased state monopoly, and revenue generation, which increased India's GDP.

Similarly to the airport privatization for efficient management and infrastructure, many developed and developing states adopt the process of airline privatization to gain more profit from this sector as (Czerny & Lang, 2019) identified the cause-effect of airline industry deregulation in US, BRITAIN, INDIA, AFRICA, EU AND ASEAN countries and explored that deregulation of this industry sector brought positive changes in many productive ways as it increased air service frequency, deduct fares, augmented passengers number with more robust competition. He further explained that the public ownership of many airlines exhibits significant losses due to which number of countries around the globe adopted privatization strategy, as government of Canada has been privatized Air Canada partly in 1988 and fully in 1989 because during state-ownership this airline brought significant losses due to unproductive capital growth, the privatization of Kenya airways initiated in 1996 which helped in preventing liquidation of company.

In the case of Argentina, the privatization of national flag carrier Aerolines Argentina showed how the corruption, malfunctioning of regulatory agencies and political influence make the process of privatization complicated as identified by (Czerny & Lang, 2019) that at the start of privatization process there were number of bidders but due to the inefficiencies in state' administration only one bidder left. Similarly, in the case of Pakistan, several sectors, such as power generation, automobile, banking, and many other industrial and power industries, have brought positive gains. Still, there are several inefficiencies in the state's administration regarding privatisation. This article critically evaluates the case history of PIA privatisation, with recent failed efforts of the state in privatising this airline due to weak leadership and flawed administration.

### Theoretical framework

This article will analyse, in the framework of general contingency theory, a leadership theory for a more comprehensive understanding of privatisation, in the context of post-colonial state Pakistan. According to this

theory, leaders critically examine the external and internal environment of the state, organisation, management, people's needs, and economic, social, and political structure for the success of the privatisation program. Contingency theory involves both primary and secondary variables as;

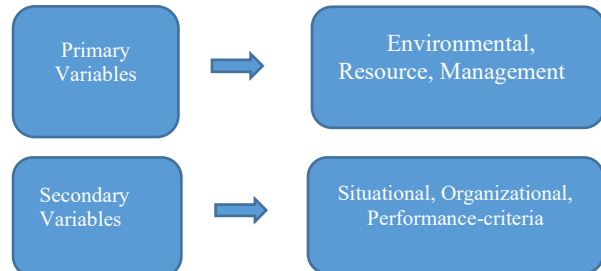


Figure 1: Variables

Source: Luthans, F., & Stewart, T. I. (1977). A general contingency theory of management. *The Academy of Management Review*, 2(2), 181–195. <https://doi.org/10.2307/257902>

In the context of the privatisation of PIA, the leadership must keep in consideration all factors to strategically highlight the causes behind the poor financial performance of PIA and make a decision whether it's better to privatise it or make some structural reforms by working on its governance factors through which it will exhibit profitable financial performance. In a neo-colonialism and neo-liberalism phase, the free-market economy is considered an essential source of survival for both developed and developing states. Privatisation is also a genesis of Western-oriented market forces in a globalised world. For its survival, Pakistan also follows the footprints of a liberal and free market economy by initiating the plan for a privatisation journey in 1991. Still, for the successful implementation of this program, there should be a prior examination of the environment.

### Journey of Privatisation: A chronicle of PIA

**Free-Market Economy in Pakistan:** In Pakistan's long economic journey, privatisation holds significant importance because of its lucrative returns. However, the whole process and positive results from privatisation solely depend on the functioning of state institutions. Since independence, the pre-planned economic strategies of the Pakistan administration have been in favour of privatisation to stand out well in the industrialised world for economic well-being. During the initial years, the government executed a plan to assist in the development of a liberal economy.

In the first five-year plan (1955-60) government administration had formulated the policy to consider public-private firms' cooperation, in which PIDC (Pakistan Industrial Development Cooperation) played

a pivotal role in enhancing privatisation and industrialisation in the country. In the next five-year plan (1960-65), several steps were taken to promote privatisation as import liberalisation or the execution of an investment program with a 15% decrease in public investment than the previous one (Sajid & Chaudary, 1996). The third five-year plan (1965-70) focused on private firms, with the prominent role of public firms in establishing the economy in agro-industrial sectors.

Since 1971, the government of Zulfikar Ali Bhutto had initiated a nationalisation program due to the slow progress of private enterprises. Despite liberalisation's "laissez-faire policy", Bhutto had adopted a socialist system with major nationalisation over the manufacturing and life insurance companies, food and financial sectors. This adoption of the nationalisation program was formulated to retrieve stockpiling, underground market activities, price fixation and adulteration. But again, the Zia regime adopted the privatisation policy and based its five-year plan (1978-81) on renewing private firms' programs.

In the next five-year plan (1983-88), the government was firm on the role of public firms in assisting private firms. New avenues of investment will open and create physical with human infrastructure for more profitable gains through cooperation in different sectors. In this phase, the share of investment with private firms increased from 29% to 44% in a few years. In the first phase of the 1980's government led to the enhancement of the operational efficiency of public firms. The Disinvestment Committee was formulated in May 1985 to monitor the decentralisation program of PIA, oil and gas companies.

**Revolutionary Years of PIA:** Though PIA was established and operated well as it was considered a role model by other states' aviation industries of Malaysia and Jordan. Historically, PIA proved as a thriving aviation industry of Pakistan due to its significant profit ratio, automation, computerisation, heavy machinery, management, its own catering companies and a sufficient workforce. The idea of the exemplary aviation industry was pre-planned before independence. Muhammad Ali Jinnah had planned to construct a separate airline for Muslims to become independent of the British Raj.

Orient Airways was inaugurated in 1946 and soon merged into PIAC (Pakistan International Airline Corporation), with OA's whole operation and assets associated with PIA. The national carrier of Pakistan brought foreign exchange and an avenue of revenue generation since the 1990s (Baloch et al., 1970). In the

1960s, PIA integrated an IBM and a high-tech aircraft fleet, which included Super Constellation 1950s, Boeing 720 in the 1970s, Airbus A320, ATR, with top-to-bottom proper infrastructure with training schools and in-house services. After the fall of Dhaka in 1971, it dreadfully affected the PIA's financial condition by reducing passenger traffic, which accounted for 25%. Dhaka was considered the busiest airbase of PIA. In the revival phase to success years under the administration of NurKhan from 1973 to 78, passenger traffic increased by 200% with revenues tossed nine times.

In the debate on the cultural depiction of PIA, it was considered liberal and cosmopolitan due to its well-trained staff, highly fashionable advertisements, and PIA crew members' uniforms, which were designed by French designer Pierre Cardin. PIA was both internationally and domestically renowned aviation industry. There was another milestone achieved by PIA internationally in the 1980s when PIA assisted Emirates in aircraft and trained pilots with delivering training to the Emirates' staff in Karachi. The profit rate of PIA averaged 10 billion in a year till the 1980s. At that time, the world's aviation was managed under a regulatory regime, with no foreign competitors. Since the 1990's strict laissez-faire economic structure was followed by the PML-N government, which initiated the initiative of "Open Skies Policy". Loss-making years in PIA can be divided into 1990-2002 and 2006-2023.

**Critical Years in PIA's Financial Performance and Structural Reforms Challenges:** In the 1990s, power struggles between two political parties, one PML-N and the other PPP a time frame of political instability, also termed as musical chairs. In this period, the privatisation efforts which were initiated in 1988 were led by the PPP government, who on the recommendation of N.M.Rothschild agreed on the share of PIA. With no further PPP government development in this, the Privatisation Commission (PC) in 1991, formulated by PML-N with the policy of a free-market economy, sold 10% share of PIA to the public without management control (Elahi et al., 2024). The open skies policy elevated the market competition, which directly suppressed the market share of PIA and its international image. The revenue generated through cooperation over time due to the following factors at both domestic and international levels in the years from 1991 to 2008 brought weak financial performance:

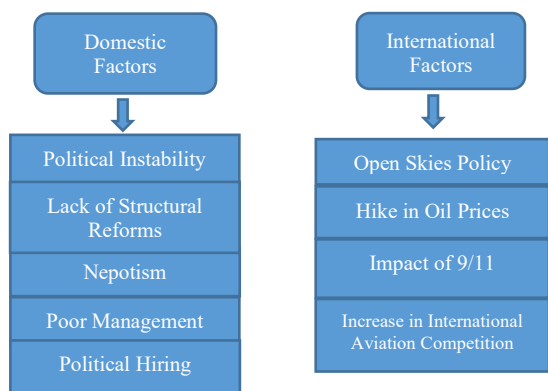


Figure 2: Domestic and International Factors

Source: Journal of Law, Policy and Globalisation [www.ijste.org](http://www.ijste.org)

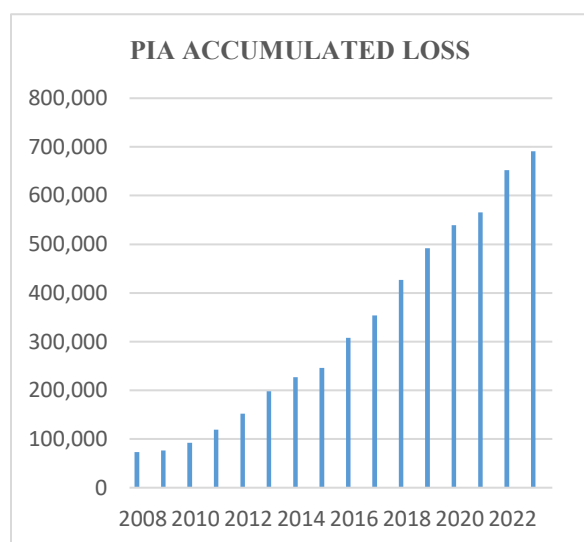


Figure 3: Financial reports of PIA from 2008 to 2023 show a consistent financial loss.

Source: <https://www.piac.com.pk/corporate/management/corporate-reports>

The accumulated losses in PIA over the last 16 years, as a result of previous reports, claimed that PIA lost 75bn at the end of the year 2023, with total liabilities of Rs. 825bn and total assets accumulating to Rs. 161bn (Recorder Report, 2024). The airline's CEO notified us that this national carrier will lose Rs 259bn until 2030 if it is not restructured or run on a PPP model (Our Correspondents, 2023).

- **Privatisation: A viable option for PIA?**

As privatisation of any industrial, service, or other sector brings both pros and cons, it depends on the type of

organisation, transparency in the process of privatisation, leadership skills and management same as in the case of privatising the national carrier of Pakistan (PIA). Due to the unstable financial performance of PIA, the experts suggested that this airline can again generate revenues if the government and stakeholders consider the option of Public-Private Partnership (PPP), structural reforms or privatisation by evaluating the needs of the organisation and the public (Balkhi et al., 2016). Privatisation of PIA is considered a viable option by many experts and stakeholders as it will increase efficiency, regulation, infrastructure and income generation.

Currently, 14% of PIA is handled by private ownership, and the other 86% is managed by the president, directors, and executive officers. The government's autonomy in PIA made it an unprofitable organisation as it had to invest Rs 456bn every year in PIA, making it a burden on government revenue. The service delivery and management of PIA, if compared with international airlines like Japan, Singapore or Turkish, the main fault line lies in the governance of PIA. State-owned enterprise PIA faces critical issues of corruption, over-staffing, low service quality, poor management, political interferences, fake pilot licenses, crew missing and poor governance, which can only be corrected through privatisation as a privately owned enterprises efficiently handle management and financial conditions.

With the recent experience of PIA privatization process in which on the minimum demanding money by government was around Rs.85bn but the bidding company offers only Rs.10bn for 60% share of PIA due to current liabilities, deteriorating management and financial conditions of PIA- as in 2013 and 2016 government failed to implemented the plan of privatizing PIA (Riaz, 2016)). A regulatory framework and prior rigorous evaluation are needed for proper implementation. Learn from the progressive privatisation journey of many developed and developing states, which successfully turned loss-making SEO's into profitable corporations.

- **Structural Reforms in PIA: Possible or not?**

Number of state-owned airlines like Singapore, Emirates, Fly Dubai and many others running successfully due to "competent leadership which makes the right decision at the right time". This narration claims that the people at the top make the organisation successful or fail. But Pakistan is not an exception in this, as the story of Air India also portrays how the lack of timely structural reforms made the world's best airline, Air India, a financially struggling corporation, as at the end of 2022, the accumulated loss of Air India

reached Rs. 700bn (Shokeen et al., 2021). Structural reforms involve a detailed operational, technical, financial and workforce restructuring, which can only be possible under competent leadership by considering all external and internal factors. Strategic structural amendments in PIA are needed, which can be implemented by reversing the corporate governance of Pakistan International Airlines Corporation Limited, which was adopted in 2002. Still, due to mismanagement, this cooperative governance now lacks a sound regulatory framework.

In structural reforms, the following areas of concern are the government's failure to make timely improvements in the PIA.

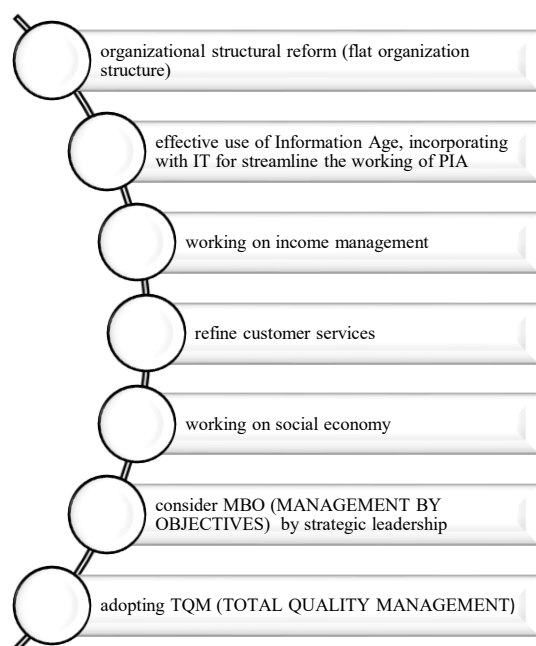


Figure 4: Areas where structural reforms are required

Source: <https://e-research.siam.edu/wp-content/uploads/2023/09/HE-TING-MBA-2022-IS-An-Assessment-of-How-to-Achieve-Competitive-Advantage>

Structural reforms in PIA need to refine all these grass-root level changes for effective management of the national carrier, otherwise the government need to negotiate with private ownership for shareholding or complete privatisation to save this airline from the brink of bankruptcy.

**Public-Private Partnership (PPP): A more suitable option?**

This model allows contractual public-private partnerships to efficiently handle a particular enterprise's services and infrastructure to generate revenue. Suppose the government is unwilling to manage the structural reforms or privatisation process properly. In that case, PPP comes to the rescue to provide services with mutual consultation of the public and private partnership. PIA can also run on a shareholding process in which the government can hold half the shares of PIA. In contrast, the rest of the management will be run by private ownership, as China also adopted this model to lower the local fiscal burden to build economic infrastructure. In the 21<sup>st</sup> century, the NEW PUBLIC ADMINISTRATION (NPA) theoretical framework is used to restructure the whole public organisation through an efficient business approach and PPP as a contractual management model. In PIA, this framework can be implemented for profitable results. In a PPP model, the following steps can be undertaken to streamline the process of SEO to fully privatization according to this pipeline:

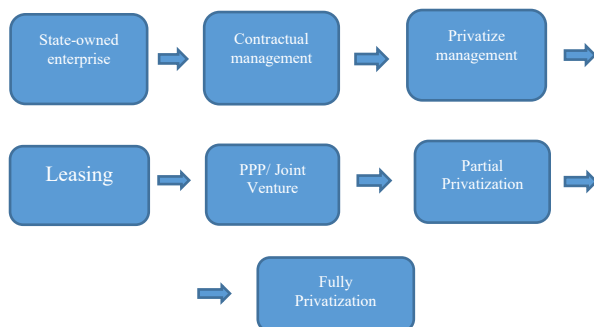


Figure 5: Privatisation model through PPP

PIA's financial and structural loss can be refined through a rigorous PPP model by adopting different partnership models (BOT, TOT, ROT, O and M). As these partnership models of BOT (build operate transfer), TOT (transfer operate transfer), ROT (rehabilitate operate transfer), and O&M (operations and maintenance) enhance the multiple ranges of options for the government to rectify the mismanagement and ineffectiveness of public assets while applying different PPP models.

**Analysis and Discussion:**

A critical examination of the elevated and declining years of PIA shows a persistent lack of a regulatory framework and policy implementation by the government. Politicisation is involved in the process of PIA's privatisation instead of a robust macro-economic framework, which makes the privatisation or structural

reforms an arduous task. The “open skies policy” initiated in 1990 is considered the leading cause in the devastation of PIA, as it opened space for international airlines, which increased international competition and resulted in the downfall of PIA (R. Doganis,2006). Since then, the major pitfalls inaugurated in PIA include: corruption, political hiring, political engineering, low revenue production, managerial issues, over-staffing, old fleets, internal union conflicts and lack of reforms. Over the last many years, different governments have initiated a plan of privatisation of PIA due to its deteriorating financial and structural condition, but every time this matter got politicised, as recently in October 2024 again, the plan of privatisation of PIA failed due to several operational and coordination inefficiencies. The contingency theory also elaborates that the leadership should consider all the environmental factors before initiating any privatisation plan for this highly mismanaged PIA asset due to a lack of timely strategic decisions. As some of the required environment setup is mentioned below for the actualisation of the progress of any developmental model;

- A thorough testing of privatisation, structural reforms, and PPP exhibits a number of policies that can be implemented by the government if the regulatory setup is transparent. In the privatisation process, 2013, 2016, and again in 2024, failed attempts of governments to privatise PIA showed the number of loopholes persisting in the whole generation of privatisation policy. If closely analysed, it can be predicted that due to PIA’s current 75bn financial loss, it doesn’t attract any private enterprise.
- The current decay of PIA transparently requires structural reforms by the government to reduce financial loss and structural deficit in PIA. Then, properly formulate a policy of privatisation and earn revenue by efficient management of private ownership.
- Both privatisation and structural reforms can also be accommodated in the PPP model, as many developed and developing states have adopted the PPP model, which is efficiently handled by a contractual partnership of the public and private sectors. This model allows the government to retain control in collaboration with a privately owned company through a shareholding method. Suppose the PPP model is adopted in PIA. In that case, it will generate revenues through a 50% share of the government and management control under

any private ownership, which can remove all the mismanaged practices from PIA.

This article critically analysed the historical and current debates on PIA relating to its financial and operational management and studied the following cause-effect variables involved in the privatisation process, extracted from the case studies of different states.

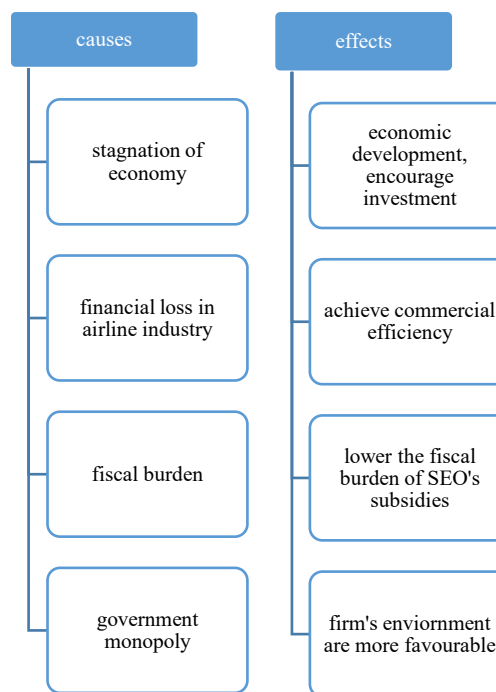


Figure 6: Cause-and-Effect Variables Involved in the Privatisation Process

### Conclusion

In conclusion, a detailed discussion on privatisation, structural reforms and PPP in the context of PIA, along with a study of other states’ variables, provided a nuanced understanding of the case study of PIA. In the context of contingency theory, external and internal contingencies, including political leadership politicisation and internal corrupt organisational culture, should be resolved with the help of gradually applying a suitable privatisation or PPP model. Since the inception of Pakistan, the GOP (Government of Pakistan) has experimented with different business or economic models to generate revenue in a streamlined manner. Still, it lags behind many South Asian states, including Bangladesh or India. The current GDP of Pakistan stands at \$374.6bn, Bangladesh at \$451bn, and India ranks at \$ 3.41 trillion, which prominently shows the framework of economic regulations adopted by these states, in which Pakistan lags behind many economic

indicators. Due to a lack of legal and structural framework, Pakistan consistently failed to implement any of the economic models efficiently, neither socialism nor liberalism, which is due to the number of fault lines and the consistent factor of elitist capture. In the case history of PIA, both the government and internal polarisation of this cooperation have failed the whole process of economic reforms in PIA. A sector once holding several resources and revenue immediately falls into decline since the unorganised policy framework of the liberalised economic model has been initiated. While the government successfully implemented the privatisation in the banking sector, with 77% of banks running on private ownership by 2004, it faces a huge dilemma in privatising defence, energy and transportation, as it requires more rigorous analysis of all external and internal factors by leadership. PIA, a national pride now considered a national burden which needs structural reforms as soon as possible. Since the plan of privatisation was initiated in PIA, it quickly failed due to an unstable political environment and a lack of long-term policy implementation in Pakistan. Pakistan, still in the 21<sup>st</sup> century, remains in the position of epistemic marginality due to lagging behind many development indicators of socio-economic indexes. In this phase of globalization and 5<sup>th</sup> industrial era each developing and developed states running through the integration of economies, this high-level of integration requires states to somehow lessen their monopolies and allow the successful models of privatization, PPP, NPA, NPM for the efficient transformation in the domain of public administration as now it's the reality of this highly inter-connected global market. In which states do their economies run on the business-oriented approach, which generates more revenue and streamlines their economies? In PIA, many options exist, but due to the lack of political will and a strong investment environment, this cooperation has to bear the burden of financial loss in upcoming years too, if the coordination gaps keep accelerating among different government departments and organisational management.

### **Policy Recommendation:**

#### **PIA Privatisation Committee (PIAPC)**

The GOP should consider the option of formulating PIAPC, which includes the specific stakeholders, PIA executive staff, and interested privatised firms' holders. This committee will specifically work on the transformation of PIA without any political or legal hindrance, which ensures transparency in the privatisation process of PIA. This committee will impartially identify all loopholes existing in the

privatisation process of PIA and implement a policy for the restructuring of PIA.

### **Thriving External Investors**

Leveraging external investors in all states' sectors by creating a favourable environment for investing companies. A stable investing environment thrives with more external investors in Pakistan, but it mainly requires reforms in political and socio-economic dynamics to reduce bureaucratic hindrance in any investment program. Attract investment opportunities from the Indian business circle, Russian and Chinese investors by creating a streamlined FDI climate at home and presenting a highly competitive image internationally. This will not only attract capital flows but also bring with it highly managerial strategies, advanced technology and economic modernisation. By ensuring this innovative approach, the hurdles involved in privatising PIA will also lessen and bring profitable results.

### **Structural Reform Bill**

Despite Privatisation Commission Ordinance 2000 (PC), which holds a strong legal structure but still lacks effective implementation of privatisation plans, effectively. Pakistan as a whole needs to establish the Structural Reform Bill, which includes transformative changes in deregulation policies, amendments to strategic structural reforms in major economic hub sectors, and approval of small investments. This will attract FDI and streamline the process of monetary policies.

### **Strategic Analysis**

The federal government needs to reconsider the strategic and long-term planning of Pakistan's economic activities. The unstable political and social environment undermines the successful implementation of economic policies, which requires a grassroots-level analysis of the issue and then working on its implementation. In the case of PIA, the government failed to effectively execute the planning of financial and structural reforms due to a lack of grassroots-level analysis of PIA's internal and external environment.

### **Pre-Post Privatisation Plan**

The government should skillfully monitor the pre- and post-privatisation after-effects and their compliance with the required goals for the successful implementation of the privatisation plan. The prior testing phase holds a significant position in the execution of economic reforms, and its post-testing also ensures the structured implementation as per desired results.

### Inject the Advanced PPP model.

Instead of selling off PIA, the government should institutionalise an advanced PPP model that not only increases management efficiency but also encourages foreign investment. China, Uzbekistan, India, Bangladesh, and many other developed and developing states adopt efficient PPPS by rigorously analysing macro (socio-economic & legal needs) and enterprise-level (commercial approach) factors.

### Radical Transformation in Public Administration

The Federal Government should adopt a dynamic approach to Public Administration by incorporating new scientific approaches of NPA and NPM in handling and executing public needs more holistically. This paradigm shift will prominently streamline the privatisation process in Pakistan.

### Pakistan Aviation Industry Bureau (PAIB)

PAIB should be established to monitor the efficiency of Pakistan's whole aviation industry, implement timely structural reforms according to the entity's needs, and align with international competition. This would ensure revenue generation and enable the industry to thrive in the international market through organised airline services.

### Corporate Governance in PIA

CG should be incorporated into PIA to ensure transparency and effectiveness in this national carrier. This governance model will also help identify the contributing factors in PIA's failed privatisation journey and execute a transparent system for converting it from a poorly managed entity to a profitable one.

These recommendations will be helpful for ministries, stakeholders, and PIA officials to reconsider the process of privatisation in general and specifically for PIA's restructuring.

### References

- Amess, K., Du, J., & Girma, S. (2009). *Full and partial privatization in China: The labor consequences*. SSRN. <https://doi.org/10.2139/ssrn.1448550>
- Awal, M. (2020). Privatisation in Bangladesh: Challenges and opportunities. *Journal of Public Administration*, 2(1), 11–23. <https://doi.org/10.22259/2642-8318.0201002>
- Balkhi, S., Sauman, Khan, H., Jawed, A., & Khan, H. (2016). 14th International Conference on Statistical Sciences: Theme: Statistics for Better Decision-Making and Development (pp. 443–452). *ISOSS*.
- Baloch, Q. B., Jamshed, J., & Zaman, G. (1970). Enhancing service quality & reviving competitiveness of Pakistan International Airlines. *Abasyn Journal of Social Sciences*, 7(2), 346–359. <http://ajss.abasyn.edu.pk/article?paperID=115>
- Czerny, A., & Lang, H. (2019). *Privatisation and deregulation of the airline industry*. SSRN. <https://doi.org/10.2139/ssrn.3469449>
- Doganis, R. (2006). *The airline business* (2nd ed.). Routledge.
- Elahi, N., Sultan, S., & Ariff, M. (2024). *Privatisation in Pakistan: History, reforms and way forward* (p. 65). National School of Public Policy.
- Kikeri, S., Nellis, J. R., & Shirley, M. M. (1997). *Privatisation: The lessons of experience*. World Bank.
- Kwaghe, Z. E. (2021, June 10). A history of privatisation: The global perspective. Research Gate. [https://www.researchgate.net/publication/352297050\\_A\\_History\\_of\\_Privatisation\\_The\\_Global\\_Perspective](https://www.researchgate.net/publication/352297050_A_History_of_Privatisation_The_Global_Perspective)
- Naeem, A. (2024, April 4). Issue brief on “Privatisation of Pakistan International Airlines (PIA).” *Institute of Strategic Studies Islamabad*. <https://issi.org.pk/issue-brief-on-privatisation-of-pakistan-international-airlines-pia/>
- Our Correspondents. (2023, August 9). PIA may suffer Rs112b loss this year, CEO. *The Express Tribune*. <https://tribune.com.pk/story/2430150/pia-may-suffer-rs112b-loss-this-year-ceo>
- Pasha, Y. (2022, June 8). The role of privatization in stabilizing the economy of Pakistan and its after-effects. *MPRA Paper*.

- <https://ideas.repec.org/p/pramprapa/116388.html>
- Phuyal, M. (2024). Challenges of airport privatisation in India. *Research Gate*, 54–72. <https://doi.org/10.9734/bpi/bmerp/v5/2343>
- Recorder Report. (2024, August 27). Posted Rs75bn loss in 2023: PIACL liabilities rise to Rs825bn with Rs161bn assets. *Business Recorder*. <https://www.brecorder.com/news/40319463>
- Riaz, H. (2016). *Research brief: The gambit of the privatisation of PIA*. Centre for Strategic and Contemporary Research. [http://cscr.pk/pdf/rb/RB%20\\_PIA.pdf](http://cscr.pk/pdf/rb/RB%20_PIA.pdf)
- Sajid, M. A., & Chaudhary, A. R. (1996). Historical development of liberalization since 1947 in Pakistan. *Pakistan Economic and Social Review*, 34(2), 179–192. <https://www.jstor.org/stable/25825145>
- Shokeen, R., Ram, N., & Ruwali, P. N. (2021). The fall of the world's best airline: A case study of Air India. *Research Gate*, 7(12), 90–96. <https://www.researchgate.net/profile/Naveen-Ram-2/publication/360189224>
- Tan, J., & Zhao, J. Z. (2019). The rise of public–private partnerships in China: An effective financing approach for infrastructure investment? *Public Administration Review*, 79(4), 514–518. <https://doi.org/10.1111/puar.13046>
- Yarrow, G., King, M., Mairesse, J., & Melitz, J. (1986). Privatisation in theory and practice. *Economic Policy*, 1(2), 323. <https://doi.org/10.2307/1344560>