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Corporate Governance Laws And Their Impact On Startup Growth And Business Sustainability: A Comparative Study Of Pakistan And The Usa

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	Abstract
<p>Shahzad Khalid Doctoral Researcher, Brunel University London shahzad.khalid@brunel.ac.uk</p> <p>Muhammad Tahir Saleem MBA, University of Central Punjab, Lahore, Pakistan tahrsaleem007@gmail.com</p> <p>Tahir Mahmood LLM, University of Lahore (UOL), Lahore, Pakistan tahirnawaz222@gmail.com</p> <p>Gouhar Ali LLM, University of Lahore (UOL), Lahore, Pakistan aliadvocate.hc@gmail.com</p> <p>Najam Ali LLM, University of Lahore (UOL), Lahore, Pakistan advocatenajamali@gmail.com</p> <p>Hijab Batool LLM, University of Lahore (UOL), Lahore, Pakistan hijabbatool570@gmail.com</p>	<p>Corporate governance laws play a major role in the development and survival of startups, and this paper examines these laws in Pakistan and the United States, how various rules are followed, how government policies are implemented, and what all that means for startups operating in other types of economies. It reveals that in places with strong corporate governance systems, people ensure the rules are followed, and, in this case, it helps secure funding, build investor trust, and make sound decisions about the future, which is very important for startups to grow. But when the rules are unclear or not followed, it causes problems that stop businesses from growing larger and lasting longer, which is why this is an important area of study. The findings provide insights into the importance of strengthening corporate governance laws, particularly in countries where the economy is only growing, so that they can support new ideas, attract investment, and help businesses perform better in the long term. This research provides further insight into the importance of strengthening corporate governance laws in these countries, where the economy is only growing, to support new ideas, attract investment, and help businesses perform better in the long term. Corporate governance laws play a significant role in how new businesses can grow and survive in the long term, particularly in countries such as Pakistan and the United States. It compares the two places to understand how they influence them and their rules, how much help they get, and whether technology is playing a good role in all this, which is not without its difficulties. This study uses a qualitative approach to compare how companies are managed, the rules they must follow, and what these differences mean for startups in very different financial situations (Khan & Lee, 2023). They find that when there is a strong system of governance, it makes it easier for businesses to raise money, investors feel more confident investing, and day-to-day operations remain steadier, and so on. But then, if the rules are not enforced well or there are missing parts in the regulations, it stops businesses from growing, and many people are affected by this every day. This study clearly shows that we need to strengthen governance rules to help new ideas emerge, attract more investment, and keep new businesses around for the long term. This is very important for our future. There is still much work to be done in this area to improve things.</p>
Keywords:	Corporate governance laws, startup growth, business sustainability, comparative study, Pakistan, United States



1. INTRODUCTION

Corporate governance has always been a serious consideration in how companies operate, particularly for new companies, where how they plan, who is in charge, and how money is used all play an important role in whether they will live or die. More recently, people have been considering how their corporate governance laws affect not only large companies but also smaller, newer companies that face many unknowns and have limited resources. Corporate governance rules differ greatly between developed and developing countries; in developed countries, they are often stronger, more explicit, and more strictly enforced, whereas in developing countries, they may be weaker and vaguer, and do not help companies last as long.

Pakistan and the United States compare well because their rules are so different. The United States must work with a very old legal system that has strong oversight, rules governing corporate values, and mechanisms for getting money to start businesses. We can only guess. The central question this study investigates is the extent to which corporate governance laws influence startups and whether businesses can thrive under different regulatory regimes. Other studies have investigated rules and how companies generally perform under them, but no one has specifically studied how these laws apply to startups and which types of rule regimes they are best suited for, between developed and emerging economies. The main goals of this research are three: first, to examine the corporate governance rules in Pakistan and the United States; second, to assess how they affect startup growth and whether they remain effective; and third, to identify the main problems and opportunities in each system. By examining these goals, the study aims to provide a clear understanding of how rules shape the outcomes for businesses across different economic contexts. Awareness and responsibility are key.

The significance of this study is that it provides them with what they need in schools and to those who make the actual rules. For scholars, it provides a means to compare and improve books on corporate governance and new businesses. And as far as those people who make the rules and watch over things are concerned, the study offers ideas on how to improve the rules so that the places where start-ups are located.

2. Literature Review

Corporate governance plays a significant role in how companies operate and in the duration of their operations, and we must consider what others have already said about this, which comes with its own difficulties. This section examines important studies from countries such as Pakistan and the United States, aiming to identify what we still do not know so we can build on them in our own study.

2.1 Corporate governance in Pakistan

Corporate governance in Pakistan has been evolving significantly recently, with efforts to make processes more transparent and equitable and to make people feel more comfortable. This has many implications, as they explain. First, they say that even though the corporate governance structure in Pakistan has improved, there are still issues with rule enforcement and a lack of assistance for companies. Ahmad and Yousaf (2025) examine the specific impact of rule problems on the survival of new companies in Pakistan. They believe unclear rules, inconsistent enforcement, and a lack of transparency in access to money may cause this. Nevertheless, changes in governance, such as independent directors on boards, stronger shareholder protections, and greater disclosure, have begun to make things a bit better for new companies.

2.2 Corporate governance in the United States.

The United States provides a more diverse set of governance structures that are very clear, well-monitored by rules, and have clear ways to ensure things are done, and it is a place where new companies can more easily raise money for their ideas. OECD (2023) also points out that old governance structures in the U.S. make things much more stable to work and help people follow the best ways of doing things, and that Brown and Martinsson (2024) see the relationship between corporate governance and new ideas in US new company, and that it is clear that good governance ways it is connected with making big decisions, giving out resources, and long-term lasting growth, which is quite significant to our further. Zahra and Wright (2024) also say this, indicating that it is evident that good governance ways it.

2.3 Governance, Performance, and Start-Up Growth

They discover that many studies have explained the relationship between corporate governance and the degree to which new companies expand and how well businesses perform, even in new markets where institutional support may be limited. Hussain and Akbar (2023) point out that the relationship between corporate governance and the survival and

success of new companies is evident in many cases. When comparing new firms in new locations, they tend to grow more quickly, find funding more easily, and maintain stable operations. However, new firms in new markets encounter difficulties with gaps in the rules, weak enforcement, and a lack of consistent institutional support, which can prevent them from growing large and developing new ideas. There is still much to be done.

2.4. Technology and sustainability of operation

Along with rules and institutional factors, the better the technology is, the more it helps new companies survive, particularly in tough times. Qazi (2025) highlights the importance of robust digital systems, self-management tools, and ways of working in keeping businesses afloat, especially during challenging times.

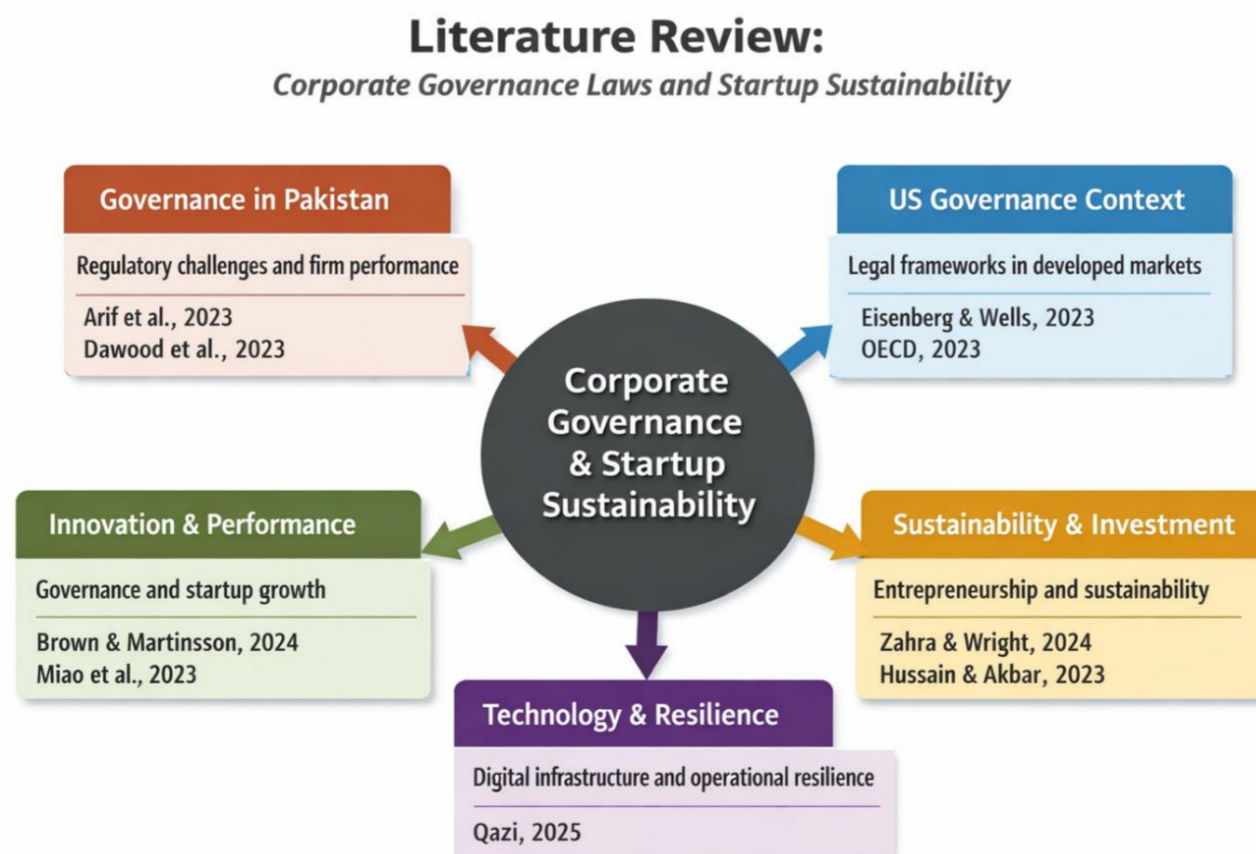
2.5 Overview of gaps and implications.

They read texts and inspect some very important things:

- ✓ They have brought about governance changes in Pakistan that have improved corporate oversight, but new companies continue to experience issues with rules and money.
- ✓ The US system of governance provides powerful institutional assistance, and the new company development and sustainability have improved.
- ✓ Governance is closely connected to how well a company does, getting money, and having new ideas.
- ✓ Use of technology: It is increasingly important that operations are robust and that they endure over time.

Despite this discovery, few studies directly relate governance laws to the rise of new companies and their sustainability in both developed and emerging economies. This study seeks to address this gap by examining the framework and mechanisms by which the governance structures of Pakistan and the United States differ in their influence on the emergence of new companies and their sustainability. More studies should be conducted in this field.

Graph Concept: Corporate Governance Impact on Startup Growth & Sustainability





Short note on the graph:

This study examines how Pakistan and the USA differ in how businesses and startups operate, including how strict the rules are, how easily they can access funding, and how long they can remain viable [graph note]. It shows that the USA is better in all these areas, while Pakistan is at medium or lower levels, and this affects people in many ways.

3. Methodology

This paper will compare two countries to determine how their corporate governance laws affect startup development and business survival in Pakistan and the United States, as is usually the case. The way they do it is to examine the structural and functional differences in how they establish governance and what that means to whether they do well as entrepreneurs.

3.1 Research Design

A comparative case study method is used to discover and examine variation in how corporate governance is constructed and what it does in these two countries, a significant theme. This type of design lets us learn, at a deeper level, how those rules and the backing of groups influence people's adherence to them; it also alters what happens to startups in various legal and financial contexts.

3.2 data sources

The research relies on data that they have previously gathered:

- ✓ Scholarly journals and their research papers (such as those accessed in the literature review)
- ✓ Reports by these groups, which issue rules and international groups (such as OECD)
- ✓ Corporate governance principles and the legal frameworks issued by the government and professional groups.

The combination of their peer-reviewed articles and official reports ensures data quality, and it is reasonable to consider them jointly.

3.3 Population and Sample

A specialized method is used to select corporate governance policies, rule reports, and studies that directly address how startups grow, how long they can survive, and whether they are legally enforceable. This approach is applied in both the startup environments in Pakistan and the United States. More research should be done in this area.

3.4 Data Collection

Ways it gathers information through it:

- ✓ A methodical search of journal articles and reports.
- ✓ Removing the significant governance indicators, regulations, and metrics to gauge the duration of things that are important to startups.

3.5 data analysis

A thematic content analysis is done to locate those things:

- ✓ The degree of strong and weak governance of each country.
- ✓ Love: What occurs when laws of governance influence the performance of startups, their development, and their longevity?
- ✓ What are the differences when you compare them, and how does that impact their entrepreneurial ecosystems?

Then they take the principal points they have and form the foundation of discussing it and drawing conclusions, etc.

3.6 Validity and Reliability

To ensure validity, only articles reviewed by other experts, official reports, and other credible sources are considered. They code these themes systematically and use multiple sources to verify the findings, which presents numerous challenges.

Table 1: Summary of Research Methodology

Component	Description
Research Design	Comparative qualitative case study analyzing corporate governance frameworks in Pakistan and the USA.
Population & Sample	Governance policies, regulatory reports, and startup ecosystems in both countries; purposive sampling of relevant studies and reports.
Data Sources	Academic journals, government reports, OECD publications, and corporate governance guidelines.
Data Collection	Systematic literature review; extraction of governance indicators, regulations, and sustainability measures.
Data Analysis	Thematic content analysis to identify governance strengths, weaknesses, and impact on startup growth and sustainability.
Validity & Reliability	Use of peer-reviewed and credible sources; systematic coding; triangulation across multiple data sources.

4. Results

Corporate Governance laws make a huge difference in the ability of new businesses to grow and to last long in places such as Pakistan and the United States. Three key things we found in other studies: the strength of the rules, how easy it is to get money, whether people are willing to invest, and whether the business can survive even when things are difficult.

4.1 Regulatory Enforcement Strength

Regarding how they ensure adherence to the rules, there is a significant contrast between Pakistan and the U.S. In Pakistan, they have attempted to make the rules of governance more rigid, with some modifications, yet this still does not ensure that the rules are followed correctly, and the organizations that should be acting on this do not always have the power or the people. Many new businesses are left hanging, waiting to buy. In the U.S., there is an older system of rules that ensures corporate governance laws are really followed. New businesses in the U.S. have clear rules, strong oversight groups, and effective ways to protect their shareholders. This is very important for our future.

4.2 Access to finance and investment confidence.

Governance laws directly influence whether new businesses can access funding to grow. In Pakistan, new businesses are unlikely to access official funding. In fact, the system is not very clear, financial reporting checks are weak, and investors have doubts about it, which is likely to lead to many problems. In the U.S., new businesses operate in an environment where investors are very confident in them. Financial information is scrutinized strictly, and there are support groups they turn to to raise money, grow rapidly, and expand. So, U.S. new businesses tend to grow more quickly and last longer.

4.3 Resilience and Sustainability in Operations

How well a business can survive when everything is difficult is called operational resilience, and it is affected by the existence of governance legislation and the amount of technology they employ. Even though governance changes and business rules provide some framework support, operational issues, such as no adherence to rules and insufficiently skilled individuals, limit the time they have.

U.S. new businesses, nevertheless, demonstrate high levels of operational resilience. Good governance systems, access to advanced technology, and strategic support systems enable new businesses to adapt rapidly as the market changes, remain compliant, and sustain long-term growth. The use of technology in governance processes.

4.4 Comparative findings

The comparison represents them in the line of things:

- ✓ U.S. new businesses always do better than Pakistani new businesses in all three ways in which we examined how governance influences things.
- ✓ How strongly the rules are followed in the U.S. provides a stable platform on which new businesses can evolve, whereas in Pakistan, it remains different due to loopholes in the rules.
- ✓ Getting money, they are closely associated with clear governance; U.S. new businesses are the ones that get high investor confidence, but the problem lies with Pakistani new businesses, which are the ones that get hit roughly every day by this.
- ✓ Operational resilience improves alongside technology, supported by governance that is more advanced in the U.S. case.

This is what they affirm: that good corporate governance laws, which ensure that rules are adhered to, and the application of technology within these systems, really matter and determine how new businesses will be and whether they can stick around in the long run.

Table 2: Comparative Results of Corporate Governance Impact on Startups

Indicator	Pakistan (Level)	USA (Level)	Key Observations
Regulatory Enforcement Strength	Medium	High	Enforcement gaps in Pakistan limit compliance; the U.S. has clear, consistent regulations.
Access to Finance / Investment Confidence	Medium-Low	High	Pakistani startups face funding challenges; U.S. startups benefit from high transparency and investor trust.
Operational Resilience / Sustainability	Medium	High	U.S. startups leverage governance and technology to maintain continuity; Pakistani startups are moderately resilient.

This table shows how governance affects new businesses in two different places and makes clear that when there are good rules and systems, these businesses tend to grow better and for longer, as often happens.

5. Discussion

Corporate governance laws actually do change how startups grow and whether they can be sustained in the long term. In Pakistan, efforts to make things more transparent are underway, but enforcement issues make it difficult for businesses to grow. Studies show that in America, there is a very organized way of doing things, which helps keep things clear, holds people accountable, and supports good planning. They also come up with new ideas, can access big money through venture capital, and can last longer, and this is very important to our future.

How money decisions are made actually changes with how governance is done. Miao et al. (2023) found that startups with clear governance rules get money more easily and spend it more wisely, which is important for staying big. Hussain and Akbar (2023) say that governance directly shapes how you invest, how you distribute profits, and how you use. Also, technology and how well operations are run are important factors that accompany governance rules and cannot replace a good, followable law. So, combining technology with good governance practices is important for startups that want to grow sustainably in both places. Awareness and responsibility are key.

The comparison shows that corporate governance laws both assist and impede startups. In Pakistan, rules and systemic issues make it difficult to grow and sustain. Still, the U.S. system helps startups perform better because it also has rules, trust in money, and even steady operations. There is much more to be done.

In general, this discussion focuses on improving corporate governance rules, particularly in emerging economies, which can significantly affect the functioning of the startup ecosystem. Better, more permanent, and transparent rules are needed, and business people should rely on governance as an intelligent instrument to build trust and ensure robustness. The combination of corporate rules, funding, sound operations, and computer systems ultimately determines whether startups can sustain themselves.

6. Conclusion

This work demonstrates that corporate governance rules contribute significantly to startup growth and business survival, particularly when comparing new and old economies. The results indicate that good rules, when well followed, with effective oversight, strong operations, and long-term planning, make businesses better at generating new ideas and getting them. But still, governance conditions in Pakistan, although they may have improved with some reforms, still have large issues that affect start-ups. The lack of adherence to rules, lack of financial transparency, and shareholder entitlement cause investors to lose trust and find it hard to raise money, which halts growth and makes them bigger. Rule problems can make it hard to make smart plans and improve operations. It makes it hard to study. It also says that it is not enough to have governance, computer systems, and operational systems. They help keep startups performing well, as Qazi (2025) points out. Strong digital systems, automated operational tools, and organized management practices help startups address market and regulatory challenges. Startups that put governance rules with strong operations are better placed to keep things going, handle risk, and last longer. Even in some places, the evidence suggests that corporate governance is a major driver of new business growth in rich countries and a partial problem in emerging economies. The smart reasons here are clear: in new markets, they will have to work actively with governance types to operate more clearly and have help from large groups available to them, creating a strong system of startups that can grow over a long period.

Finally, the results help clarify the influence of governance laws on new business systems across various economic conditions. One can find that rules keep the governance situation small and short-lived, and that the situation can improve as business people, investors, and rule-makers work toward a better understanding of the linkage between inside and outside ways of doing things and governance rules.

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