



**Strategies For Pakistan Textiles Industry To Sustain The Business**

Shaher Yar Ali

**Second Cycle**

**Master Thesis in Business Administration**

## **ACKNOWLEDGEMENT**

*“Seek Knowledge from Cradle to the Grave”  
Hazrat Muhammad (PBUH)*

This thesis is the final step of the Master program of Business Administration (MBA) at the University of Gavle, Gavle, Sweden. It has been conducted in February 2012.

First of all, I would like to thank ALLAH and HAZRAT MUHAMMAD (PBUH) without their help nothing is possible in this world.

I would like to thanks my supervisor Dr. Maria Fregidou-Malama who guided me in all this process.

My Special gratitude to my lovely wife SOBIA SHAHER YAR ALI, without her support this thesis and my MBA could not be completed.

Enjoy the reading!

## ABSTRACT

**Title:** Strategies for Pakistan Textiles Industry to Sustain the Business

**Level:** Second Cycle

**Author:** Shaher Yar Ali

**Supervisor:** Dr. Maria Fregidou-Malama

**Date:** 2012, February.

**Aim:** The aim of this study is to investigate the challenges faced by Pakistan Textiles industry as an emerging market from MNCs of Bangladesh, China and India and to find out the appropriate strategies which should adopted by the managers of this industry to counter these challenges.

**Method:** In this research qualitative data is used that is gathered through unstructured interview and questioners have been used to have desirable results.

**Results & Conclusion:** It is reflected from results that internal problems of Pakistan textiles industry such as energy crisis, high input cost, political instability, low return on investment are the main problems of this industry. To counter these challenges, their strategic approach should be Collaboration in product development and strategic alliance with attacking firms.

**Suggestion for Future Research:** This research is focused on the Problems and challenges faced by Pakistan Textiles Industry. For the future studies research could be done to find out the strategies for the firms from Pakistan Textiles industry to do the business in international market and how these companies can compete in International Market with presence of other MNCs of the world.

**Contribution of the Thesis:** This study provides action plans for the managers of Pakistan textiles industry to design and implement the strategies that build core competencies such as high quality products for their firms. It can also be helpful for researchers and students those are interested to develop the strategies for the firms from emerging markets.

**Key Words:** Multinational Companies, Emerging Markets, Transformational Management Model, Globalization, Market Context.

# TABLE OF CONTENTS

|                                                             |           |
|-------------------------------------------------------------|-----------|
| <b>ACKNOWLEDEMENT.....</b>                                  | <b>2</b>  |
| <b>ABSTRACT.....</b>                                        | <b>3</b>  |
| <b>LIST OF FIGURES.....</b>                                 | <b>8</b>  |
| <b>LIST OF TABLES.....</b>                                  | <b>8</b>  |
| <b>ABBREVIATIONS AND TERMINOLOGY.....</b>                   | <b>9</b>  |
| <b>1-INTRODUCTION .....</b>                                 | <b>10</b> |
| 1.1 Background .....                                        | 10        |
| 1.2 Problem .... ..                                         | 13        |
| 1.3 Aim and Research Questions.....                         | 14        |
| 1.4 Disposition.....                                        | 15        |
| <b>2-LITERATURE REVIEW.....</b>                             | <b>17</b> |
| 2.1Conceptualization of Emerging Markets.....               | 17        |
| 2.2 Strategic Fit Concept .....                             | 17        |
| 2.3 Marketing Context.....                                  | 18        |
| 2.4 Dimension of Response Strategies of Domestic Firms..... | 19        |
| 2.5 Transformational Management.....                        | 21        |
| 2.5.1The Four Phase of Transformational Management.....     | 23        |
| 2.6. Reflection on Theoretical Model .....                  | 24        |
| <b>3-METHODOLOGY.....</b>                                   | <b>26</b> |
| 3.1 Research Strategy.....                                  | 26        |
| 3.1.1 Case Study.....                                       | 27        |
| 3.2 Research Approach.....                                  | 27        |
| 3.3 Sample Selection.....                                   | 28        |
| 3.4 Data Collection.....                                    | 29        |
| 3.5 Data Presentation and Analysis.....                     | 33        |
| 3.6 Research Quality Criteria.....                          | 34        |
| 3.6.1 Validity.....                                         | 34        |
| 3.6.2 Reliability.....                                      | 35        |

|                                                                      |           |
|----------------------------------------------------------------------|-----------|
| <b>4-EMPIRICAL FINDINGS.....</b>                                     | <b>37</b> |
| 4.1 The Case Companies.....                                          | 37        |
| 4.1.1 Case Company MSC TEXTILES PVT, Pakistan.....                   | 37        |
| 4.1.2 The Case Company SHAFI EXPORTS PRIVATE LTD Pakistan....        | 38        |
| 4.2 Effect of Globalization.....                                     | 38        |
| 4.3 Challenges Faced From India, China and Bangladesh.....           | 39        |
| 4.3.1 Shifting Of Textiles Industry.....                             | 39        |
| 4.3.2 Advantages over Pakistan textiles industry.....                | 40        |
| 4.3.3 Strategies to cope up with these problems.....                 | 40        |
| 4.3.4 Internal Problem of Pakistan Textiles Industry.....            | 41        |
| 4.4 Implementation Plans.....                                        | 42        |
| 4.5 Summarizing the Results of the Study.....                        | 43        |
| <b>5- ANALYSIS/ DISCUSSION.....</b>                                  | <b>44</b> |
| 5.1 Assessments of Key Competitive Strengths.....                    | 44        |
| 5.1.1 Advantages & Disadvantages for Pakistan textiles industry..... | 44        |
| 5.2 Designing the Strategy.....                                      | 45        |
| 5.3 Sell out The Future with Market Context.....                     | 47        |
| 5.3.1 Competitive Intensity & Pressure.....                          | 48        |
| 5.3.2 Industry Structure.....                                        | 49        |
| 5.3.3 Uncertainty in Environment.....                                | 50        |
| 5.4 Implementation Plan.....                                         | 50        |
| 5.5 Summarized Analysis.....                                         | 51        |
| <b>6 CONCLUSION.....</b>                                             | <b>52</b> |
| 6.1 Discussions on the Findings.....                                 | 52        |
| 6.2 Reflections.....                                                 | 54        |
| 6.3 Future Studies.....                                              | 54        |
| 6.4 Implication.....                                                 | 55        |
| 6.4.1 Theoretical implications.....                                  | 55        |
| 6.4.2 Social Implication.....                                        | 56        |

|                                                     |           |
|-----------------------------------------------------|-----------|
| <b>REFERENCES.....</b>                              | <b>57</b> |
| APPENDICES.....                                     | 62        |
| APPENDIX A: INTERVIEW QUESTIONER.....               | 62        |
| APPENDIX B: ANSWES OF QUESTIONS FROM INTERVIEW..... | 64        |

## **LIST OF TABLES & FIGURES**

|                                                                                 |    |
|---------------------------------------------------------------------------------|----|
| Figure 1: Response strategies to Multinational Entry.....                       | 20 |
| Figure2: The Four Phase Of the Transformational Management.....                 | 23 |
| Figure 3: Strategic Fit Models for Transformational Management of the Firms.... | 25 |
| Figure 4: SWOT Analyses of Case Companies.....                                  | 45 |

## **LIST OF TABLES**

|                                                                               |    |
|-------------------------------------------------------------------------------|----|
| Table 1 Situations for Different Research Strategies.....                     | 26 |
| Table 2: Questions about Envisioning the Future Based Upon Key Strengths..... | 30 |
| Table 3: Questions About Designing The Strategy To Meet The Future.....       | 31 |
| Table 4: Questions about Sell Out the Future.....                             | 32 |
| Table 5: Questions about the Performance Out Come.....                        | 33 |
| Table 6 Production input Cost Summary.....                                    | 49 |

## **ABBREVIATIONS AND TERMINOLOGY**

|        |                                         |
|--------|-----------------------------------------|
| MNCs   | Multinational Companies                 |
| APTAMA | All Pakistan Textiles Mills Association |
| MFA    | Multifiber Agreement                    |
| WTO    | World Trade Organization                |
| TMM    | Transformational Management Model       |
| MSC    | MSC Textiles Pvt, Pakistan              |
| SE     | Shafi Exports Private Ltd, Pakistan     |
| USD    | United States Dollar                    |
| VAT    | Value Added Tax                         |
| R&D    | Research and Development                |
| IT     | Information Technology                  |
| FSA    | Firm Specific Advantage                 |

## **1- INTRODUCTION.**

*The objective of this introduction is to provide the background of the study and problems followed by the research questions. This chapter also depicts the limitations of this study along with the disposition of the study.*

### **1.1 BACKGROUND**

Today multinational companies make their products and services global and change their orientation from domestic to international that is why they have shifted from domestic market to global market (Pardhan 2007). Thus, globalization brings opportunity and pressure for domestic firms to improve their competitive position in their domestic market (Lou & Tung 2007). This Global pressure for competitiveness, forces companies to be globalized and emerging market firms have become important element in global economic development (Johl et al. 2010).

Global growth in business forces the firms from developed as well as from developing countries to adopt expansionary policies. In order to seek for markets, resources and efficiency firms from emerging markets such as India, China and Brazil diversify their business in domestic markets and also expand the business into each other's market. Local business in emerging markets face intensive competition from international firms who have entered in local markets to take advantage for increasing market potential. (Akhter and Barcellos2011)

With developed world markets becoming increasing saturated, multinational companies (MNCs) have turned to emerging economies (Ted & Stuart 2004). It is observed that the major emerging market competitors that seek to globalize without selling their firms to multinational sellers and such firms are threaded at home by competition coming from industrial country's multinationals and challenged by the opportunity available in industrial country's market (Grosse, 2003).

In the era of global competition, firms from emerging markets face challenges from the entrance of MNCs from developed economy as well as competition in international market. In this way, Global pressure on local firms from emerging markets forces them to decrease the product cost to compete with MNCs in their own market that brings local market firms even in more difficult position to compete with MNCs in terms of price competition (Birou and Fawcet 1993).

In the international global world, today companies are continuously looking cross country's borders to find new opportunities. Companies are competing with each other with in independent global network apart from company's size, every company is affected by economic interdependence as result of increasing globalization (Nolan and Zhang, 2003).

It has also been observed that entry of foreign firms into emerging markets affects local firms and industries differently (Denials, 2000).The local firms may take advantage to grow and internalize by taking advantage of new opportunities created with entrance of MNCs into local market (Akhter & Barcellos 2011). To compete with international firms local firms can adopt the competition; establish competitive advantage and change of ownership that means company can do merger, with other company for their survival (Rocha & Dib, 2002).

According to Prasada (2011) this was until 1980 the emerging markets terms was used as a business activity carried out in emerging and industrialized part of the world.Nakata and Sivakumer (1997) defines the emerging markets as less developed countries with indication of healthy economic advancement. While Hoskisson et al. (2000) defines emerging markets as" low income rapid growth countries using economic liberalization as their primary engine of growth".

The present study is focusing on the way in which the local firms can deal with international firms in their local markets and the development of competitive capabilities which enables those firms to compete with rival firm in different countries

as well (Grosse, 2003). Moreover, despite the complexity and instability faced, emerging markets have become attractive for doing the business because of growth of emerging markets in forthcoming years will be significantly higher than the mature markets (Grosse and Fuentes, 2002) .

A hot topic of today is Asia and its emerging economies including China, India & Pakistan (Naqvi et al. 2011).Therefore, in this study I focus on Pakistan textiles industry which is 4<sup>th</sup> largest cotton producer of the world , totally contributes to 60 % (9.6 Billion) dollar to country's total export, and 8.5 % to country's Gross Domestic Product (GDP). This industry faces great decline in its growth rate and the major reasons are inflation rate, high cost of production, energy crises and induction of the products of MNCs in local market (Aftab and Mehreen, 2010).

All Pakistan Textiles Mills Association (APTMA)<sup>1</sup> has highlighted that Pakistani textiles industry faces problems to compete with firms from Bangladesh, China and India in international market due to comparative low production cost and interest rate in these three countries. The emergence of industrialized firms in international arena brought global and local changes and due to these challenges Pakistan loosed its competitive advantage over other countries in international as well as in its local market. By observing this trend, Multifiber Agreement (MFA) and World Trade Organization (WTO)<sup>2</sup> has opened the gates of opportunity for developed and developing countries to beat the rival at global level (Naqvi et al. 2011).

The advent of competition from MNCs put home's country firms in stress and brings firms' management into position where management has to decide which most suitable strategy should be used to counter with these problems. How can Pakistani textile industry firms survive from competition caused by MNCs in home and abroad?

---

<sup>1</sup> All Pakistan Textiles Mills Association ( APTMA)

<sup>2</sup> Multifiber Agreement and world Trade organization

How emerging market firms pursue the opportunity in presence of MNCs? and which strategies appear to be more successful to compete with them? To investigate this problem, I follow the qualitative study approach and case companies are leading companies from textile industry of Pakistan.

## **1.2 PROBLEM**

The globalization has increased international trade competition among all countries of the world. In order to survive in international market firms need to choose between expanding their business to foreign market and focusing on one domestic market. A common reason for expanding in domestic market is to avail domestic advantage of cheap labor and raw material (Ellis & Davis 1995).

Need for expanding the business by the MNCs into local markets creates challenges for local firms of emerging markets. The response to these problem local firms may think on initial reflection and this reflection depends upon on the company, industry, target market, particular countries, management etc (Grosse, 2003).

The high cost of production due to sudden rise of energy cost is the main concern for the industry. The cost of production increased due to double digit inflation which also devalued Pakistani rupees as compare to US \$ which effects Pakistani textiles product in international market (Aftab & Mehreen, 2010). The lack of Research and development, lack of modernized equipment, tight monetary policies, removal of quota system and high raw material prices are the main reason for the decline of Pakistani textiles industry (Naqvi et al. 2011).

In the presence of above stated problems MNCs from Bangladesh, China & India has entered into Pakistan textiles industry with their direct involvement through inviting Pakistani textiles production units in their courtiers and indirect involvement thorough supply of raw material and semi finished products. This research is being conducted to investigate the causes of these problems. Therefore, to observe the entry of MNCs

into local emerging market I take two case companies from textile industry of Pakistan and examine that why Pakistan industries is suffering from emergence of Chinese ,Indian and Bangladeshi textiles products in their local market.

Asim (2003) indicates that Chinese, Indian and Bangladeshi firms are getting successful in Pakistani market and due to unfavorable conditions for Pakistan textiles industry; Pakistani textiles units are going to install their production units in Bangladesh and China.

### **1.3 AIM AND RESEARCH QUESTIONS**

The aim of the study is to investigate the challenges faced by Pakistani textiles industry with entrance of MNCs from India, China and Bangladesh in their local market and development of strategies to cope up with these challenges.

The field of reference is Pakistani textiles industry which is facing problems with the entry of MNCs in their market as well as competition faced by them from the MNCs presence in international market.( Aftab & Mehreen, 2010 ).I examine how MCNs especially from Bangladesh, China and India has impact on Pakistan's textile industry. What key advantages those MCNs have over Pakistan's textile industry and what strategies should be adopted by local firms to face them.

This work suggests the strategic option faced by domestic firm which is threatened with the entry of MNCs – These options are, whether to compete with them, cooperate with them, to defend their home position or exit the market (Jaffe et al. 2005).

To investigate the issues based upon above reasoning, following are the research questions:

1. What challenges local firms from emerging markets face from Globalized multinational companies?
2. What sustainable strategies local firms from emerging markets should adopt to cope with these challenges?

In this research, I investigate how MNCs companies affect the business of local firms while these companies operate in those countries. I analyze how Bangladesh, China & India affect Pakistan textiles industry. In this regard, I focus on two companies MSC Textiles Private Ltd and Shafi Export Pvt Ltd from Pakistan and I interviewed four personal of those companies.

#### **1.4 DISPOSITION**

##### **CHAPTER NO 1: Introduction.**

This introduction provides the background of the study and presents the aim and the limitation of this work.

##### **CHAPTER NO 2: Literature Review**

This chapter describes the theories relevant to the study. I present theories relating with the research problem.

##### **CHAPTER NO 3: Research Methodology**

This chapter presents the method which is used in the empirical study. It presents the research approach, research strategy and method of data collection in accordance to research model and background of the study.

##### **CHAPTER NO 4: Empirical Findings**

This chapter is composed of the empirical data gathered in the research. It begins with presentation of the organization & thereafter the data gathered is presented.

## **CHAPTER NO 5: Analysis/ discussion**

This chapter analyses the empirical findings by linking them to the theoretical part of the work. In this section, empirical data is discussed and compared with research problem to obtain the results.

## **CHAPTER NO 6: Conclusion**

In this ending chapter, conclusion and discussion is completed from the results obtained from the analysis and the research questions are answered on the basis of analysis. Comments are presented on the basis of empirical study and future research is suggested along with managerial and theoretical implications of this study.

## **2 LITERATURE REVIEW**

*In the literature review I present literature about the strategies of the firms from emerging markets and how they deal with the threat of entrance of MNCs in local market. First, I explain the Transformational Management Model (TMM) for decision making and formation of response strategies of local firm. By doing this, I present critical discussion on dimension of response strategies. The theoretical frame work is based upon article search.*

### **2.1 CONCEPTUALIZATION OF EMERGING MARKETS**

In last two decades rapid growth of international business has significantly changed market conditions in different countries, creating new & challenging arenas for all the firms in global competition (Nolan & Zhang, 2003). The removal of trade and investment barriers complemented by developments in transportation and communication technologies has bridge time, distance and attitudinal barriers for conducting business in emerging markets Globalization has extended the scope of markets and created structural changes in the market place by introducing new players , products & strategies and changing consumer preferences. These structural changes are also occurring in emerging economies where domestic firms now confront a new form of competition characterized by increasing competitive intensity and greater environmental uncertainty (Akhter & Barcellos, 2011).

In responding to these developments Managers look for ways to find a good fit between competitive environment and strategies to achieve organizational goals (Beer et al. 2005).

### **2.2 STRATEGIC FIT CONCEPT**

The strategic fit concept is defined as the process of aligning the firms to its market place and the process of alignment defines the firm's strategy. (Miles and Snow, 1994, p-12). In other words this concept explains the strategies as response to market development but argues that the performance is dependent upon the efficiency with which the firms are able to align their capabilities with market conditions and the

effectiveness with which they implement the strategy.

The implementation of those strategies depends upon how effectively firm align those strategies to get effective result by keeping in view of favorable and unfavorable conditions of the market (Akhter & Barcellos, 2011). Researchers are attempting to those competitive situations, strategies and style which seems capable of consistently producing good performance. The strategies are made with the help of strategic fit concept only appropriate in competitive conditions. As the result of these strategies, organizations operate at peak effectiveness and the business simultaneously creates and responds to its competitive situation (Norman, 1991).

### **2.3 MARKETING CONTEXT**

Market context is defined as the market space where the firm competes and which is influenced by the globalization (Akhter & Barcellos, 2011). Market context due to globalization can be obtained in following three areas *Competitive intensity and pressure, Industry Structure* and *uncertainty in environment* (Courtney, 2001, Oxelheim & Wihlborg, 1991). It is the development of executive's perception about these three aspects of the market context due to globalization that forms the basis of these strategies that develops in three aspects of market context. And the strategies they develop in return influence marketing & financial performance of the firm (Akhter & Barcellos, 2011).

In the Competitive intensity and pressure, the impact of globalization on the performance of emerging market firms in global competition is studied. (Akhter & Barcellos, 2011).The industry structure includes the business rivalry, entry barrier, market growth and power of buyer and supplier (Porter, 1980). Uncertainty in environment includes the study of uncertainty and level of uncertainty in economy, regulatory, technological, customer behavior and competitive environment due globalization (Miller, 1993).

## 2.4 DIMENSION OF RESPONSE STRATEGIES OF DOMESTIC FIRMS

Different scholars from developing countries have developed various strategies to deal with multinational counter parts (Sandvig and Colakley, 1998) and so far scholarly attention is focused on how to deal with MNCs influence in local market (Arnold &, Quelch 1998). According to Jaffe et al. (2005) when any local market firms are attacked by the MNCs logically they have to response strategies to cope with this situation. Consequently, the firms have four strategies -.Do nothing, Defense (defender), Counter Attack (Contester, Contender) and All out the war (contender).

*Do nothing* is the kind of the strategies which local firms are required in the most cases. Do nothing is an act of suicide for the firms, it is not a viable strategy. *Defense* strategy contains suggested solution if the attacked firm has low sales volume, high economies of scope and high entry barriers to affording advantage to local firm. *Counter attack* strategy explains if the condition is reversed such as a high volume of sales then the attacked firm must peruse the counter attack strategy. Counter attack strategy either in home market or in one of attacker's market leads to all out war. In *All out war*; where each firm significantly increased each other share in other's market. This is possible in the case when a firm is stronger than the attacker. (Jaffe et al. 2005)

Jaffe presents a model based upon two basic dimensions *Strategic/ marketing strength and Pressure to localize / globalize the products*. The strategic response model (Figure 1) is focused upon the degree of globalization / localization and stronger/ weaker Firm's Specific Advantage (FSA). The term FSA can be described as the particle advantage availed by the firm in particular area of the business. The first dimension of the model represents the major marketing strengths required by the local firm to compete with MNCs. Those include brand name, relatively large market, and integrated distribution channel, ability to develop new products and advance technology resulting from R&D. (Jaffe et al. 2005)

**Figure 1: Response strategies to Multinational Entry**

| STRATEGIC & MARKETING FSAs | PRESSURE TO GLOBALIZE/LOCALIZE PRODUCTS     |                                                                      |
|----------------------------|---------------------------------------------|----------------------------------------------------------------------|
|                            | GLOBALIZE                                   | LOCALIZE                                                             |
| <b>STRONG</b>              | <b>Contender</b><br>Compete with MNC Abroad | <b>Contester</b><br>Compete with MNC in Home Market                  |
| <b>WEAK</b>                | <b>Cooperator</b><br>Form Alliance with MNC | <b>Defender</b><br>Leverage Assets<br>Protectionism<br>Merge<br>Exit |

Source: Jaffe et al. 2005, p-186

The extent to which the industry is pressured to localize or globalize product offerings comprises the second dimension of the model and the industries who deal with high investment in R&D, high fixed cost and standardized products will face pressure to keep them alive in global industrial competition (Jaffe et al. 2005).

According to the model if the firm operates in the industry which is characterized by the global pressure and having the strong FSA then those firms should expand their business to foreign market and should adapt the “*contender*” strategy this may include export franchising, direct selling in foreign market and forward integration in international market .These firms have necessary prerequisite to compete with MNCs globally and such firms can be MNCs in a long run.

If the company has weak FSA and is characterized by strong globalization pressure leads the company to be “*cooperator*”. This may include forming strategic alliance with MNCs, acting as subcontractor or do a merger with attacking firm (Jaffe et al. 2005).

If the firm has strong FSA and the market is under pressure to be localized then it

reacts as '*Contester*' and firm will use strong marketing skills such as knowledge of local market share, brand reputation and infrastructure to secure itself against the MNCs (Jaffe et al. 2005).

Where the markets are characterized by the pressure to be localized and local firms are having the weak FSA facing MNCs in their market will act as '*defender*' and those strategies will be concentrating on Niche market, turning to the government for protection and exit from the market (Jaffe et al. 2005).

The response strategies explained in figure (1) are based upon the dimension of response strategies. According to Jaffe et al. (2005) the firm that is gone defensive adopts defender strategy while in the case of Counter attack firm adopts Contester or Contender strategies and all out the war leads to contender strategy as well. Do nothing is a strategy which is not feasible strategy and does not fall in any of response strategies explained above.

## **2.5 TRANSFORMATIONAL MANAGEMENT**

The term emerging market refers to low income rapid growth countries using economic liberalization as their engine of growth and that growth attracts multinational companies to enter in those emerging markets to have competitive advantage over host firms (Hoskisson et al. 2000). Thinking about competition and strategy at the company level is dominant by what goes inside the company and effect of globalization allows to source capital, goods and technologies from anywhere and to locate operations wherever it is most cost effective. The observation by Hoskisson et al. (2000) is that local firms are portrayed as less active competitors as compared with MNCs in their home market.

Formulating the strategy is primary responsibility of the company's management and as manager; you must prepare a strategy to achieve the company's goal. The TMM flow introduces dynamic and ultimately transformational strategic view which is equivalent of traditional strategy (Lessem and Schieffer, 2010).

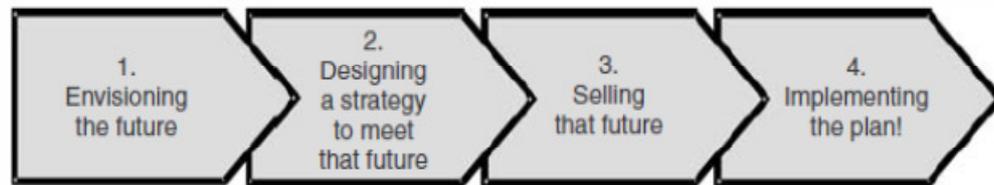
Grosse (2000) states that Transformational Management is the management that carefully considers the competitive context in which company finds itself and identifies the characteristics of competition in the future in business activities that the firm want to pursue (P-33)

It has been noted by Grosse (2000) that Transformational Management is the process of corporate strategy determination that call for firm to project its domain of business activity into the future. To identify mechanisms for competing successfully in that context and to educate the market about the future and companies ability to provide the services/products that will be needed in the future. It requires an active effort to define the technological and regulatory environment that will prevail in the future, as well as to anticipate the competitors who will populate the market. Finally, it requires implementation plan to take advantage of rapidly moving opportunity and to focus the firm's effort on competing the cycle from identification of the strategy to its realization (pp-36-37).

There are two reasons to pursue TMM, one is to investigate the problems and formation of strategies for the firms of local market and the other one is foreign expansion of the business The logic for realizing the benefits of TMM also calls for spreading the cost of transforming the firm over the largest market thus the global applications of such strategies is compelling. The second logic is to implement the forward looking strategy in local market without looking abroad. Therefore, competitive and cost reasons transformational management requires global view. (Grosse, 2000, P-35) In the following figure 2, I introduce the four phases of TMM and explain how they are interconnected and constitute the pillar of TMM. (Lessem and Schieffer, 2010)

## 2.5.1 THE FOUR PHASES OF TRANSFORMATIONAL MANAGEMENT

Figure 2. The Four Phases Of The Transformational Management



*Source: Grosse, 2003, p-7*

The TMM requires the firm to carry out four steps process as shown in figure 2. This process calls for the firm's manager to define the context in which they want to compete. In first step of TMM, the firms must assess its core strengths that enables the firm exist profitably if the firms have no competitive strengths and there would not be any possibility to develop them in future then there would no basis for projecting a future competitive position (Grosse, 2000, p - 37). This first fundamental step involves releasing the full potential of enterprises through transformational management with relation to self, organization and community (Lessem and Schieffer, 2010).

Grosse, (2000) states that "the firm must undertake the process of futurism and its leaders must be awared with business activity they want to peruse and technological and regulatory environment that will characterize the activity during upcoming years" (P-37). Once future of the firm is identified then in second step of TMM, managers of the firm design the strategies to take advantage of existing core competencies in their business. It means that the managers of the firms should be awared of the future of the business activity and they must develop the future strategy to meet the regulatory and technological challenges of the business.

The third step of the TMM process calls for the firms to inform the market of the future that is coming and of their firm's own position as superior provider of the product and services. Once the future is determined then the firm must design the set of steps to position itself as a leader and these steps include identification of industrial problems, R&D and technological planning for the future to make new products and services that would be demanded in unfolding environment.

In step four, firm implements the strategies those have been defined in previous three steps. At this stage firm educates the public about circumstances that are coming and the way in which the firm's products and services offer superior qualities in that Future.

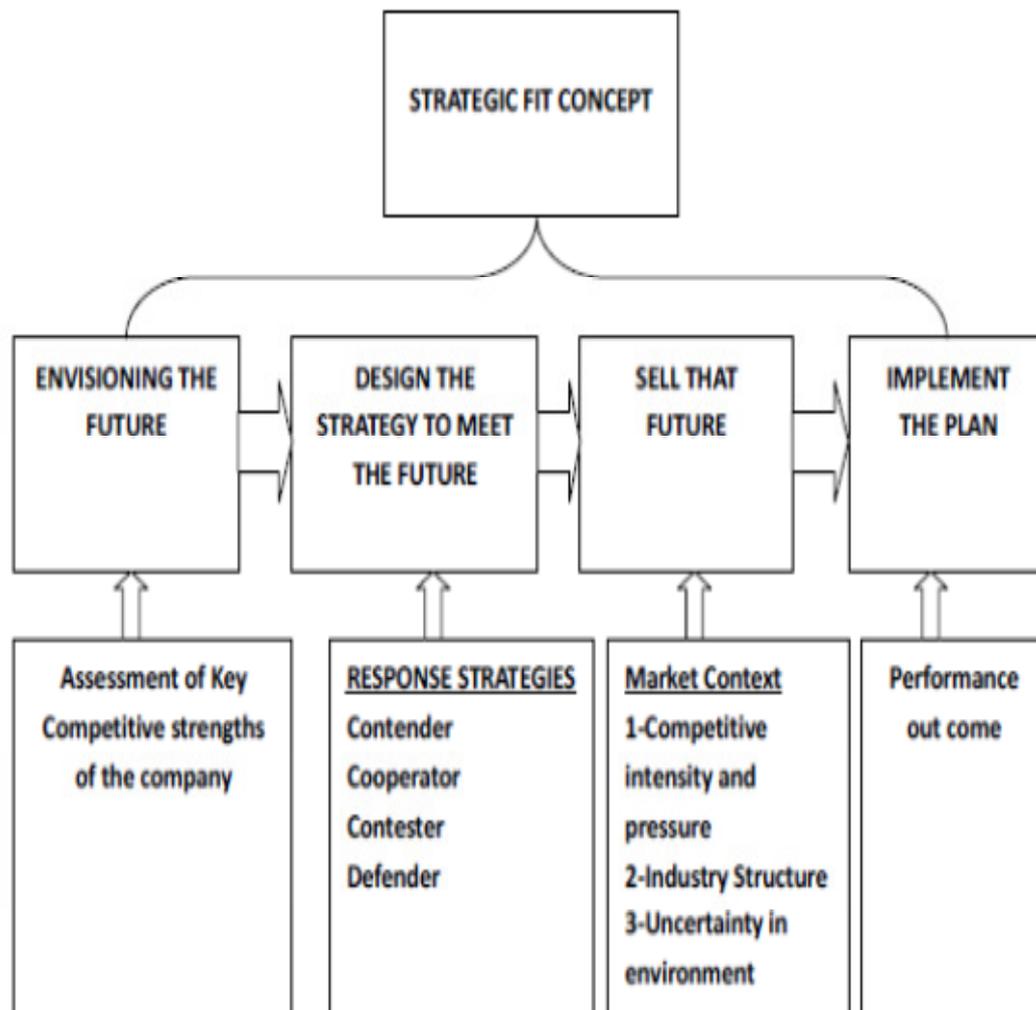
## **2.6. REFLECTION ON THEORETICAL MODEL**

To examine the executive perception of the market development resulting from the globalization and their strategic response to these developments to improve marketing & financial performance this study uses the strategic fit concept (Miles and Snow, 1994) and TMM (figure 2) which shows the relation between market development and strategy.

The purpose of using the strategic fit concept is aligning all four stages of TMM and each strategy to get best possible results through the research. Each stage of TMM explains the various strategies to compete with entry of MNCs and the model (see figure 3) gives the performance outcome which suggests the solutions and implementing strategies.

The strategic fit model for Transformational Management (see figure 3) consists of four phases. The strategic fit concept creates appropriateness of each phase with one another. In the first phase of the model firm envision its future and asses its competitive strengths. Once the competitive strengths of the firm are determined for future business activity then firms designed its strategies to meet its future goals. The firm selects the appropriate response strategy to execute its planning. These strategies are contender, cooperator, contestor & defender. The selection of response strategy is based upon the problems faced by the firms. Third phase of the model based upon Market context which discuss the competitive intensity and pressure, industry structure & uncertainty in environment. In this phase the manager analyzes the strategies to meet future challenges of the business. In the final stage of the model performance outcome is implemented to get desired results.

**Figure 3: Strategic Fit Models for Transformational Management of The Firms**



*Source: own construction based on Grosse, 2003-p-7 & Jafee et al., 2005, p-186.*

### 3 METHODOLOGY

*In this part, I describe the method which is used to answer the research Question and how I collected the data. I also motivate why certain methods and approaches used to answer research questions.*

#### 3.1 RESEARCH STRATEGY

According to Yin (2003) there are five different strategies to collect and analyse the empirical data .Those strategies are experiment, survey, history, case studies and archival analysis. There are various advantages and disadvantages of each strategy which are based on the following three conditions:

1. The type of research question posed.
2. The extent of control an investigator has over actual behavioral events.
3. The degree of focus on contemporary as opposed to historical events. (Yin 2003)

The following table 1 shows the five research strategies and under which circumstances they are suitable to use.

**Table1: Situations For Different Research Strategies**

| <b>Strategy</b>   | <b>Form of Research Question</b>       | <b>Requires Control of Behavioral Events</b> | <b>Focuses on Contemporary Events</b> |
|-------------------|----------------------------------------|----------------------------------------------|---------------------------------------|
| Experiment        | How , Why?                             | Yes                                          | Yes                                   |
| Survey            | Who, what. Where, How many, How much?  | No                                           | Yes                                   |
| Archival analysis | Who , what, where, how many , how much | No                                           | No                                    |
| History           | How, why?                              | No                                           | No                                    |
| Case Study        | How, Why?                              | No                                           | No                                    |

*Source: Yin, 1994, p-6*

The purpose of this study to investigate the challenges of Pakistan textiles industry due to this reason we do not require control on behavioral events therefore this rule out the possibility of *experiment* as research strategy. *History* is preferred strategy, when there is no practical form of control and event or phenomenon accord in the past. The aim of this research is to investigate the current situation of Pakistan textiles industry and this leads to that *historical strategy* is not appropriate strategy either. *Surveys* and *analysis* are the advantageous when research goal is to be predictive about certain outcomes (Yin 1994). This leaves only a *case study* as research strategy which I use in this research.

### **3.1.1 CASE STUDY**

A case study is particular method of qualitative approach where in-depth examinations of single events or instance are involved (Wikipedia 2011). According to Saunders et al. (2000) simple case study can enable the researcher to challenge the existing theory and to provide the source of new hypothesis.

The use of case study method has got significant importance for researcher to get data for their concerned problem. Various data gathering techniques can be used in case studies and researcher can use his interpretation and active intervention in the research process to drive the desired results (Gummesson 2000).

In the light of literature and in accordance with qualitative research approach study, I use the case study strategy (see table 1) to conduct the research.

### **3.2 RESEARCH APPROACH**

Within the methodological studies two approaches can be used qualitative and quantitative. According to Bryman & Bell (2007) there is difference between both approaches, in quantitative research measurements are used to take the result while in qualitative research focus is given on words. Holme & Solvand (1991) further explain that qualitative research approach is characterized by closeness to the research object and the purpose is to come face to face with situation. While in quantitative research approach, it should not be closeness to the object it is more about the researcher on one side and the object on the other side. According to Yin (2003) both research

methods have strengths and weaknesses but for best use and effectiveness of the research method, the research purpose and accompanying research question is important

According to Lichman (2006) in *qualitative approach*, reality is constructed by the observer on the basis of interpretation and these interpretations are based upon researcher's research background and experience. In this type of research emphasis is given on the study of whole rather than specific variables.

A *qualitative approach* measures, describe and explain the phenomena of reality (Patel & Tebelius, 1987). According to Partington (2002) quantitative approach emphasizes on numerical methods to analyze the number and statistics to construct desired results. While Lichman (2006) describes quantitative research approach where the rule of researcher is to remain outside the system and the way of knowing is through the process of science. In this type of research, emphases is given on number and less variable are used.

As the result of above discussion, the choice of the research approach for my study is *qualitative* approach. I use the questioner (see appendix A) which cannot be quantified and measured but I can take the observation from the answers (see appendix B) of respondents. Since, this work is about entrance of MNC's into Pakistani textiles industry and its challenges so with the help this approach I can better understand the problem.

### **3.3 SAMPLE SELECTION**

When the research is conducted it is not possible to select the sample from all potential units of analysis. Thus smaller units of sample are chosen from entire population to draw results (Graziano & Raulin, 1997). The selection method affects the ability to generalize the results. The selection can be random or non random, a non random approach is based upon specified selection where some specified units can be selected to take the data and non random selection reduce the possibility of generalization of the results (Bryman & Bell, 2007).

I have selected two companies as random selection from Pakistan textiles industry

based upon following criteria: (1); companies are located in Pakistan, (2); companies operate in textiles made ups and (3); companies that have experience of global activity. The reason that I chose MSC textile Pvt Ltd and Shafi Export Pvt Ltd is that the both companies filled my defined criteria and was willing to contribute in my research According to Aftab & Mehreen (2010) textiles made ups sector is highly effected by Indian, Chinese & Bangladeshi products therefore I took case companies from this segment of textiles industry which mostly effected by the case problem being probed.

Holme & Solvand (1991) state that in any research the selection of respondents is important and crucial step to collect the data. If the wrong respondent is selected it can affect the validity of the research. Therefore, it was important for me to get contacted with such personnel in the companies who have the knowledge and key experience in key positions in their organization to give answers about relevant problems. Consequently, all the interviews are taken from key position holders such as CEO, Marketing Managers and Production managers.

### **3.4 DATA COLLECTION**

According to Patel & Davidson (1994) there are two types of data collection primary and secondary. Primary data can be collected for a specific research in response to specific problem. While secondary data can be collected through research journals, Books, annual reports radio, TV etc (Mishakov and Olofsson, 2007). According to Yin (1994) there are six source of evidence which can be used to collect primary data for case studies: *documentations, interviews, archival records, direct observation, participant observation and physical artifacts.*

Since, I am conducting qualitative case study, and interviews and documentations are best source of evidence for me to collect the data. According to Bryman & Bell (2007) interview is most used research method in all over the world. Yin, (1994) describes that the interviews can be taken in the form of *open ended interviews* in which respondents are asked their opinion about the matter. The interviews are also taken in

the form of *focused interview* that allows respondents the time & scope to talk about their opinion on particular subject and interviews are for short period of time for example for an hour.

I use telephonic interview approach to take interview from respondents of the companies. To collect data from selected companies, the request for telephonic interview was e-mailed to the companies to collect empirical data. All the interviews are recorded and the duration of each interview is 30 minutes. Totally, four no of interviews are conducted with executives of the selected two organizations. First, interview is conducted with Mr. QAISER SAEED Marketing Manager, Shafee Exports Pvt. Ltd. Faisalabad Pakistan. The second interviewee is Mr. NAFEES AHMAD, Manager Export Marketing MSC Textiles Pvt. Ltd Faisalabad, Pakistan. Our third interviewee is Mr. MUSHTAQ ALI CHEEMA (CEO – MSC Textiles) and Ex Federal Minister for Textile, Pakistan and final interview is conducted with MR. MOHSIN CHEEMA Director Marketing MSC Textiles, Faisalabad, Pakistan.

I relate my questioner with the theoretical model (see figure 3) used for this research .All the questions are derived on the basis of the four steps of the model. In the first phase of the questioner four questions are asked.

**Table 2: Questions About Envisioning The Future Based Upon Key Strengths**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• How does globalization affect Pakistan’s textile industry and its products in international Market?</li><li>• What challenges textiles industry is facing with the emergence of Indian, Bangladeshi and Chinese textiles products in Pakistani Textile Market?</li><li>• How these countries affect Pakistani Textile Products in international Markets?</li><li>• How your company is envision its future due to emergence of Products of MNCs into Pakistan’s Textiles industry? What are the competitive strengths of your company?</li></ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

First four questions (see table 2) belong to first step of the model which is based upon *Envisioning the future based upon key strengths* of the Pakistani textile industry. I want to know the key competitive strengths of Pakistan textiles industry. According to Ekeledo & Sivakumar (1998) internal and external environment reflects the firm's key competitive advantage. In above questions, I aim to probe effects of Pakistani textiles industry and its product in international market and challenges of this industry from South Asian countries like China, India Bangladesh.

The second part of the questioner (see table 3) is relevant to designing the appropriate strategy and based upon the second step of the model which is based upon *designing the strategy to meet the future*.

**Table 3: Questions about Designing The Strategy To Meet The Future**

- Which strategy you will prefer to compete with India, China & Bangladesh, if any of stated country enters into Pakistani textile industry?
- What kind of advantages firms from China, India & Bangladesh have over your firm's existing products?
- What are the challenges for Pakistan's Textile Industry due to globalization?
- How you will align your strategies to meet challenges with MNCs from China, India and Bangladesh?

In above questions the respondents are asked to give response about influence of India, China & Bangladesh and challenges faced by textiles industry due to emergence of their products in Pakistan textile industry. According to Bennet & Blythe (2002) company can use different marketing strategies and tool to meet the challenges of multinational companies in their local market. This section of the questioner (see appendix A) gives the snap shot of the problem and provides the grounds for the formation of strategies to solve those problems.

**Table 4: Questions About Sell Out The Future**

- Which kinds of the problems Pakistan Textile industry is facing internally?
- What is the role of the government to give relief to textiles industry which is facing Global and local market challenges?
- Does quota system affect the export of Pakistan textile industry?
- Why Pakistani textiles industry is shifting their production units to countries like Bangladesh, India and China?
- What kind of steps you will take to stop the shifting of production units to such countries?
- What steps your company is taking to implement technological reforms/R&D program in your organization to compete with the products of MNCs in local market?
- How technological, economical and political uncertainty affects the strategic planning of your firm?

The section three of the questioner (see table 4 ) is based upon the third step of the model which is *Sell out the future* and in this step the questions are based upon internal problems of Pakistani textiles industry. It is described such as implementation of quota system, shifting of production units, government policies towards Pakistani textiles industry, planning for R&D, economical and technological reforms. According to Grosse (2003) phase three of the TMM call for the firm to inform the market about the Coming future and firms' own position as superior provider of the products & or/ service within the market.

**Table 5: Questions About The Performance Out Come**

- What steps you are planning to take for cutting down the cost of production in presence of energy crises?
- What implementation plan would you recommend to meet the challenges faced by your company in the future?
- Do you want to add some other important issue?

The fourth section of the questioner (see table 5) is based upon the *performance out come* and this process requires implementing plans for these strategies which have been made in previous steps (Grosse, 2003). In this section of TMM, it is discussed what planning should be made and implementation of the plan to meet the future challenges faced by the companies.

### **3.5 DATA PRESENTATION AND ANALYSIS**

For the presentation of the data, I follow the steps of theoretical model. First, Key strengths of Pakistani textiles industry are presented followed by the strategies described in the empirical study. Further, I present the responses based on Market context of Pakistan textiles industry which describes that problems, industry structure, challenges faced by this industry. In last step, following the theoretical model, I present the implementation plans based upon given information from respondents of case companies.

The goal of analyzing data is to treat the evidence fairly to produce compelling analytical conclusion. Data analysis consists of examining, categorizing and recombining the evidence in order to find out the purpose of the study (Yin, 1994). According to Bryman & Bell, (2007) every researcher should start with general analytical strategy and priorities what to analyze and why? Yin (1994) states that the most used strategy among researcher is to follow the theory that lead to the case study.

When writing qualitative data analysis the focus is on data in the form of words. Data analysis consists of three concurrent flow of activity those are reduction, display and conclusion. Data reduction should not be considered separate from analysis. This reduction of the data helps focus, discard & organize the data that allows final conclusion to be drawn. Data display is second major stage that includes taking the reduced data and display it in organized and compressed way so that conclusion can be drawn. Conclusion drawing is third and final stage. In this stage researcher starts to decide what different findings means (Miles & Huberman, 1994).

The analysis of this study followed the three steps suggested by the Miles & Huberman (1994).The reduction and display is combined in data analysis chapter. The questions presented in Table 2 analyze the competitive strengths of Pakistan textiles industry. The questions presented in Table 3 & 4 analyse how to design the strategies and questions presented in Table 5 gives the implementation plan. In the last chapter conclusion is made with help of empirical findings and analysis of given data.

## **3.6 RESEARCH QUALITY CRITERIA**

### **3.6.1 VALIDITY**

There are two criteria with which we can assess the value of quantitative and qualitative research which are validity and reliability (Bryman & Bell, 2007). According to Neuman (2003) the concept of validity is focus on the results decides that researcher has really achieved what he wanted to achieve and it depends upon sample size, research method and operationalization. Wiedersheim & Eriksson (1999) further argue that validity is the ability of chosen instrument to measure what it is supposed to measure. According to Yin, (2003) validity is developed when theoretical frame work relates with empirical data.

Three different tests are used to test validity; those are *internal validity*, *external validity* and *construct validity*. The establishment of correct measurement to study the issue is called construct validity (Yin 2003). According to Yin (2003) internal validity

only concerns casual or explanatory studies where investigator tries to determine whether one event leads to another event. Yin (2003) describes the external validity as generalization of the research findings.

In relation to the construct validity for this study, related literature has been surveyed. To conduct the interview, questioner (see appendix A) has been used as source of data collection.

Internal validity is inapplicable to descriptive or exploratory studies which are not concerned with making casual statements. Since, this research is descriptive the test of internal validity will not be discussed.

This study also has external validity because this research investigates the problems of Pakistani textiles industry and TMM is used to develop strategies and implementation plans for this industry. The same model can be used in any other industry to investigate the problems and for development of the strategies accordingly. However there are some limitations, since only two cases has been studied therefore generalization is somehow difficult. (Yin 2003)

### **3.6.2 RELIABILITY**

The concept of reliability is describes as “extent to which data collection technique or techniques will yield consistent findings, similar observation would be made or conclusion reached by other researcher or these is a transparency in how sense was made from the raw data” (Saunders, et al., 2009, p.600). The role of reliability is to minimize the human errors and misinterpretation in the study (Yin, 2003). According to Bryman & Bell (2007) the results of the research should be highly reliable for other scientists and source of information should also be reliable to attain desired results. Merriam (1998) describes that the extent to which research results replicated to produce the same results in other words if the study is repeated will it yield same result?

In this study, personnel of the case companies such as CEO, Marketing Mangers & Production Managers were interviewed to get reliable data. I have asked comprehensive (see appendix A) questions. The respondents were informed so that they could give maximum possible information as they can. The purpose of this approach was to conduct high quality reliable results so that if other researchers conduct the research in same domain of study then they will get the same results as I have. To get accurate and focused response only qualitative interviews were conducted and small sample size is used.

## **4-EMPIRICAL FINDINGS**

*In this chapter the empirical data collected from each of the organization is presented. The empirical data is presented in such a way that addresses the two questions of the study.*

### **4.1 THE CASE COMPANIES**

#### **4.1.1 Case Company MSC TEXTILES PVT, Pakistan (MSC)**

MSC Textiles Pvt Ltd, Pakistan with over 4 decades of textile experience and expertise, stand as one of the most reliable source of textile products. Starting as grey manufacturers, today they are an export firm of over US\$50 Million of annual turnover, supplying from finished fabrics to packed products. With the state of art machinery and the expertise of their competent staff they have been able to achieve their goals. The team of 400 employees at MSC textiles pvt. Ltd is lead by **Mr. Mushtaq Ali Cheema (Ex-Federal Minister for Textiles Industry, Pakistan).**

Today they have one of the largest weaving set-ups with over fifteen hundred power, auto and sulzer looms. Hand in hand with bleaching, dyeing, printing and stitching set up, they have monthly capacity of over 7 million meters of processed fabric. Their product range consists of home textiles, hospital apparel, as well as hospital and hotel linen. They manufacture printed fabrics, dyed fabrics, 100% cotton and blended polyester, cotton plain weaves, twills, drills, sateen, ducks and dobby designs. They are specialized in percales of 40/s and finer yarns as well as sateen in wider widths. Their production facilities consist of weaving, singeing and dying, engraving, printing, finishing & stitching units. They export their products to USA, Europe, Fareast and the South African region. (MSC, 2011)

#### **4.1.2 The Case Company SHAFI EXPORTS PRIVATE LTD, Pakistan (SE)**

SHAFI EXPORTS Private Ltd is an industry leader with two decades of quality textiles services and having 18 Million US\$ export. Because of their technical, artistic

and marketing expertise, they are the source of the many of the world's leading retail chain stores. Their workmanship and desire to fulfill each client's needs distinguish them from their competitors. They in contrast to the existing suppliers believe in quality that speaks for itself.

They put all their commitment, dedication & professionalism into each and every thread of their products. This is the spirit that takes them long way with their clients. They have 150 skilled employees and determination to priorities each job and excel in each department. They continuously import and upgrade their technical facilities to provide the finest fabrics and the best textile products.

Their Range of products Include home textiles, health care & hospital apparels. Their manufacturing facilities consist of Weaving, Siegen, printing, cutting and finishing units. They export their products to South America, Australia, Europe, Russia and Canada. (SE, 2011)

#### **4.2 EFFECT OF GLOBALIZATION**

As the result of interview with the four respondents from both organizations the respondents from **MSC** replied that globalization has impact on Pakistani textile industry especially with the induction of the products from Indian, Chinese and Bangladeshi textile industry.

They have informed that developed countries like, USA, European Union and South America will remain their bigger customer. The per capita consumption for textiles products for Pakistan, India & China is 4%, 2.8% 5.5 %. It reflects that the consumption need is still there in international market it is energy crises, political instability and high input cost that is creating the space for the Indian, Bangladeshi and Chinese products to induct into Pakistani textile industries.

The respondents from **MSC** textile informed me that all three countries of South Asian region not directly entered into Pakistani textiles industry but they sell their raw material to Pakistani market in form of chemicals, Yarn, packaging material etc.

While Bangladesh is not a producer of cotton they import the fine quality cotton from India and Pakistan. They input value added services to make semi finished products like yarn, gray cloth and again sends it to Pakistani Textile market. In Pakistan the same gray cloth and yarn is expensive due to energy crises that is why Pakistani exporter purchase this semi finished products because those are cheap in price and they use them to make finished products for export.

### **4.3 CHALLENGES FACED FROM INDIA, CHINA AND BANGLADESH**

As the result of interview with respondents it is observed that Pakistani textiles industry is indirectly suffered from the entrance of India, China and Bangladesh into Pakistani textiles industry. There are several challenges faced by Pakistan industries which are discussed below.

#### **4.3.1 SHIFTING OF TEXTILES INDUSTRY**

The respondents mean that reduce tax rates, low labor cost and subsidies provision of energy is a main cause of shifting of textiles industry to India, China and especially to Bangladesh. We give the example of Bangladesh because 60 to 70 % of industry is shifting to this country and its main reason is cheap labor cost and low energy prices. According to Respondents, if the Production unit of 42000 Spindle runs at its full production capacity in Pakistan it costs 6800 USD (in term of energy cost) while same capacity spindle costs 2300 USD in Bangladesh. Whereas, minimum labor cost in Bangladesh is 66 USD (per month) while in Pakistan it is 79 USD which now has been increased up to 114 USD per month. These are the two main reasons due to which a large number of well known production units have been shifted to Bangladesh. While trend to shifting the units to India is at lower side due to security and political reason between India and Pakistan. As far as China is concerned ,all the respondents informed us that few textiles industrial units have been shifted to China, Most of the textiles units rely to import low cost material from China to use in their production process.

### **4.3.2 ADVANTAGES OVER PAKISTAN TEXTILES INDUSTRY**

During the interview respondents informed me about the advantages Bangladesh, China and India have over Pakistan Textiles industry. They informed that Bangladesh has given 15 % free Excise duty inside their countries to facilitate their production. The electricity cost is 0.053 \$ (kw/h) and labor cost is 0.32 \$ (per hour) available to their production units. Their government also announced textiles friendly policies such as subsidies on raw material and duty free imports. They also informed me that Bangladesh has no cotton and they have to import it from Pakistan and India to use in Production process.

In China, they have tax free industrial zones for textiles industry and the labor cost is 1.14 \$ (per hours) along with free supply of energy to these industrial zones. As the results, their products are cheap and Pakistan cannot compete with the prices of the products in international as well as in home country. The same situation is with Indian industry, where tax for foreign investors is 18% and their labor cost is 0.83 \$ (per hour), energy cost is 0.086 \$ (kw/h). As the results of these facilities they have competitive advantage on Pakistani Textiles products and their finished products are cheaper than Pakistani textiles made up. Where as in Pakistan labor cost is 0.55\$, electricity cost is 0.071 (kw/h) and VAT + sales tax is 15%+15% respectively.

With these advantages, these countries send the cheaper products in Pakistani Textile market because the raw material from India, China and Bangladesh is comparatively cheaper for Pakistani Industry so they prefer to use their semi finished products along with raw material for the production process. In this way these three countries are affecting Pakistani textiles industry with the induction of their semi finished products and raw material.

### **4.3.3 STRATEGIES TO COPE UP WITH THESE PROBLEMS**

Respondents from SE informed that due internal problems and threats from these three South Asian countries and to compete with the global challenges they adopt the strategy of direct selling and export franchising. They are setting-up their warehouse in Europe, USA and some other regions and selling their products to local retailers

and small whole sellers in those markets to get the extra benefit by direct selling. They also established their warehouse in ITALY to sell the products to small whole sellers and retailers.

The MSC is shifted to alternative energy resources such as private power plants to cope up with challenge of shortage of Gas and Electricity. In this way, their cost of production will be increased but they can manage it on priority basis. Most urgent orders are processed first and latter on those order are processed which are of lesser importance and need to be delivered later on. In this way, they can meet up their export delivery dates as well as their production performance will be increased.

One of the respondent, who is ex-textiles minister of Pakistan, informed me that to compete with products from Bangladesh, China and India on equal footing, they want to do strategic alliances with them to overcome the weakness of the Products of Pakistan textiles industry. He informed me that with help of strategic alliance with Bangladesh, China and India they can increase productivity, collaboration in product development and can maintain consistent manufacturing. They can also introduce innovation in product development, production cycle reduction of the orders and strategic partnership with buyers to compete the products from these three countries.

#### **4.3.4 INTERNAL PROBLEM OF PAKISTAN TEXTILES INDUSTRY**

According to findings from respondents it is observed that Pakistan textiles industry is mainly affected by energy crises, higher tax rates, ineffective governmental policies, lack of R&D and IT implementation.

The respondents from both firms informed me that the Gas prices which is used as source of energy in dying and generation of electricity is higher than India, Bangladesh and China. The price of gas per unit in Bangladesh, India and Pakistan is 0.30 cent, 0.48 cent and 1 USD Respectively.

Government has announced 2 Billion USD export target for Pakistani Textiles industry for 2011. Mean while due to poor governmental policies, law & order

situation, political instability it is getting hard for textiles units to meet export target and that is the reason Bangladesh, China and India is getting dominant in Pakistani textiles industry by sending finished product to International market.

Government has imposed excise duty, taxes on insurance premium, banking services and on electricity & gas. As compare to other three countries of the region government has imposed 15% sales tax and 15% VAT to produce the products in Pakistan where as India, China & Bangladesh has 12.5%, 17% & 15 % respectively. That is also another reason the products are higher in price and gives chance to these three discussed countries to sell their products in the Pakistani market.

They also informed that most of the small textiles firms in Pakistan don't give any intention towards implementation of R&D in to their organization and maximum steps they took to shift towards alternative energy recourses.

#### **4.4 IMPLEMENTATION PLANS**

As results of interview with respondents, all of them focus on following implementation plan i.e. they suggest that their organization must focus on alternative energy resources in this way the energy will be available to production units so they can meet their export targets and they also can reduce their cost of production.

To compete with India, China & Bangladesh they must do collaboration in product development and they must do joint research and development to make the Pakistan textiles products equal to the products of these countries. In this way, Pakistani textiles products would be equal to these countries in local as well as in international market.

The respondent informed that they are bringing use of technology in their production setups so they can implement IT infrastructure as well R&D program. It is also informed me that they will do forward and backward integration to cut down the cost of production. They will make the strategic relationship with the vendors if their

companies compete with the price of Indian, Bangladeshi & Chinese products then they will make the joints products. They also plan to do bilateral agreements for joint production so that they can compete in local as well in international market

#### **4.5 SUMMARIZING THE RESULTS OF THE STUDY**

Based on data gathered the respondents mean that consumption need of Pakistani textiles products are still in international markets but energy crises, law and order situation , reduced tax rates and availability of cheap raw material from India, China & Bangladesh put Pakistan textiles industry into the problem.

They also stress that shifting of textiles industry to India, China & especially to Bangladesh is a cause of concern for Pakistani textiles industry and 60% to 70% industry is shifting to Bangladesh just because of cheap labor cost and low energy prices.

Bangladesh have advantage over Pakistani Textiles industry in the form of cheap labor while China is giving free energy resources and tax free facilities to the producer and India is giving 18% tax exemption to new investor to invest in their countries.

The Respondents from SE informed that they adopted the direct selling strategy and opened warehouses in European countries to sell products to whole sellers & retailers. While MSC is shifted to alternative energy recourses to meet its export targets.

In the presence of competition from India China and Bangladesh the respondents from both companies managed to make implementation plans to do joint research and collaboration with these South Asian companies to compete with their products in international as well as local market.

## **5- ANALYSIS/ DISCUSSION**

*In this chapter the results of the study are discussed with the reference of theoretical frame work used in this research.*

### **5.1 ASSESSMENT OF KEY COMPETITIVE STRENGTHS**

According to Grosse (2003) the firm must assess its core strengths that enable it to gain profitability. Without competitive strengths, or the possibility of developing them there would be no basis for projecting a future competitive position. In accordance with theoretical model (see figure 3) to deal with the challenges of MNCs firm must assess its competitive strengths to compete with entering firms. To analyze the key competitive strengths of two case companies I draw the SWOT analysis (see figure 4) of the findings from the respondents. Due to time constrain, it was difficult to collect the data of whole textiles industry therefore I took two companies from whole textiles industry to give projection of the problems of Pakistan textiles industry.

#### **5.1.1 ADVANTAGES & DISADVANTAGES FOR PAKISTAN TEXTILES INDUSTRY:**

As the results of the interview with respondents of the both firms I analyze that Pakistani textiles industry have the advantages of low labor cost and it is a producer of best cotton and textiles made ups. With these advantages, this industry has opportunity to develop their production facilities with the collaboration of their competitors in this way they can get the confidence of their buyers which can be help for the future of this industry. The major threats for these firms are raising prices of the cotton, low cost of Indian. Chinese and Bangladeshi products, shortage of gas and electricity make these South Asian countries cost competitive countries as compare to Pakistan.

**Figure 4: SWOT Analyses of Pakistan Textiles Industry**



**5.2 DESIGNING THE STRATEGY**

In theory chapter, I discuss that when the MNCs enter into the local market of any country, the local firm has four response strategies to respond to attacker firm. These strategies are Contender, Contester, Cooperator and Defender (Jaffe et al. 2005).

Two case studies of the firms from Pakistani textiles industry illustrate the effectiveness of our Model. Both companies operate in same localized industry and producing textiles products. The respondents from case company MSC suggest

strategic alliance with the attackers companies. They described in the situation of competition, when Pakistani textiles products are affected by Indian, Chinese & Bangladeshi firms they will adopt the strategies such as strategic alliance in product development, consistent manufacturing, innovation in product development and reduction of production cycle time.

In above discussed literature, it is described that when any firm has Weak FSA and operating in the industry which is characterized by Strong global pressure it should adopt the Cooperator strategy which should consist of strategic alliances, subcontracting and merger with attacking firms (Jafee et al. 2005). In that case MSC is adopting *cooperator strategy* to meet the challenges from these aforesaid Asian companies. In this way, when both attacker and attacked firm work together they can be benefited from each other.

Here one question arises that why firms in above mentioned situation adopt the cooperator strategy According to Jaffe et al. (2005) the reason to adopt cooperator strategy is because of lack of international experience, lack of faith in their firm to compete or desire to avoid the risk.

I relate this argument with the case companies to analyze and discuss their position. The case company MSC has Weak FSA because of internal problems and challenges such as energy crises and high cost of production, high government taxes, and government policies toward textiles. In the presence of these problems and global pressure this firm cannot compete with attacked firm locally so it adopts the cooperator strategy for its survival.

The second case Company *SE*, to compete with Indian, Bangladeshi and Chinese products they adopt the strategy of direct selling and export franchising, They shifted out their ware houses to European union, USA to sale their products to whole seller and retailers to cut their cost. In this way, they finished the role of importer and placed their warehouse in those countries instead of importer. As discussed by Jafee et al.

(2005) in literature used in this research, when firm has strong FSA and the industry is characterized by the global pressure then the company adopts the Contender strategy.

In this case *SE* has the strong FSA in the form of their quality products so they adopted to be a contender and entered into international market. In the theory, part it is also discussed that the company who adopts the contender strategy can be MNC in the future because of Strong FSA (Jafee et al. 2005). Same as the case with *SE*, this strategy could be turning out an effective strategy for them in future because it can give them fair chance to be a MNC in international market in near future.

### **5.3 SELL OUT THE FUTURE WITH MARKET CONTEXT**

In theory part, I discuss about Market context and phase three of TMM i.e. sells out the future. This phase of the model explains that once the firm determines its problems then they must design the step to position itself as leader. Firm's problems can be defined with market context which means the space where the firm competes and which is influenced by the globalization. Market context is based upon three areas i.e. *competitive intensity and pressure, industry structure and uncertainty in environment*. For the analysis of the empirical findings, I relate the competitive intensity and pressure concept with effect of globalization on Pakistan textiles industry. Whereas, industry structure refers to internal problems of Pakistan textiles industry and finally uncertainty in environment discuss the R&D and technological environment of the Pakistan textiles industry. Once the firm determines its problems then it must design the steps to position itself as leader. In the theory part these steps described by Grosse (2003) as identification of industrial problem, R&D and technologic planning to create the demand of their product and services in the market. In this study problems of Pakistani textiles industry are investigated and on the basis of these findings technological and R&D plans are suggested to create the demand of Pakistan textile product in international market.

### **5.3.1 COMPETITIVE INTENSITY & PRESSURE**

The respondents from both case companies mean that the firms from India, Bangladesh & china does not enter in to Pakistani textiles industry directly instead they affect the market indirectly through raw material and semi finished products. It is also observed from empirical findings that the consumption of Pakistani textiles products in the USA and European market is 5% which itself reflects that Pakistani textiles industry's products are having the international demand but due to local condition of Pakistani textiles industry, it is not flourishing and unable to compete its competitors of the region.

The Finding suggests that the executives' perception of the effects of globalization converge on the unifying theme of increasing competitive pressure and intensity of the firms from China, India & Bangladesh. Akhter & Barcellos (2011) argue that globalization has extended the scope of the market and created structural changes in the market by introducing new players, strategies, products and consumer preferences. I argue that due to emergence of new players in Pakistan Textiles Industry, the local market is gone under pressure from above mentioned three countries. Globalization is perceived as the competitive threat for Pakistani textiles industry but at the same time it is a positive development for the industry due to strategic response of the firm. According to Akhter & Barcellos (2011) the globalization motivates the firm to introduce new technologies, new brands with new prices to meet the need of different segments of the wider market. In this study both case companies develop the plans to bring technologic reforms in their production process to improve their product stander.

In the light of empirical findings, I argue that competitive intensity and pressure due to globalization create the opportunity of Pakistani textiles products to compete with the products of other countries in international market.

### 5.3.2 INDUSTRY STRUCTURE

As described in the literature, industry structure involves the threat of competitors, involves market condition, market growth, power of buyer and supplier, governmental policies and industry infrastructure. When I relate the finding with the theory, it describes that the structure of Pakistan textiles industry consists of production facilities, price, Tax rates, and government policies. For better understating, I analyze and discuss the abstracted data from findings.

**Table 6: Production input Cost Summary**

| Cost                                              | Unit             | India  | China | Pakistan | Bangladesh |
|---------------------------------------------------|------------------|--------|-------|----------|------------|
| Labour Cost*                                      | USD \$           | 0.83   | 1.14  | 0.55     | 0.32       |
| GAS                                               | CM/H             | 0.48 * |       | 1        | 0.30       |
| Electricity Cost                                  | US \$ /kwh       | 0.086  | 0.065 | 0.071    | 0.053      |
| <b>Taxatation</b>                                 |                  |        |       |          |            |
| Sale Tax                                          | % of sales       |        |       | 15       |            |
| VAT                                               | % of value added | 12.5   | 17    | 15       | 15         |
| * The Coal and gas supply to industry is exemted. |                  |        |       |          |            |
| *Per Hour Cost                                    |                  |        |       |          |            |
| <i>Source: Werner International</i>               |                  |        |       |          |            |

*Source: Own Construction based on Werner international, 2011*

As the result of finding from respondent of both case companies I can analyze the input cost of Pakistan textiles industry as compared to other competitor countries in the region. Firstly, I discuss the issue of shifting of textiles industry to Bangladesh as per findings 60% to 70 % textiles industry directly affected from Bangladesh and its products. Such as in Bangladesh labor cost, Gas CM/H, electricity & VAT is 032 \$, 0.48 \$, 0.053\$ and 15 % respectively. Whereas compare to Pakistan Labor cost, Gas, electricity, sales & VAT is 0.55 \$, 1\$, 0.074 \$/kwh, 15% and 155 is respectively.

The above mentioned results state that low cost of inputs is main cause of shifting of Pakistani textiles industry to Bangladesh. Due to cost advantage of India, China and Bangladesh their products are entering into Pakistani textiles industry which is

creating the problem for this industry. It is also observed from the interviews that due to presence of these problems strategies can be determined to meet the challenges from these countries. As it is argued by Grosse (2003) Transformational management call for the firm to inform the market about the coming future and about firms own position as superior provider of products/services with that context. Its mean that firms from Pakistani textiles industry can identify their problem by implementing the defined strategies to convey their position as leader for the future business.

### **5.3.3 UNCERTAINTY IN ENVIRONMENT**

In the theory Grosse (2003) described that to sustain in future firm must bring technological development to compete with competitors. The findings suggest that In Pakistani textiles industry uncertainty prevailed in every segment of the industry. My findings depict that Pakistan is facing technological uncertainty, R&D and IT infrastructure is poor in the organizations. Most of the organizations having the R&D department but its practical implications not exist. Political uncertainty is a factor and a major cause of decline of Pakistan textiles sector.

### **5.4 IMPLEMENTATION PLAN**

Grosse explains for the implementation of the TMM firm should suggest the implementation plan based upon the strategies and determination of market context elements. Grosse (2003) argues that the Phase 4 of the TMM requires the firms to implement its strategy which has been defined in the previous three steps in this way implementation will make or break the strategy.

In the light of the findings, I also argue that in Pakistan TMM is not being fully implemented. The focus is given only on implementation of the strategies not on the root cause of the problem for example in both case companies firstly they shifted to alternative energy resources and after wards they focused on planning steps which are discussed below in details.

The respondents from two case companies are focused on four basic planning steps those are Collaboration in product development, use of technology, increase in efficiency & consistent manufacturing standers. They are planning to collaborate with the product development with these attacking firms.

As far as technological development is concerned respondents from two case companies informed me about the use of the latest technology that can be help full to compete with the quality products of above mentioned countries. In this way, I analyze that with the help of new technology these companies can produce quality and low cost products which can meet the prices of attacking firms. When high technology infrastructure will be installed in Pakistani textiles industry it will increase the efficiency in productivity.

Finally, consistent manufacturing standard plan can help Pakistan Textiles industry to produce unified quality products. In this way, induction of the products of these three countries can be reduced in Pakistan textiles industry and Pakistan can face the challenges of MNCs from these countries through implementation of above discussed plans.

## **5.5 SUMMARIZED ANALYSIS**

In this chapter the data gathered from the sources are discussed and analyzed in accordance with theoretical model used in this study. The analysis shows that Pakistan textiles industry suffers from problems such as high input cost, energy crises, political instability and lack of R&D. These problems bring the intervention of MNCs from India, China and Bangladesh into Pakistan textiles industry. These problems can be mitigated by implementing latest technologies in production process and through close collaboration with MNCs from these three countries to improve quality of Pakistani textiles products.

## **6- CONCLUSION**

*In this chapter, I sum up the general impression from a comprehensive point of view. I draw the conclusion on the basis of empirical findings & analysis to answer the two questions stated in chapter one. In the end of chapter I present recommendation for future research and managerial implication.*

### **6.1 DISCUSSIONS ON THE FINDINGS**

It is stated in introduction part that firms from emerging market face different challenges from MNCs from all over the world. The purpose of this work is to investigate the challenges faced by Pakistani Textiles industry from MNCs of India, China & Bangladesh. In accordance with the findings, I observe that Weak industry structure, globalization effect, high Cost of production, law & orders situation, energy crises, Poor Governmental policies towards textiles industry, political instability situation and lack of R&D implementation are the main challenges of Pakistan textiles industry.

To minimize the affect of aforesaid problems, Pakistan textiles industry should consider long term planning and attention should be given to value addition and high quality production. In this way this industry maintains its competitive position against its competitors in local as well in international market.

Pakistan textiles industry is also lacking in research & development that is why production capacity is low due to obsolete machinery and technology. Therefore, R&D implementation plan should be implemented and training program should be conducted for management and worker to increase productivity.

Therefore, I can conclude that research objective of this study is fulfilled and the first research question is answered.

The second question is to find out the feasible strategy to cope up with challenges faced by local companies from emerging markets through MNCs. Jaffe et al. (2005) argue that when the firm needs to operate in international market it adopts *contender* strategy since Pakistani textiles firms face competition from MNCs in their local market so possibility to adopt the contender strategy is rolled out. While *contester* strategy emphasizes on to compete with MNCs in local market but Pakistani textiles industry is under pressure due to internal problems such as energy crises, high input cost and political instability therefore cannot compete with MNCs in local market that is why it is not possible to adopt *contender* strategy either. *Defender* strategy means to shut down the operation of the firm or merge with attacker MNCs. Pakistani textiles industry contributes 8.5% in countries GDP and it is not possible to shut down the operation of this industry. In this way this strategy is also not feasible strategy for Pakistan textiles industry. According to findings from case companies and its analysis, I conclude that the feasible strategy for Pakistani textiles industry is a *Cooperator* strategy which includes joint production, strategic alliances, alternative energy resources, consistent manufacturing standers & use of technologies to meet the challenges of the country from the MNCs of India, China & Bangladesh.

It is discussed in the analysis that the firms from Pakistan textiles industry can collaborate with its competitors and can form a strategic alliance. In this way the firms from Pakistan industry can improve their weakness by working together. With the help of joint production and strategic alliance Quality stander of Pakistan textiles industry can also be improved.

Strategic alliance can be helpful for image building of Pakistan textiles and foreign investment can be attracted to Pakistan. Due to induction of foreign investment industry structure can be improved and this textiles industry can give better results.

## **6.2 REFLECTIONS**

The purpose of the research is to analyze the challenges faced by the Pakistani textiles industry from India, China & Bangladesh. In summary, this research shows the challenges are energy crises, increased input cost, higher tax rates, political instability and lack of R&D are the causes of concern for Pakistan textiles industry.

I analyzed from the study that both case companies MSC & SE are facing similar problems which reflects that Pakistan textiles industry is under pressure from three South Asian countries and lack of strategic planning is the main cause of these problem.

Grosse (2003) describes that strategies defined today with TMM may be failed to deliver indented competitive position if technological, regulatory and competitive position changes before the strategy can be completed. In accordance with the study I suggest that the future strategy for Pakistan textiles industry must be flexible to deal with this situation.

## **6.3 FUTURE STUDIES**

In this research I focus on strategic fit Model which is based upon the Transformational Management Model of Grosse (2003). With the help of this model, it has been possible to find out the Strategies to meet the challenges of the firm from Pakistan Textiles industry as emerging Market.

This study contributes in understanding of the Challenges faced by Pakistan Textiles industry and its solution. However, for the future studies research could be done to find out the strategies for the firms from Pakistan Textiles industry to do the business in international market and how these companies can compete in International Market with presence of other MNCs of the world. This research is also helpful for the firms from other emerging economies that meet similar problems as Pakistani textiles industry is facing.

My study is only focused on two companies in the textiles sector of Pakistan. The Model used in this study can be tested on other sectors such as steel industry, education industry, sugar industry those are declared as a sick industry in Pakistan (Economic Survey, 2010). In this way future research can find out problems in these industries and can suggest the strategies to cope up those problems.

#### **6.4 IMPLICATIONS OF THE STUDY**

This study can be help especially for Pakistan Textiles industry which is suffering from energy crises and high cost of inputs. This is also beneficial for textiles industries that are not developed and there is margin to implement Transformational Management system to implement strategic alliance and R&D in the firms.

- This study provides action plan for managers to design and implement the strategy that builds core competencies for the firm such as ability to produce high quality products, knowledge of market and customer preference.
- The theoretical and practical implication for this study can be helpful for the managers from Pakistan textile industry to choose different strategies for different situations as discussed in the study. The implementation of these strategies could be initiated from top management through close cooperation with MNCs present in the industry.

##### **6.4.1 THEORETICAL IMPLICATIONS**

- This study can help researchers and scholars working on various strategic development models. This research and designed model can be an addition in research work to get strategies and implementation plan for sick industries.
- This study can be helpful for students interested to do research on development of the strategies for firms from emerging markets.
- The model used in this study can be helpful in health sector of South Asian

countries especially for Pakistan because this sector is least developed sector in this region. Since this study gives generalized strategies to solve the problems for all sectors therefore with the help of this study, problem for this health sector can be identified and implementation plan can be suggested for improvement.

#### **6.4.2 SOCIAL IMPLICATIONS**

- With the help of this study Pakistani textile sectors can be revived and economic activity could be generated which leads towards revenue generation for this sectors. Its impact would raise the income level of the people that can bring prosperity and economic growth in society.

## REFERENCES

- Arnold, D. and Quelch, J.A. (1998) "New strategies in emerging markets", *Sloan Management Review*, 40 (1), p. 7-20.
- Asim, A. (2003) From Doha to Cancun: WTO impact on Pakistan. *Daily Dawn, Karachi, Pakistan*.
- Aftab, K and Mehreen K. (2010) "Pakistan Textiles Industry Facing new challenges, *Research journal of international studies*, Issue 14, p.21-29.
- Akhter S.H. and Barcellos, P.F. (2011) "Can Brazilian firms Survive the Chinese challenge: Effect of globalization on markets, strategies and performance" *European business Review*, 23(5), p. 502-523.
- Bryman, A. and Bell, E. (2007) *Business research method*. England: Oxford press. Business Research, Vol. 17, p.267-284.
- Beer, M., Voelpel, S.C., Leibold, M. and Tekie, E.B. (2005) "Strategic management as organizational learning: emerging fit and alignment through a disciplined process", *Long Range Planning*, 38, p. 445-65.
- Birou, L.M and Fawcett, S.E. (1993) "International Purchasing: Benefits, Requirements, and challenges", *International Journal of purchasing & materials*, 29(2), p.28-36.
- Bennett, R., and Blythe, J. (2002) *International Marketing: Strategy Planning. Market entry and implementation*. England: Kogan Page Limited.
- Courtney, H. (2001) "Making the most of uncertainty", *McKinsey Quarterly*, 90(4), p. 38-47.
- Downey, J. (2007) *Strategic analysis Tools: Topic gate ways Series No 34*, The chartered institute of Management Accountants. UK.
- Daniels, J.D. (2000) "Emerging economies and the challenge of globalization", in Yaprak, A. and Tutek, H. (Eds), *Globalization, the Multinational Firm, and Emerging Economies Advances in International Marketing*, 10, Emerald, Bingley, p. 7-20.
- Ellis, J. & Davis, W. (1995) *International Business Strategy* Pitman Publishing p.47.

- Ekeledo, I. and Sivakumar, K. (1998) "Foreign Market Entry Mode Choice of Service Firms: A Contingency Perspective". *Journal of the Academy of Marketing Science*, 26(4), p.274-292.
- Grosse, R. (2003) "The challenges of Globalization for emerging Market firms", *Latin American Business Review*, 4(4).
- Grosse, R.E. (2000) *Thunderbird on Global business Strategy*, Faculty of thunderbird , the American Graduate school of international Management; John Wiley & Sons , Inc .New York.
- Grosse. R. & Fuentes, C. (2002) " *Latin Chile the globalization*" Thunderbird Case series No 09-02-0013, July.
- Gummesson, E. (2000) *Qualitative Methods in Management Research*, Sage Publications 2nd Edition, p.85.
- Graziano, A.M. & Raulin, M. L. (1997) *Research Methods-A Process of inquiry* , 3<sup>rd</sup> Ed. New York : Wesley Educational Publisher Inc.
- Holme, I.M. & Solvand , B.K. (1991) *Forskningsmetodik : Om Kvalitativa och Kvantitativa Metoder*: Lund , Studentlitteratur.
- Hoskisson, R.E., Eden, L., Ming, L.C., Wright, M. (2000) "Strategy in Emerging Economies", *The Academy of Management Journal*, 43 (3),p. 249-267.
- Jaffe, E.D., Nabenzahl, I.D., and Schorr, I. (2005)" *Strategic option of home country firms faced with MNC entry*" long range planning , 38 , p. 183-195.
- Johl, K.S., Bruce, M. & Binks, M. (2010) "The Role of corporate ownership in enhancing Entrepreneurship, *Journal of Asia Entrepreneurship & sustainability*", VI (2), p. 47-53.
- Lessem, R. and Schieffer, A. (2010) *Integral Economics*. Farnham: Gower Publishing. London.
- Lou, Y. and Tung, R. (2007) International expansion of emerging markets enterprises: a spring board perspective" *Journal of international studies*, 38, p.481-98.

- Li, S., Davies, B. (2001) Key Issues in using information systems for strategic marketing decisions, *International Journal of Management and Decision Making*, (2)1, p.16-34.
- Lichman, M. (2006) *Qualitative research in education: a user's guide*, Thousand oaks: sage publications. London.
- Miles, R.E. and Snow, C.C. (1994) *Fit, Failure, and the Hall of Fame*, Macmillan, New York.
- Miles, M.B. & Huberman, M.A. (1994) *Qualitative Data Analysis*, 2<sup>nd</sup> Ed. London. Sage Publications.
- Mishakov, D. and Olofsson, T. (2007) “Conversion of street milk to UHT in Uzbekistan - The Case of Tetra Pak”, Baltic Business School.
- Miller, K.D. (1993) “Industry and country effects on managers’ perception of environmental uncertainty”, *Journal of International Business Studies*, 24(4), p. 693-714.
- Merriam, S.B. (1998) *Qualitative research and case study applications in education*. San Francisco, Jossey-Bass.
- Nakata, C. & Sivakumar, K. (1997) “Emerging market conditions and their impact on first mover advantages - An integrative review”, *International Marketing Review*, 14(6), 1997, p. 461-485.
- Nolan, P. and Zhang, J. (2003) “Globalization challenge of large firms from developing countries: China’s oil and aerospace”, *European Management Journal*, 21(3), p. 285-99.
- Naqvi, F.N., Nasir, A., Yousaf, U., Haider, A. and Ahmad, M. (2011) Textile Sector performance, *Middle East Finance & Economics*, Issue 13, p. 183-189.
- Norman H.C. (1991) “The alignment Theory: Creating strategic fit”, *Management decision*, 29(1), 1991, p-20-4.
- Neuman, W.L. (2003) *Social research methods: Qualitative and quantitative approaches*, 5<sup>th</sup> Ed. Boston: Allyn and Bacon.
- Oxelheim L. and Wihlborg, C.G. (1991) “Corporate strategies in turbulent world

- economy ‘’ *Management international Review*, (31)4, p.293-315.
- Pardhan, J.P. (2007) “How do Indian multinational effect Export from home country”  
ISD working studies in industrial Development, New Delhi.
- Prasada, R. (2011) *Global innovation in emerging economies*, Routledge, New York.
- Partington, D. (2002) *Essential Skills for management research*. London: Sage  
Publication limited.
- Porter, M.E. (1980) *Competitive Strategy: Techniques for analyzing Industries and  
Competitors*, The free Press, New York.
- Patel, R. & Tebelius, U. (1987) *Grundbok i Forskningsmetodik*; Lund:  
Studentlitteratur.
- Patel, R. & Davidson, B. (1994) *Forskningsmetodikens Grunder; att planera,  
Genomföra och Rapportera en undersökning*. Lund: Studentlitteratur.
- Porters (1991), “Towards a dynamic theory of strategy” *strategic management  
journal* , 12, 95-117
- Rocha, A and Dib, L.A. (2002) “The entry of Wal-mart in Brazil and competitive  
response of multinational and domestic firms”’ *International Journal of retail &  
distribution material*, 30(1), p-61-73.
- Sandvig, J.C. & Colakley, L. (1997) *Best practices in Small firms diversification*.  
Business Horizons, 41, p.33-40.
- Saunders, M., Lewis, P. & Thornhill, A. (2000) *Research Methods for Business  
Students*, Prentice Hall 2nd Edition, p. 87.
- Saunders, M., Lewis, P., & Thornhill, A. (2009) *Research Methods for business  
students*, 5th ed. England: Pearson Education Limited.
- Ted, L. & Stuart, L.H. (2004) ‘Reinventing strategies for emerging markets: Beyond  
the transitional mode’, *Journal of international business studies*”, 1-21.
- Wiedershiem, P.F. & Eriksson, L.T. (1999) *Att Utreda , Forska och Rapportera*.  
Malmö: Liber Ekonomi.
- Worrell, L. (1998) *Strategic analysis: a scientific art*. Wolverhampton:  
Wolverhampton Business School.

Yin, R K. (2003) *Case Study Research: design and methods*, Thousand Oaks: Sage Publications.

Yin, R.K. (1994) *Case study Research: Design & Methods*. Thousand Oaks: Sage Publications; Inc.

### **ELECTRONIC SOURCES OF INFORMATION:**

Economic Survey (2010), *Ministry of Finance, Government of Pakistan* [online].

Available at: < [http://www.finance.gov.pk/survey\\_1011.html](http://www.finance.gov.pk/survey_1011.html)>

[Accessed 12 Feb. 2011].

MSC Textiles Pvt Ltd [online]. Available at: <<http://www.msc-textiles.com>>

[Accessed 1 Dec. 2011].

Shafi Export Pvt Ltd [online]. Available at:

<<http://www.shafiexports.com/home-textiles-manufacturer-exporter.htm>>

[Accessed 1Dec 2011].

Wikipedia [online]. Available at: <[http://en.wikipedia.org/wiki/Case\\_studies](http://en.wikipedia.org/wiki/Case_studies)>

[Accessed 26 Dec 2011].

Werner International [online]. Available at: <

[http://www.wernerinternational.com/html/hourly\\_wage\\_report/register.html](http://www.wernerinternational.com/html/hourly_wage_report/register.html)>

[Accessed 27 Dec 2011].

## **APPENDICES**

### **APPENDIX A: INTERVIEW QUESTIONER**

**Name of the Company**

**Name of the interviewee:**

**Designation of the interviewee:**

**Website of the company:**

1. How does globalization on affect Pakistan's textile industry and its products in international Market?
2. What challenges textiles industry is facing with the emergence of Indian, Bangladeshi and Chinese textiles products in Pakistani Textile Market?
3. How these countries affect Pakistani Textile Products in international Markets?
4. How your company is envision its future due to emergence of Products of MNCs into Pakistan's Textiles industry? What are the competitive strengths of your company?
5. Which strategy you will prefer to compete with India, China & Bangladesh, if any of stated country enters into Pakistani textile industry?
6. What kind of advantages firms from China, India & Bangladesh have over your firm's existing products?
7. What are the challenges for Pakistan's Textile Industry due to globalization?
8. How you will align your strategies to meet challenges with MNCs from China, India and Bangladesh?
9. Which kinds of the problems Pakistan Textile industry is facing internally?
10. What is the role of the government to give relief to textiles industry which is facing Global and local market challenges?
11. Does quota system affect the export of Pakistan textile industry?
12. Why Pakistani textiles industry is shifting their production units to countries like Bangladesh, India and China?
13. What kind of steps you will take to stop the shifting of production units to such

countries?

14. What steps your company is taking to implement technological reforms/R&D program in your organization to compete with the products of MNCs in local market?
15. How technological, economical and political uncertainty affects the strategic planning of your firm?
16. What steps you are planning to take for cutting down the cost of production in presence of energy crises?
17. What implementation plan would you recommend to meet the challenges faced by your company in the future?
18. Do you want to add some other important issue?

Thank you so much for your time and answering the questions.

## **APPENDIX B: ANSWER OF QUESTIONS FROM INTERVIEWS**

### **CASE COMPANY NO.1**

**Name of the Company:** *MSC TEXTILES Pvt Ltd*

**Name of the interviewee:** *MUSHTAQ ALI CHEEMA (ex-textiles minister of Pakistan)*

**Designation of the interviewee:** *CEO*

**Website of the company:** [www.msc-textiles.com](http://www.msc-textiles.com)

**1. How does globalization on affect Pakistan's textile industry and its products in international Market?**

According to my point of view, globalization has impact on all sectors of Textiles industry. These affects are mainly on lack of skilled manpower, lack of technological development, and need of quality products are the bigger challenges of Pakistan textiles industry.

**2. What challenges textiles industry is facing with the emergence of Indian, Bangladeshi and Chinese textiles products in Pakistani Textile Market?**

High cost of production, high rates of energy, high labor cost are the challenges of Pakistan textiles industry. The products from these countries are respectively cheaper in rates therefore local manufacturer use their raw material and products to make final finished products.

**3. How these countries affect Pakistani Textile Products in international Markets?**

The main reason for this is cost of production is quite low in these countries such as in Bangladesh the labor cost is 66 \$ and in Pakistan is 114 \$ Rs where as in china energy is completely free for producer and excise duty on Pakistan textiles products are 33% where all other three countries have excise duty less than 15 %. That is why in international market their products are cheaper than Pakistan.

**4. How your company is envision its future due to emergence of Products of**

**MNCs<sup>1</sup> into Pakistan's Textiles industry? What are the competitive strengths of your company?**

We are envisioning very tuff competition from three countries. I still believe our strengths are our products we will do cooperation with the firms and share resources with them to improve our products. We will do strategic alliance and share products development process with MNCs to improve our product standers.

**5. Which strategy you will prefer to compete with India, China & Bangladesh, if any of stated country enters into Pakistani textile industry?**

We should increase efficiency and productivity, use of technology, consistent manufacturing standers and collaboration in product development with attacking firms of all three countries. We should introduce innovation, production cycle time reduction of the orders, product design & development and strategic partnership with buyers.

**6. What kind of advantages firms from China, India & Bangladesh have over your firm's existing products?**

I will discuss the main issues, due to which these industries have advantage over us firstly, the labor cost is 0.32 \$ 1.14 \$ and 0.83 \$ (per hour), in Bangladesh, china & India. The energy prices are 0.053 \$ (kw/h), 0.086 \$ (kw/h) in Bangladesh and India respectively. Whereas, energy is free in China for textiles industries.

**7. What are the challenges for Pakistan's Textile Industry due to globalization?**

These are discussed in details in question No 1.

**8. How you will align your strategies to meet challenges with MNCs from China, India and Bangladesh?**

We should do the strategic alliance and with these countries otherwise in terms of production and price we can't compete them in current situation.

**9. Which kinds of the problems Pakistan Textile industry is facing internally?**

Increased cost of production, lack of new investment, higher interest rate, gas shortage with which 60-70% of Pakistani textiles is affected. Government has announced 2 Billion USD export targets for 2010 but due to lack of investment it could be met. Prices of raw martial are higher due to cost of inputs per unit such as gas is 0.30 \$ cent in Bangladesh, 0.48 \$ in India while in Pakistan it is above 1 USD.

**10. What is the role of the government to give relief to textiles industry which is facing Global and local market challenges?**

The role of government is not satisfactory towards textiles that are why this is being ignored.

**11. Does quota system affect the export of Pakistan textile industry?**

There is no quota system for textiles industry now days.

**12. Why Pakistani textiles industry is shifting their production units to countries like Bangladesh, India and China?**

Low cost of production is main cause for shifting the Pakistan textiles industry to Bangladesh. Because the average bill of 42000 spindle mill in Pakistan is 6 Million PKR while the same production unit gives 2 Million PKR. In this producer can save handsome amount of money and their production cost can be reduced 5times as compared to Pakistan.

**13. What kind of steps you will take to stop the shifting of production units to such countries?**

What we can do that is shifting to alternative energy that at least help us to in time delivery of our orders to customers.

**14. What steps your company is taking to implement technological reforms/R&D program in your organization to compete with the products of MNCs in local market?**

Training and development program should be introduced and latest machinery

must be installed to enhance quality and productivity of the company.

**15. How technological, economical and political uncertainty affects the strategic planning of your firm?**

Lack of poor technology lead to poor production quality. while weak economy brings hyper inflation which brings cost of production at higher side. Political uncertainty discourages the investor to bring investment in politically destabilized country.

**16. What steps you are planning to take for cutting down the cost of production in presence of energy crises?**

The cost of production can be minimized with the help of alternative energy units, alternative day production, increasing direct sourcing; optimizing sourcing cost could be the main steps to reduce the cost of production.

**17. What implementation plan would you recommend to meet the challenges faced by your company in the future?**

We must bring Productivity improvement through supply chain, building logistic capabilities and investing in infrastructure of R&D and IT.

**18. Do you want to add some other important issue?**

We will also focus on strategic relationships with top textiles concerns from India, Bangladesh & China so we can make joint production to compete in international market.

**Name of the Company:** *MSC Textiles*

**Name of the interviewee:** *Mr. Mohsin Cheema*

**Designation of the interviewee:** *Director Marketing*

**Website of the company:** [www.msc-textiles.com](http://www.msc-textiles.com)

**1. How does globalization on affect Pakistan's textile industry and its products in international Market?**

Well, effect of globalization is at both side on Pakistani textiles industry but our topic is to discuss internal problems. Internal issues and high cost of production created the swear competition for Pakistan textiles industry in International market and Pakistan is not able to meet prices of these countries in international market. In spite of this factor developed countries like, USA, European Union and South American country will remain their bigger customer. The per capita consumption for textiles products for Pakistan, India & China is 4%, 2.8% 5.5 % which itself reflects that the need for South Asian textiles products is not reduced.

**2. What challenges textiles industry is facing with the emergence of Indian, Bangladeshi and Chinese textiles products in Pakistani Textile Market?**

Duty free ports of Bangladesh created mass production facilities for them and they are able to send their products in bulk quantities which affected all finished of semi fished products of Pakistani textiles industry, while India is imposing 18 % duty to export the products which are less then Pakistan. In this way they created competition by sending raw material and price war into Pakistani textiles industry.

**3. How these countries affect Pakistani Textile Products in international Markets?**

As I discussed in above answer their low taxation policy, availability of cheap raw material and relaxation of government taxation able above three countries to send their product to Pakistan. Which ultimately affect our finished products those are higher in price than products from those countries.

**4. How your company is envision its future due to emergence of Products of MNCs<sup>1</sup> into Pakistan's Textiles industry? What are the competitive strengths of your company?**

In the era of energy crises in Pakistan textiles industry is mainly suffering from energy crises which has given chances to Indian, Bangladeshi chininess products to effect Pakistani textiles products. To meet these challenges we have installed alternative energy units to avoid energy crises and to meet our target of in time delivery to our customer. Apart from installing of alternative energy units we are concentrating to install advance machinery to produce better quality products to compete with these countries.

**5. Which strategy you will prefer to compete with India, China & Bangladesh, if any of stated country enters into Pakistani textile industry?**

We will compete with their products on equal footing and try to compete with them on quality bases.

**6. What kind of advantages firms from China, India & Bangladesh have over your firm's existing products?**

In above three countries tax rates relaxed as compared to Pakistan for example VAT is 12.5% , 17% , 15% 15% in India, china , Pakistan & Bangladesh respectively. It is excise duty is 18% in India for foreign producer , in Bangladesh it is 15% and china is giving production facilities on free tax basis , free energy for textiles and provision of raw material at cheap prices.

**7. What are the challenges for Pakistan's Textile Industry due to globalization?**

As, I discussed in question no 1 our internal issues like energy crises, higher taxes , high cost of raw material are the causes of higher prices as the result we cannot compete in international market.

**8. How you will align your strategies to meet challenges with MNCs from China, India and Bangladesh?**

Main reasons for us right now is the energy crises we already shifted to

alternative energy resources although it is higher in cost but still we will be able to meet the competition. Secondly, we are planning to aggressively compete with the products of these countries and planning to enforce our government to ban the import of some textiles which are used in our industry as a raw material in this way we can produce low price products as compared to above discussed three countries.

**9. Which kinds of the problems Pakistan Textile industry is facing internally?**

Pakistani industry is facing Gas crises, electricity crises, higher taxes, law and order situation political instability.

**10. What is the role of the government to give relief to textiles industry which is facing Global and local market challenges?**

Government is not supporting us in these issues they have imposed excise duty, sales tax and tax and indirect tax on value added services. In Pakistan Vat is 15% along with sales tax that is 15%. In total any producer has to pay 30% tax on its product while this situation is not prevailing in other three countries.

**11. Does quota system affect the export of Pakistan textile industry?**

Export quota is finished after WTO has been implemented and any country can do as much as export they can to any country.

**12. Why Pakistani textiles industry is shifting their production units to countries like Bangladesh, India and China?**

Because in above three countries tax is low or free production facilities are provided such as in China industrial states have developed where there is no taxes for producers and energy is free for them. In India textiles units are being shifted due to political reasons while wide numbers of Pakistani textiles units are shifted to Bangladesh due to 15% tax on production and cheap labor and energy.

**13. What kind of steps you will take to stop the shifting of production units to such countries?**

Basically we as a single industry can't take the steps to stop the textiles units its government who should decided to impose ban to industry shifting to such countries.

**14. What steps your company is taking to implement technological reforms/R&D program in your organization to compete with the products of MNCs in local market?**

We have already shifted to alternative energy recourses and we are trying to do R&D implementation in our organization which is currently frankly speaking is not so active.

**15. How technological, economical and political uncertainty affects the strategic planning of your firm?**

All of these issues have serious affect on textiles industry performance. Foreign investors hesitate to come to Pakistan while technological & economical issue are also swear problem for our industry.

**16. What steps you are planning to take for cutting down the cost of production in presence of energy crises?**

Downsizing of the employees, use of cheap energy resources such as solar energy, hydro energy plants are the steps can be used to solve these problems.

**17. What implementation plan would you recommend to meet the challenges faced by your company in the future?**

First of all we should enhance our production facilities in our textiles industry; secondly, we should adopt aggressive strategies to compete with India china and Bangladesh in our domestic market as well in global market.

**18. Do you want to add some other important issue?**

Pakistan can do image building so that foreign investment should come here. We should focus on value addition facilities and improvement in productivity

**Name of the Company** *MSC Textiles Pvt Ltd*

**Name of the interviewee:** *Mr. Nafees Ahmad*

**Designation of the interviewee:** *Manager Export Marketing*

**Website of the company:** [www.msc-textiles.com](http://www.msc-textiles.com)

**1. How does globalization on affect Pakistan's textile industry and its products in international Market?**

Saturated international Market and internal problems of textiles industry affected the Pakistani Textiles industry and its product in international Market. Bangladesh is not a producer of cotton they import the fine quality cotton from India and Pakistan and provide value added to make semi finished products like yarn, gray cloth and again sends it to Pakistani Textile market. In Pakistan the same gray cloth and yarn is expensive due to energy crises and expensive raw material exporter purchase their semi fished products to make a final product to export.

**2. What challenges textiles industry is facing with the emergence of Indian, Bangladeshi and Chinese textiles products in Pakistani Textile Market?**

India is big economy with relaxation in taxes in their textiles industry therefore they are send low cost products to Pakistan to affect their local market. Bangladesh is duty free country for exporter which attracts Producers to produce their products in their home market while china is getting benefited from their mass production.

**3. How these countries affect Pakistani Textile Products in international Markets?**

Mainly reasons to affect the Pakistani textiles industry from above three countries are low cost of production, cheap energy and less or tax free export policies. Therefore these countries are able to send products in Pakistan local textiles market.

**4. How your company is envision its future due to emergence of Products of**

**MNCs<sup>1</sup> into Pakistan's Textiles industry? What are the competitive strengths of your company?**

Competitive strengths of Pakistani textiles industry is always their quality products and comparatively cheaper products from other South Asian countries. Due to emergence of textiles products of India, China and Bangladesh into Pakistan textiles industry the demand of Pakistani textiles products are reduced. Company is booking orders same day to avoid exchange rate delay and future orders are booked according to that rates. In this way the chance of loss can be minimized.

**5. Which strategy you will prefer to compete with India, China & Bangladesh, if any of stated country enters into Pakistani textile industry?**

We will not be sit at home instead we will compete with them of equal basis and we will bring improvement in production facilities, export franchising, induction of R&D and self power generation plants to bring cost of production equal to India, China & Bangladesh.

**6. What kind of advantages firms from China, India & Bangladesh have over your firm's existing products?**

High quality products. Low cost of production and mass production are main reason of advantages.

**7. What are the challenges for Pakistan's Textile Industry due to globalization?**

No company will come to Pakistan in the situation when there is energy and law & order situation is not good. Therefore, South Asian countries are challenging Pakistan industry with raw material & semi finished products. These semi finished products are further used in Production of Final products of textiles industry as the result cost of production of Pakistan textiles industry increased and Pakistan can't compete price in international market as India, china and Bangladesh are doing.

**8. How you will align your strategies to meet challenges with MNCs from China, India and Bangladesh?**

We should realize the internal problems of Pakistani textiles industry due to which these South Asian countries are entering in our Market with raw material and products. We can do forward and back ward integration and can use alternative energy resources to meet its challenges.

**9. Which kinds of the problems Pakistan Textile industry is facing internally?**

Energy crises, poor governmental policies High Tax rates and high cost of production are the main problems of Pakistan textiles industries.

**10. What is the role of the government to give relief to textiles industry which is facing Global and local market challenges?**

Unfortunately, current government is not supporting Pakistan textiles industry instead they have imposed more taxes on raw material such as cotton etc.

**11. Does quota system affect the export of Pakistan textile industry?**

After WTO quota system is finished.

**12. Why Pakistani textiles industry is shifting their production units to countries like Bangladesh, India and China?**

Bangladesh is duty free country to producer; China is giving free Gas & Electricity to producer while Pakistani producers are not going India due to political tensions.

**13. What kind of steps you will take to stop the shifting of production units to such countries?**

If energy crises and Reduction in taxes are controlled then shifting of Textiles industry can be reduced.

**14. What steps your company is taking to implement technological reforms/R&D program in your organization to compete with the products of MNCs in local market?**

We have installed new state of the art technology units which can give mass production of the products and we have introduced our self power generation plant to meet energy crises.

**15. How technological, economical and political uncertainty affects the strategic planning of your firm?**

Due to evolution of technological and economical evolution we have made 5 years planning for our industry and it was accessed by us that MNCs can affect our products in near future. After 4 years due to mentioned uncertainty, it has affected the Pakistani Textiles industry but it has also affected particularly our industry as well.

**16. What steps you are planning to take for cutting down the cost of production in presence of energy crises?**

Alternative day production is best solution for this problem such as most urgent orders are run self produced energy units and rest of the orders are produced of normal energy. In this way cost of production can be reduced and order of the export material can be done in time.

**17. What implementation plan would you recommend to meet the challenges faced by your company in the future?**

Attacking policy toward MNCs, cut down cost of production, and export franchising can be the key implementation plan for our industry.

**18. Do you want to add some other important issue?**

All the issues are discussed above in details.

## **CASES COMPANY NO 2.**

**Name of the Company** *Shafi Exports Private Limited*

**Name of the interviewee:** *Mr. QAISAR SAEED*

**Designation of the interviewee:** *Manager Marketing*

**Website of the company:** *www.shafiexports.com*

**1. How does globalization on affect Pakistan’s textile industry and its products in international Market?**

Globalization affects the Pakistan’s textile industry in different ways. It is difficult to sell the products due to tough competition from other countries.

**2. What challenges textiles industry is facing with the emergence of Indian, Bangladeshi and Chinese textiles products in Pakistani Textile Market?**

China got the mass production facilities and not feasible for Pakistan to compete China due to this factor. India also got the facilities to produce big quantities. Bangladesh doesn’t have cotton in their country and they import raw textile products from different countries including Pakistan and export the finished products. Bangladesh enjoys the status of duty free country and importers don’t have to pay duties on import from Bangladesh while the importers have to pay certain duties on the imports from Pakistan.

**3. How these countries affect Pakistani Textile Products in international Markets?**

Importers don’t need to pay any duties on the imports from Bangladesh and its effecting Pakistan’s exports. China and India got the benefit of mass production and their cost of production decreases due to mass productions.

**4. How your company is envision its future due to emergence of Products of MNCs<sup>1</sup> into Pakistan’s Textiles industry? What are the competitive**

**strengths of your company?**

Different companies are setting-up their warehouse in Europe, USA and some other regions and selling their products to local retailers and small whole sellers in those markets to get the extra benefit by direct selling. We also established our warehouse in ITALY to sell the products to small whole sellers and retailers.

**5. Which strategy you will prefer to compete with India, China & Bangladesh, if any of stated country enters into Pakistani textile industry?**

The prime strategy is to resolve the problems of the textile industry. The main problems now a day are the shortage of GAS and Electricity. Textile industry is almost down on the level of about 20-25% as far the production is concerned. So in such circumstances where industry is not running on its full capacity, it is hard to make any strategy. So these problems must be resolved immediately.

**6. What kind of advantages firms from China, India & Bangladesh have over s to your firm's existing products?**

The firms from these countries are not facing the problems of energy crises. The Law and Order situation is much better in those countries as compared to Pakistan. Political situations are also better there.

**7. What are the challenges for Pakistan's Textile Industry due to globalization?**

Challenges are internal and if these challenges are resolved, Pakistan's textile industry can do much better. The problems of energy shortage, law and order and political stability are the main points which need immediate attention.

**8. How you will align your strategies to meet challenges with MNCs from China, India and Bangladesh?**

As mentioned earlier that it is hard to make or align our strategies without resolving the basis problems like energy shortage, law and order and political stability.

**9. Which kinds of the problems Pakistan Textile industry is facing internally?**

Shortage of energy, law and order, political un-stability, low inflation rate , bad governess are main problems

**10. What is the role of the government to give relief to textiles industry which is facing Global and local market challenges?**

Government must form the business friendly policies, must focus on resolving the political instability and must work for the betterment of law and order situation. Government has imposed excise duty taxes on insurance premium, banking services and on electricity and gas.

**11. Does quota system affect the export of Pakistan textile industry?**

There is no more quota system.

**12. Why Pakistani textiles industry is shifting their production units to countries like Bangladesh, India and China?**

Because of the energy crises in Pakistan.

**13. What kind of steps you will take to stop the shifting of production units to such countries?**

Government must form the business friendly policies, must focus on resolving the political instability and must work for the betterment of law and order situation. This will surely stop the shifting of units to different countries.

**14. What steps your company is taking to implement technological**

**reforms/R&D program in your organization to compete with the products of MNCs in local market?**

Most of the small companies do not emphasis on this factor. We must move towards the value added products more and more instead of exporting the raw materials.

**15. How technological, economical and political uncertainty affects the strategic planning of your firm?**

Off course these elements effect. It is always hard to make long term strategies in presence of such problems. Investors hesitate to come to Pakistan and even the customers hesitate to visit Pakistan in such situation.

**16. What steps you are planning to take for cutting down the cost of production in presence of energy crises?**

Most of the companies are cutting their staff which is creating the un-employment in country. Government must resolve the problems of energy shortage and other matters.

**17. What implementation plan would you recommend to meet the challenges faced by your company in the future?**

It is hard to make any long term plans in presence of the problems like energy crises, law and order situation and political stability. So these matters must be resolved on war footing basis.

**18. Do you want to add some other important issue?**