

# Corporate Globalization and Challenges for Pakistani Companies

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## *Abstract*

*This study examines the challenges of spreading network faced by Pakistani companies in different sectors. After establishing themselves in the domestic markets, firms exploit their competitive edges, and resume export, import, or establish subsidiaries to facilities, or service operations abroad, which may not only benefit them but the domestic and foreign economies as well. Above all, it serves as a proactive strategy to exploit global opportunities and excel competition by upgrading their skills, technology, competitive knowhow, and resource base. Such advancement can safeguard them from the invasion and competitive hazard of rivals, particularly foreign-based global businesses. The research applies the tools of qualitative and quantitative investigation. In addition to reviewing literature, for qualitative analysis, interviews and observations via (electronic) media content analyses are undertaken. For quantitative analysis, a survey through questionnaire filling, comprising structured questions, is undertaken from globally expanding Pakistani companies in top five export-oriented sectors, which test the hypotheses. The findings of the study indicate the challenges that the companies face which can be categorized as: capacity building to compete, foreign regulations, and institutional support framework, which they strive to cope for moving ahead in the global arena.*

*Keywords:* Challenges of globalization, corporate globalization, globalization

## **1. Introduction**

Globalization has evidently turned the world into a global village. Companies are trading goods and services across borders and buy parts or utilize the services of experts to manufacture/produce and selling products anywhere in the world. Moreover, countries are now able to share expertise in technology transfer, up gradation, trade, and development matters. Globalization has been fortified by trade liberalization, privatization, free market economy, substantial success of World Trade Organization (WTO), treaties regarding free trade, and ententes among nations.

Corporate globalization occurs in many ways. A company enters a foreign market to sell its surplus stock or avail lucrative opportunities. It buys and sells its output abroad, or invests overseas, may operate its facilities or provides services to foreign territories, and thus globalizes its operations. Generally, when a firm establishes itself in the domestic market, it then strives to expand its business and penetrate in the foreign markets, because every product has a life cycle, and there comes a time, when its products reach at a maturity level (of sales), then the firm adopts various tools to get back to growth through exports. If companies expand their business domestically or overseas, they enjoy economic benefits. On one hand, they keep flourishing in the domestic market, and on the other hand, they explore new opportunities

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in the global markets. However, despite unidentified risks, their specialization and economies of scale pave the way to their success.

The matrix of this study is limited up to the extent of public and private limited companies, listed by shares and registered at Securities and Exchange Commission of Pakistan (SECP). There seem to be emerging trends of corporate globalization in Pakistan, as many of its renowned companies inclusive of banks have global operations. Gul Ahmed Textile, Sitara Textile, Alkaram Textile, and many others enjoy global presence and operate many branches overseas. Ali Gohar Pharmaceutical (AGP) and Zafa Pharmaceutical Laboratories have established manufacturing facilities in Africa.

Corporate globalization has a significant impact on a company's performance in terms of risks, revenues, and returns. Many researchers agree that a firm's globalization leads to both opportunities in the global market and challenges cum risks posed by the global market (Czinkota & Ronkainen, 1977; Thourunroje & Tansuhaj, 2007; Li, Qiu, & Wan, 2011). Some of the main features of corporate globalization consist of exploring new avenues of market penetration, growth, and exploiting its full potential, along with increased market size, lucrative opportunities, and enhanced resource base (Contractor & Lorange, 1988 as cited by Li, Qiu, & Wan, 2011; Jones, 2002). The other benefits include to stabilize or counter domestic demand fluctuations (due to changes in consumer demands, seasonal slackness, and economic downturns) by taking global market share, enhancing competitiveness by having exposure to global technologies and practices, and assisting in shrinking trade deficit of the home country (International Trade Center-UNCTAD/WTO and Small and Medium Enterprises Development Authority, 2007). Many studies suggest that corporate globalization and global diversification are positively assessed by a company's stakeholders, including stockholders, bond holders, and creditors or bankers, which extends the corporate value and overall equity value (Gande et al., 2009; Tobin's & Reeb, 2002 as cited in Li, Qiu, & Wan, 2011). But the global market penetration does not come alone, it exposes an international firm to foreign countries) regulations, intensified competition, risks, volatile markets, and uncertainty (Li, Qiu, & Wan, 2011).

## **1.2 Research Problem**

Globally operating companies contribute in exports and imports of goods and services, and if they operate in a foreign country, they do not only expand their business but import various goods and services, including manpower from the home country. They add value in gross domestic product (GDP) and gross national product (GNP), and protect themselves from ever-escalating threat of global competition, since they become well-equipped with the international standards. A study on corporate globalization of Pakistani companies identifies the challenges in global operations of companies, foreign regulations, socio-cultural issues, competition, and institutional support, while the solutions sought will be fruitful for them.

## **1.3 Research Objective**

The core objective of the study is to discover the challenges for Pakistani companies in penetrating into foreign markets and globalizing their operations, so that they can tap lucrative economic opportunities. The study is confined only up to the extent of its delineated objective.

## **1.4 Research Questions**

The key questions of the study are as follows:

- Why do companies globalize their networks?
- What are the incentives for Pakistani companies to go global?
- What are the key challenges they face in global operations?
- Do the domestic challenges differ than those that they encounter abroad?

## **1.5 Justification and Significance of the Study**

There is no single study available (in public and private sectors) about Pakistani corporate sector's move for globalization. The study helps in discovering the existing obstacles on domestic grounds and overseas arena for selected Pakistani corporate sector in their way towards globalization, and it seeks to offer solutions and ways to tackle them. The study can substantially aid potential Pakistani companies, related policy makers, and academia.

## **2. Literature Review**

The term corporate globalization bears multiple meanings in different contexts. It refers to the gradual internationalization of companies, or corporate global expansion. In addition, some authors refer it as corporate global dominance and global expansion of global companies only (Jeffus, 2003). Global business has been fostered by globalization, which embodies globalization of: markets, financial system, technology, standardization, international laws, customers, culture, and community (Anjum, 2011, European Commission, 2005; Jeffus, 2003). Global businesses can trade, invest, and transfer technology and people around the world. In addition, the institutions supporting it include World Trade Organization (WTO), United Nations (UN), World Bank (WB), International Monetary Fund (IMF), and many others. International Labor Organization (ILO), United Nations Conference on Trade and Development (UNCTAD), and Organization for Economic Cooperation and Development (OECD) have developed codes for businesses, particularly global businesses regarding their corporate conduct/governance, which pose challenges since their execution requires heavy cost.

### **2.1 Internationalization of Companies**

As mentioned above, the term corporate globalization refers to the incremental internationalization of companies, or simply 'global business operations of companies.' Usually when firms grow their business in the domestic markets, they decide to expand their operations internationally. They expand globally in search of opportunities for growth and incentives, but also beware of foreign regulations, security of their investment, strange barriers of culture and languages, marketing, financial arrangement, and overall business management. Some firms internationalize their business operations at any stage of business development. The world has witnessed the examples of even born global firms, such as the companies that expand their business overseas soon after their inception and some net-centric companies also fell in the category of born global firms. Youtube, Google, Face Book, Twitter, and Yahoo are some of the well-known instances of born global firms.

There exist many models of internationalization of companies. The discourse about them is commenced from the evolutionary models. One such marvelous model is the Apsala model. It was devised by Jan Johanson and Jan-Erik Vahlne in 1977, which they revisited in 2009. According to Johanson and Vahlne (1977), internationalization of firms is a gradual phenomenon, when firms globalize they find gradual incremental paths, like many start from exporting goods and services, which is the least risky mode of operations in an overseas market, then they find sales agents, after establishing their sales at a substantial level they set up sales subsidiaries abroad, and later on, they move for manufacturing facilities abroad through a joint venture with some local partners, or set up wholly owned subsidiaries abroad. Another significant factor is the distance of the foreign markets; many firms opt for the countries that have some proximity to the home country. The model focused on corporate entrepreneurship. In addition to mode of entry, the choice of country or overseas market, and scale of operation seem to be other salient decisions for the global businesses. The model of Johanson and Vahlne (1977) exhibits two sets of perspectives: state and change perspectives. The state perspectives consist of market knowledge and market commitment. The change perspectives consist of commitment decisions and current activities. Firms operative in a single country usually lack knowledge of foreign markets, which they need to build through the tools of business and marketing research.

Many firms hire international managers to provide basic market knowledge. It can be about consumer needs and wants, values, culture, fashion, trends, consumers' media choices, consumption patterns, demand, growth, future potential, lucrative opportunities, gaps in demand and supply, competition, industry structure, industry norms and practices, foreign regulations, business-friendly policies, facilities offered by bankers and financial institutions, and so many other factors. A firm requires all the essential market knowledge that can assure success in the marketplace and assist in designing the business plans and viability reports for the foreign business ventures. Such knowledge leads to market commitment and related decisions. The more knowledge a firm possesses about an overseas territory the more commitment it makes in terms of long-term investment. Greater the investment, greater is the risk, but the global firm is ready to face challenges and take risks. When the global businesses resume foreign operations, they learn a lot from their current activities. The goals may seem un-achievable; there can be a substantial difference among planned outcomes versus accomplished outcomes. But if they move in the right direction and set new records, they enhance their learning. The experience curve move up and they start replicating their learning in other territories throughout their network. The commitment is the decision to take a long-term risk and extend investment in fixed assets or overall operations. If the foreign business fails or the foreign government policies change, a global entity will have to suffer because it will not be able to withdraw its investment abruptly.

During the span of three decades, Johnson and Vahlne kept reviewing the advent of new theories and model cum real-life practices around the globe. They noticed that several studies emphasize the network of relationships especially with suppliers and buyers. Thus integration of networks in the internationalization process and strategy is widely acknowledged (Hakansson, 1982; Hallen, 1986; Turnbull & Valla, 1986; Sharma & Johanson, 1987; Erramilli & Rao, 1990; Bonaccorsi, 1992; Ford, 1997; Majkgard & Sharma, 1998; Martin, Swaminathan, & Mitchell, 1998). Johnson and Vahlne (2009) chiefly argued that global markets are web of relationships among stakeholders; in which firms develop strategic alliance and invisible partnerships to gain resources (informative, technical, or financial) from others. Thus, a firm

getting on international expansion track finds itself insider within the network as well as outsider. The rapport build up during organizational globalization paves the way for enhanced learning, replication across the net, nourishes trust in the net, and ultimately enhanced commitment.

Jim Bell (1995) compared four models on internationalization process of companies. All these models focused on the modes of entry regarding their internationalization. The cross comparison exhibits that Johanson & Wiedershiem-Paul (1975) advocated that firms descend to global markets in four stages: 1) when they have no regular exports; 2) they resume exports via overseas sales agents; 3) in the wake of initial success, establish overseas sales subsidiary; and 4) decide to establish overseas manufacturing facility. Bilkey and Tesar (1977) argued that firms' globalization involve six-step process: 1) management is focused on domestic market and is un-interested in exporting; 2) they receive orders from abroad and are interested in fulfilling those unsolicited orders; 3) they plan to do regular exports and get developed the viability report for that; 4) they commence exports to neighbors and friendly countries, so-called psychologically close countries; 5) with time their experience curve moves ahead and they turn as experienced exporter; and 6) eventually they search to tap opportunities in distant territories around the world. Cavusgil (1980) offered a model whereby firms' internationalize their operations in five stages. He explained that 1) they do domestic marketing only; 2) they get lured with exploiting opportunities abroad, but they are at pre-export stage and plan for their export operations; 3) they engage themselves in experimental export transactions in psychologically close countries; 4) they get actively involved, earmark resources, hire dedicated personnel for the new ventures, and start building rapport with customers and vendors overseas; and 5) they do long-run commitment in terms of investment, while knowing that it may be not be easy to disinvest or there may be barriers to exit in some markets.

Czinkota (1982) also devised a framework that expounds six stages of internationalization of firms. It includes, 1) the firm is happy in the domestic market and remains busy to fulfill the customers' needs there, and is altogether un-interested in exports; 2) it becomes partially interested in export, since it observes lucrative opportunities abroad, intends to sell surplus stock, and to cover up demand fluctuations in the domestic arena; 3) it inaugurates export operations, encounter the challenges of foreign regulations, intense competition, and volatile conditions, but behaves persistently in a bid to make a firm foothold in the markets and develop fruitful relationships with overseas channel partners; 4) it shapes up itself as an experienced exporter and learns from global experiments; 5) it turns as an experienced exporter at a small scale but feels confident with its initial successes; and 6) ultimately, it turns as an experienced exporter at a large scale and feels confident in its global net. As stated above, the limitation of these models is that they focus only on the mode of entry, and except the first model, the rest of them focus only on exporting as the only medium. They eliminate other modes of entry such as licensing, franchising, turnkey projects, management contracts, etc. and do not maintain the complexities in the unfamiliar global environment.

According to Gupta and Govindarajan (2004), corporate globalization rests on the mindset of individuals that run the corporation at the top management positions. The top managers of such companies have an understanding of the culture of a foreign market, the values of consumers, corporate executives, the business and trade partners, the ruling authorities, and so on. Managers of transnational companies assimilate global corporate culture, and they

enjoy a composition of diversified leadership i.e. leaders from diverse ethnic and professional backgrounds. For instance, GlaxoSmithKline (GSK), it operates worldwide and its various tiers of management consist of people from everywhere in the world. But the executives and workers have to do their work under the directives and uniform guidelines of the company.

A globally operating company develops its capital base around the world. It invests its assets as well as human capital overseas. The level of capital depends on its decisions about the scale of its operations and financing decisions. Whether the company decides to make one hundred percent investment of its own, or finds local partners as well, as in case of a joint venture, or seeks bank financing options, and some companies get themselves listed in the stock exchanges of the foreign markets to enjoy interest free financing from the stockholders. Abbot and Merck for instance have availed financing from licensing their manufacturing and marketing facilities abroad (Qureshi, 2014). Another significant component is globalization of supply chain management. Toyota is the perfect example of this. It possesses manufacturing facilities in Japan and various parts of the planet, outsources parts from global sources, and exports its automobiles in various countries through its global supply chain.

After three decades, Johanson and Vahlne (2009) revisited their paradigm to incorporate changes in the contemporary business environment. The global business environment, business norms, trends, and practices, world economics, and particularly regulatory affairs became too much dynamic during those three decades and in the mean while a lot of research work was undertaken. The new model consists of some additional variables including trust-building and knowledge creation through network of relationships (Johanson & Vahlne, 2009). According to the model, state perspectives consist of knowledge opportunities and network positions, whereas the change perspectives consist of relationship commitment decisions and learning creating trust-building. The state perspectives were considered as current conditions and the change perspectives were considered as rapidly changing variables.

The process of gaining knowledge emanates from a firm's own experimental learning and through a network of relationships with stakeholders, particularly consultants, vendors or out-sourcing agents, distributors, dealers, customers, indirect competitors, and even rivals sometimes. For instance, chapters of chambers of commerce and similar trade forums provide such opportunities, where even rivals share info or problems of joint interest. Knowledge opportunities outgrow from the awareness of the existing opportunities that may be lucrative opportunities, under-served demand, such as in case of obsolete technology in a certain domain, demand and supply gap, emergence of a niche market, changing trends, change in government regulations, such as provision of more safety tools at workplace, and even opportunities can arise from natural catastrophes like earthquakes, floods, high rains, and so forth. The firms capitalize such opportunities and develop them to optimize their interests.

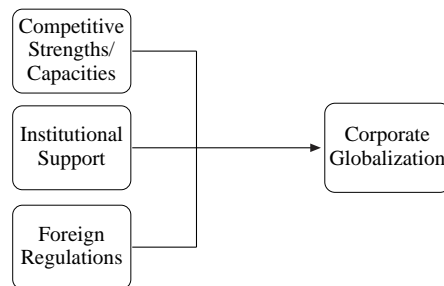
The knowledge opportunities signify relationship and commitment decisions. Indeed, the stronger the net of relationships a firm has with the business or trade partners (vendors and customers, etc.), stronger is the commitment decisions. Commitment is about fixing long-term resources a firm invests overseas, particularly the immovable fixed assets, which means it keeps its valuables on the stake and becomes fully dedicated to overseas operations. The next step is learning (and) creating trust-building. A firm may learn many new systems, processes, and procedures overseas that it never learned in the domestic market. Every market enjoys its own characteristics, its own demographics, economic indicators, quality and

technology parameters, consumer preferences and values, legal-political system, level of fair and unfair business practices, ethical code of conduct, and the like. The environments in multi-local markets provide learning opportunities for international firms. When an international firm learns more and becomes able to manage well across border, it replicates its successful strategies and practices in various territories in its network, and builds trust in its system and network partners. Ultimately, learning (and) creating trust-building lead to network positions. When a focal firm decides to expand overseas, it moves where it learns about opportunities and builds rapport with foreign partners. Thus, it eventually sets a network position in terms of mode of operations, which can be determining among a variety of choices for modes of entry like, hiring overseas sales agents, distributors, opening sales/distribution subsidiaries, licensing or franchising their products and business models, or opening full-fledged facilities for production operations.

### 3. Conceptual Framework

The conceptual framework exhibited in figure 1 presents various factors affecting a firm's globalization. They consist of competitive strengths/capacities, foreign regulations, and institutional support as independent variables, and corporate globalization as the dependant variable. Note that the conceptual framework has been taken for a quantitative analysis of data through a survey utilizing questionnaire as a tool for data collection.

Figure 1



#### 3.1 Research Design

The research design comprises an integration of qualitative cum quantitative research paradigms. It tends to be exploratory in the context of Pakistan and then, it turns an explanatory probe by utilizing a survey. It is cross sectional in terms of time horizon.

#### 3.2 Hypotheses

The hypotheses for the study are mentioned below:

**H<sub>1</sub>:** The competitive strengths/capacities (significantly and positively) affect companies to determine their move for corporate globalization (i.e., corporate global expansion).

**H<sub>2</sub>:** Institutional support for businesses (significantly and positively) impacts upon companies to determine their move for corporate globalization.

**H3:** Foreign regulations governing businesses (significantly and positively) impacts upon companies to determine their move for corporate globalization.

#### **4. Data Collection and Analysis**

For a qualitative study, the primary data is obtained through one-on-one interviews from a sample of top-level international managers of Pakistan-based globally operating companies from top-five export-oriented sectors of Pakistan, including textile (along with its sub-sectors), food group comprising rice, seafood, and wheat sectors, and leather, since many companies from these areas have done overseas expansion. The questionnaire for interviews contains open-ended and semi-structured questions. The sample size consists of five reps from each sector, which makes a total of twenty five samples, selected through convenience procedure. For a quantitative study, the primary data is obtained through a survey by using questionnaires filled from the companies in the same sectors (i.e. top-five export sectors), located in different parts of the country. The questionnaire comprises of structured and close-ended questions on 5-point Likert scale.

The secondary data is obtained through literature review. As per the reliable data of Securities and Exchange Commission of Pakistan (SECP), the total population of public and private limited companies operative in those five sectors stands 5270 companies, from which a sample of five plus percent companies is selected randomly, and self-administered questionnaires are mailed to them. From the sampling frame of SECP, samples are drawn through proportionate stratified sampling (to confirm justified representation of each stratum) articulated through systematic random sampling (SRS). The data analysis techniques include interpretation of interviews (aggregate to unique responses); Reliability Test for determining soundness of the measurement tools; Correlation Test to gauge the strength of relationship among concerned variables; multiple regression analysis to find significance of the model and interdependence of variables; and Oneway ANOVA to learn about equivalence of the means of the five populations.

From the aggregate responses generated through interviews, the findings of the qualitative data are depicted hereunder:

Competitive strengths or capacity building relates with developing the functional or operational capabilities of the business, which entail process improvement and system re-engineering. Capacity building paves the way toward building competitive edges that can be in the domain of technology, quality leadership, cost leadership, efficient and effective management, and control over resources and overall operations. Globally operating/expanding companies (inclusive Pakistani companies) transfer their resources and core competencies overseas, when feasible build relationships with buyers and suppliers overseas, and replicate the standardized practices.

Foreign regulations regarding entry of foreign firms, licensing, registrations of products, or intellectual property, permits to import input or manpower, standardization of products and procedures, and repatriation of profits to the home country appear a hefty concern and challenge for global businesses. To become aware of the overseas challenges, they need marketing and business research to build required competitive strengths/capacities. Once they survive, their experience curve keeps descending upward.



The institutional support of public and/or private institutions for technical and financial capacity building push companies towards corporate globalization. This support emanates from trade policy incentives of the government pertaining foreign trade, which provide an enabling environment to potential globally expanding companies. Albeit the construct of institutional support has a direct nexus with capacity building of firms, its salience can not be evaded, as the government plays a pivotal role in the development of firms. Moreover, in one way, the institutional support embodies the 'support of investors and financiers' (i.e. banks and financial institutes) as well, resulting from their positive perceptions about a firm's globalization. Since investors trust them and invest with them, and the lending entities help them avail loans at favorable terms, like subsidized interest rate, relaxation in determinate tenor of loan, and accepting mutually agreed collaterals.

The challenges for Pakistani companies in the global arena include: foreign regulations governing businesses like, labor laws, environmental safety, consumer rights, fair trade practices, uniform international laws and codes like International Labor Organization (ILO), United Nations Conference on Trade and Development (UNCTAD), Organization for Economic Cooperation and Development (OECD) codes for businesses, especially foreign companies, intense competition, unknown culture and customer behavior, cost of marketing and business research, standardization, certification, quality, hygiene, the perceived risks of failures, and changing environment. The challenges for Pakistani companies in the domestic arena are somehow alike those that they encounter abroad, such as the problems of capacity building and intense competition, while there is an undermined institutional support framework resulting in law and order crises, terrorism, energy shortfalls, ever-escalating cost of doing business, poor infrastructure, volatile regulations and policies governing businesses, and mis-governance and transparency.

The challenges for globally operating companies in the developed countries are significantly different than that of the least developed or developing countries. The developed economies provide state-of-the-art infrastructure, subsidized interest rates for industries, exporters, and businesses, subsidized electricity rates, availability of highly skilled labor, (but it tends to be costly when compared with that of the developing economies), better law and order situation, good governance, and stable cum business friendly policies. Although the tax rates and input costs tend to be higher in these economies, but they compensate through discounted interest rate and various incentives and subsidies schemes for serious businessmen and entrepreneurs.

There are evidences of lack of support from public sector entities; many of the globalized (or globally operating) Pakistani companies and exporters receive substantial benefits from the schemes of duty drawbacks, sales tax refunds, export financing at subsidized interest, allowances in attending foreign expos, and funds for developing exports and overseas markets. However, there are several cases where globally expanding companies and individual exporters are claiming for their long-awaited pending claims but the authorities maintain about the un-adherence to the formally laid down procedures. This results in partial existence of collaboration and cooperation of public private sectors (and more specifically corporate-government collaboration) having lack of mutual trust and dissonance over cooperation, since the private sector sounds frustrated of the volatile and un-friendly policies executed by the public sector. On the other hand, there are several incidences of pending claims and delayed releases of subsidy claims to Pakistani companies (that export or go global) by Trade Development

Authority of Pakistan (TDAP).

From the analysis of structured survey, the findings of the quantitative data are mentioned below:

**Table 1**  
Reliability Statistics [Cronbach Alpha (CA) and N of Items (Variables)]

CA	N	CA	N	CA	N	CA	N	CA	N	CA	N
.977	27	.967	4	.821	9 (CSC)	.801	3 (FR)	.851	6 (IS)	.743	9 (CG)

The table 1 exhibits that there is splendid reliability of the measurement scale. The score of <Cronbach Alpha stands = .977> with 27 items and is greater than the benchmark of .70, suggesting that it's highly reliable for data analysis. In addition, it portrays that when number of items/variables was 4, the score stood .967. The individual scores of all the 10 variables fall between the ranges of .743 to .851, which means they tend to be highly reliable.

**Table 2**  
Correlation Matrix

		CSC	FR	IS	CG
CSC	PC	1	.925**	.914**	.779**
	Sig.		.000	.000	.000
	N	286	286	286	286
FR	PC	.925**	1	.936**	.801**
	Sig.	.000		.000	.000
	N	286	286	286	286
IS	PC	.914**	.936**	1	.824**
	Sig.	.000	.000		.000
	N	286	286	286	286
CG	PC	.779**	.801**	.824**	1
	Sig.	.000	.000	.000	
	N	286	286	286	286

The table 2 presents that all the variables observed with the perfect positive correlation among them. The test results portray the greater level of significance at .00 levels, as correlation stand significant at the benchmark level of 0.01 when performed 2-tailed. The dependent or criterion variable, corporate globalization (CG) had the highest correlation with the predictor variable institutional support (IS), which stood <math>r = .824</math>, with foreign regulations (FRs) <math>r = .801</math>, and the lowest correlation with the predictor variable competitive strength/capacities (CSC), which stood <math>r = .779</math>. The independent variables have also perfect positive correlation score with each other, which ranges from .914 to .936.

**Table 3**  
Model Summary and ANOVA (of Multiple Regression Analysis)

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
.826 <sup>a</sup>	.683	.681	.50730	152.771	.000 <sup>a</sup>

**Table 4**  
Coefficients

Variables	B	t	Sig.
Constant	.267	2.612	.002
Competitive Strengths/ Capacities	.345	3.900	.001
Foreign Regulations	.442	4.927	.001
Institutional Support	.467	5.612	.000

a. Dependent Variable: Corporate Globalization

The table 3 and 4 presents R values, ANOVA and Coefficients. In table 3.3, the R values of the model that states the coefficient of determination or the effect of the predictors over the criterion variable. The R score is  $\langle R = .826 \rangle$ , with R square value of  $\langle R^2 = .683 \rangle$ , and adjusted R square for  $\langle AR^2 = .681 \rangle$ , that suggests the predictors explains the criterion variable by 68%. The significance level of the model that is  $\langle \text{sig.} = .000 \rangle$  and the F value is  $\langle F = 152.77 \rangle$ , which is in the acceptance region. Hence the result shows the overall model fit. The table 3.4, the results show that all the independent variables had *t* scores that are greater than the cut off value of 2 with the significance level that is less than .05. Hence, all of the predictors appear significant. The individual scores are: constant  $\langle B = .267, t = 2.612, \text{ and sig.} = .002 \rangle$ , competitive strengths/capacities  $\langle B = .345, t = 3.900, \text{ and sig.} = .001 \rangle$ , foreign regulations  $\langle B = .442, t = 4.927, \text{ and sig.} = .001 \rangle$ , and institutional support  $\langle B = .467, t = 5.612, \text{ and sig.} = .000 \rangle$ . On the basis of the results driven from correlation and multiple regression analysis, all the hypotheses are accepted.

**Table 5**  
ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.047	1	.047	1.480	.062
Within Groups	.127	3	.042		
Total	.174	4			

The table 5 shows the value of significance of results,  $\langle \text{sig.} = .062 \rangle$  means it's insignificant for the estimation of the population. The F statistics is  $\langle F = 1.480 \rangle$ , thus it fails to reject the common assumption that the means of the populations are equal (i.e. the means are the same).

The discussion on findings of qualitative data supports, re-assures, and double checks the results of quantitative data. It leads to synthesizing of robust findings that world-wide as well as in Pakistan, the challenges toward corporate globalization are associated with three broad classes: companies' competitive strengths/capacities, institutional support framework (provided by public and private sector entities), and foreign regulations governing businesses. The globally expanding Pakistani companies go global on their own i.e. on the basis of their learning and experience curve, technical competencies, financial soundness, and linkages cum network abroad. Strange overseas regulations seem big challenges for them, especially regarding meeting their technological standards. The inland circumstances of Pakistan pose various menaces for such companies like domestic crises of transparency, mal-administration, and poor infrastructure. The incentives of the government seem insufficient to them. The private sector intervenes but the public sector lags far behind. There is dearth of trust among public-private bodies toward their nourishment and capacity building.

## 5. Conclusion

The challenges for Pakistani companies in the global arena pertain to three broad categories, including (their own) competitive strengths/capacities, institutional support framework (provided by public and private sector entities), and foreign regulations governing businesses. Others include: labor laws, environmental safety, consumer rights, fair trade practices, uniform international laws and codes for businesses, especially foreign companies, intense competition, unknown culture and customer behavior, cost of marketing and business research, standardization, certification, quality, hygiene, the perceived risks of failures, and changing environment. The challenges for Pakistani companies in the domestic arena consist of capacity building and intense competition, while there is an undermined institutional support framework resulting in law and order crises, terrorism, energy shortfalls, ever-escalating cost of doing business, poor infrastructure, volatile regulations and policies governing businesses, and mis-governance and transparency.

Competitive strengths or capacity building in all the functional or operational areas of business enable companies to build competitive edges pertaining technology, quality, cost, and control over operations. Globally operating/expanding companies transfer their resources and core competencies overseas, when feasible build relationships with buyers and suppliers overseas, and replicate the standardized practices. Pakistani companies also apply the same techniques of capacity development. To cope up foreign regulations regarding entry of foreign firms, licensing, other procedures of doing business, Pakistani companies rely on doing marketing and business research.

The institutional support of public and/or private institutions for technical and financial capacity plays a strategic role toward corporate globalization. This support emanates from trade policy incentives of the government pertaining foreign trade, which provide an enabling environment to potential globally expanding companies, but there is a dearth of such support from the public bodies, especially in the absence of transparency and accountability. This results in countless pending or un-entertained claims of globally operating Pakistani companies and exporters. It exemplifies lack of trust by private sector on public sector and vice versa. On the other hand, the private sector intervenes in terms of 'support of investors and financiers' (i.e. banks and financial institutes), and possesses positive perceptions about a firm's globalization. Since investors trust globally operating Pakistani companies and invest with them, while the lending entities help them availing loans at subsidized interest rate and soft/favorable terms.

### 5.1 Recommendations

The suggestions are submitted hereunder for the consideration of the globally expanding Pakistani companies and policy makers:

- Building capacity and competitive edges: Whether a company is just an exporter or has subsidiaries overseas, it should strive to develop its internal capabilities in each and every aspect of operations. The key areas of developing capabilities comprise of manufacturing/production, research and development (R&D), marketing having a pivotal focus on customer service and research, finance, human resources (HR), enterprise resource planning (ERP) or management information system

(MIS), operations and supply chain management, and overall processes and procedures involved in the development of the organization. The bottom line is, they need to focus on building managerial, technical, financial, and entrepreneurial capabilities. The enhanced capabilities will turn into competitive advantages vital for success and sustainable development. From organization development perspective, every firm that ranges from a micro firm to a blue chip corporate entity, and even multinational conglomerates stress on continual learning and capacity building in a bid to excel the competition (whether domestic or global competition).

- Effective role of government through incentives and support mechanism (powered by fairness): The government plays a dominant role in accelerating foreign trade through exports or through globally expanding companies having head quarters here in Pakistan, and offices or subsidiaries abroad. The government periodically announces facilities and schemes in its strategic trade policy framework (STPF) such as, assistance in research grants, acquisition of certificates of standardization, funding for opening offices or outlets abroad, subsidized financing schemes for exports and import of machinery and input for re-export, duty drawbacks, sales tax refunds, subsidies to attend overseas expos, etc. These schemes should be streamlined, a turn-around time (TAT) ought to be announced to process the claims within due course of time, and the concerned parties should have the facility to check the up-dated status of their work on the relevant authority's official website. Moreover, a claimant bearing any grievances usually has the right to lodge complaint to his/her respective trade body, or chamber of commerce, or its head office. By legislative framework, the claims processing organizations like Trade Development Authority of Pakistan (TDAP), or ministry of commerce (MoC), which disburses claims through ministry of finance (MoF) should be made legitimately accountable to entertain the queries and complaints of all the national level trade bodies and chamber of commerce. Again the turn-around time (TAT) ought to be pre-defined. Eventually, all this necessitates a multi-pronged and integrated strategy to tackle the challenges of fairness, transparency, and accountability to remove the obvious grievances about residual claims from TDAP and MoC, and their poor role.

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