

**“IMPACT OF INTERNAL FACTORS OF MNC’S  
THAT CONTRIBUTE TOWARDS SUCCESSFUL  
ENTRY IN LOCAL MARKET  
(PAKISTANI CONTEXT)”**



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## ABSTRACT

The primary objective of this research is to provide the detailed discussion based on the major internal factors that guide a multinational firm to carve its path towards success and facilitates it to get penetrated in the local market to capture its domestic audience. As well as this paper includes the study of impact of significant internal factors without which a multinational cannot be benefited from the status and power it holds over domestic firms operating its functions within the identical target market. In addition, this paper highlights the current standing position of multinational companies operating their business in Pakistan and along with their success stories.

**Keywords:** Multinational Companies, Internal Factors of Success, Pakistan Market Context, Success Stories

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## Ch. 1

### INTRODUCTION

#### 1.1. Background of the Multinational Companies

Since ancient era, the trade has always been existed among nations although their scope and capacity was accustomed to be partial and restricted. With the sudden boost of industrial revolution along with the foreword and beginning of rapid means of communication and transportation, international trade has prolonged at fast speed and pace. Consequently, the multinational companies came into being. (www. wsj.com)

Multinational Corporations are companies that operate at large level and across their national boundaries. The first multinational corporation that came into being was established in the decade of 1920s named as East India Company. Similarly, many other companies came up one after the other in 1950s and 1960s that start operating across whole United States that expanded its businesses and functions worldwide. Likewise Western Europe and Japan also emerged as the powerful industrial based economies. This was the result of elevating import tariff that was imposed by the governments of plenty countries which made these multinational companies to start manufacturing for becoming the domestic producers of as many countries as possible.

In the today's world, companies are obliged to be entertained by an effective infrastructure which facilitates them transcend not only their national borders but to drive themselves in the global market. For this very purpose such company needs to go for an apparent branding strategy and goals a company wants to achieve in the long run. Similarly, the companies compete in the global environment are required to decide as whether they want to acclimatize for each specific market or want to go for standardization transversely for these markets. Another challenge faced by multinational companies comes along with cross border expansion as it is critical to understand the operations within an organization i.e.; its structure, processes those are need to be followed, reward systems for its employees and workers motivation and performances, and people practices etc, should be designed to serve at its best and most efficient manner for the company. Whereas, social media platforms are used in order to engage directly

with the citizens. Since today, online engagement is not drastically different from traditional engagement as the citizen engagement from the customer engagement.

Tony Edwards and Paul Marginson define MNC as these are the companies playing a central and an active role in the contemporary and international economy. As they share a huge network based on 82000 companies all the world that managing almost 810000 foreign affiliates and holding the credit of generating almost a third of total world trade takes place by employing approximately 77 million people from all around the world.

United Nations (2009)

An MNC (Multi National Corporation) is a corporation that is being enjoying a state of having its operations and management in more than one country boundaries. By having its management headquarters in its own country, known as 'home country', and drive its business across other boundaries, known as 'host countries'. Such companies have an expansion of their production and service delivery across multiple precincts.

(Lazarus, 2001) In economic terms multinational corporation can be defined as when one country's owner and management has the ability to control and manage its functioning in some other country. There is a continuous conflict still remains unsolved as how they equates their capability to control the flow of capital across their national borders.

Multinational companies as develop through and from the cultural and social context of a nation, which make this large organization to export its organizational set up from one institutional setting to another one. Such organizations are one of the major reason and source of implying homeland practices abroad which often results in the form of conflicts among prevailing cultural and institutional policies and practices. (Lazarus, 2001)

(Lazarus, 2001) Without any reservations, globalization is at its boom. It made many companies to realize that implementation of inclusive HR, infrastructure and global talent management with flair aptitude will enable them the cost cuttings and operational efficiencies and in return will made its talent force to become more influenced and will pull them to act more effectively and successfully on worldwide basis.

Edward Mozley Roche (1996) Multinational corporations operating in today's world have progress over breathtaking scale and level. They generally entertain their business and having data centers in more than dozens of countries. On the whole deals in diversified and several business lines with similar or multiple patterns of governance structures based on the particular area where it operates its functions.

Multinational corporations manage their subsidiaries by following complex and multifaceted structures. For which they sometimes adopt 100 percent ownership forms or can go for a joint venture company with another considerable large corporation, or can be based on the partial ownership agreement made along with the host country government etc. this could be includes manufacturing, licensing of technology, it could also be research and development based or might including value added chain elements based upon separate product division.

### **1.2. Motivation for Research**

Motivation of the research was based on the problem that was aroused by doing the need analysis to fill the Gap that exists that has been identified by doing detailed research. By tapping the consumer engagement funnel in order to analyze that what internal factors of multinational companies that are operating in Pakistan affects its local customers and ultimately results in its success.

### **1.3. Significance of the Proposed Work**

In today's world, multinational companies having a great impact not only in their homeland as well as other foreign countries they are operating in.

The significant reason behind this research made was that no study has ever been made regarding the major internal factors that lead multinational companies operating in Pakistan towards their ultimate success and development within the Pakistani local market.

### **1.4. Problem Statement**

The study is conducted to find out the impact of internal factors of MNC's that contributed towards the successful entry and infiltration in a confined and local market in order to target its local customers and consumers.

As the world markets have become increasingly competitive, MNCs have begun to focus their attention on Pakistani economy as it offers them the considerable potential for the consumption of goods and services by using business models that are comparable to the successful models used in their own home environments. Most MNCs have found that they can sell their existing home market products within Pakistani economy, without incurring significant redesign or new product development costs.

Many MNCs have had difficulty successfully penetrating mass markets in which the majority of consumers require affordable products. This study focused on identifying the success factors that are associated with successfully penetrated market economy which is founded upon an understanding of the key elements of the customer value equation in this market.

This research will provide an understanding of the key elements of the consumer value equation and its relationship to the success factors in Pakistani mass economy. Identification of the success factors can contribute to the competitive nature of the marketplace, and exert a positive influence on pricing and product quality in the local domestic economy while providing MNC business organizations with the ability to leverage their massive economies of scale.

### **1.5. Objectives of the Research**

Following are the objectives of the study made:

- To study and explore the success factors of an MNC
- Impact of these different internal variables over MNC's operations and functioning.
- How much effect do they have on MNC's
- To identify the relationships between MNC's, these internal factors and Pakistani customers consumption and purchasing patterns
- To find out that does these internal factors have any relevancy or dependency with regards to each other



- Their relationship with Pakistani culture and economy as what effect do they have on MNC's operations, effectiveness and success and in which ways and up to what extent these factors carry forward MNC's to penetrate in the local market.

### **1.6. Research Question**

The major aim of doing this research is to identify:

What are the major internal factors that help a multinational company to successfully run its operations at foreign grounds? Also that do the same factors imply to capture target market based in Pakistan. Similarly, how much these factors interrelated to each other especially when taking into consideration the Pakistan's local market and overall business environment.

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## Ch. 2:

### LITERATURE REVIEW

International Labor Organization (ILO) defines such companies as, an endeavor which holds its head office or head-quarter in one country and also embraces other operational branches in diverse states. (business.mapsofindia.com) The nation with the head-quarter is known as “Home Country” whilst, where these other operating branches functioning are called “Host Countries”. Such MNC’s generally use their head offices as their command centers to centralize their global control management systems which made them to occupy their offices or factories in these host countries to get better control over its functions abroad (investopedia.com).

Various ways are adopted by different authors, scholars and researchers to define MNCs. Similarly, Multinational Companies can further be defined in various other manners for the same purpose it can be divided in four key dimensions as;

The Research Machines (2004) defined MNCs from four different perspectives. First, as an enterprise that operates in other countries together with its home country and has a centralized command control for its comprehensive administration control enjoys cost advantage through centralized production unit each time the contemptible resources are accessible (businessdictionary.com).

(V. Kumar & Su Bramaniam, 1997) Second defines as an endeavor by means of manufacturing, sales or service ancillary in more than one host country as also known as International or Transnational Companies (I.e.; INC or TNC) and generally rely on its parent company’s technology and R & D basis (leeiwan.wordpress.com).

Thirdly as a corporation that though obtained a centralized control center but allow its other functioning branches a decentralized center of operations along with strong home country presence. (Yegang Pan & David K. Tse, 2000)

Forth as a transnational corporation that merge all the three preceding approach (ezinearticles.com). Erramilli, Agarwal & S. Dev (2002) On average, an MNC generally creates a new product in its home country and preferred to manufactures it in any of its

host country, most probably in third world or an under-developed country, consequently by heading trade benefits and economies of material and labor. The basic aim behind every business and a corporation is to earn profit. When a company or an MNC widens its vocational influence and jurisdiction afar from its indigenous land it provides such company with a larger scope and more chances and opportunities to maximize its revenue. Larger multinationals sometimes have budgets that even generally exceed many of the countries' actual national GDP's Marlene & Aurora (2010).

They have powerful influence, pressure and manipulation within confined nations as well as the world economy and play a vital role in building up intercontinental relations and facilitate boost up in globalization process. Approximately most of the leading and prevalent MNCs belong to either America or Japan or Western Europe Teixeira and Grande (2012). (investopedia.com)

Multinational Companies or Corporations' presence is always considered as a symbol of prosperity, affluence and growth when practicing their operations in a market. If this is the situation, Pakistan is well on its track of success and progress.

Multinational Companies and Pakistan had a long and strong past history and relationship. The story begins from the era when the very first foreign investment was brought in within Pakistan by the Steel Brothers in the year 1913 for making investment in Morgah, Rawalpindi, which is recently known as the Attock Oil Company. After the successful analysis of this great investment made, other multinationals also paved their ways to invest in Pakistani market such as ICI invested in 1935, in Khewra; similarly other oil companies along with Imperial Tobacco, Lever Brothers, banks and many others soon followed each other ways in order to obtain maximum profits and benefits from this new and untapped market (thenews.com.pk). The period from 1947 to 1970 was seemed to be like a golden era for Pakistan. In this span of time Pakistan was a fertile ground for the purpose of making investments in, as more and more investments were made and brought in by multiple companies. These investments made had boosted up the Pakistani market and resulted in its great success that American and European multinationals were lined up in order to invest in Pakistan. Moreover, in that era, the Dulles Brothers of USA (Froster at the State Department and Andrew at the CIA) had also issued a memo headed

for the Fortune 500 companies with the intention of favoring Pakistan besides South Korea and West Germany as another preferred investment destination and target for American companies in the coming years (thenews.com.pk)

This same period of time was termed to be as the revolutionized administrative and management paradigm in Pakistan. Since they indulge and absorb the unsurpassed managerial aptitude by drafting and employing the brilliant and vivid knowledge capital, to invest in, trained them, empowered them and sanction them, in order to accommodate them in boardrooms. Similarly, in 60's and 70's the working environment in Pakistan was though quite hard to soak up in but was not political in nature. It was more encouraged to get socialized within the corporate settings by joining clubs, playing bridge and polo etc to get used to the environment for fulfilling its very needs and basic requirements to be a part with the social society which resulted in production of great leaders like Yusuf Khan, Jamie Rahim and Naseem Mirza (thenews.com.pk)

In 1970, Bhutto has nationalized multiple banks and industry sectors of Pakistan and for this purpose mostly the sector and region chief s were hired from the MNC's, however, these head offices of the MNC's were cautious about this Bhutto's government rule and regime. This proved to be imperative and handy to give pause to any kind of investments or speculations being made till 1980, after the Bhutto along with his rule and government has been transmitted. But this hold on investments that could have been made before 1980s, resulted in the downfall for Pakistani market as these MNCs by no means could summon up their position and status along with their progress as they were earlier. (thenews.com.pk)

This industrial collapse has badly affected the whole investment structure in Pakistan and had disastrous after effects that even the MNCs existed in the today's world still have less eagerness and appetite for Pakistan to make investments. Therefore, where the MNC's operate, it converts in addition to transform the overall working environment and business structure in conjunction with its general industry practices of the communities. As Exxon altered Deharki, BOC changed Sui, ICI transformed Khewra by making social investment, are few of its notable examples prior to the exhortation of Corporate Social Responsibility became a buzzword. (thenews.com.pk)

Unfortunately, all these golden stories have their connection with the MNCs of old memorable peak and peaceful period; it enjoyed by gathering its operations in Pakistan. Previously, it was a classical stone structure in Karachi's financial district, the Overseas Investors Chamber of Commerce and Industry was a personification of the influence, status and power of the MNCs. Now the OICCI lists only 175 members and has just 37 US investors, nine from the UAE, and six from Singapore and one from China. In contrast, China has 17,800 foreign firms operating and India has 12,300 (thenews.com.pk).

Pakistan have the benefit of occupying a unique and separate position by sharing an important and significant geo strategically position to be an attraction for investments made by multinational firms and other foreign organizations. In addition to this, the intensification is being made by enhancing the business relations along with Economic Co-operation Organizations. Their existence no limitations and restrictions on the remittance made on profits earned. In other to reflect the borrowing and other rules, foreign currency accounts and concessions for them are permissible and allowed to be maintained especially when regards with foreign firms business

The multinationals operating in Pakistan had started with the initial accumulated investment of Rs. 60 million. At earlier days, the British and European trading and business firms had taken the first step to be the leaders of this untapped market as they has the by long elderly resemblance with this region. But today, USA is leading the market by making 25% investment, followed up by UK as investing in 13%, International Lending Institutions as 11%, Germany by 6% and Japan by 3.25%. Lately, Japan has made recent investment in Pakistan's automobile industry which will significantly result in higher and rapid increase in its existing share.

Siemens is the German company that has been commenced its business in past 1932, and perhaps positioned as the first and oldest in the industrial field in Pakistan. Whereas, the ICI has setting up its functioning by establishing its own factory in 1942. Both these companies have expanded on larger scale by investing in other fields and sectors of Pakistan. Following their path, other MNCs like Unilever, Shell, Imperial Tobacco and Burma Oil started functioning soon after independence in 1947. Similarly, US, German,

British and many others pharmaceutical companies came after Pakistani market in the second wave. Other European, Korean and Middle-East companies those have more command over construction, communication and other fields has also entered this market. However, the Japanese firms are the main market operators of automobile industry in Pakistan such as Honda, Toyota, Suzuki and Nissan (thenews.com.pk)

Though the list of the multinationals operating in Pakistan is quite long but some of the companies that fits adequately on the basic definition of multinational firms and the infrastructure of an area wraps up over 60,000 sq ft. List of sector wise breakup and division of multinational companies or corporations that are currently operating in Pakistani market are stated as under:

***Automobile Assembler***

- Atlas Honda
- Dewan Farooque Motors (including BMW Pakistan)
- Ghandhara Nissan
- Hyundai Motors
- Indus Motors Company
- Pak Suzuki

***Banks***

- ABN Amro (RBS)
- Allied Bank of Pakistan
- Askari Commercial Bank
- Bank of Punjab
- Barclays Bank
- First Women Bank
- Standard & Chartered Bank

- State Bank of Pakistan

### ***Chemical***

- Colgate-Palmolive Pakistan

- ICI Pakistan

- Ittehad Chemicals

### Engineering Consultants

- Siemens Pakistan

- Mindstorm Studios

- Zishan Engineers

- DESCON Engineering

### ***Fashion***

- ChenOne

- Deepak Perwani

- HSY

- Crossroads

### ***Fertilizer***

- Engro Corporation

- Fauji Fertilizer Company Limited

- ICI Pakistan

- Food and Personal Care Products

- Peek Freans

- Procter & Gamble

- Unilever Pakistan

- Pepsi Co Pakistan

### ***Hotels***

- Pearl-Continental Hotels & Resorts
- Marriot Hotels
- Avari Hotels

### ***Insurance***

- MetLife ALICO
- State Life Insurance Corporation of Pakistan
- EFU Life
- Jubilee Insurance

### ***Investment Banks and Stockbrokers***

- Dawood Capital Management
- Jahangir Siddiqui Capital Markets
- Jahangir Siddiqui Investment Bank

### ***News and Media***

- Geo TV
- Hum TV
- ARY Digital
- Dawn News

### ***Oil and Gas Exploration***

- Oil and Gas Development Company
- Pakistan Petroleum

### ***Oil and Gas Marketing***

- Attock Petroleum



- Shell Pakistan
- Sui Southern Gas Company

***Oil Refineries***

- Pakistan Refinery Limited
- Attock Refinery

***Pharmaceuticals***

- Abbott Laboratories
- GlaxoSmithKline Pakistan

***Power Generation and Power Distribution***

- Lahore Electric Supply Company
- Multan Electric Power Company
- Water and Power Development Authority

***Sugar and Allied Industries***

- Baba Farid Sugar Mills
- Fecto Sugar Mills

***Telecommunication, IT and Technology***

- CyberNet
- Mobilink
- Netsol Technologies
- Warid
- Ufone
- Zong
- Wi-Tribe

### **Textile Composite**

- Ahmed Hassan
- Gul Ahmed Textile Mills Limited

### **Textile Weaving**

- Gul Ahmed
- Crescent Bahuman Limited

### **Tobacco**

- Lakson Tobacco Company
- Pakistan Tobacco Company

### **Transport**

- Aero Asia International
- Airblue
- Pakistan International Airlines
- Pakistan National Shipping Corporation
- Bhoja Air

Although the number of MNCs currently working in Pakistan is less in numbers but have a greater impact in their performance and signification not only for Pakistan itself but for the whole world. These MNCs are not only warmly welcomed and accepted by Pakistani consumers but even from its local competitor firms dealing in local market. Few prominent examples of the MNCs operating in Pakistan since 1947 are Unilever Pakistan (previously recognized as Lever Brothers Pakistan), Procter and Gamble Pakistan, Pepsi, Phillips, Honda, Toyota etc. Similarly many other MNCs especially from telecom sector have turned their production and services focus towards Pakistan in excess of last 15 years ([mncsofpakistan.wordpress.com](http://mncsofpakistan.wordpress.com)).

Despite all the disparagement made against Pakistan and its economic conditions, the local market participants also admit and concede the existence and charisma of MNCs

and it's significant and benefit for Pakistani consumers. As their existence and operations offered Pakistani consumers with the same level of technology, comfort, ease, convenience and handiness as anybody else will have in this world. It also endow the society with the most required employment needed and builds up a better infrastructure for that particular area they operate in such as an MNC needed to have an infrastructure vicinity of more than 60,000 sq ft. (mncsofpakistan.wordpress.com).

Most important MNCs that operate in large variety of sectors of Pakistan includes; Automobile assemblers, Banks, Chemicals, Electronics, Food, beverages and Care Products, Fertilizers, Insurance, Telecom, Hotels, Oil and Gas Exploration etc. and existed in the country in more than one form as some have set up their own franchises, or purchased licensing, by holding the local firms existed or through launching and incorporated their own set up, which leads towards the skill development and talent management and progress (mncsofpakistan.wordpress.com).

MNCs operate in Pakistan also bring in the essential Foreign Direct Investment (FDI) which helps the Pakistani government to cover itself from the rapid and unwanted continuous short falling. As it is argued that the admittance of additional and supplementary need for goods and services results in providing the grounds and foundations for materialism and cupidity nevertheless on the other hand it also provides the higher affordability for Pakistani consumers and resulted in improving their living standards as ordinary citizens (mncsofpakistan.wordpress.com).

The service and most specifically banking sector are massively reliant on the working MNCs in Pakistan as the domestic firms working are unsuccessful in supplying the sufficient and satisfactory services in general. While as in case of pharmaceuticals, operating MNCs are not found awfully adequate and satisfactory as the criticism and accusation made against them is that they are not only charging higher prices for the products they are offering but are also selling even those items which are banned as non usage or unfavorable for human health in all other parts of the world (mncsofpakistan.wordpress.com)

After making a wrong choice by postponing the investment inflow and outflow in Pakistan, another area of concern is seems to be awaken, as there is a threat that despite the hostility and enmity with India, Pakistani government is providing the space and opportunity to Indian market to start their functioning in Pakistani market which resulting in great disturbance and uproar amongst local companies. This uproar is turned to be as freight for local players as it is already tough for them to tackle with the overseas multinationals at the same time if these Indian firms will also entered in the market may bring this local players at the losing end (mncsofpakistan.wordpress.com).

Conversely, though there are only a few local firms that are operating at their best potential and maximum output level all the way through their prosperous and affluent exports and their services of selling abroad has allowing these firms to become a future multinational in their own right. Therefore, by allowing Pakistan to carve its path for new multinationals and the vision for free trade with India is needed to be reconsidered properly if the history will be revised, this may be turned and viewed as the half glass full and half empty situation as what they really are in actual (mncsofpakistan.wordpress.com).

In result of escalating commotions of foreign association and connection building all around the world by MNCs has significantly increased the number of workers that are employed by foreign firms from past two decades. Therefore, it is considered to be as a common practice in response of perceptive building in the understanding of veracity and trueness of globalization by both the parties such as employers and employees (unice.fr).

The recent estimation shows that probably more than 73 million people are currently providing their services to foreign companies out of which almost 24 million are including the workers performing their tasks in China, which is virtually thrice the result found in 1990 (unice.fr).

General Motors, General Electric, Motorola and British Petroleum are the few company based leaders amongst the largest private sector employers all around the world that are operating in economies for instance Malaysia and Singapore (unice.fr).

There are multiple factors that contributed effectively towards MNCs that result in a company's success. This includes both the internal factors and external factors. Therefore, this research will provide emphasize on the role and effectiveness of internal factors that turned many company's performance and benchmark for others and resulted in the conversion of a small or ordinary firm into a great and successive MNE.

There are some ways through which a culture impact and influence the international business practices. It is significant to understand the importance of culture with reference to company's monetary success and all the other factors culture directly or indirectly affect including the impact of decision making takes place within the organization, the way company get interacted with its customers, as well as the advertising strategies adopted along with the localization of company's website (wintranslation.com).

P.P. EKERETE (2001) defines those multinational companies which have more emphasis and are more inclined towards customer-oriented business structures are more cultural bound in comparison to any other organization. Such as the consumers of such products are the part of particular cultural groups, proclivity and preference irrespective of their stages in life. This is the basic reason due to which today's marketers have turned down towards cultural influence and impact over their marketing strategies.

Edward Francis Knab (2008) enlightens that in order to operate in foreign markets, another factor that signifies the issue multinational companies face is how this business is going to be conducted across international lines and borders and that defines through the difference in communication ( ehow.com ) with your customers in their language and the other is to localize your website. But localizing in their language does not refer towards translating but paying more emphasis on reducing the cultural differences exists and customs to be followed. It is therefore needed to be culturally more sensitive and aware of while producing, labeling, and selling as well as advertising products (wintranslation.com). Lack of knowledge of host language is taken place especially in recruiting people while companies operating abroad. Language training for personnel operating abroad is essential for global business success. (Enrique Martinez-Calimano, 2006)

Another assumption is that the consumers from different locations and cultures will be influenced by their local values, attitudes, behaviors, preferences and economies which ultimately will create a difference in what, why, how, when and where they make purchase (wintranslation.com ). Diligence of cultural value differences is particularly pertinent in regards to multinational companies which in the long term exposed to diversified national cultures exist in their routine operations. As in order to manage this complexity multinationals tries to tailor their companies overall practices and approaches adopted to each and every cultural context company operates in. (Pankaj Ghemawat and Sebastian Reiche, 2011)

If a company is willing to enter and succeed in making business in foreign markets then culture should be taken under complete consideration in every aspect of product development. Similarly professionals should be hired those will be highly experienced and well qualified and significant among all is that must be able to properly understand and familiarized with the language and culture of company's target market (wintranslation.com).

One challenged face by multinationals is the diversity of cultural perspective that in hold within the organization which often results in causing problems with reference to company's management and policy development. This proved to be difficult for an organization to make company-wide policies and decision making while taking into consideration the variety of cultural viewpoints exists. Similar problems multinational company face is of develop a unified culture within the organization as managers needs to build up the workplace culture where all employees can adhere (ehow.com).

Hasim Deari, Viktoria Kimmel & Paola Lopez (2008) determines another important thing that needs to be taken into account is company's dealing with foreign culture is completely different what it's supposed to be dissimilar in comparison to it's used to be at homeland. The most significant factor in this regard is to honor and understand the new culture company's starting its business in without enforcing its own beliefs related to people and environment that can be extremely helpful to be considering which can be easily won and competitive advantage can be attained by learning host country's language (cindyking.biz).

In the same way, companies should embrace and get hold of marketing concept in their daily operations, promotional strategies espoused along with the product adaptation policies that are needed to be implemented to get absorbed within the environment (P.P. EKERETE, 2001).

Research shows that in the internationalization process of organization managerial participants plays an important role in the assortment of directorial practices and structures constitutions (Dacin, Goodstein & Scott, 2002; Kostova & Roth, 2002).

Bjorkman, F.Fey & Park (2006) defines HRM practices as the major force or device through which Human Capital can be enlarged. Firms do this by investing in their human resources so this way it can enhance the skills of their employees. Consequently, HRM practices are the result of both such as the resource based view of firm on the other hand the human capital theory investment in an organization which ultimately have a positive impact on the firm's performance.

Minbaeva (2005), Pedersen, Bjorkman, Fey & Park (2003), research disclosed that a firm can develop its employee's skills and competencies through the HRM practices implemented. It can earn competitive advantage which is based on the level of human resources a firm owns. Firms use performance appraisal systems in order to facilitate their employees about their performance and competencies through feedback. In addition, it also helps in giving directions to enhance those skills and competencies to meet the basic requirements and needs of that firm.

Therefore, in Foreign MNCs it is to be taken under consideration that HRM practices are seemed to be determined by the significant roles played by both time specific and home country institutional factors (Bjorkman, F.Fey & Park, 2006).

On the other hand, Tewari & Saxena (2012) defines that HRM practices helps the organization in directing its path so that it can effectively maintain and utilize the human resource it contains to ensure that these resources are properly employed for the purpose of fulfilling all the organizational goals required.

(Edward Francis Knab, 2008) In simple, local team efforts, competencies, and defined direction ultimately effects and inspire their level of performance. By recognizing this fact, many companies are now focusing to empower their work teams so that they will be capable of making decisions that will not only reflect their abilities but will ultimately affect the overall operations and performance of that firm. Being a part of this process, firms preferred to transferred their responsibilities to their management teams so that they will have the leverage to deal in technical talent skills, formulated and predesigned Barbara Myloni, Anne-Wil Harzing & Hafiz Mirza (2004) justifies that HR policies along with the global strategy firms follow and other domestic operations in order to cater their employee's needs. Later on, if proved vital to the organization's progress, are allowed to take an active part in shaping their company's overall strategy to contribute towards the attainment of their company's ultimate goals and success. (Serena ROVAI), (ftp.cordis.europa.eu).

(Choong Y. Lee, 2010) MNCs are emphasizing more on hiring and recruiting and retaining employees from the domestic market in order to build up local teams. These local teams facilitate them with the opportunity to earn more employee and customer confidence by relating itself with them and their environment. This results in enhancing their continuity, cost effectiveness as well as the comprehensive understanding of the local environmental elements. (Ramola & Bhasin, 2012)

As STM Electronics once said that, "Our recognition as a one of the Best Employers vindicates our strong belief in our people and practices." (ftp.cordis.europa.eu).

(Min-Li Hung and Pao-Ling Chin, 2011) Today, MNCs considered their empowered credible local team as one of the major factor and requirement for their success. Whereas, it is to be proved that the building up of credibility is mainly relay in the hands of the management team itself. (Sekiguchi Tomoki, Ralf Bebenroth & Donghao LI, 2008) Thus, a higher level of trust and confidence should be provided to the local team from its management to provide the necessary flow of autonomy and decision making power which results in broadening the roles and responsibilities of local management not only up to the national boundaries but may also include various oversea dimensions (ftp.cordis.europa.eu).



Ai Jun Hou (2001) claims that in the recent past years, consensus results disclosed that the standardization and adaptation is a co-existing feature of MNCs. Even today, the marketers those are dealing across their national boundaries are required to be decided as whether they should go for standardization or the adoption of those particular existing marketing strategies.

Ai Jun Hou (2001) defines the basis of global standardization school of thought as a set of similar customer/consumer needs, wants, desires and requirements which does not change over various markets and countries. In support of this argument, it is to be justified as the world now has becoming incredibly homogenized when it is about the customers' perspectives and expectations from what marketers should provide them with.

Boryana Dimitrova and Bert Rosenbloom (2010-11) in their study defines degree of standardization verses adaptation impact in global market operations argue that a firm has a greater intensity and capability in standardizing its channeling strategy while operating its functions in the global markets in contrast to its functions operated in product, price and promotional strategy implications.

Constantine S. Katsikeas, Saeed Samiee and Marios Theodosiou (2006) suggests that, the premium quality of performance is the result of strategy based standardization which fit's an MNC's environmental context with reference to its international marketing strategy selection that has been made. Whereas, the results evaluated from this study directs that strategy standardization has a vital connectivity and belonging with markets with regards to technological velocity and level of intensity, regulated environment impact, competitive intensity the firm and market has, customs and traditions followed by the firm and the market it operates its functioning in, characteristics of customers the firm and market deals with, along with the products life cycle stage.

Shintaro Okaazaki, Vharles R. Taylor, and Shoaming Zou (2006) has presented the structural model based on the global marketing strategy framework and explores the two main dimensions with reference to standardized advertising as the first one based on the factors that motivates a firm for its proper utilization and other determines the impact of standardized advertising on firms performance and its relatedness with the implication of

advertising effectiveness and with the outcomes produced. (Dena Ghotbi, 2011) As well as this studies shows that it also enforce a greater impact on enhancing a firm's financial and strategy based performance along with the external environment and internal resources of firms that are conducive to its standardization implication.

One of the reasons due to which a firm is willing to invest in foreign market is its willingness to entertain an opportunity to get access to foreign technology or other available valuable strategic assets. Elisa Giuliani (2010)

From government point of views now the MNCs are to be considered as the most effective manner through which more benefits can be obtained or expected. Since continuous innovation is to be determined as a crucial element in response to economic growth, bandwidth and development. A major reason or cause that attracted governments towards MNCs is that they allows and facilitates with the proper channel for transferring technology. Elisa Giuliani (2010)

Elisa Giuliani (2010) exemplify technological spillovers (TS) as the exist of positive externalities that are originated in result of leakage that has been take place from an MNCs subsidiaries to other firms that are existed in the home country marketplace with respect to high quality knowledge transfer which further includes the mobility of skilled and qualified labor and staff, similarly the forward backward integration and linkages that are existing in that particular domestic organizations, on the other hand the imitation and demonstration effects existed in that marketplace.

Holger Görg and Eric Strobl (2001) gives the formation idea as MNCs are proved to be more vital and productive in comparison of the domestic firms existed in a market as it has higher access towards the latest and upgraded level of technology available.

Elisa Giuliani (2010) provide with the evidence shows that there exist the positive results that are noticed in response to TS by MNCs in the developing or domestic countries examples of such spillovers includes Javorcik, 2004b for Lithuania; Javorcik and Spatareanu, 2009 for the Chzec Republic. Positive spillover refers towards the efforts and contributions made by MNCs and its subsidiaries by investing in up gradation of supplying procedures, training of its labor force and through significant and effective

knowledge transfer. (Petri Ad & La Croix, 2007) Alternative way through which positive technology spillover impact from MNCs can be evaluated other than that of innovation based or other, is that if all other factors remains constant, an increase in level of production as in terms of outcome due to technology spillover, decreases the average cost of production of that country's firm. MNCs provided technology spillover opportunities when are linked up in enhancing the productivity level and output allows that particular home country firms with their pace to increase their available price and cost margins, which leads the host country firms towards the higher probability of survival for those firms. (Holger Görg and Eric Strobl, 2001)

(Lundin, Nannan and Fredrik Sjöholm, 2010) On the other hand there also exists an example which reflects the negative symptoms and impacts on the domestic and developing countries in response to insnificance or failure of TS made by MNCs. For instance it includes Djankov and Hoekman, 2000; Stančík, 2007 for the Czech Republic; Bair and Gereffi, 2001 for Mexico; Agosin and Machado, 2005 for several developing countries covering Asia, Africa and Latin America. Just like Elisa Giuliani (2010), Holger Görg and Eric Strobl (2001) also present that MNCs can not only have positive but as well as the negative effect on host country firms survival. MNCs subsidiaries have an edge to produce at lower marginal costs in comparison to the domestic firms, which facilitates them to enjoy and having the incentives of more production and output facility to attract more demand towards themselves as compared to the host country firms. This will result in cutting down the overall production made in the country, which in case of fixed cost of production will increase the production average cost and will ultimately minimize their existing chances of survival of the host country firms. (Lundin, Nannan and Fredrik Sjöholm, 2007)

Based on this dual based results scholars believes that though today it is to be claimed that there is mainly or most probably only exists the positive TS, but Petri Ad & La Croix (2007) argue that other mediating factors should be considered and understood properly especially in order to achieve an effective and efficient results from TS. Holger Görg and Eric Strobl (2001), also signifies that although, whether the impact of MNCs on domestic country firms' survival is based on average, positive or on negative level, therefore, it is

vague and ambiguous in nature and is required to be evaluated and decided on empirical foundations and basis.

While considering the product features and quality few factors should be taken under consideration which is necessary to be evaluated in order to explain and understand its impact on MNCs success and performance.

(K.Sivakumar & D.Venkataramaraju, 2007) The first and foremost factor that affects the MNCs success is the tailoring of product features and characteristics. Though the world has now become a global village but even today, tastes and habits vary from culture to culture and region to region. Which is why, many companies are now focusing towards the need for customization of their product offerings in international market in order to suit their local tastes, habits and conditions that can only be recognized by understanding the basic needs of that particular group or segment that is being targeted. (Edward Francis Knab, 2008)

(Haapalainen & Skog, 2011) MNCs concentrate on the countries which have dispersed level of income distribution including small and substantial affluent classes with vast population. Companies that caters the mass markets needs preferred to attain more and more efficiencies in order to cut down the pricing barriers to provide high quality products at low and affordable prices without effecting the quality of product. For instance, HLL and Skoda in India and Philips, etc. (H.T Iwarere, 2010)

(Edward Francis Knab, 2008) Another factor effecting the MNCs success on the basis of its product features and quality for the purpose of targeted customers within cost effective manners includes the geographical size, its population volume and retail channels that are used provides the significant challenges to these companies.

(Vrontis, Thrassou & Lamprianou, 2009) Last but not least factor that contribute towards MNCs success with reference to product features and quality is based when the company needs to face the infrastructural challenges and large number of supply chain intermediaries involved both as in terms of cost effectiveness and consistency patterns.

MNCs generally localized their supply chain systems adopted in domestic markets to developed strong relations between domestic suppliers when these MNCs invest in terms of resources and finances for the purpose of improving and enhancing its overall processes and technology which ultimately helps in growing their business. The greatest example of this can be Piaggio's three wheeler product in India (<ftp.cordis.europa.eu>).

Following mentioned the success stories of companies those have attained their objective of building and expanding their business successfully in more than one country and beyond their national borders and are the successors in conducting their operations within the boundaries of Pakistan.

Following are mentioned the top ten multinational companies operating their functioning in Pakistan:

1. Unilever
2. Proctor & Gamble
3. Nestle
4. Chartered Bank
5. Siemens
6. KFC
7. Toyota
8. Pepsi Cola International
9. Mobilink
10. ICI

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## UNILEVER PAKISAN:



Unilever is assumed as a brand that is trusted all around the world and has grown into one of the leading fast moving consumer goods suppliers. It is a consumer trusted brand which they buy to feed their families and to keep themselves and make their homes clean and fresh. As time is changing so the consumers taste, this requires the introduction of new and unique ideas as well as fresh approaches to be practiced in order to retain their position as a global suppliers of consumer goods products. Its products fall under three main divisions i.e.; food, home care and personal care. Today, Unilever is mainly producing products that are mainly cover up the household items such as soaps, detergents, cooking fats, toiletries, margarines manufacturing, packaged and processed food items and dairy products. Lately they now also have started manufacturing and catering in industrial based chemicals, animal feed and also the paper and plastic products (unilever.pk).

William Hesketh Lever was the founder of Lever Brothers, by inventing a revolutionary product idea of soap, named Sunlight, as a guaranteed protection from griminess, muckiness and filthiness. Though this was happened in three centuries before and now it has become a history but this Corporate Mission is still followed by them as it was followed earlier, though the words, language or notion might have changed with the passage of time (unilever.pk).

Unilever has faced many unfortunate and fateful events then either it are world wars, economic boom, depression phase of business cycle, enhancement in technology or changes occur in consumer life style. Despite all this happened, Unilever has facilitate its consumers with products which made them to stay with the company and to assist them to bring out something new every time they use these products. Unilever products eased their lives by improving their nutrition level, minimizing the time phrase that is required

in doing house chores, enabling its customers to have fun with food they eat and take care of their homes, clothes and themselves (unilever.pk).

Unilever Pakistan Limited, formerly named as Lever Brothers Pakistan Limited, has commenced its business practices in Pakistan in 1948. For this purpose the town of Rahim Yar Khan, Pakistan was selected as to starting up with a vegetable oil factory. In result, today, Unilever Pakistan is the largest FMCG that is operating in Pakistan premises and is one of the country's largest multinational in service. Since, it expanded its business by running six factories at multiple locations around the country and is dealing through five regional offices, four wholly owned subsidiaries and six third party manufacturer contracts. Recently it has shifted its head office in Karachi from Rahim Yar Khan, where it was previously located (unilever.pk).

According to the past records of 2007, The Company has generated the turnover of Rs. 3.3 billion (i.e.; round about € 309 million) and enjoying the primary position from its opponent products amongst its offerings via food, home care and personal care categories which includes, Ice creams, beverages, laundry items, personal care, personal wash etc. (unilever.pk).

The brands and products offerings made by Unilever Pakistan can be divided in three main categories i.e.; food, home care and personal care. All these categories offerings are listed below:

***Food Brands:***

- Badami (Traditional Kulfi)
- Blue Band
- Brooke Bond A1
- Brooke Bond Supreme
- Cornetto
- Energile

- Fruttare
- Knorr
- Lipton
- Magnum
- Pearl Dust
- Rafhan
- Unilever Food Solutions
- Wall's Desserts
- Wall's Heartbrand
- Wall's Kid's Range

***Home Care Brands***

- Comfort Fabric Softner
- Domex Toilet Expert
- Rin
- Sunlight Washing Powder
- Surf Excel
- Vim
- Wheel

***Personal Care Brands***

- Clear Shampoo
- Close Up



- Dove
- Fair & Lovely
- Lifebuoy Shampoo
- Lifebuoy Soap
- Lux
- Pond's
- Rexona
- Sunsilk
- Vaseline

Unilever has become a heartbeat of Pakistan consumer market. Almost more than or above 160 million times, somebody somewhere is using a Unilever product. It might then either relates with feeding themselves, their families or kids, or it relates to their personal health care or their home protection issue that is all Unilever is providing to its customers. Indeed, these brands offered by Unilever Pakistan have become pulse and heartbeat for over 164 million people living in Pakistan. It brings up a huge commitment which held Unilever responsible and accountable for the sake of its customers, stakeholders and the whole society it is operating in (unilever.pk).

### ***Procter & Gamble***



The two founders of Procter & Gamble one the William Procter, a candle maker and the other James Gamble, a soap maker, had first formed two separate companies. They might have never been met or known to each other as these two men immigrated from England

and Ireland to get settled in Cincinnati and if they had not married the two sisters, Olivia and Elizabeth Norris. As both their industries required the same resources for production processes thus in the panic of 1837 a great competition had started among the two which resulted in family discord. To overcome the situation the Alexander Norris, their father-in-law, convinced them to join their efforts by becoming partners. Thus, on October 31<sup>st</sup>, 1837, a new company was established named 'Procter & Gamble'. Its headquarter is located in Cincinnati and Ohio (pg.com).

Procter & Gamble Pakistan, which starts functioning in the year 1991 by locating its headquarter in Karachi, Pakistan. Its aim is to become the finest FMCG Company. Since 1991, P&G has built a rich heritage of touching its Pakistani consumer lives with the brands they offer to make their lives little better with the passing of each day they spend using its products and is continue to guide to improve their lives today and for the generations to come. To fulfill this goal, P&G is serving its Pakistani consumers with higher quality brands locally which strive to make their lives better every day (pg.com).

***Operations in Pakistan:***

Procter Gamble Pakistan is upgrading its company's values on consistent and continuation basis. An investment has been made of \$1 million and a recent \$600,000 investment that has been made for particularly the work-space environment. The total investment that has been made in assets, market development and working capital has exceeded the limit of Rs. 6 billion approximately. Its head office today is equipped with high speed digital networks with advanced systems and facilities. This investment was appreciated by P&G as it always considered that Pakistan has a greater potential as a country. It has always attracted the outstanding individuals from the day it has started its operations in Pakistan. The company had employed more than 257 employees from all over Pakistan and has provided more than 4,000 jobs directly in Pakistan, out of which 99 percent are held by Pakistani employees only. This all result in making the P&G more localized and focused company (pg.com).

P&G deals in in the following products, as;

- Beauty Care

- Beauty segment
- Grooming segment
- Household Care
- Baby Care and Family Care segment
- Fabric Care and Home Care segment
- Health & Well-Being
- Health Care
- Snacks, Coffee and Pet Care

The brands in which P&G offers to Pakistani customers are as follows;

- Ariel
- Actonel
- Bounty
- Braun
- Crest
- Dawn
- Downy/ Lenor
- Duracell
- Gain
- Gillette
- Head & Shoulders
- High Endurance

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- Ivory
- Nice 'n Easy
- Olay
- Oral-B
- Pampers
- Pantene
- Prilosec OTC
- Pringles
- Puffs
- Secret
- Tide
- Vicks
- Whisper

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***Nestlé Pakistan Limited:***



Nestlé today's world's biggest consumer food and beverage company, commenced its business by setting its head quarter in Vevey, Switzerland by its founder Henri Nestle in 1866. Its company's strategy is followed by its significant principle of innovation. This is a reason that Nestlé existing products are growing in result of continuous innovation and

renovation process on the other hand it's also maintaining and building up the balance between its geographical activities and product lines it offers. Company's succession of achieving its sustainable profitable growth is result of its successful focus on its marketing and sales strategies. Its customers confidence on its brand name further strengthen its foundations which further on results in trustworthy trade initiatives in doing its business with others. In today's world, in order to meet the increasing demand for specialized needs have out of home customers developing with fastest pace and similarly will be more strengthen in the coming years. As last year records disclosed that market share was 12% which has now increased to 22.62% as per share from the previous year. Over its competitors includes Nurpur, Nirala and others its market share has increased from 20% to 30%, out of which Nestlé overall company market share is 80% (nestle.pk).

Nestlé Pakistan Ltd. Deals in the following products as;

- Baby Foods
- Breakfast Cereals
- Beverages
- Bottled Water
- Chocolate and Confectionery
- Dairy Products
- Food Services
- Ice Cream
- Prepared Foods
- Pet care
- Cosmetics

The brands which Nestlé offers to its customers include;

- Infant Nutrition Nestlé
- Lactogen
- Nestogen
- Cerelac
- Neslac
- Power Bar
- Pria etc.
- Coffee Nescafé
- Nestlé Fruit Juices
- Nestlé Pure Life
- Nestlé Acquarel etc.
- Chocolate Confectionery and Biscuits
- Nestlé
- Crunch
- Galak/ Milky Bar
- Kit Kat
- Smarties
- Butterfinger
- Aero
- Polo
- Nido

- Nespray
- Camation
- La Lechera etc.

***Nestlé Operation in Pakistan:***

Nestlé Milk Pak Limited started its functioning in Pakistan under the registration of Pakistan constituent order for companies as Companies Ordinance 1984, and in 1980 gets listed on Karachi and Lahore stock exchanges. In 1988, a joint ventured between Nestlé Switzerland and Milk Pak Limited took place. Nestlé emphasis its major focus that its customer could conveniently and easily access its operations and products wherever it's functioning. Nestlé is known for its remarkable product handling, quality and nutritious value it provides as the essential ingredients in all its brands it offers. Nestlé has established two factories in Pakistan for the purpose of manufacturing and production of its varied food items. One is located in Sheikhpura near Lahore and the other in Kabirwala near Multan (nestle.pk).

**Standard Chartered Bank Pakistan:**



By holding the assets of worth more than \$90 billion, and having a huge labor network based upon 30,000 employees, working and occupying in more than 500 offices, in almost 50 countries around the world mostly from Asia Pacific region, South Asia, Middle East, Africa and America; made Standard Chartered notably the world's leading emerging and developing bank, with its head quarter in London. Its name is derived from two different banks as State bank of British South Africa founded in early 1853, by the grant provided of a royal charter from Queen Victoria herself, which at that time opened up its first foreign branch in Calcutta and the Chartered Bank of India, Australia and China that was merged in late 1969 (standardchartered.com ).

Standard Chartered Bank is the oldest and largest foreign bank among the banks that are operating in Pakistan. It also has the advantage over others as it is among a few banks that are providing its customers with a huge range of investment banking services in Pakistan which enables this foreign bank to position itself with a unique and diverse offering service provider in the financial sector. It opened up its first branch in Karachi in 1884. Now the bank is operating through 15 branches by employing 500 people and over 120 ATMs from all around the country. This network of 15 branches is located as 7 outlets in Karachi, 3 in Lahore and 1 each in cities including Rawalpindi, Islamabad, Peshawar, Quetta and Sialkot. Out of which six branches are offering the complete range of banking services in different sectors including institutional, corporate and consumer based banking and custody services (standardchartered.com).

Standard Chartered provides its customers with the below mentioned facilities and services including the following:

- Working Capital Finance
- Term Finance
- ATM Service
- Visa
- Trade Finances and corresponding Banking Services including the fund transfer facilities and electronic banking through link products.

Standard chartered Visa is an internationally accepted credit card which is welcomed and appreciated at multiple locations displaying the Visa logo. This Visa card can be utilized in more than 14 million establishments in almost 160 countries and in more than 10,000 branches in Pakistan (standardchartered.com).



### *Siemens in Pakistan:*

# SIEMENS

Siemens head quarter is located in the Berlin and Munich, Germany. It is positioned as the Europe's biggest engineering conglomerate and the largest electronic company of the world. It is the result of conglomeration of three major business sectors including Industry, Energy and Health Care along with overall 15 divisions (siemens.com).

From 85 years, Siemens is operating and contributing its services in Pakistan and occupies the leading position in all three major business of Pakistan i.e., Industry and public infrastructure, Energy along with Environmental Care and Health Care sectors. It is the country's greatest grid station supplier which also deals in power distribution and transformers, switchgear products and systems and network consultancy services. 2007, fiscal report shows that in Pakistan, Siemens customer sales was amounted up to EUR 230 million. Siemens is one of the largest job opportunity and employment generating medium especially for engineering graduates of the country. It's currently holding a large workforce based upon almost 1,400 and more employees across Pakistan. And overall directly and indirectly it is generating more than 4,000 people in the country (siemens.com).

Siemens offering the following products in Pakistan in order to facilitate its customers at most;

- Communication Systems
- Power Generation
- Industrial Automation and Control
- Lighting
- Medical Equipment

- Transportation and Automotive
- Water Technologies
- Building Technologies
- Home Appliances
- Fire Alarms

### ***KFC in Pakistan:***



In recent, KFC is the world's largest and most renowned worldwide chicken restaurant chain provider, existing in more than 10,000 locations all around the globe, in almost 78 countries. It occupies more than 20,000 people as employees from all around the world. It serves almost 7 million customers per day and distributes more than 4.5 million of chicken on annual basis worldwide (kfcPakistan.com).

Sanders the founder of KFC, born and raised in Henryville, Indiana, has passed through multiple professions in all his life. He owned a gas station in North Corbin, Kentucky, where in the midst of great depression, for the first time in 1930; he served his Fried Chicken in a dining area to its inhabitants. This area was named as "Sanders Court & café". It was a great success for Sander that just after six years of this café the Kentucky Governor, Ruby Laffoon, in the recognition of Sanders contribution towards the state's cuisine, provided him with the honorary title of 'Kentucky Colonel' (kfcPakistan.com).

KFC started its operation in Pakistan in 1996 and opened up its first branch in Karachi, and later on, another branch in Lahore. Instead of opening up its own manufacturing settings in Pakistan, KFC preferred to come into the market by giving its franchises to a

Pakistani owned and operated Dubai-based Company named, Cupola Group, which also has its own restaurants throughout Pakistan as well as in the Middle East. KFC has almost 44 outlets that are currently operating in Pakistan. It mainly operates in two regions such as one in the North Region which includes cities like in Lahore 11 outlets, in Rawalpindi 2, and 1 in Islamabad. On the other hand, in the South Region this includes 21 branches in Karachi and remaining in others cities of Pakistan i.e.; Hyderabad, Faisalabad, Sialkot, Gujranwala Peshawar, Multan and Jhelum. KFC believes that the secret ingredient of its success in its last seven years of operations lies in the mass appeal of its product offerings as well as the quality services it provide to its customers which made them the market leader in the fast food industry of Pakistan and the whole universe (kfc-pakistan.com).

KFC offers the following products to its customers that are stated below;

- Chicken Meals
- Sandwich Meals
- Family Deals

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***Toyota International in Pakistan:***



Toyota Motors Corporation is a Japanese multinational company that is formed in 1937 by its founder Kiichiro Toyoda by a spin off from his father's owned company named Toyota Industries for manufacturing automobiles. Its first product manufactured in 1934 which was an engine and in 1936, it produces its first passenger car. Its head quarter is located in Aichi, Japan. Toyota planned to produce 9.4 million vehicles in 2007

and in its first quarter along with its half owned subsidiary named Daihatsu Toyota was been able to achieve its top sales target by selling approximately 2.35 million vehicles all around the world (toyota-indus.com).

In December 1989, the company was incorporated as a public limited company in Pakistan under the companies' ordinance 1984, whereas it started its production for commercial use from May 1993. In order to be easily accessible and to serve best to its customers, Toyota Motors has managed to establish a huge network based upon twenty seven dealers operating within Pakistan, those are fully equipped and self-sufficient in meeting their customer needs related to sales, services and spare parts requirements. Toyota Motors dealership network operated in and marketed through Karachi, Quetta, Larkana, Lahore, Faisalabad, Sargodha, Multan, Sialkot, Rawalpindi, Peshawar, Mardan, D. I. Khan and Islamabad (toyota-indus.com).

Toyota Motors Pakistan offers the following products to its valuable customer which includes;

- Corolla XLI
- Corolla GLI
- Altis Manual 1.8 Petrol
- Altis Automatic 1.8 Petrol
- Corolla 2.OD
- Saloon 2.OD
- Parado
- Land Cruiser
- Camry

Toyota Operations in Pakistan:

- It is the leading company of Pakistan in automobile sector
- The most successful company in its sector
- The most popular company of its sector
- It provides the best durability & smooth drive with the products it offers
- Toyota's motto is to 'Delighting customers'
- It facilitate its customers with the wide range of products which no one can compete
- It is known to be more spacious than its competitors
- It provides its customers with more dashing & attractive product designs
- Its products offers economical & greater mileage capacity
- It occupies greater market share than other companies operating in automobile sector
- Another advantage and reason of being its customers priority is the easily availability of its spare parts
- It is most suitable convenience for Pakistan's environment as it is best in driving on damage roads
- It has highly customer's satisfaction ratio in comparison to others (toyota-indus.com).

### **PEPSI Cola International in Pakistan:**



Pepsi Cola is a well-managed multinational company operates all around the world and is known as a symbol of hygiene quality and service. It is a carbonated beverage that is produced and manufactured by PepsiCo. It is producing Cola for now more than 100

years and dominates the world market from a longer period of time. In 1890, Pharmacist Caleb Bradham has for the first time made the drink in New Bern, North Carolina. And on 16<sup>th</sup> June, 1903 was registered under the trademark as authorized to be recognized as a separate and unique brand (pakbev.com).

The major share in beverage based market is dominantly held by Pepsi Cola. It is renowned to be as the number one and most consumable soft drink in Pakistan, as today, it is recognized and considered as the Pakistan's National Drink. The very first plant of Pepsi Cola was constructed in Multan in 1971, and thereafter Pepsi is now touching the peak of its success in Pakistan. E biggest competitor of Pepsi in Pakistan and around the globe is Coca Cola which is another international brand. Basic strength of Coke is it renowned brand name. On the contrary, Pepsi's aggressive Marketing planning and quick diversification ability in building up creative and new ideas regarding products and its packaging helps Pepsi to stays on the Number one position in Pakistan. Pepsi's upcoming strategy is too entered in the market by providing the fruit juices and drink offerings in near future. To check over its credibility in this field, it provided its experiment and tests made on mango juice for the first time in Karachi (paktive.com).

Since, 1903, there has been produced many varieties by Pepsi. Pepsi Cola offering its customers with the following categorized beverages in Pakistan such as;

- Pepsi Cola
- Lemon and Lime (as Teem and 7up)
- Diet Pepsi
- Mirinda Cream (in Karachi only)
- Mountain Dew

### ***Mobilink in Pakistan:***



A telecommunication service provider named Pakistan Mobile Communication Limited, mostly known as Mobilink GSM started its operations in Pakistan in 1994. Mobilink head office in Pakistan is located in Mobilink House, F-8 Markaz, Islamabad. It has the advantage of being the first cellular service provider operates in 100% digital GSM technology in Pakistan. Similarly, has the privilege and pride of providing its customers with the state of the art communication solutions. Mobilink by Motorola Inc. later on, was sold to an Egyptian multinational company, named Orascom. Mobilink offers its customers having communication needs, with exclusive tariff plans that cater the needs of diverse group of people either based upon individuals, businessmen, corporate or multinationals. If it is said that Mobilink has become the market leader in cellular service industry, both in terms of its rapid growth similarly enjoying in facilitating the largest customer subscriber based in Pakistan, as in March 2008, Mobilink had the advantage of facilitating 31.75 million customers in Pakistan which are growing with rapid pace (mobilinkgsm.com).

Mobilink offers its customers with the following brands includes;



- Indigo (postpaid)
- JAZZ (prepaid)

- Mobilink PCO
- WIMAX (Internet Service Provider)

***Operations of Mobilink in Pakistan:***

Mobilink offer its customers with both postpaid and prepaid tariff solutions, which are the largest brands of their kind in Pakistan cellular service provider industry. Mobilink provides the advanced and largest voice communication services in Pakistan that creates the lives of million people much easy and accessible, also by providing the many value-added services for its prized and loyal customers. Mobilink gives complete importance and significance on its coverage and quality provided, this is the reason that the 10,000 plus cities and towns comes under its umbrella, and about 130 countries in its international roaming service capacity. It proves its claim that ‘they speak your language, everywhere’. Whereas, on 1<sup>st</sup> July, 2008, with its launch of WIMAX, Mobilink is now has become the second internet service provider in Pakistan. As this service is currently provided in Karachi only, thus, in order to overcome this situation, they have started offering its DSL broadband services with the help of a wholly owned subsidiary, named Link. Net (mobilinkgsm.com).

***ICI Pakistan:***



It is the world’s top and largest manufacturer of paint and industrial coatings company. Its head quarter is located in Berkshire, UK and operates over 55 manufacturing sites in 25 different countries. In 1965, ICI UK acquired the 50% shares of a local company operating in Pakistan which was located in Ferozpur Road, Lahore. After acquisition its name was replaced from its old title “Fullers Paint Pakistan Limited” to a new one as ‘Paintex Limited’. In 1973, due to political reasons, company was converted into a public



limited company. To improve its effectiveness and in order to enhance its outcome produces, the plant capacity was upgraded in 1981 and since then, the company and its performance has increased rapidly and progressively to capture higher market share in multiple segments includes decorative, industrial and automotive paint markets (dulux.com.pk).

ICI Pakistan paint business has become the unbeatable leader in decorative paints, industrial paints and refinishes paints for vehicles. It produces approximately 14 million liters. ICI Pakistan supporting the lives of many people including painters, architects, paint retailers and house owners in throughout Pakistan. It's most renowned and famous brands such as ICI Dulux, Glidden, Maxilite and Paintex has now become the customers' number one priority as well as a part of painter's perception and memory with regards to its color selection, quality, variety and durability ICI paints offers to its end users (dulux.com.pk).

ICI provide the huge range of products and brands to its customers, which may includes the following:

- Dulux Weather Shield (Acrylic Based). (Decorative)
- Dulux water repellent (D)
- Dulux matt enamel, (D)
- Dulux Gloss (Industrial)
- Dulux Pentalite (D)
- Dulux Pentalite Natural Whites (D)
- Paintex plus Emulsion. (D)
- Glidden Higgloss (I)
- Glidden Ultrahide (D)
- Glidden Ultratex (D)

- Maxilite (D)
- Dulux Pearl Glo Matt Finish Enamel (I)
- Dulux once (D)
- Dulux Super Gloss Enamel (I)
- Dulux Aluminum Paint Dual Pack (I)
- Dulux Synthetic Clear Varnish

Whereas it's Polyester Fibers range offerings includes;

- Semi Dull PSF
- Single Component Dyeing
- Super White
- Extra High Tenacity
- Low Pill
- Micro fibre

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## Ch. 3:

### RESEARCH METHODOLOGY

As for the purpose of achieving and completing a task successfully, there must be its strong and solid foundation. Devoid of that strong base one cannot cope up with difficult and convoluted tasks assigned. The stronger the foundation, easier it will be to produce accurate and relevant results and outcomes. Similarly, in business research project, theoretical framework plays that role of being foundation on which the entire project depends upon. It entails the comprehensive listing of all the variables involved in the research made along with their relationship in significance to the research project.

#### 3.1. Population:

For this thesis the data has been taken from 2012-2013 from some of the renowned multinational companies operating their businesses in Pakistan.

#### 3.2. Sample and Sampling Technique:

The sample data for internal factors of Multinational corporations has been used to configure the relationship in accordance to its success.

For the research, the data has been obtained from different published research papers, official's interviews for different newspapers, personal interviews with relevant representatives and officials of multinational corporations operating in Pakistan, in addition to other online websites.

The division of first hand data collection is provided in figures below:

Questionnaires:	50
Personal Interviews:	<u>10</u>
Total:	<u>60</u>

#### 3.3. Type of Research:

The research methodology adopted for this research is focused upon qualitative study made. Qualitative research seeks to understand a given research problem from the perspective of local population it involves. The strength of such type of research is that it has the ability to provide the complex textual descriptions as how people experience that

given research statement. In simple words, it determines and translates the human side of the issue.

Instruments that will be used in the research will be more flexible, as of interactive style of categorizing and eliciting the responses obtained from questions. Semi structured methods such as in depth interviews and focus groups will be used for collecting and analyzing the data. Similarly, open ended questionnaires will be used for data collection along with textual obtained from audiotapes, field notes and questionnaires.

### **3.4. Data Collection:**

The data that will be used in analysis will be collected from the personal interviews taken from relevant executives and representatives of the multinationals involved as well as the information discovered from the results obtained from questionnaires filled, in addition to, data and information available on their official websites and from the research papers included in analysis for judging the standardization and criteria of MNC's performance and subjective factors involved.

### **3.5. Procedure:**

Researcher have studied all the major and significant factors that directly and indirectly have considerable impact on MNC's success and several other data together and have extracted this information.

In the meanwhile, researcher has focused upon only on that information which was directly effecting and was in relevance to the scope of topic selected. While, extraneous and irrelevant topic and information is not consulted and conferred with.

Whereas, in the theoretical framework, researcher has identified the multiple variables through the literature survey that has been made, along with questionnaires filled, personal interviews, audiotapes and recordings, transcripts and intuition being taken. The under mentioned is the theoretical framework that has been developed to work out for the business research study that has been undertaken:

### **3.6. Identification of the Variables:**

The following variables are identified in this context.

**A)** Independent variables it includes are:

- ❖ Culture
- ❖ HRM Practices
- ❖ Standardization
- ❖ Technology
- ❖ Product Features and Quality

**B)** Dependent variable entailed as:

- ❖ MNC's success Factors

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## THEORETICAL FRAMEWORK MODEL:

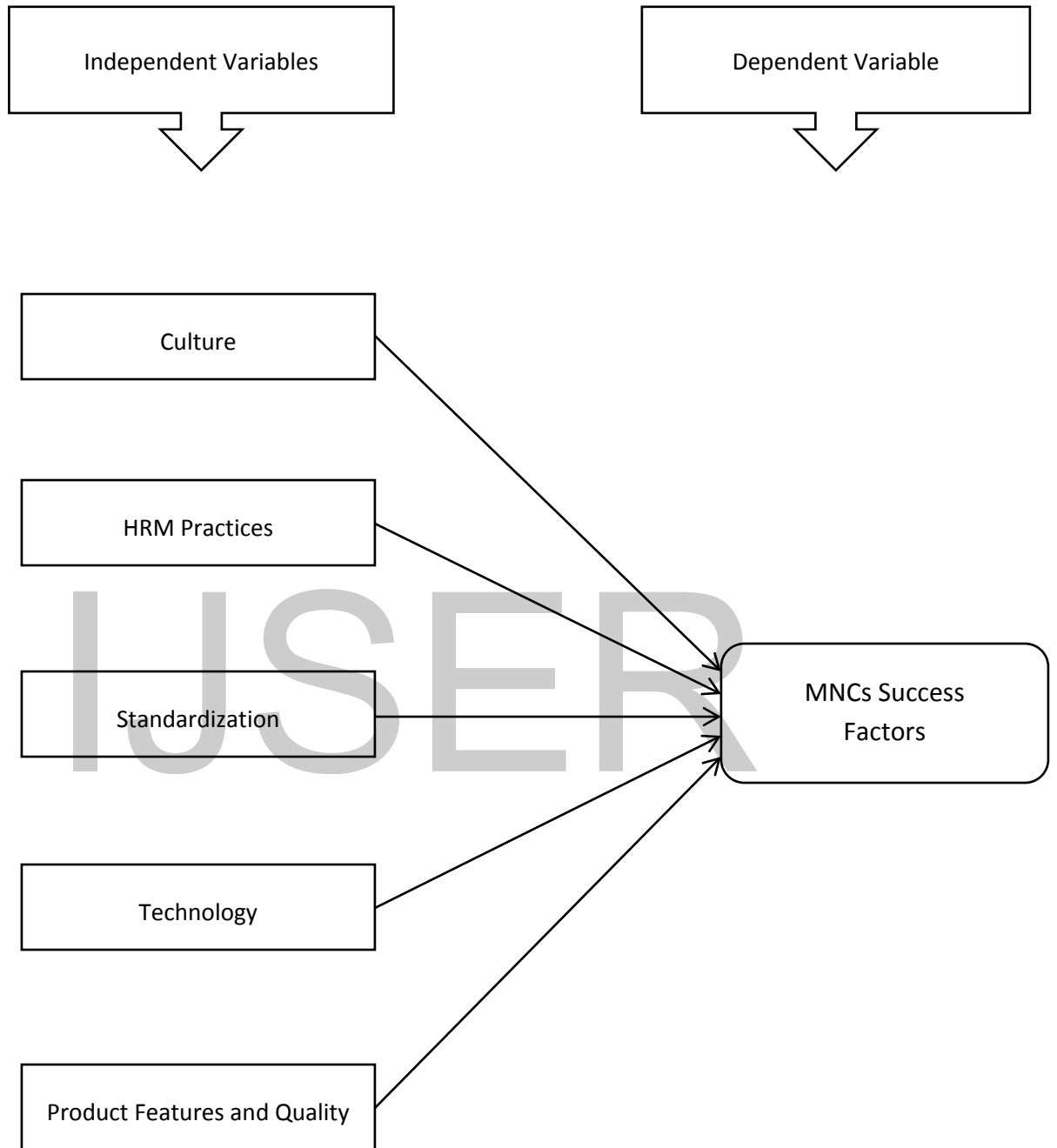


Figure: Theoretical Framework

### **3.8. Research Methodology**

This research will include both the primary data collection through questionnaires and personal interviews being taken into account as well as by using secondary data available from 2000 and onwards in the form of research papers and newspaper, interviews including other websites and MNC's official websites.

#### ***(i) Instrumentation***

The basic tools of qualitative research such as questionnaire filled, semi structured personal interviews including in depth and focus groups, audiotapes and recordings, transcripts and intuitions, information provided on their official websites and published research papers that will be applied to augment this research and findings.

#### ***(ii) Data Collection***

As a population, variables were selected for this research and later on, data was collected within the required period of time through information provided on their official websites and published research papers.

Once the data is collected, it will be treated to various qualitative tools applied and adopted on later stage to get the required results of the findings.

#### ***(iii) Data Analysis***

The basic tool through which the data has been analyzed is questionnaires that have been filled by the managerial level officials of MNC's operating in Pakistan as well as the personal interviews taken from them. As the research is qualitative in nature thus, the questionnaires were evaluated based on the data collected through face to face interviews and filling of questionnaires. The research made is qualitative in nature and includes no implementation of statistical tools analysis as in quantitative research whereas, the results produced were in their raw form as semi structured interviews and open ended questionnaires were used to be filled, based on respondents' personal opinions, experiences and expertise. Therefore, most repetitive and matching statements were mainly considered as an effective outcomes produced.

## **Ch. 4:**

### **FINDINGS AND ANALYSIS**

The basic concept of this analysis was to determine the internal factors of a multinational corporation which assists to facilitate that company to carve its path towards success especially while operating its functions in Pakistan. In this regard, five major factors which play a most significant role in multinational company's success were identified. Hence to analyze these factors and their impact, scope and importance in detailed and especially with reference to Pakistani market I designed a questionnaire in such a way that it could identify the overall internal environment that an organization entails for running its operations and how much important these each factor have to be successfully penetrated in accordance with local market taste and patterns. This also helped us to explore and explain their effects on overall organizations practices, the market it operates in also including their affect and impact on all its stakeholders.

My sample size was based upon 50 officials of renowned multinationals operating in Pakistan whereas their identities will remain undisclosed as promised including people working in those organizations I personally interviewed. As the sample size was only based up on the people dealing and playing an active and pertinent role in their organizations. And these are the people that either work under or imply these internal factors within the organization.

The findings identify that culture is one of the major factor that plays a vital role as out of total organizations selected, 60% of them believed that being a customer oriented organization that results in becoming more culturally restricted and classified influences the company's overall marketing strategies and only 30% of them believed it not to be true and disagree with the results obtained in literature review earlier. Similarly, learning local language and by localizing company's website helps the company's to reduces its cultural distance prevailed between the company and its employees and customers was supported by 55% of the total audience. Results disclosed that language training should be provided to employees working abroad in the language they understands, as to adopt the customized and customer centered approach in accordance with the dynamics and



habits of cultural environment and expertise. Whereas 67.9% results disclosed that each multinational corporation should bring in and introduce a new culture and set of practices which will result in the extinction of different cultural conflicts organization may face later. Another finding reveals that marketing concepts in accordance with their cultural limitations and boundaries such as concept of fragmentation, segmenting targeting and positioning, concept of in house or internal branding, including the theory of employee branding helps in company's operations and adaptation needs to get engaged in the local environment and trends.

Other factor that assists in achieving its succession goals includes the company's policies and ultimate objectives as some of them adopted in Pakistan are that they have customer centered approach, more emphasis over STP's, employee branding and their development with the adoption of role playing techniques, zimbardo psychic prison concept relating to direct sales, qualitative and quantitative analysis as well as the goodwill and brand equity formulation techniques and measurements. As it has greater impact and significance, HR policies that have been adopted in Pakistan including role playing and de-jobbing, lack of professional training and on the job training cause a major dissatisfaction in employees and ultimately reduces its chances of success. Performance appraisal and feedback systems that are applicable in multinational companies operating in Pakistan are commission based selling, achievement per quarter, ROI and the time that is capitalized to mature a deal which facilitates them in enhancing their employees overall performance, skills and competency levels. 60% of the respondents agree that their HR department is efficiently employing their company's resources to obtain their optimal goal realizations through employee referrals etc.

MNCs operating abroad should prefer recruiting a blend of both as local staff for lower management whereas, homeland employees should be preferred as strategic management helps in reducing cultural issues, domestic insurgence and political shortcuts and offers an appropriate structured way out. Results disclosed that local team should be empowered with autonomy and decision making power which proved to be significant in improving company's overall performance. Results obtained identify that standardization and adoption co-exists in some organizations or vice versa. As there is no absolute

structure exists. Some organizations there follow standardization in SBUs and at some level they have open management conducive according to the absolute conditions of management and stakeholders as well as the shareholders. 55% out of total sample agrees that from customers perspective the world has now become homogenized and company have to follow this trend in order to sustain its position. Whereas, standardization does not seems to be more compatible and differs from county to country often based on geographical dispersions. State within a state concept is also applicable. Results identify that political stakes and the infringement of establishment and other disguised litigations, insurgency, execution issues and the resistance of employees and other stakeholders are few of the reasons which creates difficulties to imply standardization in MNC's operating in Pakistan. Strategic vision in accordance with profit, customer selectivity, customer retention and satisfaction in accordance with economic development of country are the Strategy standardizations which companies follows among Pakistani markets. Standardized advertising does work in two dimensions but the grounds are the concept of opinion leaders and socio cultural adaptability but there is also a problem of cultural endorsement for some target audience. In case of Pakistan it works but not in every country. Study made identify that standardized advertising has a greater impact on firms financial and strategy based performance as with cost cutting one ad in Singapore and played in India, Malaysia, Bangladesh and Pakistan, so at the cost of one ad company can capture target audience of four countries. Results explores that Pakistan has a silent untapped optimized market which is required to be addressed and can have larger stakes in terms of global presence and greater profit margins are the ultimate objectives and motivation factors that made these MNCs to invest in Pakistan. While asked about investment decision especially with reference to technology Pakistan is offering the results obtained informed that its absolute business which means investment versus profit and according to ROI in accordance with their financial analysis they have achieved break even and some have achieved required profits. Results discovered that MNC's are a lot more productive as compared to local firms but financial constraints usually become obstacles thus, human capital development and in fact every field can be specialized.

Positive spillover effect refer towards efforts and contribution made by MNC's by investing in particularly FMCG, IT Banking, Food industry. 75% results are against the

MNCs that produce at lower marginal and fixed cost which badly affects the host firm's chances of survival.

Results identify that concept of fragmentation is applied in Pakistan as there are many segments to customize product offerings in order to understand the needs of particular target segment. Whereas, high quality products at affordable prices to cater mass market needs depends upon product mix and target audience. Two major factors contribute directly towards product featuring and quality one is the product or service quality and other one more important is the goodwill of that MNC that makes environment conducive. 55% of the respondents believe that supply chain develop strong relationship between domestic suppliers and MNC's especially when invested in terms of resources and finances for improving the company's overall processes.

Product quality varies from company to company and from product to product. Actually there are some standards just like ISO 9000 certified and companies have to meet the standards as per agreement signed otherwise the licensed have to be cancelled. These standards are of two types one is the organizational standards and other one is the industrial standard. Those products are competent and reliable products which meet the quality standards in accordance with price minimization and value creation. And another factor for important consideration is that value for money how much customer is willing to pay for a certain product and service. Then comes the satisfaction level and peer pressure for that we are working for opinion leaders as they are praised in any geographical and demographical segmentation and if they are used properly and timely than they can easily mature deals the feature vary from product to product according to the requirements of that particular target segment.

## **Ch. 5:**

### **CONCLUSION AND RECOMMENDATIONS**

#### **CONCLUSION:**

The whole idea of conducting this research was to identify the major factors that play a significant role in leading a multinational corporation to pine for success especially with reference to multinational companies currently working or planning to operate their functioning in Pakistan. This can be achieved if these elements will be taken under consideration and their impact and performance along with applicability will be enhanced which will ultimately results in its success. This study also includes their impact on a multinational firm's overall performance and their vitality and relation to each other.

In accordance to feedback received and after the data have been analyzed results shows that there are five key factors that leads an MNC towards success while operating in Pakistan. Out of which one factor is culture, which has a greater impact over company's marketing strategies adopted in order to penetrate in the local environment or to minimizes the cultural gap that exists between within and outside the organization. This can be removed or minimizes by learning local language to become more customer centered and to understands the dynamics of local taste or habits and to achieve cultural expertise. This is possible by bringing in new and diverse culture by applying the concepts of fragmentation, employee branding and emphasis over STP's and branding techniques adopted.

Some of company's policies and ultimate objectives working in Pakistan includes customer centered approach, adoption of you attitude, STP, employee branding, employee development and role playing, zimbaro pshcyic prision experiment concept in dealing with direct sales, goodwill and brand equity qualitative analysis etc. Despite the fact there are policies implemented by HR department that upheaval the dissatisfaction among employees involving the new concept of de-jobbing after the global economic downfall, similarly, other includes role playing activities and lack of professional trainings and on the job training sessions. For analyzing the employees' competencies and performance on continuous bases commission and quarter based methods are to be

adopted. Whereas, despite of unfavorable factors exits, company's employees are satisfied with the level of output their HR department produced by employing their company's overall resources efficiently. It was also found that there should be a blend of management while making hiring and operating outside home country as lower management should be filled with local staff and strategic management should include home country officials. In order to avoid cultural issues, domestic insurgency, political short cuts and appropriate structured way outs. But at the same time local management also be provided with autonomy and decision making power to take routine and low involvement decisions.

In Pakistan, there is a blend of two types of organizations out of which some assuming standardization and adaptation as co-existing feature and some not. Thus there is no absolute and synchronized structure prevails and some are standardized in SBUs and at some level its open management that is conducive according to the absolute conditions of management and the stake holders and shareholders. In further justifying the phenomena, most of the respondents agreed that now world has become homogenized when relates with customer's perspectives. While implementing standardization in Pakistan, political stakes and the infringement of establishment and other disguised litigations, insurgency, execution issues and the resistance of employees and other stakeholders are the difficulties that are desirable to be faced. Although company's strategic standardization vision in accordance with profit, customer selectivity, customer retention and satisfaction in accordance with economic development of country is the vital connectivity among the markets its operates in. Standardized advertisement concept is more successfully implemented on the basis of opinion leaders and socio cultural adaptability which might not work in other countries. With reference to this concept cost cutting procedures are utilized in most of the multinational companies operating in Pakistan.

Results disclosed that Pakistan has a silent untapped optimized market which is required to be addressed and can have larger stakes in terms of global presence and greater profit margins which attracts large multinational companies to invest in Pakistan. As they deal in absolute business MNC's operating in Pakistan according to their ROI in accordance with their financial analysis they have achieved break even and some have achieved

required profits. Results disclosed that though MNC's have a lot higher access towards technology in comparison to local firms but still there exist a gap in terms of financial constraints, human capital development and in fact every field can be specialized. Whereas if MNC's invest in FMCG, IT Banking, Food industry it brings in the positive spillover effect towards efforts and contribution made by them. On the contrary despite of having this edge over local firms operating, results disclosed that multinational firms operating in Pakistan are against the practices and methods adopted to minimize company's marginal and fixed cost in order to sustain local firms businesses.

Pakistan offers the diverse market segment, which needs cannot be easily catered but through fragmentation this gap can be reduced and large target market can be easily identified. While, companies pricing strategies and quality offered based upon the nature of product mix and target market that is needs to be catered. On the whole two things directly effects the standing of product quality and featuring in the eyes of its customers that is the product or service quality whereas the other one, that is more important is the goodwill of that multinational company that makes the environment conducive for its customers. Similarly supply chain is the other factor that develops a strong relationship between domestic suppliers and MNC's operating in Pakistan, when invested in terms of resources and finances for improving company's overall processes and procedures.

#### **RECOMMENDATIONS:**

This study was aimed to identify the factors that plays a vital role in Multinational companies' performance and leads them towards success. For this purpose the variables identified are culture, HRM practices, standardization, technology and product features and quality. Where, success of MNC's is taken as dependent variable. From the results obtained following recommendations are useful for the multinational companies operating in Pakistan or are willing to start their practices in Pakistan as well as to students for further studies and research:

1. Multinational companies which are willing or interested to make investment in Pakistan should take under consideration the political and other external environmental factors as which direction are they moving. If the conditions are stable then it would be good time to make heavy investments and vice versa.

2. Another important issue which is very important is the significance of the study made. From the results obtained it seemed that the significance of this study is very high. All the internal factors included in this study have greater impact and does effectively leads multinational companies towards success and development. Thus, all investors, multinational companies and students interested should consider these variables more deeply and in detail.
3. Culture is a set of norms, values, practices, customs and traditions is directly related with MNCs success. Cultural practices implemented should be a blend of either both the practices adopted in home and host country or a set of new values and practices that are new to employees which will reduces the cultural issues or differences that may occur at later stages including other cultural or socio cultural problems may arise.
4. HRM practices should be implemented that are in favor of achieving company's ultimate goals and must be able to utilize its company's resources at their optimum level. Local staff should be hired to perform lower management tasks whereas; home country executives and officials should be hired to make strategic management decisions and tasks.
5. Standardization concept can be adopted in Pakistan though the companies might face few difficulties such as infringement of establishment and other execution issues and disguised litigations etc. while, standardization's compatibility differs from country to country and geographical dispersion. Whereas, in standardized advertisement that has greater impact on firm's financial and strategy based performance cost cutting is the most common technique that has been used.
6. Pakistan is an untapped optimized market which is required to be addressed and can have larger stake in terms of global presence and greater profit margins. Multinational companies invested in Pakistan have achieved break even and some of them also have earned required profits. Though MNCs are privileged in having latest and upgraded technology though there is still a gap exists based up on financial constraints, human capital development and similarly all other fields need to be specialized even more. Efforts and contribution made by MNCs by investing FMCG, IT, Banking and Food industry positive spillover can be implemented. MNCs should not misuse their edge

- over technology occupation and reduces their products cost to write off their local competitors from the market and out of competition.
7. Concept of fragmentation is most suitable to deal with diverse target segments Pakistan as a customer market offers. Whereas, offering high quality at low prices depends upon the product mix and target audience selected to be catered. More emphasis should be given to product quality and company's overall goodwill about building up a conducive environment. Also, supply chain develops the strong relationship between firm and its domestic suppliers so more emphasis should also be given to this area of product features and quality to improve company's overall processes.

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## **Ch. 6:**

### **LIMITATIONS OF THE STUDY**

Following were the limitations I faced during doing this research:

- Questionnaire created was very extensive and required detailed explanation which was difficult for all the people selected as sample to devote this much time to fill it.
- The research made was based on small population size and more respondents were not feasible to be covered. However two measurement criteria's were used to generalized the results obtained.
- Detailed and enhanced market research on external factors that impact multinational companies' performance was difficult to conduct, due to which it was hard to find all the factors that are feasible and leads multinational companies towards more growth, development and success. And which make these corporations stronger and effective especially with regards to Pakistan.
- As more of MNC's is either operating in or from Karachi, it is difficult to collect the desired information required from the actual participants of the work done or implemented.
- This also creates cost barrier, as more and more cost is required to get information from these relevant participants.
- Research made is of limited intensity as the time required to make it extensive and detailed was not available.

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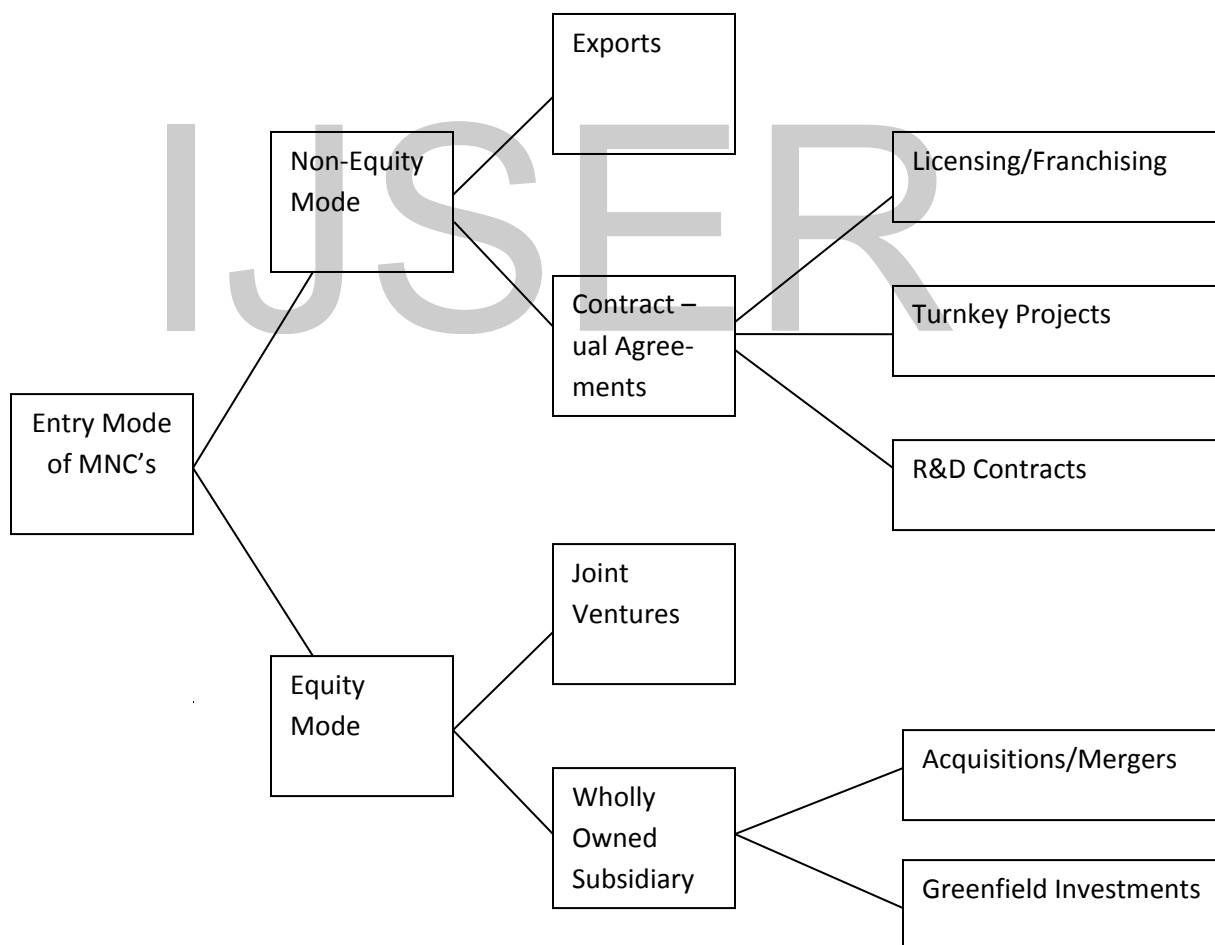
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## APPENDICES

### ***MNC's ENTRY MODE:***

Starting up a new setup and tapping a new market entry is always a tricky and fiddly step to be taken. It inserts more pressure if that market is overseas. This entrance may not offer that country economic, legal, political or financial consistency benefits which in the long run may contribute towards business growth and escalation. By and large, two methods are generally adopted in order to enter in a new foreign market, if executed prudently, regardless of the ascending of the dubious circumstances which ensures companies strengthening and higher profitability and returns.





These methods are called the equity and non-equity modes of entry of multinational corporations in foreign markets. Many studies have been made on the choice of different types of equity-based versus non-equity-based modes of foreign market entry. Whereas, in the equity-based entry modes, owner involvement is seen to be important either on a partly or wholly basis, as the choice is made between joint ventures and wholly-owned subsidiaries in which JV's include minority, majority and strategic alliances whereas, wholly-owned subsidiaries partly include Greenfield investments and acquisitions and mergers which may be either hostile or friendly basis. While in the non-equity-based modes, minimum owner employment is required as the selection is required to be made among exports or contractual agreements, which can be further sub-divided in more specified market categorization as exports can be supplemented in two parts as direct exports or indirect exports, similarly, contractual agreements are distributed in three parts as licensing/ franchising, turnkey projects and R&D contracts.

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## **Guidelines to Interview:**

- ✓ Does culture actually influence company's marketing strategies as customer oriented businesses are more cultural bound. Please comment.
- ✓ In your opinion learning local language and localizing the website and other marketing strategies helps a multinational to minimize the cultural differences exists. Discuss
- ✓ Why foreign language trainings should be providing to employees working and dealing abroad?
- ✓ Company should bring up a new cultural perspective or adopt the local culture of the country it's operating or desires to operate in? Please comment.
- ✓ Embracing marketing concept in company's operations, promotions and product adaptation needs to be adopted to get engaged within the local environment. Do you agree? Why or why not?
- ✓ Can you name some of your company's policies and ultimate objectives?
- ✓ Name some HR policies of your organization your unsatisfied with?
- ✓ Which performance appraisal and feedback system is applicable in your organization and how it facilitates in enhancing its employees overall performance, skills and competencies?
- ✓ Are you agreeing that HR department of your organization is efficiently employing company's resources for obtaining optimum organizational goals? Kindly justify your selection by highlighting some of the factors.
- ✓ In your opinion an MNC operating abroad should prefer recruiting local staff over foreign or home country? Why or why not?
- ✓ Local team should empowered with autonomy and decision making authority from their top management? And will it proved to be vital and helpful for your organization? Please justify.
- ✓ Standardization and adaptation is a co-existing feature of MNC? Please comment.
- ✓ World now has become homogenized when relates with customer's perspectives and expectations? Does your organization follow this trend? Why and why not?
- ✓ Standardization seems to be more compatible to the company and country's circumstances? Please validate your answer.

- ✓ Is it difficult to imply standardization in Pakistan in comparison to other countries your firm operating in? Please elaborate.
- ✓ Strategy standardization which your company follows has a vital connectivity and belonging among markets with regards to which factors and elements please identify.
- ✓ Does standardized advertising explores two dimensions for your organization as first the motivation for its proper utilization and other determines firm's performance and outcomes produced? Why or why not? How?
- ✓ Can you elaborate how standardized advertising has a greater impact on firms financial and strategy based performance with reference to external environment and internal resources?
- ✓ Today more firms and governments are enthusiastic to invest in foreign markets to entertain an opportunity to get access to foreign technology and other valuable strategic assets. What was your ultimate objective and motivation that made you to invest in Pakistan?
- ✓ How you justify that your investment decision with regards to Pakistan was right especially with reference to technology she is offering?
- ✓ MNC's are productive as compared to local firms as they have higher access towards latest and upgraded technology available. In your opinion what gap still exists?
- ✓ Positive spillover effect refers towards efforts and contribution made by MNC's by investing in which fields or factors?
- ✓ MNC's ability to produce more at lower marginal cost results in cutting down country's overall production especially in case of fixed cost that results in increase of average cost which minimizes the host country firm's chances of survival. Do you still in favor of this phenomena adopted?
- ✓ Customization of product offerings in international market is essential to understand the needs of particular target segment. How much you favored this fact and why?

- ✓ MNCs offer high quality products at affordable prices to cater mass market needs.  
Do you believe this is an acceptable manner to penetrate in the local market?  
How?
- ✓ How much product features and quality contribute towards MNC's overall achievements and in your opinion what are the factors that contribute directly towards product featuring and quality?
- ✓ Does supply chain develops strong relationship between domestic suppliers and MNC's when invested in terms of resources and finances for improving the overall processes?

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## **Transcript of Interview:**

Culture is of two types, one is the culture of home country and the other is of host country. Because MNC's operate in different cultures so they have to understand the core values of the culture in order to penetrate successfully and timely. But, there is a challenging situation considering the recruitment of management at different hierarchical levels, because there is no hard and fast rule for recruitment in different cultures. What actually required is there must be a perfect blend of the local and foreign management as the local management will guide about the do's and don'ts of the culture. So they are required to at the front line management having a blend of blue and white collar job. The strategic management must also involve the local managers because they have the vision that is directed as per the strategies and way outs charted by the local management in accordance with cultural values. Another kind of cultural importance is the perceived culture of the organization in accordance with symbolic culture of the parent organization. So the management is required to be tamed with the present culture.

Considering the HRM practices what usually we believe in delivering more and promising less so that we can get our internal customers that are our employees satisfied in accordance with their job description. We do believe in de-jobbing, but what we actually do is that we give our employees good perks and privileges, so that they can work with sportsman spirits and motivation, which results in restless effort and synergized potential. What makes our HRM practices stand out in the market is the proper career counseling according to the aptitude of our employees so that they can work with interest and motivation? We do believe in role playing, focus groups and job rotation that work as good and appropriate employee development strategy. Different talent hunt programs though consume our budget's proportion but it provides apprenticeship to the students and the candidates with right profile to the organization. Talent hunt programs help us to jor down the selective lot and which help us in there right placement according to the right job.

Standardization is a very important concept that organizations usually practice in different environments at different point of time. Our standardization is based on the memorandum of association and article of association. Considering the product

standardization, which is dependent on geographical, demographical, technological and psychological grounds, now another perspective that is required for consideration is the policies and the structures that are based on the standard operating procedures. Usually what we believe in our marketing research is that the consumer insight of different geographical dispersions is based upon the opinion leaders of the environment which result in molding the purchase behavior and influence the buying decision. Marketing campaign are usually designed with the very same theme for Asian countries because of the same family of orientation and living habits as for as consuming habits. This is the conjunctive reason that has the direct impact on the statement of financial affairs because it reduces the overall budget spent on advertisement by opting this strategy, organizations can reduce the budget spent on advertising from climax to rock bottom level.

Technology is the most important pillar for achieving economies of scale. Technology is a churn driver in manufacturing as well as delivering the product/services according to the best possible time. Technological advancement help the organization in generating artificial intelligence and future projections based on the historical backgrounds and statistics available as per organization's financial condition. What actually matters for any organization is the return on investment and efficient productivity in accordance with customer guidance and organization's and industrial benchmark standards. Since, Pakistan is in developing phase and there is a political insurgency and war of terrorism that results in trust deficit of the higher management of multinational because risk factor is mounting day by day and MNC's are reluctant to invest in such situation.