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Bridging the Accountability Gap: Corporate Prosecution and Institutional Challenges in Pakistan

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ABSTRACT

This paper offers a thorough and nuanced exploration of the legal, economic, and regulatory foundations that justify the prosecution of publicly listed companies in Pakistan. It argues convincingly that robust corporate prosecution (CP) transcends mere enforcement. It is a vital pillar of contemporary corporate governance, crucial for deterring complex white-collar crimes, protecting investor interests, and maintaining public trust in capital markets. Utilizing a doctrinal and comparative approach, the studies critically examines the normative basis for holding listed companies criminally liable, analyze the performance of present prosecutorial and statutory frameworks, uncovers structural, institutional, and normative shortcomings within Pakistan's corporate regulatory system. By drawing on international best practices and comparative models, the article proposes contextually tailored reforms designed to improve prosecutorial consistency, bolster regulatory enforcement, and align Pakistan's corporate accountability standards with global benchmarks of market integrity and good governance.



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1. Introduction

Corporate prosecution has become a vital component of contemporary regulatory systems, especially in jurisdictions where publicly listed companies hold substantial economic and societal sway. In Pakistan, where stock exchanges are central to capital development, the enforcement against corporate entities, particularly those that are publicly listed, has gained paramount significance. This article explores the essential role of enforcement proceedings against listed corporations in Pakistan and delves into its wider impact on legal accountability, investor assurance, and market fairness.

2. Why Corporate Prosecution in Pakistan is necessary?

Corporate prosecution is instrumental in cultivating accountability, discouraging misconduct, and upholding the highest ethical standards within the business environment. In Pakistan, where the economy is increasingly intricate and dynamic, a resilient and well-structured system of corporate enforcement is crucial for tackling pressing concerns like corporate corruption, compliance-based breaches, embezzlement, and stock price rigging. Despite these imperatives, obstacles remain, including implementation shortcomings and legal system backlog. That is widely recognized that establishing a comprehensive and robust mechanism for corporate enforcement is vital for promoting reliable corporate control. Such type of framework not only acts as a formidable deterrent against white-collar crimes but also protects investor interests and bolsters public confidence in the capital markets, ultimately fostering sustainable economic growth.

1. While much of the existing research has primarily concentrated on the realms of financial and political corruption, a significant space persists in evidence-based investigations centered on the fundamental principle of responsibility. A thorough analysis of national and international scholarly works highlights this inadequacy (Noor, 2009). While tackling financial corruption remains a vital priority, it is essential to recognize that accountability is an inherently intricate and multifaceted concept. Its comprehensive nature demands a nuanced and holistic approach when formulating national frameworks, ensuring that all dimensions are thoughtfully addressed. This paper adopts an academic lens to explore the concept of accountability (Imran et al., 2023), providing valuable insights into how the vital principle that "every individual is answerable to a higher authority for their actions" can be effectively integrated into the national framework of accountability policies in Pakistan. This approach endeavors to nurture a more comprehensive and influential integration of responsibility throughout the state's societal, value-based, occupational, juridical, fiscal, and public-sector.

The imperative for corporate prosecution of listed companies in Pakistan is underscored by several compelling legal and institutional considerations. Primarily, Pakistan's legal framework for prosecuting corporate entities is anchored in a series of comprehensive statutes, notably the CA, 2017, the Securities Act of 2015, as well as sector-specific legislation such as the NAB Ordinance of 1999 and the AMLA of 2010. These statutes collectively bestow upon authorities the authority to commence simultaneously indictable, statutory actions, initiated against business entities. As per company law which explicitly authorizes criminal proceedings against commercial organizations incorporated bodies pertaining to offenses committed by those acting under corporate authority, thereby strengthening corporate accountability and underscoring the importance of responsible governance. Nonetheless, the practical enforcement of these provisions faces significant challenges, including systemic weaknesses, limited resources, and susceptibility to political influence. Although the SECP possesses the power to investigate and impose penalties for regulatory violations by listed companies, its prosecutorial capacity is often hampered by questions of independence and technical expertise. Therefore, strengthening the legal and institutional framework for corporate prosecution is vital to ensuring transparency, accountability, and integrity within Pakistan's corporate sector.

1. Secondly, listed companies serve as pivotal economic actors whose misconduct can have far-reaching repercussions throughout all industries. Cases of accounting irregularities, market rigging practices, and insider dealing executed by these entities that function not only to undermine the productivity and transparency of our markets but also significantly diminish public confidence in the integrity of the organized financial exchanges. Corporate prosecution serves as an essential instrument for restoring economic stability, effectively deterring unlawful practices through sanctions, reputational consequences, and judicial scrutiny. Moreover, it reinforces the fundamental principle of 'polluter pays,' ensuring that corporations are held responsible for acts committed by them, as an alternative to passing the burden onto equity investors or the public at large (Sohail & Haq, 2009).
2. The active and consistent enforcement of legal proceedings against publicly listed companies plays a pivotal role in strengthening corporate governance standards. When directors and senior executives entrusted with fiduciary duties toward shareholders recognize that their actions may trigger legal consequences, they are more likely to comply with statutory mandates and maintain high ethical standards. In particular, Sections 226–228 of the Companies Act 2017 clearly articulate the duties and responsibilities of directors, and corporate prosecution functions as an essential enforcement tool when these obligations are breached (OECD, 2020).

3. Publicly stock registered entities serve as a vital gateway for both domestic and international investors. However, without the steadfast enforcement of corporate laws, investor confidence wanes, precipitating capital flight and a diminishing investor community. The 2020 Doing Business Report by the World Bank underscored Pakistan's shortcomings in safeguarding minority investors, pinpointing weak enforcement as a critical obstacle. Effective corporate prosecution plays a crucial role in providing redress and bolstering trust in judicial and regulatory frameworks. For example, taking legal action against firms involved in fraudulent public flotation of shares or misreporting of financial data reinforces social faith whereby the market operates under the primacy of law, thereby fostering a more secure and attractive investment environment (World Bank Group, 2020).
4. Corporate prosecution serves as a vital safeguard against future misconduct, functioning both as a specific and a general deterrent within criminal justice. While the object of specific deterrence is to rehabilitate and address and rectify the misconduct of the liable entity, in contrast to general deterrence, which aims to discourage similar actors across the broader landscape from engaging in comparable violations. Pakistan's failure to prosecute corporations involved in the 2017 sugar and wheat crises has unintentionally sent a permissive message, emboldening others by demonstrating that such misconduct can go unpunished. Moreover, the rule of law affirms that no entity be it an individual or a corporation operates beyond accountability. Allowing publicly listed entities to avoid prosecution not only weakens this fundamental principle but also destabilizes the fairness and proper functioning of the justice system. (National Accountability Bureau, 2020).
6. Around the world, the drive for corporate accountability has gained remarkable momentum, exemplifying a collective dedication to integrity and ethical business conduct. USA actively enforces the FCPA, rigorously pursuing institution of legal proceedings against stock-exchange-listed companies to prevent misconduct and uphold ethical standards. Similarly, UK implementation of widespread agreement structures under instruments such as the Bribery Act 2010 and the Corporate Manslaughter and Corporate Homicide Act 2007, supported by strategic mechanisms including Deferred Prosecution Agreements (DPAs) and substantial criminal fines, demonstrates an effective approach to shaping corporate conduct and promoting high standards of integrity. As a committed signatory to UNCAC, Pakistan has an important responsibility to develop strong and enforceable systems to address corporate wrongdoing. Failure to pursue legal action against publicly listed entities not only weakens compliance with international norms but also compromises the credibility of the broader accountability framework.

3. Responsibility and Accountability as Foundations of Corporate Prosecution

The concept of responsibility has long been a cornerstone of human civilization, echoing through the ages in myriad cultural contexts. Throughout the course of history, nearly every civilization has acknowledged and embodied this fundamental underlying standard in varied and meaningful means. In everyday usage, responsibility is commonly linked with accountability and careful record-keeping, highlighting it as a fundamental moral obligation (Stensaker & Harvey, 2010). A notable example is William I's assertion of dominion over England in 1085, when he instructed a comprehensive survey regarding his subject landholdings. His officials carried out comprehensive examinations of each holding and preserved the information in the Domes day Book.. This endeavor was crucial in establishing his ancestral authority. While all landholder remained required to commitment allegiance to the crown, the primary purpose of these records was not for confiscation or taxation but rather to create a dependable a centralized model of rule and a detailed estimation of the kingdom's wealth an essential step toward ensuring stable and enduring rule.

The classical Latin word *acomptare* refers to the process of accounting or taking into account, serves as the linguistic foundation for the English concept of "accountability." Similarly, "Computare," which translates to "to compute," derives (Seidman, 2004) from this same root, stemming from the Latin word *putare*, which denotes "to count." In modern scholarly discourse, notions of responsibility differ; however, a prominent opinion matches with Richard Grant Mulgan's construction, which explains accountability as the responsibility to response to a higher authority for one's actions and to tolerate the linked sanctions or consequences (Hafeez et al., 2020). This definition encapsulates three fundamental components. Firstly, the communication of explanations to another party converts an internal evaluative process into a relational interaction that supports dialogue and accountability. Secondly, the party seeking explanations possesses the power to impose sanctions, a power that must be recognized and respected. This authority lies with those occupying positions of command whether superiors, public officials, or governing institutions who hold the lawful mandate to demand answers and to enforce disciplinary actions. Even though this definition may seem direct at first glance, further clarifications are certainly warranted. Notably, the initiator of accountability can be any individual or entity, regardless of societal status, with no restrictions on the nature of the involved party. As a result, both public and private entities can be subject to accountability. Moreover, the forum for accountability may vary, encompassing individuals, courts, agencies, legislative bodies within provincial and federal frameworks, or via established oversight institutions.

Concepts such as efficiency, equity, responsiveness, transparency, democracy, answerability, justice, and productivity are closely associated with the core principle of accountability, a notion that in everyday

discourse is frequently treated as synonymous with these related values.. Even though these ideas are interconnected, the differences between these concepts can sometimes appear ambiguous. In academic contexts, however, each is generally recognized as a distinct and meaningful concept. As Jonathan Koppell observes, accountability comprises five essential dimensions: openness, risk, controllability, responsibility, and responsiveness. However, academic debate continues over whether transparency should be regarded as a fundamental component of accountability, notwithstanding its widespread acknowledgment as closely related. Within this framework, responsiveness is often interpreted as a standard for assessing accountability rather than as an inherent element of the concept itself (Siddiq, 2019). Ultimately, accountability is a fundamental principle intrinsically linked to the results of both separate and mutual actions, behaviors, and performances. It necessitates sustained adherence to responsibility and responsiveness, grounded in honesty, fairness, objectivity, and transparency. From this broader vantage point, the concept of responsibility emerges as a profoundly nuanced and compelling subject, reflecting the considerable diversity of human efforts it encompasses.

From a conceptual perspective, there is wide agreement regarding the interpretation of accountability traditionally viewed has expanded beyond its original scope, giving rise to a broad spectrum of interpretations. Those who examine this concept often find that its meaning varies significantly depending on individual perspectives (Thym, 2002). Although often used interchangeably, the concepts of accountability, transparency, and responsibility may generate significant ambiguity due to their subtle yet important distinctions. Mark Mulgan (2001) aptly notes that accountability is inherently contextual, with its structure and application shaped by the circumstances in which it operates, thereby emphasizing its situational character. The concept of academic accountability, in particular, remains intricate and widely debated, reflecting its multidisciplinary foundations. Moreover, principles of fairness and ethical judgment are closely embedded within accountability, as the party to whom an account is rendered evaluates it as either justified or unjustified highlighting the moral dimension central to the concept (Rashid, Jan, & Ahmed, 2021).

Previous scholarly examinations have highlighted the considerable diversity and occasional contradictions inherent in discussions of the concept of "accountability" (Feigenbaum, Jaggard, & Wright, 2011). This term embodies a wide range of perspectives, interpretations, and nuances. To foster greater clarity, our focus has been directed toward its two most prominent interpretations. The subsequent essential task is to discern whether "accountability" should be conceptualized as a virtue or as a process. Both perspectives are highly significant and persuasive; however, they operate within distinctly different contexts (Wieringa, 2020). The term "mechanism" implies a coordinated system of interconnected elements functioning collectively, similar to a machine, whereas "virtue" denotes an intrinsic moral quality embedded within

human character.

Virtue is commonly regarded as the highest manifestation of moral integrity and ethical excellence, representing the apex of commendable character (Mark Bovens, 2010). Similarly, accountability constitutes a foundational element of a just and well-functioning society, recognized for its enduring normative importance. Individuals of moral probity earn respect not only for their personal character but also for their contributions to the common good and societal progress. Such behavior reflects elevated ethical standards and highlights the necessity of consistently affirming what is right while rejecting misconduct. When conceptualized as a virtue, accountability becomes a collective aspiration actively cultivated by individuals and institutions, including governments, organizations, and enterprises. In this sense, accountability involves the proactive identification and prevention of improper conduct, promoting integrity at both individual and institutional levels, rather than functioning merely as a procedural mechanism or administrative tool (Akpanuko & Asogwa, 2013). Broadly speaking, accountability can be defined as acting intuitively, voluntarily, and freely with utmost transparency, fairness, and adherence to ethical standards concepts closely aligned with responsive and responsible behavior (Ali, 2020).

A universal consensus regarding the precise nature of maintaining responsible behavior is complex, as individuals differ in values, motivations, and decision-making patterns exactly alike. Conduct principles are highly variable, shaped based on the relevant context and the intended form of the response be it a collective stance from an organization or an individual act by a solitary person. It is broadly recognized that an individual's character and ethical integrity are intrinsically connected to their ability to act responsibly (Klabbers, 2021). Such responsibility reflects the individual's core moral values and ethical standards, encompassing qualities such as effectiveness, workplace discipline, respect for others, fairness, impartiality, courtesy, and equitable treatment in daily interactions reflect an individual's ability to respond appropriately and to demonstrate proper conduct in the performance of their responsibilities. Ethics constitute the fundamental principles that shape moral behavior; within this framework, accountability arises as an indispensable virtue. Accordingly, strengthening and promoting ethical standards is vital to nurturing a deep and enduring sense of responsibility.

The opposing perspective conceptualizes accountability as a comprehensive and systematically organized framework. It includes the intricate structures, procedures, and strategic mechanisms developed and implemented by designated judicial authorities namely accountability forums and enforced through their institutional authority (Brennan & Solomon, 2008). This process operates as a carefully constructed system designed to deliver outcomes that are both effective and efficient. Within this institutional model, individuals and organizations are answerable to designated bodies, firmly grounded in the principles of accountability. From this standpoint, accountability extends beyond personal behavior, emphasizing

instead the institutional mechanisms that regulate and supervise conduct. The emphasis therefore shifts from isolated actions to the requirement that such actions be justified before an established legal authority that ensures oversight, transparency, and integrity.

4. Different Aspects of Accountability

Within the academic landscape, the notion of accountability is explored through a multitude of interrelated subdomains, despite the absence of a universally recognized structure. These components are arranged within various systems and analytical models spanning social, economic, legal, political, professional, and administrative contexts domains (Christensen & Læg Reid, 2015). In its most fundamental form, accountability represents a comprehensive process that involves multiple interconnected elements. It is evident that Pakistan's current accountability system predominantly centers on financial misconduct, thereby overlooking other critical facets of responsibility. To lay the foundation for a genuinely complete and comprehensive framework, it is imperative to identify and integrate these additional aspects. This analysis posits that accountability should be unwavering and universally applied, with no exemptions an approach rooted in sound logic and fairness. The phrase "trouble of many hands" frequently appears in literature, underscoring the complexity of collective responsibility (Akpanuko & Asogwa, 2013). To establish an impartial and equitable accountability process one that maintains public confidence and trust four strategic approaches have been proposed in scholarly discourse, emphasizing the importance of a fair and consistent application of responsibility to all individuals.

4.1 Corporate Accountability

Establishing a comprehensive corporate accountability framework empowers a legal or administrative authority to undertake thorough and meticulous investigations into the organization as a whole, including its various structures, departments, and teams, thereby ensuring that responsibility are appropriately assigned (Solomon, 2020). This approach facilitates a thorough examination of all relevant aspects of the organization to uncover the root causes of any misconduct or issues. Once the investigation successfully identifies the core problems and gathers convincing evidence to support these findings, the subsequent vital step involves identifying and holding responsible those individuals whose intentional actions, negligence, or failure to perform their duties have directly contributed to significant losses or damages. This approach guarantees that accountability is upheld not merely at the organizational tier but also at the individual level, thereby emphasizing the vital significance of responsible conduct and ethical integrity within the organization. By establishing clear procedures and criteria for responsibility, organizations can uphold integrity, promote transparency, and deter future misconduct, ultimately fostering a culture of accountability and trust.

4.2 Hierarchical Accountability

In order to ensure that the entire organizational hierarchy functions at its highest level of efficiency and effectiveness, it is essential to maintain a consistent presence of a leader or authority figure at the very top of the structure (Romzek & Dubnick, 2018). This leadership role is crucial for guiding, coordinating, and overseeing the various levels beneath it, thereby fostering a clear chain of command and accountability. Within a system that emphasizes hierarchical accountability, the process for addressing individuals who do not adequately justify or defend their actions begins at the highest level of authority. From there, the corrective or disciplinary measures are systematically implemented and communicated downward through each successive layer of the organization. This top-down approach ensures that issues are addressed promptly and uniformly, reinforcing the importance of responsibility and adherence to established standards at every level of the hierarchy.

4.3 Collective Accountability

Each government agency encompasses a diverse workforce, comprising individuals occupying various roles, bearing specific responsibilities, and adhering to established rules and regulations (Genovese et al., 2017). Every stakeholder bears a shared duty to recognize operational challenges within the organization and to communicate these concerns to the appropriate authorities. In light of this, the agency might consider embracing a collective accountability model often termed the "all-for-one" approach by fostering an environment where any employee can be approached to discuss the performance of their respective systems. Such a strategy promotes unity, transparency, and proactive problem-solving across the organization. However, this approach presents certain limitations, particularly regarding its ethical and legal implications. While it encourages shared responsibility, there exists the risk that individuals may attempt to deflect blame onto others, thereby undermining the fairness and integrity of the accountability process. Nonetheless, this strategy can be effective in smaller organizations with relatively limited personnel, where direct engagement and oversight are more manageable.

4.4 Individual Accountability

Founded on the essential belief that each person holds the duty for their own actions, it is broadly recognized that personal accountability remains the most powerful and effective means of fostering integrity and growth (Hall, Frink, & Buckley, 2017). As previously discussed, collective, hierarchical, or corporate accountability frameworks can often hinder the process of pinpointing responsibility at the critical moments of assessment. These structures may not possess the legal authority to directly pinpoint individuals or attribute responsibility for misconduct. The attitude of "every person for themselves," also known as individual responsibility, assigns accountability directly to each member of the community. Unlike titles or positions, this approach evaluates individuals purely based on their contributions to the

collective effort. It ensures that no one can hide behind the support of colleagues or superiors, fostering a culture of fairness and direct responsibility.

5. Accountability in Pakistan

Pakistan's accountability framework exemplifies a regrettable pattern of fragmentation and fundamental ineffectiveness, ultimately eroding both the integrity and stability of the nation's institutional fabric (Ahmed, 2020). Over the past seven decades, what is often justified as necessary has too frequently descended into acts of retaliation or simplistic tactics aimed at silencing emerging rivals. Just as the realization of genuine, transparent elections remains an elusive aspiration, so too does the development of a robust and transparent governance mechanism promoting democratic responsibility. It is therefore vital to ensure the consistent observance of democratic integrity and transparency throughout the country. Although considerable attempts have been made since independence to develop a dependable governance framework, the majority have fallen short to garner public trust or to create an institution that operates consistently and independently of political influence.

Over time, an extensive body of legislation has been promulgated to address corruption, supported by continuous investigations undertaken by specialized police, civil, and military institutions tasked with upholding institutional integrity. Dedicated units and agencies have likewise been constituted to prosecute white-collar and corporate offences.

Historically, Pakistan assumed a pioneering role in the region by creating an anti-corruption body prior to its neighboring states. The Anti-Corruption Authority (ACA) was instituted in 1938 by the British administration under the framework of the Special Police Establishment (SPE). Following independence in 1947, the entity was reconstituted as the Pakistan Special Police Establishment (PSPE) and has since undergone substantial institutional transformation. In 1975, the Federal Investigation Agency (FIA) was established to remedy the operational constraints of its predecessor, particularly in relation to the prosecution of federal officials implicated in misconduct. Furthermore, four provincial Anti-Corruption Establishments (ACEs) were created to strengthen and decentralize anti-corruption enforcement across the country (Noor, 2009). Over time, however, the FIA's role shifted, turning into a political tool, which led to the creation of the Ehtesab Bureau under the Ehtesab Act of 1997. Following the 1999 military coup, the NAB was established, replacing the Ehtesab Bureau and retroactively extending its jurisdiction to offenses dating back to 1985, in accordance with NAB. NAB operates under the standards outlined in the National Anti-Corruption Strategy (NACS2002). Additional public institutions including PAC, Judicial Commission, ECP and various provincial agencies play vital roles in oversight, with NAB serving as the primary agency responsible for enforcing accountability (Nishtar, 2008). Pakistan has established distinguished institutions dedicated to the sound governance of its economy, including SECP, CCP and

SBP. In addition to these efforts, operating at federal and provincial levels, twelve autonomous ombudsman offices are tasked with key accountability and grievance-redress functions. responsibilities spanning taxation, workplace harassment, insurance, and banking. These esteemed institutions are united through their membership in the Forum of Pakistan Ombudsman, exemplifying the nation's commitment to transparent, accountable, and effective economic oversight (Sadiq, 2020).

The entity champions the principles of good governance across Pakistan by fostering the exchange of expertise, elevating institutional performance, and encouraging informed public engagement with these vital institutions. Currently, NAB and its consequential institution stand as the most credible and effective mechanisms for accountability in the country (Waheed & Abbasi, 2020).

Pakistan has crafted a robust and comprehensive legal framework dedicated to the eradication of corruption, anchored by foundational statutes such as including the Prevention of Corruption Act 1947, the Pakistan Penal Code 1860, and NAB, these foundational enactments underscore the country's sustained commitment to integrity and the maintenance of accountable public administration throughout all levels of government (Javed, 2021). At the national echelon, the esteemed institutions of the National Accountability Bureau (NAB) and FIA stands at the forefront of anti-corruption enforcement, serving as a central pillar in combating public-sector misconduct. Supporting this federal mechanism are four provincial ACEs, which function within their territorial domains to create an integrated and resilient accountability structure. Collectively empowered to investigate a wide spectrum of corruption-related offences, these agencies play a critical role in strengthening transparency and safeguarding good governance throughout Pakistan. (Chêne, 2008).

Under the National Accountability Ordinance 1999 (NAO-1999), Accountability Courts were constituted to try references submitted by the National Accountability Bureau (NAB), reflecting the state's continued commitment to enforcing accountability and addressing corruption. Likewise, the Criminal Law Amendment Act 1958 established Central and Provincial Special Courts to adjudicate matters referred by the Federal Investigation Agency (FIA) and the provincial Anti-Corruption Establishments (ACEs), respectively. In addition, major regulatory authorities including SBP, CCP and SECP are mandated to supervise financial conduct and address regulatory violations. Oversight and accountability are further reinforced by institutions such as PPRA, PAC etc all of which contribute to monitoring governance practices across different domains.

Through a comprehensive examination employing doctrinal and comparative methodologies, this study critically assesses existing prosecutorial mechanisms, illuminating the deficiencies inherent in Pakistan's corporate regulatory framework. It advocates for reforms rooted in international best practices to strengthen corporate accountability. This paper examines the crucial significance of corporate prosecution

for publicly listed companies in Pakistan, thoughtfully analyzing its far-reaching implications for legal accountability, investor trust, and the overall integrity of the market.

6. Legal Framework of Corporate Prosecution in Pakistan

Together, these laws and regulatory agencies establish a sophisticated and cohesive framework dedicated to combating corporate misconduct in Pakistan. They collaborate seamlessly to identify, scrutinize, and by pursuing enforcement actions for violations including tax evasion, inaccurate reporting, and failure to file audited accounts, thus promoting a culture of integrity and openness in the financial and corporate sectors (The Companies Act 2017, § 458, Pakistan). The cornerstone legal instrument in addressing corporate wrongdoing is the National Accountability Ordinance, 1999 (NAO), which underpins Pakistan's anti-corruption initiatives and ensures accountability for breach of financial laws. The Securities Act, 2015, delineates legal framework governing risk mitigation in the markets, safeguarding market participant and fostering equitable financial transaction. Additionally, AMLA implements rigorous measures to mitigate money laundering risks and terrorism financing, holding financial institutions and reporting entities to high standards of compliance. A central aim is to hold corporate directors personally liable in situations of dereliction of duty or breach of fiduciary standards. thereby strengthening responsible corporate governance. SECP is endowed with the power to levy fines and initiate criminal proceedings against violations, ensuring diligent enforcement of compliance standards. Complementing this legal architecture, the Pakistan Penal Code, 1860 (PPC), functions as the cornerstone of criminal law, addressing crimes such as illicit financial transactions and related wrongdoing. In SECP, serves as the primary regulatory authority responsible for supervising corporate legislation, securities markets, and governance standards, while rigorously enforcing compliance and imposing sanctions for violations. FIA plays a crucial role in probing intricate financial offenses, such as tax evasion, fraud, and transnational illicit activities. In parallel, SBP functions as the country's central banking institution, regulating financial institutions, implementing monetary policy, and overseeing transactional systems to deter financial crimes and safeguard the stability and integrity of the financial sector within Pakistan.

7. Structural and Practical Challenges Facing Prosecutorial Institutions in Pakistan

By employing a thorough and methodical investigative procedure, investigators often develop a sense of exclusivity, believing that their work solely resides within their domain. As a result, external advice or directives are frequently perceived as unwarranted interference. Resistance often emerges when they are asked to gather more substantial evidence or to alter their findings. Investigators and their organizations perceive their work particularly case management, showcasing their capability and professional integrity. While guided by statutory and procedural norms, their results-driven approach fosters an internal sense of authority, functioning with a level of efficiency akin to prosecutorial entities with the mandate to provide

formal guidance and directives. With their professional legal background and commitment to due process principles, prosecutors analyze case materials in a structured manner, focusing on evidentiary strength and courtroom viability. At the same time, peer pressure within investigative bodies to prioritize prosecution can generate tension when it conflicts with their assessment decisions seem to lean toward acquittal. These differing psychological perspectives investigators emphasizing operational independence and prosecutors emphasizing legal scrutiny often hinder the creation of a harmonious and effective collaborative connection between the two parties.

1. Despite differences in legal systems across jurisdictions, which establish the foundational framework governing cooperation between investigative authorities and prosecutorial offices, investigators frequently experience considerable frustration when prosecutors' decisions on case outcomes do not align with their expectations. It can be particularly discouraging for investigators when a case file is not forwarded for prosecution to the court proceedings on the grounds that certain prerequisites have not been met, or when, despite extensive time and effort invested in thorough investigation, proceedings are ultimately terminated. Such instances also induce considerable stress among prosecutors, which can adversely affect the professional relationship between investigative agencies and prosecutorial bodies. Furthermore, in numerous courts including specialized courts in Pakistan prosecutors lack a decisive role during the investigation phase; the investigating agency submits the charge sheet, which courts typically admit without scrutinizing the case's merits or the investigative process undertaken by the officers involved.
2. In some nations including Pakistan, the aims of investigative agencies and prosecutors are not fully aligned, with a tendency to focus solely on prosecution rather than thorough investigation. When these entities lack alignment in their overarching goals within criminal proceedings, investigative practices may diverge from prosecutorial practices that depend exclusively on evidence lacking legal admissibility. Consequently, the prioritization of securing convictions may not be firmly embedded within investigative strategies. This absence of shared purpose can pose significant challenges for prosecutors, making it difficult to motivate investigative agencies to produce comprehensive and high-quality investigative files. Such issues are particularly pronounced in countries with common law traditions, where prosecutors are endowed with considerable authority, further underscoring the importance of cohesive collaboration between investigative bodies and prosecutorial offices to preserve the reliability and efficiency of the criminal justice process
3. Within common law systems, including Pakistan, a significant share of prosecutions in subordinate courts is undertaken by professionally appointed full-time prosecutors, government-employed

officials. Ideally, there should be seamless coordination between investigators and prosecutors regarding case dispositions; however, the lack of independence inherent in such a system undermines objectivity among prosecutors. This situation often leads to the inappropriate screening of cases. Prosecutors appearing before special courts and High Courts are, in some instances, appointed via politically influenced channels, sometimes through coordination with state institutions. They typically operate within a shared hierarchical framework, which can influence their independence and impartiality. Sharing the same hierarchical chain of command as investigators, these prosecutors may feel constrained from offering independent advice that could significantly influence investigations. The absence of proper supervision and guidance within this framework can also contribute to a diminished conviction rate, undermining the overall integrity and effectiveness of the criminal justice process.

4. The prevailing low rate of convictions can be primarily attributed to an investigation process marked by inadequacy and lack of scientific rigor, compounded by insufficient coordination between the investigating agency and prosecution authorities. This situation is further exacerbated by the understaffing and inadequate training of investigative personnel, which hampers the effectiveness of the inquiry. Additionally, protracted delays in court proceedings following the submission of charge sheets often result in witnesses becoming unavailable or altering their testimonies thereby undermining the integrity of evidence and leading to the acquittal of the majority of cases (*Brij Mohan Lal v. Union of India*, 2012).
5. The increasing complexity, diversity, and expansion of corporate and white-collar crime within Pakistan's evolving technological environment present substantial challenges for the criminal justice system, particularly for investigative bodies and prosecutors. These difficulties are more acute in jurisdictions where prosecutors bear primary responsibility for supervising investigative processes. In such systems, the high volume of cases and the procedural demands of investigations can limit the efficiency of public prosecution offices. Consequently, investigations are often conducted largely from office settings, with substantial reliance on telecommunication and remote coordination. This situation is illustrated in Germany, where significant caseload pressures restrict prosecutors' ability to participate directly in field investigations, resulting in dependence on desk-based and communication-driven methods.
6. A review of legal reports indicates that prosecutorial efforts often fall short, with failures to establish the case beyond a reasonable doubt. However, these shortcomings are frequently attributable not solely to the prosecution but also to systemic issues such as haphazard and delayed investigations, destruction of evidence, absence or hostility of eyewitnesses, manipulation of

witnesses by the defense, and potential biases or lapses on the part of judicial officers influenced by the prosecution. Such factors collectively diminish the prospects of securing a conviction, underscoring the complex and multifaceted nature of ensuring justice in criminal proceedings. It is the primary duty of the public prosecutor to establish the guilt of the accused beyond a reasonable doubt within the courtroom's confines. The evidence brought forward in such proceedings predominantly encompasses three key categories: oral testimony, which includes witness statements; documentary evidence; and circumstantial evidence.

7. The prosecuting agencies currently face a range of systemic challenges that undermine their effectiveness and morale. There are no provisions for promotions, transfers, or advancements in grade, and they lack the necessary infrastructure to perform their duties efficiently. In accordance with the norms and recommendations set forth by law commissions, prosecutors should be provided with dedicated chambers or offices within the court premises facilities that are seldom granted by the authorities. Presently, they are compelled to operate from a single shared room, which serves as both their office and courtroom, restricting their ability to handle cases and engage with witnesses and stakeholders effectively. Moreover, prosecutors are deprived of essential amenities such as library facilities, proper furniture, internet access, staff support, and other basic resources. Despite these hardships, they remain committed to upholding the rule of law in a challenging and often frustrating environment.
8. The esteemed Supreme Court in the landmark decision of *R. Sarla v. T.S. Velu* (2000), clarified that the role of the public prosecutor during the investigative stage is inherently limited and becomes formally operative only upon the filing of the charge sheet by the investigating officer before the court. In contrast, SECP maintains a dedicated prosecutorial division, which facilitates a more focused and efficient enforcement mechanism. As a result, the SECP has demonstrated comparatively higher conviction rates and the imposition of substantial penalties relative to other prosecuting authorities in Pakistan, reflecting the effectiveness of its specialized institutional structure and its commitment to robust regulatory enforcement.
9. Once a case is formally brought before the court, decisions regarding trial timing and case management lie solely with the judge, limiting prosecutorial influence and sometimes resulting in delays. This procedural ambiguity cultivates an environment of uncertainty and frustration, which can deter prosecutors from adopting a proactive and vigorous approach to their responsibilities. Consequently, this dynamic exacerbates the overarching challenges within the justice system.
10. Although a statutory framework exists to regulate the appointment of prosecutors from the regular cadre to courts and High Courts, the inconsistent and selective implementation of these provisions

across institutions in Pakistan has substantially undermined their intended purpose. The continued prevalence of politically influenced appointments often made in the absence of transparent competitive examinations, merit-based evaluation, or institutional oversight reflects systemic weaknesses in governance and a disregard for the principles of professionalism and institutional autonomy. Such practices compromise prosecutorial independence, weaken accountability mechanisms, and erode public trust in the criminal justice system.

11. Prosecutors serving in lower courts are generally appointed through a competitive and structured examination process conducted under the supervision of the Public Service Commission. This rigorous selection mechanism is designed to ensure professionalism, meritocracy, accountability, and strict adherence to established standards of public service conduct. Their responsibilities typically include the prosecution of relatively minor offenses under statutes such as the Prohibition Act and the Gambling Act.
12. Furthermore, prosecuting agencies are frequently confined to a marginal and largely passive role, exercising minimal authority or meaningful participation in the management and progression of judicial proceedings. In practical terms, they are often reduced to the status of silent observers within the courtroom. Under the framework of criminal procedure, decisive control over proceedings rests predominantly with the presiding judge, while prosecutors are viewed chiefly as agents of the state, operating mainly on the basis of police-submitted charge sheets. The revered doctrine of the prosecutor as a “minister of justice,” consistently underscored by the apex court of our country, has regrettably not been fully embraced by subordinate courts. This disregard weakens the foundational principles of prosecutorial autonomy and compromises the authentic administration of justice.
13. The fundamental function of the judiciary is to construe and apply existing laws in accordance with the Constitution of Pakistan, rather than to legislate or proclaim new legal norms. It is often contended that unduly protracted judgments replete with peripheral observations and extended obiter dicta impede the timely administration of justice. Such verbosity can occasion procedural delays and may erode institutional efficiency, judicial authority, and public trust in the courts and the broader justice system (British Journal of American Legal Studies, 2024). This ideal has been vividly embodied by distinguished jurists, including Antonin Scalia, whose judicial style reflected both intellectual rigor and rhetorical flair. During his tenure as judge in apex court of USA, Scalia candidly observed that he often composed his opinions, particularly his dissents, with law students in mind, striving to present intricate constitutional arguments with clarity, precision, and engaging prose. (*Hasen, 2015*).

14. A pivotal factor contributing to the tendency of witnesses to resile from their earlier testimony is often characterized as a “culture of compromise.” The Supreme Court’s bench has observed (*Ramesh & Others v. State of Haryana*, 2014) that several underlying reasons may compel witnesses to retract their statements and become hostile in court proceedings. These include: (i) prolonged duration of trials, (ii) threats and intimidation tactics, (iii) inducements through various means, (iv) reliance on stock witnesses, (v) the exertion of muscle power and financial influence by the accused, (vi) the hardships faced by witnesses during the investigative and trial processes, and (vii) the absence of specific legislation designed to effectively curb witness hostility.
15. In certain jurisdictions, a significant impediment to achieving accountability in corporate crime cases arises from the substantial influence corporate actors may exert over governmental institutions and regulatory authorities, whether directly or indirectly. Public officials may hesitate to initiate proceedings against corporations or their executives due to personal affiliations, financial interests, or overlapping strategic objectives, while investigators and prosecutors often encounter political, economic, or institutional pressures that encourage the dilution or dismissal of such cases sometimes accompanied by professional or personal risks for those who persist. Even where enforcement agencies operate independently, corporate offenses tend to receive comparatively less priority than conventional crimes, owing to limited technical expertise, internal pressures for swift case resolution, evidentiary challenges, and the complex, multi-entity structures through which such misconduct is frequently carried out. Moreover, the legal standards necessary to establish corporate liability are often difficult to satisfy, and in some jurisdictions, laws may be insufficient to criminalize severe human rights violations or to hold corporations accountable for such conduct.

8. Conclusion

This article has undertaken a thorough and nuanced analysis of Pakistan’s regulatory and prosecutorial framework for corporate offenses. It critically examined the principal challenges confronting the corporate sector in relation to CP and has pinpointed existing shortcomings within the system. Additionally, a principal concern of this paper is the legal regime governing corporate prosecution of listed companies in Pakistan. This discourse is founded on the proposition that meaningful legislative refinement and improved prosecutorial implementation are critical to an effective corporate justice system in Pakistan, requires a harmonious and effective alignment between the principles articulated in law (‘law in books’) and their practical implementation (‘law in action’).

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