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Corporate Criminal Liability in Pakistan: An Evolving Doctrine

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ABSTRACT

Corporate criminal liability doctrine has experienced a remarkable change around the world including Pakistan, but it is nevertheless both doctrinally indeterminate and procedurally limited in Pakistan. As corporations are growing their wings in the economy, the harm they can generate depending on the fraud, environmental destruction, or the breach of law and regulation needs to be addressed by a strong legal system. This paper examines the genetic development and the present position of corporate criminal liability in Pakistan and alternatively explores the through legislative provisions and gaps in regulation. Referring to the modern research, the paper suggests a reconsideration of corporate accountability which should coincide with global tendencies as well as domestic needs. It ends with providing advocacy with policy change and enhancement of institutions.

Introduction

Today, when the corporate businesses have a lot of economic and political influence, the necessity to make them responsible of the criminal activity is becoming extremely relevant. Corporations are not individuals and their structure reflects complex hierarchies unlike natural persons and as well, impersonal structures that do not easily give way to the traditional criminal law which is based on the individual culpability principle. This is the gap in which the doctrine of corporate criminal liability endeavors to fill, acknowledging that in some context corporate entities may be legal persons for purposes of criminal liability.¹

This doctrine is however embryonic in Pakistan. The legislative system is incoherent, the application is uneven and the regulatory bodies frequently face capacity and mandate deficits. Though multiple serious Acts such as the Companies Act 2017 are adopted, and the role of the Securities and Exchange Commission of Pakistan (SECP) is becoming more relevant, there is still little development of the concept of corporate criminal responsibility.²

The current legal discourse that is operating in the Pakistani context is that which has inclinations towards a situation or a tendency of assigning blame to individual actors within corporations and then a wrestling with the theoretical problem of ascribing liability to what is deemed to be a joint enterprise. These ambiguities have practical implications: they reduce the deterrence potential of the criminal law; they weaken the trust of citizens and allow corporate immunity when people have suffered the severely negative consequences of the state criminal law. These problems are further complicated by the absence of judicial clarity and the legislative will and thus a system ends up where corporate actors either do not face meaningful accountability, or in rare cases are held to such levels of accountability they are no longer able to make effective decisions in the competitive environment.³

The paper is devoted to the development of the concept of corporate criminal liability on the legal-philosophical and regulatory planes in the context of the specifics of the Pakistani socio-economic and institutional environment. It relies on new research in decrying existing doctrines and offers pragmatic solutions that would help in expel a coherent, and enforceable model of corporate accountability.

Historical Development of Corporate Criminal Liability

Corporate criminal liability is historically based on development of the concept of legal personhood. Whereas, the classical law of crime was designed to fit to a natural person, with the

¹ Muhammad Hassan Javed, Aurang Zaib Ashraf Shami, and Jahangir Ashraf, "Criminal Liability of Corporations: Investigating the Legal Frameworks and Challenges in Holding Corporations Criminally Liable," *Dialogue Social Science Review (DSSR)* 3, no. 6` (June 8, 2024): 289–302.

² "Corporate Criminal Liability | Legal Guidance | LexisNexis," accessed December 4, 2024, <https://www.lexisnexis.co.uk/legal/guidance/corporate-criminal-liability>.

³ Muhammad Mobeen Arshad and Aas Muhammad, "Corporate Complicity in International Crimes: Legal Challenges and the Evolving Role of Transnational Corporations," *Pakistan Journal of Criminal Justice* 4, no. 1 (June 28, 2024): 258–71, <https://doi.org/10.62585/pjcj.v4i1.105>.

advent of the industrial revolution, and rise of large corporate programs of business, the criminal justice system started to be approached in a different way. First, the mens rea as a mental element of crime was absent and thus corporations were not liable to crimes.⁴ Developments over time, however, rendered such doctrinal exclusion impossible as the extent of corporate activity expanded and with them the scale of the harmful impact of corporate operations.

The shift towards acknowledging corporate entities as capable of committing crimes began in Western jurisdictions, particularly in common law systems, where courts and legislators began to treat corporations as "juristic persons" capable of legal duties and liabilities. The late 19th and early 20th centuries witnessed the development of "vicarious liability" and "identification theories," which justified corporate culpability by linking the conduct and intent of high-ranking officials to the entity itself.⁵ These concepts influenced many developing countries, including Pakistan, especially through colonial and post-colonial legal transplants.

In Pakistan, corporate criminal liability inherited the theoretical ambiguities of English common law. Early legal instruments rarely mentioned corporate actors explicitly, and criminal enforcement remained focused on individual wrongdoing. Regulatory regimes such as the Factories Act, Labour laws, and environmental statutes began to include corporations as punishable entities, but enforcement remained sporadic and weak.⁶ Even today, the underlying theoretical approach to corporate crime in Pakistan remains reactive rather than preventive.

Scholars have noted that corporate misconduct in emerging economies like Pakistan is often viewed through a civil or administrative lens, with limited criminal law application. This reflects both a lack of legal clarity and an underdeveloped prosecutorial approach to corporate crime.⁷ While certain regulatory authorities have been empowered to fine or sanction corporate entities, such measures often lack the punitive or deterrent character traditionally associated with criminal law.

In recent years, academic and policy debates have increasingly emphasized the need for a more coherent doctrine of corporate criminal liability in Pakistan. This includes recognizing the unique nature of corporate harm, often systemic, delayed, and widespread, as requiring distinct legal responses. The historical failure to develop a robust corporate liability framework is now seen as contributing to regulatory capture, economic crime, and erosion of public trust.⁸

⁴ "Corporate Criminal Liability: Assessing Legal Accountability 7 Issue 1 International Journal of Law Management & Humanities 2024," accessed December 4, 2024, <https://heinonline.org/HOL/LandingPage?handle=hein.journals/ijlmhs27&div=98&id=&page=>.

⁵ Desislava Stoitchkova, *Towards Corporate Liability in International Criminal Law*, School of Human Rights Research Series, v. 38 (Antwerp ; Portland [Or.]: Intersentia, 2010).

⁶ "(PDF) Corporate Financial Crimes in Pakistan – a Review and Analysis," *ResearchGate*, accessed December 4, 2024, <https://doi.org/10.1108/JFC-10-2021-0233>.

⁷ "Criminal Liability of Legal Entities for a Just and Equitable Society: A Theoretic and Empirical Case | Journal of Lifestyle and SDGs Review," accessed December 4, 2024, <https://sdgsreview.org/LifestyleJournal/article/view/3436>.

⁸ Madiha Afzal, "criminal law of Pakistan: the facet of time limitation," ` 3, no. 01 (February 5, 2024): 711–21.

Current Legal Framework in Pakistan

Pakistan's legal framework concerning corporate criminal liability is marked by fragmentation, ambiguity, and selective enforcement. There is no singular statute that outlines a comprehensive regime for holding corporate entities criminally accountable. Instead, liability is addressed across various laws, including the *Pakistan Penal Code*, the *Companies Act 2017*, and sector-specific legislation such as the *Environmental Protection Act 1997* and the *SECP Act 1997*.⁹ These statutes sporadically recognize the corporate entity as a possible offender, but often fail to clarify the standards for attributing intent, knowledge, or negligence.

The *Companies Act 2017* provides certain provisions relating to fraud, misreporting, and non-compliance with corporate governance rules. However, the emphasis remains largely administrative or civil in nature, focusing on penalties and fines rather than criminal prosecution. The Act rarely defines the scope of corporate criminal intent or outlines a framework for evaluating the role of directors and senior management in corporate offences.¹⁰ This creates a gap between legal theory and enforcement, allowing corporations to avoid liability by shifting blame to individual officers or employees.

The role of regulatory institutions such as the Securities and Exchange Commission of Pakistan (SECP), National Accountability Bureau (NAB), and the Federal Investigation Agency (FIA) is central to enforcement, yet their overlapping mandates and limited technical capacity often result in jurisdictional confusion and weak prosecution.¹¹ Moreover, criminal investigations involving corporate actors are often influenced by political or economic considerations, leading to inconsistent outcomes and under-enforcement.

An additional problem is the limited development of prosecutorial standards tailored to corporate defendants. For instance, Pakistan's criminal justice system continues to apply conventional evidentiary and procedural standards developed for natural persons, which are ill-suited to complex corporate structures. This results in a lack of clarity regarding corporate liability attribution, particularly where decisions are decentralized or diffused across multiple levels of the organization.¹²

⁹ Faiza Khalil, "Navigating the Legal Framework of Dishonored Cheques: A Comparative Analysis of Civil And Criminal Remedies Available in Pakistan," *Journal of Business and Management Research* 4, no. 2 (May 30, 2024): 378–94, <https://doi.org/10.62019/jbmr.04.02.422>.

¹⁰ "Criminal Finances Act 2017 | 6 | Unexplained Wealth Orders | Monika Ba," accessed December 4, 2024, <https://www.taylorfrancis.com/chapters/edit/10.4324/9781003324829-6/criminal-finance-act-2017-monika-baronak-atkins>.

¹¹ Aftab Ahmad Sithari et al., "The Role of White-Collar Crime Jurisprudence in Combating Corrupt Practices within Pakistan: A Contemplative Analysis," *Current Trends in Law and Society* 4, no. 1 (June 22, 2024): 141–63, <https://doi.org/10.52131/ctls.2024.0401.0041>.

¹² "Corporate Governance Challenges in Pakistan: Perceptions and Potential ... - Nadeem Zia, Bruce Burton - Google Books," accessed December 4, 2024, https://books.google.com.pk/books?hl=en&lr=&id=0U_aEAAAQBAJ&oi=fnd&pg=PP5&dq=Legal+Personality+and+the+Attribution+of+Corporate+Fault:+Pakistani+Challenges&ots=vNhx2XvxTm&sig=-j-8gV-K3ybyKD3_GzNS6WRJb8g&redir_esc=y#v=onepage&q&f=false.

Overall, while Pakistani law formally recognizes that corporations can be sanctioned, the absence of a coherent doctrinal and procedural framework limits the efficacy of the current system. As economic crimes become more sophisticated and transnational, the inability of the legal system to effectively prosecute corporate offenders poses a significant threat to regulatory integrity and public trust.¹³

Judicial Attitudes and Doctrinal Challenges

The judiciary in Pakistan has historically exhibited a conservative approach toward corporate criminal liability, often defaulting to individualized guilt rather than embracing the notion of collective culpability. This reluctance stems from the conceptual difficulty in reconciling *mens rea*, a mental element central to criminal law, with artificial legal persons such as corporations.¹⁴ Judges frequently express uncertainty in determining how intent, knowledge, or recklessness can be attributed to a non-human entity acting through decentralized agents.

Another challenge is the lack of consistent judicial reasoning or doctrinal clarity in cases involving corporate actors. While statutes may provide for penalties against “companies” or “bodies corporate,” courts often interpret these provisions narrowly, focusing on individual directors or officers without examining the broader institutional culpability of the corporation itself.¹⁵ This fragmented approach undermines the development of a cohesive legal doctrine and leaves enforcement vulnerable to discretionary practices.

The judiciary also faces practical barriers, including a lack of training in financial and corporate crimes, and limited exposure to modern theories of organizational liability. Courts are often ill-equipped to analyze complex corporate structures, internal governance failures, and regulatory breaches that underlie economic crimes.¹⁶ These institutional constraints contribute to a procedural bias in favor of acquittal or delayed justice in cases involving corporate misconduct.

The absence of judicial activism or interpretive innovation in this area further compounds the doctrinal stagnation. Unlike other jurisdictions where courts have extended the boundaries of criminal law to address corporate wrongdoing, Pakistani courts have largely refrained from pushing the conceptual envelope. This conservative stance not only limits accountability but also

¹³ “(PDF) Revealing the Economic Consequences of Prosecution Failures within Pakistan’s Criminal Justice Systems: A Focus on Ethical Considerations, with Comparative Insights from Norway,” accessed December 4, 2024,

https://www.researchgate.net/publication/384686425_Revealing_the_Economic_Consequences_of_Prosecution_Failures_within_Pakistan's_Criminal_Justice_Systems_A_Focus_on_Ethical_Considerations_with_Comparative_Insights_from_Norway.

¹⁴ “(PDF) the case for corporate criminal liability,” accessed December 4, 2024,

https://www.academia.edu/29045498/THE_CASE_FOR_CORPORATE_CRIMINAL_LIABILITY.

¹⁵ iqra khalil, dr ahmed usman, and aisha amjad, “challenges faced by prosecutors in the administration of justice in pakistan,” 2021.

¹⁶ Sufi Imdad Ali Soomro and Mansoor Mumtaz Soomro, “Criminal Justice System and Reforms in Pakistan,” *Journal of Asian Development Studies* 12, no. 3 (September 30, 2023): 480–96.

fails to signal to regulators and lawmakers the urgency of reform.¹⁷

Recent scholarly analyses suggest that judicial conservatism in corporate liability reflects deeper systemic issues: weak prosecutorial coordination, unclear statutory mandates, and a judicial culture that prioritizes procedural formality over substantive justice. Without a shift in interpretive philosophy and institutional investment in judicial capacity-building, corporate criminal liability in Pakistan will remain an under-enforced doctrine.¹⁸

Comparative Jurisprudence i.e. UK, US, and India

Comparative analysis offers valuable insights into how other legal systems have developed frameworks to hold corporations criminally liable. While each jurisdiction operates under different constitutional and legal traditions, they share a common recognition that corporations can and should bear criminal responsibility. This recognition has evolved through legislative innovation, theoretical reform, and regulatory necessity.¹⁹

In the United Kingdom, corporate criminal liability initially relied on the "identification doctrine," which required proving that a senior individual, the "directing mind and will", committed the offense. However, this model proved inadequate for large, decentralized corporations. As a result, the UK introduced statutory innovations such as the *Corporate Manslaughter and Corporate Homicide Act 2007*, which shifted focus to organizational failures rather than individual fault²⁰. This move toward a systems-based approach marked a doctrinal shift, emphasizing the culpability of institutional culture and decision-making structures.

The United States has adopted a more expansive model. Under the doctrine of "responsible superior," corporations can be held liable for crimes committed by any employee acting within the scope of employment and with an intent to benefit the corporation. This standard has facilitated more frequent prosecutions, particularly in areas such as financial fraud, environmental violations, and anti-corruption enforcement. Importantly, the U.S. Department of Justice has integrated corporate liability into broader compliance and monitoring frameworks, pushing firms to adopt internal controls.²¹

¹⁷ W. Robert Thomas, "Corporate Criminal Law Is Too Broad - Worse, It's Too Narrow," *Arizona State Law Journal* 53 (2021): 199.

¹⁸ "Corporate Governance Mechanisms and Worker Exploitation: Examining the Role of Oversight, Accountability, and Human Rights under Pakistani Laws | Jahan-e-Tahqeeq," accessed December 4, 2024, <https://jahan-e-tahqeeq.com/index.php/jahan-e-tahqeeq/article/view/1305>.

¹⁹ Khurram Baig et al., "An Analysis of the Legal System: A Comparative Study in the Context of Pakistan and the UK," *Bulletin of Business and Economics (BBE)* 13, no. 1 (March 25, 2024), <https://doi.org/10.61506/01.00217>.

²⁰ "Making Sense of Organisational Change Failure: An Identity Lens - Georgia J. Hay, Sharon K. Parker, Aleksandra Luksyte, 2021," accessed December 4, 2024, <https://journals.sagepub.com/doi/abs/10.1177/0018726720906211>.

²¹ "Application of the United Nation Convention against Transnational Organized Crime: An Analysis by Aftab Haider :: SSRN," accessed December 4, 2024, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4686710.

India represents a hybrid model, drawing on both common law traditions and statutory innovations. Indian courts and lawmakers have moved towards recognizing corporate criminal liability through the doctrine of attribution and vicarious liability, especially in financial and environmental contexts. India's Companies Act 2013 incorporates provisions targeting corporate fraud and mismanagement, thereby affirming the capacity of legal entities to incur criminal liability independently of their human agents.²²

For Pakistan, these comparative developments offer important lessons. First, corporate criminal liability should not hinge solely on proving individual *mens rea* but must also consider organizational culture, systemic negligence, and structural failures. Second, the alignment of regulatory enforcement with criminal sanctions, seen in both the U.S. and UK, can enhance deterrence and accountability. Third, legislative clarity and judicial recognition of corporate culpability, as evolving in India, can provide a practical model for reform.²³

Challenges in Prosecuting Corporations in Pakistan

Despite the formal recognition of corporate criminal liability under various Pakistani laws, the actual prosecution of corporate entities remains rare and ineffective. One of the foremost challenges is doctrinal ambiguity. Legal provisions are often vague in defining the scope and nature of corporate criminal liability, particularly when distinguishing between individual and collective fault. This lack of clarity hinders prosecutors from initiating proceedings confidently and gives courts room to dismiss cases on technical grounds.²⁴

Another major obstacle is institutional incapacity. Law enforcement agencies, prosecutors, and regulators such as the SECP and NAB often lack the specialized training, digital forensic tools, and legal expertise required to investigate complex corporate wrongdoing. Unlike crimes involving individuals, corporate offences require an understanding of internal governance, financial structures, and cross-jurisdictional transactions—areas where most prosecutorial agencies in Pakistan remain under-equipped.²⁵

Overlapping jurisdictions and poor inter-agency coordination further undermine enforcement. Regulatory institutions often act in isolation, leading to delays, duplicated efforts, or contradictory findings. For example, tax evasion, securities fraud, and anti-competitive practices may fall under the domain of multiple agencies, but the absence of a centralized prosecution

²² Monika Banode and Dr H V Menon, "Corporate Criminal Liability in India and UK: Problems and Prospects," no. 2583 (n.d.).

²³ "A Comparative Study of Identity Theft Protection Frameworks Enhanced by Machine Learning Algorithms by Harish Kumar Sriram :: SSRN," accessed December 4, 2024, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5236625.

²⁴ "The Doctrine of Misrepresentation and Fraud in Pakistan and United Kingdom: Navigating Their Implications on The Businesses and Consumers | Al-Kashaf," accessed December 4, 2024, <https://alkashaf.pk/index.php/Journal/article/view/123>.

²⁵ Zeeshan Ali, "White-Collar Crime Investigating and Prosecuting Agencies in Pakistan: A Review on Structure and Challenges of Agencies," n.d.

framework often results in fragmented responses or regulatory inertia.²⁶

Political interference and selective enforcement also pose serious threats to impartial accountability. Corporations with political affiliations or economic influence often escape prosecution, while smaller entities or individuals become scapegoats. This uneven application of justice not only undermines public confidence but also diminishes the deterrent effect of corporate criminal law. The lack of prosecutorial independence further exacerbates this structural weakness.²⁷

Finally, public and institutional attitudes toward corporate crime remain lenient. White-collar crime is often viewed as less harmful than street crime, despite its far-reaching impact on economic stability, investor confidence, and public welfare. This perception contributes to a weak enforcement culture, where administrative fines are preferred over criminal sanctions. Without a shift in both legal norms and institutional mindset, corporate prosecutions in Pakistan will continue to be the exception rather than the rule.²⁸

Reform Trends and Regulatory Developments (SECP, NAB, FIA)

In recent years, Pakistan has initiated several regulatory reforms aimed at strengthening corporate accountability. Central to this effort is the role of the Securities and Exchange Commission of Pakistan (SECP), which has expanded its compliance and enforcement mechanisms under the *Companies Act 2017*. The SECP now possesses greater powers to inspect records, impose penalties, and refer serious cases for prosecution. However, the effectiveness of these reforms has been mixed due to limited resources, personnel constraints, and an over-reliance on administrative sanctions rather than criminal liability.²⁹

The National Accountability Bureau (NAB), originally designed to combat public-sector corruption, has also extended its jurisdiction to private corporations involved in large-scale financial fraud or collusive practices. However, NAB's approach has been criticized for lacking specialization in corporate investigations and for pursuing politically motivated cases that undermine due process. Recent attempts to restructure NAB's operational mandate have focused on depoliticization and enhancing its technical capacity in white-collar crime, but results remain uncertain.³⁰

²⁶ "Regulatory Fragmentation and Internal Control Weaknesses - ScienceDirect," accessed December 4, 2024,

<https://www.sciencedirect.com/science/article/abs/pii/S0278425424000140>.

²⁷ Aftab Ahmad Sithari et al., "The Role of White-Collar Crime Jurisprudence in Combating Corrupt Practices within Pakistan: A Contemplative Analysis," *Current Trends in Law and Society* 4, no. 1 (June 22, 2024): 141–63, <https://doi.org/10.52131/ctls.2024.0401.0041>.

²⁸ "Jobs and Punishment: Public Opinion on Leniency for White-Collar Crime - PMC," accessed December 4, 2024, <https://pmc.ncbi.nlm.nih.gov/articles/PMC10615619/>.

²⁹ "A Comparative Study Of The Implementation Of Corporate Governance Legal Frameworks In The Banking Sector Of Pakistan: Insights From Emerging Economies | The Journal of Research Review," accessed December 4, 2024, <https://thejrr.com/index.php/39/article/view/113>.

³⁰ "(PDF) Corporate Financial Crimes in Pakistan – a Review and Analysis," accessed December 4, 2024,

The Federal Investigation Agency (FIA) has increasingly taken on economic crimes involving cyber fraud, corporate data breaches, and banking scams. Recognizing the evolving nature of corporate misconduct, the FIA's Corporate Crime Circle has begun adopting digital forensics and transnational investigative methods. Nevertheless, coordination with regulatory bodies remains weak, and there is no unified prosecutorial strategy linking corporate fraud, financial crime, and regulatory breaches.³¹

From a legislative standpoint, recent initiatives include proposed amendments to laws on anti-money laundering, tax evasion, and beneficial ownership disclosure. These efforts are partially driven by international obligations, such as FATF recommendations, and reflect growing global pressure to tighten financial transparency and corporate oversight in Pakistan. However, critics argue that these changes remain compliance-focused and often lack domestic enforcement backing, making them symbolically strong but practically weak.³²

Scholars suggest that meaningful reform requires not only statutory updates but also a shift toward institutional integration. A national strategy for economic crime coordinating SECP, NAB, FIA, SBP, and FBR could improve case selection, intelligence sharing, and prosecution outcomes. Until such a framework is established, regulatory developments will likely remain piecemeal and reactive, limiting the capacity of Pakistan's legal system to deter complex corporate crime.³³

Arguments for Doctrinal Reform

Pakistan's current approach to corporate criminal liability is ill-suited to address the scale and complexity of modern corporate misconduct. One of the strongest arguments for reform lies in the doctrinal insufficiency of traditional models that require individual *mens rea* to establish corporate fault. As corporations operate through diffuse and hierarchical structures, attributing intent to a single person undermines accountability and ignores the collective nature of organizational wrongdoing.³⁴ A reformed doctrine must incorporate theories of corporate culture, organizational failure, and systemic negligence as bases for liability.

There is also growing consensus that Pakistan's reliance on vicarious liability and identification doctrines is outdated and incompatible with contemporary corporate realities. These models are inadequate when wrongdoing stems from systemic dysfunction rather than the deliberate actions

https://www.researchgate.net/publication/357186941_Corporate_financial_crimes_in_Pakistan_-_a_review_and_analysis.

³¹ "(PDF) Emerging Cyber Crimes in Pakistan: A Case Study of Online Fraud through Digital Microloan Apps," accessed December 4, 2024,

https://www.researchgate.net/publication/376294247_Emerging_Cyber_Crimes_in_Pakistan_A_Case_Study_of_Online_Fraud_through_Digital_Microloan_Apps.

³² "APG-Mutual-Evaluation-Report-Pakistan-October 2019," n.d.

³³ "(PDF) Corporate Financial Crimes in Pakistan – a Review and Analysis," *ResearchGate*, accessed December 4, 2024, <https://doi.org/10.1108/JFC-10-2021-0233>.

³⁴ "Corporate Criminal Liability: Assessing Legal Accountability 7 Issue 1 International Journal of Law Management & Humanities 2024," accessed December 4, 2024, <https://heinonline.org/HOL/LandingPage?handle=hein.journals/ijlmhs27&div=98&id=&page=>

of top-level managers. Scholars argue that adopting a “corporate fault” model which evaluates internal controls, compliance systems, and risk culture can provide a more accurate and enforceable basis for liability.³⁵

Another doctrinal weakness is the inconsistency in statutory treatment of corporate crime. While some laws recognize corporate offenders, others remain silent or ambiguous. This legal fragmentation creates confusion for courts, regulators, and corporations themselves. A unified statutory approach, potentially through a Corporate Criminal Responsibility Act, could streamline enforcement and clarify standards for attribution, culpability, and sanction.³⁶

Reform is also necessary to ensure that corporate liability aligns with international best practices and responds to transnational economic risks. In the context of globalization, multinational corporations can exploit legal loopholes, jurisdictional inconsistencies, and regulatory arbitrage. Without doctrinal reform, Pakistan risks becoming a weak enforcement jurisdiction vulnerable to corporate abuse. Harmonizing domestic liability principles with international frameworks can strengthen deterrence and improve the country’s reputation for regulatory integrity.³⁷

Finally, reform is crucial for restoring public trust and regulatory legitimacy. The perception that powerful corporate actors can evade accountability erodes confidence in legal institutions. By reforming the doctrine to include collective intent, regulatory failure, and organizational culture, Pakistan can shift the burden from proving individual fault to establishing institutional responsibility. This will enhance both the symbolic and practical force of corporate criminal law.³⁸

Recommendations for Legal and Institutional Reforms

The most urgent and the most obvious recommendation that should be followed to achieve a coherent and enforceable doctrine of corporate criminal liability in Pakistan is the enactment of a specific statute on corporate crime. This kind of law ought to neatly describe the radius of corporate responsibility, productivity of standards of contribution of intent, and punishment of legal entities. The legislation should stop using abstract statements referring to the term person and must define corporations as independent subjects of criminal liability.³⁹

³⁵ “Corporate Criminal Liability as a Panacea for Good Corporate Governance Practices 6 International Review of Law and Jurisprudence 2024,” accessed December 4, 2024, <https://heinonline.org/HOL/LandingPage?handle=hein.journals/inlrwolw6&div=17&id=&page=>.

³⁶ “Refinement of International Law: From Fragmentation to Regime Interaction and Politicization | International Journal of Constitutional Law | Oxford Academic,” accessed December 4, 2024, <https://academic.oup.com/icon/article/15/3/671/4582635>.

³⁷ Ibtasam Zafar Butt and Ayesha Malik, “Interposed Crimes and Pakistan: Causes and Consequences” 5, no. 4 (2024).

³⁸ “Rebuilding Trust in Corporate America - ProQuest,” accessed December 4, 2024, <https://www.proquest.com/openview/eed6eef5a2189815c055a5a46ae48358/1.pdf?pq-origsite=gscholar&cbl=41532>.

³⁹ Kabeer Khan, Shaista Naznin, and Kamran Khan, “Unraveling the Digital Labyrinth: AI, Privacy Rights and Corporate Governance in Pakistan’s Evolving Legal Landscape,” *Competitive Research Journal Archive* 3, no. 01 (March 25, 2024): 315–28.

Secondly, Pakistan ought to embrace a model of a “corporate compliance and accountability” that is employed in the developed jurisdictions. This would encourage companies to have effective internal control, ethics training and compliance processes. Systems failures in companies may result in the aggravated liability, and good-faith efforts of companies to prevent misconduct may mitigate the penalty. Incorporating the standards in the law would facilitate transitioning of the corporate culture to the preventive way of governance as opposed to the reactive way.⁴⁰

The third best suggestion is establishment of specialized prosecutorial and investigatory unit in FIA, NAB and SECP. Such departments should be filled with professionals in the financial regulation, forensic accounting and organizational behavior. Liaison with other agencies needs to be formalized by making inter-agency cooperation by means of formal protocols, shared databases and cross standards. Corporate crime is more sophisticated than what can be handled by general criminal enforcement agencies and therefore requires institutional capability to deal with such crimes.⁴¹

As a measure to enhance transparency and homogeneity, Pakistan can have a centralization of register of corporate offenders, which will be open and updated on a regular basis. This would increase reputational accountability, enable its regulators, and investors to calculate the corporate risk, and prevent recidivism. Transparency may be used as regulatory tool as well as a social indicator of enforcement severity.⁴²

Last but not least, education in law and business should be reshaped with the incorporation of courses on corporate criminal liability, ethics of compliance and financial crime. The judges, lawyers and policymakers in the legal community should be educated on the subtleties of the corporate theories of liability and trends of its enforcement worldwide. Without this epistemic shift, doctrinal reforms will fail to translate into practice.⁴³

Conclusion

The theory of corporate criminal liability in Pakistan is underdeveloped and of rather limited value. Corporations may be penalized, but statutes do so because they recognize the status of corporations and their power. Yet the current system of laws has failed to provide clarity and consistency plus a framework of enforcement to convert doctrine to deterrence. Corporate crooks

⁴⁰ Kayode Akinsola, “Legal Compliance in Corporate Governance Frameworks: Best Practices for Ensuring Transparency, Accountability, and Risk Mitigation,” SSRN Scholarly Paper (Rochester, NY: Social Science Research Network, January 31, 2024), <https://doi.org/10.2139/ssrn.5126542>.

⁴¹ “Criminal Procedure Code in Pakistan: Evaluating the Process and Challenges in Investigating Crimes | The Critical Review of Social Sciences Studies,” accessed December 4, 2024, <http://thecrsss.com/index.php/Journal/article/view/488>.

⁴² “Sustainability and Responsibility in the Digital Era: Leveraging Green Marketing in Healthcare: Media & Communications Book Chapter | IGI Global Scientific Publishing,” accessed December 4, 2024, <https://www.igi-global.com/chapter/sustainability-and-responsibility-in-the-digital-era/373019>.

⁴³ “Legal Education in the Corporate University | Annual Reviews,” accessed December 4, 2024, <https://www.annualreviews.org/content/journals/10.1146/annurev-lawsocsci-110413-030714>.

often skate free, and not because they enjoy the protection of the law, but because of institutional inertia, fragmentation and prosecutorial constraints.

As the corporate world increasingly plays a part in the development of the economy, the aspect of risks related to the uncontrolled power of corporations is getting more and more vivid. Environmental destruction, fraud on financial markets, compliance evasion is only a few of the type of harms that require a new, strong response on the side of regulation. Pakistan has kept on being dependent on old fashioned materials e.g. individual mens rea or restricted meanings of liability which are inappropriate considerations in the complex dealings of current corporate activities.

The corporate criminal liability reform in Pakistan is not really a drafting issue, it is a paradigm shift that a country needs to have. The legal framework should be aligned in such a way that it captures the organizational nature of the corporations, their structures, cultures and decision-making process. Criminal liability needs to go beyond the individual criminalism of finding individuals liable that are involved in a crime to pin the all-pervasive and systemic issues that allow misconduct.

It is also significant to reform institutionally the enforcement agencies. Even the most innovative pieces of text will not have been used when lacking special employees, instruments to investigate, interaction between agencies, and independent prosecutors. The need to embrace corporate accountability in a rule-of-law society should also be captured in legal education, discourse, and developmental policies.

Developing a stronger corporate criminal liability is not only necessary to give direction the economic regulation but also to support the democratic ideals, social equity, and institutional credence. Legal institutions are undermined in their effectiveness when it comes to punishing powerful corporate actors; this has led to a loss of faith in the justice system on the part of the citizenry. It is now a climatic point in Pakistan: either the country renews its doctrines of law and law-making institutions or it will continue facing the consequences of regulatory failure at the cost of developmental objectives. The time for comprehensive reform is now.

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