

Understanding a Big Elephant and its Small Chains: SWOT Analysis of Pakistan's Economy

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ABSTRACT

'What we Foreign Direct Investors need is a level playing field.' This was claimed by the Chief Executive Officer (CEO) of a multinational corporation (MNC) operating in Pakistan for more than 50 years, on two separate occasions during 2015-18. This idiom motivated the authors to understand business nuances associated with Pakistan's economy not being captured by indices such as the 'Ease of Doing Business Index' (EDBI) and 'Global Competitiveness Index' (GCI) primarily because of their measurement in quantitative terms. By conducting a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis of the country's business environment, with the help of in-depth interviews with the CEOs of 19 MNCs and three national corporations (NCs), this study tries to capture some of these nuances. The respondents, based on their availability, were drawn from ten different industries. Based on the analysis,¹ it can be inferred that 'enduring', 'flimsy', 'enormous' and 'manageable' are the four words which may be used to define the strengths and weaknesses associated with the opportunities and threats to Pakistan as a market.

Keywords: Pakistan, Competitiveness, Global Economy, MNCs, Business.

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¹Analysis based on around 20-hours of audio recording which was transcribed into 127,512 words.

1. INTRODUCTION

‘What we Foreign Direct Investors need is a level playing field.’ This was claimed by the Chief Executive Officer (CEO) of a multinational corporation (MNC) operating in Pakistan for more than 50 years, on two separate occasions during 2015-18. One of the definitions of a ‘level playing field’, which also serves the purpose of this study, has been given in the Collins Dictionary - ‘a situation that is fair, because no competitor or opponent in it has an advantage over another.’ The phrase is used when talking about a situation that is not fair. Based on this understanding, it can be assumed that if Pakistan wants to guarantee the presence of existing investors and desires to bring in more, especially foreign ones, it needs to level the playing field.

Do all CEOs define this phrase in the same way? What makes the playing field unequal? How can it be leveled? What are the other aspects of Pakistan’s business environment subtly interpreted by various CEOs? It was assumed that the objective of this study would help answer such questions; and this understanding would have implications for a broad range of stakeholders in other countries, including Pakistan.

Most frameworks like ‘Political, Economic, Social, and Technological Analysis’ (PEST), and indices like the ‘Creativity Index’, ‘Technology Adoption Index’, ‘Ease of Doing Business Index’ (EDBI) and ‘Global Competitiveness Index’ (GCI) measure and report state of a country against their respective dimensions based on quantitative measurements. Although quantitative measures help us to compare economies across a set of parameters, these indices nevertheless, suffer from various limitations. First, ‘questionnaires tend to uncover what people say they do, but hardly reveal much about what they actually do and why they do it’ (Kuada 2008, p. 133). Second, measures such as GCI’s ability to predict future growth is lacking (The Economist 2018). Last but not the least, to ‘fit’ countries into a larger framework, i.e., index, the measurement agencies suppress outliers.

Qualitative research emerged as an alternative which helped the researcher address some of these limitations. It can also augment understanding about what quantitative measures have been aiming for. For instance, outliers shunned by quantitative measures offer possibilities of untapped opportunities – variables not being captured by theory-based questionnaires (Kuada 2008). Furthermore, what are or could be the growth trajectories for an economy which can serve as the basis or a paradigm shift in competitiveness of a country. This is an important question which most indices struggle to answer. Answers to such questions start with a creative process which could be ushered only by involving people who have insights about an economy and captured when given freedom to express, e.g., through in-depth interviews (Creswell 2014).

Hence, a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, based on in-depth interviews with individuals having insights about a market (a country), can augment indices based on quantitative measurements, and resultantly, enhance understanding about, e.g., root causes of weak performance of that country on indices such as GCI. In this study, with the help of semi-structured interviews, the way Pakistan is being perceived by CEOs representing top businesses, including MNCs and NCs operating in the country, was documented.

There could only be a handful of individuals who can evaluate Pakistan like these CEOs, primarily because they are in the business of *generating business* from this market. Their ability to generate business depends on their competence to ‘see’ and think ahead than many in the corridors of policymaking in Pakistan could do. The study makes three important contributions. First is methodological - top business CEOs were approached for the first time in an organised effort to understand how they look at Pakistan as a market. Second is the practical - experiential learning of CEOs which provided valuable insights to other CEOs and investors. Third, policy advice - it gives feedback to strategic planners in governance, including regulators in Pakistan, about how they and their behaviour are being perceived by investors.

A literature review was undertaken and is discussed in Section 2. A detailed reflection on methodological choices, including the process of approaching and interviewing CEOs is given in Section 3. This is followed by the Findings, Discussion and Conclusion section. The paper will provide important propositions for investors, strategic planners, and individuals in governance, including regulators.

2. LITERATURE REVIEW

There are now various theoretical frameworks and indices that measure the health of a country. These aspects can be the level of political risk associated with a country (Political Risk Index), how innovative and creative the people/firms of a country are (Creativity Index-CI) and the extent to which it is facilitating establishment of new businesses (EDBI). A diverse group of stakeholders, including investors and regulators, use these frameworks and indices for reasons ranging from measurement of effectiveness of their policies (policymakers), to ‘informed’ decision-making (by e.g., investors).

Platforms such as the World Bank and World Economic Forum (WEF), which also formulated some of these indices, provide ample support to substantiate their categorisations and rankings. Nevertheless, one of the major limitations of these indices is associated with their research design. Two issues are important. First, these indices are based on quantitative measurement. The dynamic and complex nature of a business environment exposes the limitations of quantitative methods. Second, for instance, with respect to EDBI, one of its major limitations is that it is not based on experiences of

actual entrepreneurs/businesses (The Economist 2018). Similarly, CI is not future driven. Hence, there is need for a framework which not only measures the complexity of business dynamics but also gives a window to see into the future. A SWOT analysis offers one such solution. Strengths and weaknesses offer a look at the current state of affairs, whereas opportunities and threats help think about the future.

It is difficult to trace the origin of SWOT (King 2004), nevertheless, the framework remains in vogue since the 1960s. Initially, it was positioned as a planning tool for organisations. However, later development in this stream of literature pushed the possibilities of its application towards project evaluation (Tuerk et al., 2015), a country (Helms and Nixon 2010) and even region (Karppi et al., 2001). The focus of this literature review is application of SWOT in context of a country.

Strengths can be defined as ‘a characteristic that adds value to something and makes it more special than others’ (Gurell and Tatt 2017, p. 997). In the context of a country, a strength can be its oil reserves, which add value in terms of exports or expertise in technology, enabling it to create dependence of other countries on its technology. Weaknesses can be referred as ‘not having the form and competency necessary for something’ (Ibid.). Landlocked borders, such as that of Afghanistan, pose potential weakness as compared to Pakistan which has access to the Arabian Sea. This weakness of Afghanistan eliminates possibilities that have direct trade opportunities via sea as a mode of transportation. ‘Opportunity means a situation or condition suitable for an activity’ (Ibid., p. 998). Trade war between China and the United States (US) has created an opportune situation as many companies are in the process of relocation of their manufacturing facilities from China to other countries, like Vietnam (McKinsey & Company 2019). Threat can be defined as ‘a situation or condition that jeopardizes the actualization of an activity’ (Gurell and Tatt 2017, p. 998). Severity of trade war between China and the US is a threat to both economies as it can increase cost to consumers (in case of the US, e.g.) and it can negatively affect the scale of manufacturing activities in China.

An exhaustive search with the keyword ‘SWOT analysis’ in databases, including JSTOR, Taylor and Francis, Springer Link, ScienceDirect and Emerald, generated results which are more field of study specific (e.g., entrepreneurship by Helms et al., 2011) or sector or industry focused (such as rural tourism by Akca 2006) with rare exceptions such as Duarte et al. (2006) who did SWOT analysis of Venezuela as a country. Three implications can be inferred from this. First, the area is not important. Second, it is an emerging field. Third, the findings could be too general, making it hard to suggest ‘contribution’. Discussion on these and many other implications is out of the scope of this study. Nevertheless, in line with Karl Popper’s thesis of black swan (Falsification Principle), Duarte et al. (2006) can be used as a blueprint for such studies.

3. RESEARCH METHODOLOGY

How can one understand subtle interpretations of Pakistan's SWOT analysis, based on CEOs' experiences of the market? This section addresses questions pertaining to methodological choices made in this 'understanding' process. As discussed, limitations of quantitative design in the international business context (Creswell 2014; Kuada 2008) is one of the major reasons for selecting qualitative research design in this study. The tradition of using qualitative methods in international business is well established (e.g., Challagalla et al., 2014).

3.1. Method

Qualitative research is often described as a naturalistic, interpretative approach, concerned with exploring the phenomena 'from the interior' (Flick 2009) and taking the perspectives and accounts of research participants as a starting point (Ritchie et al., 2013). 'We need a level playing field' – interpreted experience of a representative foreign investor with respect to Pakistan as a market for investment. While taking this as a point of departure, in line with Ritchie et al. (2013), this research tries to understand other such subtleties through in-depth interviews.

3.2. Sample

To generate a sample, members representing the Pakistan Business Council (PBC) and Overseas Investors Chamber of Commerce & Industry (OICCI) were approached through the Government of Pakistan's Board of Investment (BoI). More than 100 CEOs were requested to take part in the research. Out of these, 28 gave their consent, while six had to be dropped because of conflict in time slots available for the interviews. Interviews with 22 CEOs, representing 19 MNCs and three NCs, were conducted in three cities of Pakistan: Islamabad, Lahore and Karachi held over five months, from October 2018 to February 2019.

All the responding CEOs were male. According to the information available on the websites of PBC and OICCI (September-October 2018), there were only two female CEOs. BoI was asked to send request letters to confirm their participation. One of the CEOs had only recently assumed her responsibilities; hence, she sent her regrets.

CEOs must generate business for their parent companies, which can also improve opportunities for their own survival. Hence, they must be on their toes in their effort to forecast trends. Characteristics of CEOs (years of experience, experience of working in diverse industries and markets) interviewed for this study highlight the rich insights collected. The respondents represented the following ten industries: Information and Communication Technology (ICT), finance, energy, pharmaceutical, agrochemicals, chemicals, cement, engineering, lighting, and publishing. Interviews were undertaken

using specific guidelines. However, interviews were not just confined to these guidelines. Unsolicited questions were raised to develop better understanding about the issues if required.

3.3. Data Analysis

Audio recording of 1145 minutes or 19.3 hours of in-depth interviews with 22 CEOs was transcribed into 127,521 words. To develop initial themes, hard copies of transcribed interviews were read and referred to at various times and dates. Themes were developed based on these careful readings. Themes are basic building blocks of understanding in qualitative research (Corbin and Strauss 2014). To develop understanding about the emerging themes and their interrelationships, memos were written during fieldwork, during the transcription of the interviews and while reading these interviews. These memos served as ‘evidence’ along with transcriptions of the interviews.

Themes were developed in three stages at three different levels of abstraction. At Stage One, based on the responses, a theme, for example, ‘lack of willingness of bureaucracy’ at lower level of abstraction (Level I) was developed. At the second stage, this theme was compared with another Level I theme, ‘don’t listen’, and grouped to create a higher order theme (Level II) referred as, ‘I am the regulator.’ At Stage Three, these two themes were further grouped into a third theme (Level III) – ‘pertaining to ungovernable.’ This highest order theme also carried two other Level II themes – ‘perceived bureaucracy’s incompetence’ and ‘deficient governance structure.’ All the themes pertaining to Strengths, Weaknesses, Opportunities, and Threats developed in this study followed this process. Themes with various levels of abstraction were used to write the findings.

4. FINDINGS

The objective of this research is to understand strengths associated with, weaknesses of, opportunities for and threats to Pakistan’s business environment/economy. Table 1 shows themes and sub-themes developed based on interviews:

Table 1: Thematic SWOT Analysis of Pakistan's Economy/Business Environment

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. 'We' the people <ol style="list-style-type: none"> a. As a large growing market b. Industrious c. Entrepreneurial d. Competitive 2. Optimistic CEOs 3. A promising gateway 4. Improved security situation 5. Untapped and under-utilised resources 	<ol style="list-style-type: none"> 1. Bureaucracy – The (un) governable <ol style="list-style-type: none"> a. 'I am the regulator' b. Bureaucracy's perceived incompetence c. Deficient governance structure 2. Age-old structural issues <ol style="list-style-type: none"> a. Politico-economic fault-lines b. Lethargic dispute resolution system c. Poor (soft & hard) infrastructure d. Conflict of interest e. Poor governance 3. Increased cost of doing business <ol style="list-style-type: none"> a. Not a level playing field 4. Insecure CEOs
Opportunities	Threats
<ol style="list-style-type: none"> 1. Leveraging strengths <ol style="list-style-type: none"> a. Large population b. Harnessing people, including youth c. Taking advantage of promising gateway <ol style="list-style-type: none"> I. Middle East II. China-Pakistan Economic Corridor (CPEC) 2. Working on gaps <ol style="list-style-type: none"> a. Technology, technology, and technology b. Marketing Pakistan 	<ol style="list-style-type: none"> 1. Internal <ol style="list-style-type: none"> a. Opportunity-starved youth and increasing religious extremism b. Lingering political-economic fault-lines c. Unabated poor governance d. Lack of focus on sustainability 2. External <ol style="list-style-type: none"> a. Enduring geopolitical tensions

Source: Authors' compilation.

4.1. Strengths

Five major strengths as mentioned in Table 1 are explained in respective order.

4.1.1. *'We' the People*

'In our terminology, we designate markets [having] "good opportunity and good growth" as [an] elephant. Pakistan is also attributed as an elephant country' (MNC, Energy, R 7²). Pakistan's demographic characteristics, including its large and growing population (a sizable chunk of which is young), spending market, and growing middle class make the country an attractive market. All respondents emphasised this strength.

Industrious and entrepreneurial are the two other attributes of the population which were highly appreciated by the respondents, e.g., R 1, 2, 20, 21, and 22. 'The quality of people which we hire from these [Pakistani universities] is secondary [second] to none' (MNC, ICT Services, R 4). Respondents also found Pakistan's talent as competitive, that is, young, high quality at a low cost (R 2 and 7).

4.1.2. *Optimistic CEOs*

The second most important strength inferred, based on the interviews, was the optimism shared by the respondents. Some of the attributes of these CEOs inferred from the interviews were resolve, patriotism, and resilience (including R 6, 10 and 13). Continuous good return was also one of the reasons behind this positivity as shared by R 9 (MNC, NBF), 'We have delivered dollar return of 19%. Despite depreciation [of currency].'

4.1.3. *A Promising Gateway*

Pakistan's ability to connect different markets that have symbiotic needs, based on its location, was another important strength as perceived by the respondents (including R 10, 14, and 21). The China-Pakistan Economic Corridor (CPEC) was one of the channels through which respondents saw this possibility.

4.1.4. *Improved Security Situation*

This was the fourth major advantage. Most respondents acknowledged that Pakistan had gone through a difficult time of frequent terror attacks (e.g., R 3, 8 and 17). They appreciated the increasingly conducive environment for business they had now (October-November 2018 when interviews were conducted) as compared to the law and order situation from 2008-14.

²To keep the respondents anonymous, but at the same time distinct 'R' (connoting 'Respondent') with an arbitrary number has been used.

4.1.5. Untapped and Under-utilised Resources

Fertile land, favourable climate, rich in mineral resources and under-developed tourism are the resources claimed as among the strengths of the country (R 18 and 19).

4.2. Weaknesses

As indicated in Table 1, four major weaknesses were identified:

4.2.1. Bureaucracy - The (Un) Governable

‘I think, the regulation policy is a weakness, they [the regulators] should be, I would say, transparent. They should be consistent. And they should be fair’ (MNC, Agriculture, R 12). ‘Inconsistent behaviour’ was the most frequently cited weakness (associated with regulators) as a partner in exchange relationships with businesses, including MNCs. Three explanations emerged from these interviews:

I am the regulator: Behavioural issues associated with the bureaucracy indicated included lack of ownership (R 2), lack of empathy (R 3), unilateral approach/perceived power disparity (R 21), lack of willingness (R 4, 14), lack of listening skills (R 7, 21), stereotypical thinking (R 8,12,13,17), unfair (R 12, 21), lethargic attitude (R 4) and complacent/egoistic attitude (R 17).

Bureaucracy’s perceived incompetence: Perceived incompetence of the bureaucracy to understand and deliver on the job was also questioned. This was in addition to appointed ministers having hardly any background of the ministry they were assigned to look after.

Deficient governance structure: The respondents associated Pakistan’s governance structure with the following attributes: lack of coordination among ministries (R 16), non-tenured and politicised bureaucracy (R 5, R 9, 10, 16), compromised freedom of bureaucracy (R 5), precarious bureaucracy (because of fear of unfavourable ad-hoc evaluation of decisions (R 4, 5, 10, 15), over-emphasised fear of accountability (R 12, 14), technology laggardness (R 8, 9), lack of merit-based appointment (R 3, 9, 16), lack of transparency (R 12, 21) and not performance based (R 21) and lack of accountability (R 9, 13, 17, 21).

The woes of businesses have also increased because of the 18th Amendment.

4.2.2. Age-old Structural Issues

Five sub-themes explain this concept:

Politico-economic fault-lines: Political instability, inconsistent economic growth, unswervingly high imports, and stagnating exports resulting in negative Balance of Payment (BoP) were some of the problems enumerated by the respondents.

Lethargic dispute resolution system: There are not only increasing number of cases of litigation and poor implementation of laws but also delays and post-decision management of issues by various regulators which irked the respondents.

Poor (hard and soft) infrastructure: The most talked about issue was the inadequate quality of human resources. In addition to this, soft infrastructure in terms of lack of Public-Private Partnership opportunities (R 14), lack of industry-academic collaboration (R 16), lack of regulations in emerging areas like cyber security (R 16) and cumbersome taxation policies/procedures (R 7, 19) were also matters of concern for the respondents. Problematic physical infrastructure, including excessive cost of energy (R 9) was mentioned in the context of hard infrastructure. Limitations associated with physical infrastructure in terms of roads was highlighted by respondents in Karachi only.

Conflict of interest: Politicians-cum-businessmen or businessmen-cum-politicians or any such stakeholder was another structural issue which resulted in conflict of interest as reported by various respondents. For example, as claimed by R 9 (MNC, NBFI), 'If you are forming a policy and you are [a renowned politician] deciding about the sugar industry, how can you distance yourself? How can you be neutral? How can I make money? How can you [the interviewer]?'

Poor governance: Based on interviews, poor governance was defined in terms of inconsistent behaviour of regulators, inefficiency, lack of trust, lack of meritocracy, compromised empowered bureaucracy, and demotivated bureaucracy contributed to a poor governance structure. According to few of the respondents, cost of this poor governance included not only Pakistan's inability to create and capitalise on opportunities, but it also increased the cost of doing business. For example, as shared by R 8 (MNC, Technology), 'We can build a great story. But have we done structured work to tell the story, right? Probably not.'

4.2.3. Increased Cost of Doing Business

Based on the interviews, these were not the only weaknesses which were highlighted, respondents also reflected on the increased cost because of Pakistan's inability to address these. This cost is both documented, e.g., because of the 18th Amendment and undocumented. With respect to the undocumented increasing cost of doing business, many respondents were of the view that they did not have 'a level playing field.' Disparity in tax collection, overburdening existing taxpayers (e.g., manufacturing more burdened with taxation than trading), weak implementation of rule of law had created a perception among the respondents that the playing field was not level or was becoming increasingly uneven.

4.2.4. Insecure CEOs

It can be inferred that the factors described above were contributing to a high level of uncertainty as experienced and reported by the respondents.

4.3. Opportunities

Out of 22 CEOs, 12 CEOs used the words 'tremendous', 'huge', 'great', 'no boundaries', 'limitless' when they started describing opportunities Pakistan could offer. Based on these interviews, two major classifications of opportunities were developed. Opportunities by leveraging strengths; and opportunities which may be pursued by working on weaknesses associated with Pakistan as perceived by the respondents.

4.3.1. Leveraging Strengths

Three sub-themes - large population, harnessing people, and taking advantage of gateway explain this.

Large population: 'I think again from our business and investment viewpoint, there are not many markets of this size left which can offer great opportunities' (MNC, Telecom, R 16). According to one respondent, 'how many countries in the world offer such a huge population within a single boundary?'

Harnessing people, including youth: 'If we are able to provide opportunity to the people, they will and they have done very well' (MNC, Telecom, R 6). According to majority of the respondents, competitive labour (high-level skill set available at low cost) needs to be scaled up in various areas, including IT and technical education.

Taking advantage of promising gateway - Middle East, CPEC: While considering the fewer physical and cultural differences with the Middle East, some of the respondents talked about unique opportunities Pakistan can have, e.g., as claimed by R 2 (NC, FI), 'They [referring to his shareholders in the

Middle East] often claim that if we can import chicken from Brazil, then why is it not possible from Pakistan? From Pakistan, if these are slaughtered early in the morning, they can be made available in Saudi Arabia and Kuwait market shelves as ‘same day slaughtered chicken.’ Respondents indicated that one of the emerging strengths of Pakistan was its capacity to serve as a ‘promising gateway.’ It could serve as a potential trade hub in South Asia for the establishment of linkages with countries beyond the Middle East and Central Asia and support business like SMEs not only in terms of enterprise, but also for the acquisition of technology.

4.3.2. Working on Gaps

As indicated by the respondents, more promising opportunities lay in addressing weaknesses associated with Pakistan’s business environment and economy. Two major gaps were highlighted:

Opportunities pertaining to technology: According to most of the respondents, Pakistan’s laggardness with respect to technology adoption made it an incredibly attractive market for plethora of technology-driven interventions. The areas in which technology could bring change/revolutionise include e-governance (R 15), improved decision-making, blockchain (R 4), agriculture (R 4), digitalisation of financial transactions (R 8), freelancing, IT export including back-office processing (R 16,17), e-commerce and technology-based start-ups (R 11), and possibilities of leap frogging (R 16).

Marketing Pakistan: One of the major weaknesses, which could also serve as one of the major opportunities for Pakistan, as reported by many respondents was that the country was a poor marketer. Either the leadership was unable to develop a compelling story (based on evidence) or they were unable to sell opportunities, or both.

In addition to above cited major weaknesses, few others as identified by the respondents were:

1. Lack of evidence-based decision-making (R 2)
2. Poor focus on research and development (R 3)
3. Ignoring existing investors (R 4)
4. Lack of Charter of Economy (R 5)
5. Energy inefficiencies (R 7)
6. Lack of diversification of energy resources (R 7,11,15)
7. Gaps in healthcare (R 8, 10)
8. Low value addition in agriculture (R 12,16)
9. Under-developed tourism (R 13).

4.4. Threats

Based on respondents' input, the major threats can be grouped into two chief classifications: internal and external.

4.4.1. Internal

Internal threats were far greater and more concerning than external ones in the eyes of the respondents:

Opportunity-starved youth and increasing religious extremism: 'The recent example of *dharna* [referring to sit-in called by a religious party in November 2018] is so frustrating...And how does this add to the image of the country? Maybe we gained 15 points in the last few months or so, and then we lost 20 points on the image' (MNC, Pharma, R 13). According to most respondents, religious extremism, merged with an opportunity-starved and emotionally charged youth, was adding fuel to fire or contributing to an already fragile security situation (R 6,16).

Lingering politico-economic fault-lines: Politico-economic instability, low economic growth, threats to local industry by continuous reliance on high imports and the consequent drifting exchange rate were the second most important group of threats respondents referred to.

Unabated poor governance: 'The biggest threat I think, we talked about is [poor] governance issue' (NC, Energy, R 21). The unflagging phenomenon of poor governance was seen as a major contributing factor towards increased cost of doing business, and consequently, contributing towards tendency of companies to wait, scale down operations or exit (R 21). Incidence of abrupt business closure by regulatory authorities such as Federal Board of Revenue (FBR) had created a fear factor among businesses, making companies rethink their future plans.

Lack of focus on sustainability: Some of the respondents were of the view that given the magnitude of environmental challenges Pakistan has been facing (and would face), state focus on sustainability was far less than what needed to be done.

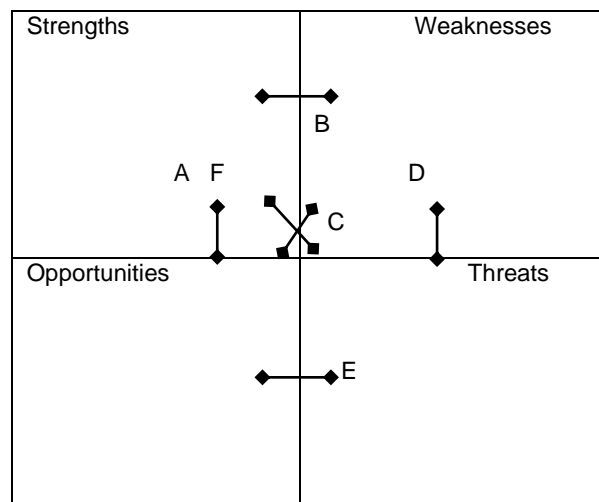
4.4.2. External

Within geopolitical threats, souring relations with neighbours was an important threat mentioned by the respondents. Nevertheless, their concerns were much higher with respect to internal threats than external ones.

5. DISCUSSION

The objective of this study was to conduct a SWOT analysis of Pakistan's business environment based on in-depth interviews with CEOs (of MNCs/NCs) who had rich business experience within the country as a market. To deliberate on their experiences, the following model (Figure 1) has been used:

Figure 1: SWOT Analysis



Source: Authors' own.

Note: A: Leverage; B: Shadowing; C: Constraints; D: Quicksand; E: Problems; F: Vulnerabilities

◆—◆ Indicates association between the two.

5.1. Leverage

Based on the findings, it can be inferred that respondents' shared optimism was largely because of the attractive ecosystem Pakistan possesses defined by three core elements which have implications at the regional and global level:

1. Demographics and work-related characteristics of people.
2. Strategic location as a promising 'gateway' – markets at the gate.
3. Untapped/under-utilised resources.

5.1.1. Harnessing 'We' - The People

Demographics such as large population, above world average population growth rate, young population i.e., 64% of the nation is younger than 30 years (UNDP 2018) and increasing middle class offer lucrative incentives to investors making it hard to overlook Pakistan as acknowledged by many respondents. A few of them conceded that Pakistan's highly educated labour, though small, was 'second to none.'³ This labour force was competitive in terms of cost as well. As indicated in the interviews, as compared to China and India, MNCs find labour in highly sought-after skills, such as Artificial Intelligence, more cost-efficient in Pakistan. So, scaling up in high-end skill sets, including IT, can be a good strategy to 'create' opportunities. This would be in line with emerging trends which suggests that the window of opportunity related to low cost, but poorly skilled labour was closing (Forbes 2019).

5.1.2. Markets at the Gate

There are few countries which border other states that have more than half the world's population. Pakistan is one of them. In addition to India, China, Iran, and Central Asian Republics, Middle East is also becoming attractive because of the vibrancy it offers, including diversification (Malek 2019). Respondents y used adjectives such as 'enormous', 'huge' and 'great' while describing opportunities for Pakistan. More initiatives such as bilateral Free Trade Agreements can open markets for companies from Asia, Central Asia, Africa, and the Middle East. This argument is in line with recent developments in global business. For example, increased focus on regional trade instead of global trade (Lund et al., 2019) and South Asia is the region that has the lowest inter-country trade (Kathuria 2018).

5.1.3. Untapped/Under-utilised Resources

Untapped and/or under-utilised natural resources - according to most respondents were among the major strengths of Pakistan which needed to be leveraged. Tourism and agriculture are two promising areas which could not only expand the size of the services sector but could also provide support to the ailing industrial sector of Pakistan. There are two important trends which could provide support to this claim. One, global trends suggest increased dependence of the world on more value-added agricultural products. In addition to unabated global trends such as increased urbanisation and industrialisation, aging population, increased number of tourists in the Middle East provide prospects like value-added agriculture products. Second, in tourism, Pakistan offers 'different

³This may also be because most MNCs hire from top universities in Pakistan offering quality education as compared to a large majority of universities which are offering average or below average education. This claim is based on authors' personal experience and sharing with other teachers at various national universities in the public and private sector.

experiences' to the world. For the last two decades, Pakistan remained closed for tourists, but if marketed well, the country could create a lot of attraction among potential tourists. China offers promising openings for Pakistan in the backdrop of a tourism trend according to which four out of five tourists prefer to visit countries in their own region.

5.2. Shadowing and Constraints

Weaknesses, if not addressed can not only erode strengths but can also become threats. Pakistan has shown a poor marketing record not only within the country but also outside as well. With respect to within the country, in response to negative perception associated with public offices, for instance, the FBR, Pakistan hardly tries to bring an alternative narrative. Although the public sector across the world has a low level of admiration (D'Emidio et al., 2019), but there are examples of countries which have proved otherwise (Nili et al., 2018). One of the major reasons behind Pakistan being labelled as a poor marketer was a lack of structured knowledge as highlighted by a respondent CEO in the Tech Industry. According to him, Pakistan was not creating enough data that could show investors the opportunities the country offers. In other words, Pakistan needs to offer a new lens to businesses. For instance, under-developed agriculture, tourism at its nascent stage, inefficiencies in most areas from electricity distribution to medical sector, monopoly or oligopoly in many industries, technology laggardness are few of the examples of weaknesses which can be converted into opportunities subject to the generation of data pertaining to these gaps. Evidence-based decision-making is one of the hallmarks of modern economies (Mokyr 2018).

5.3. Quicksand

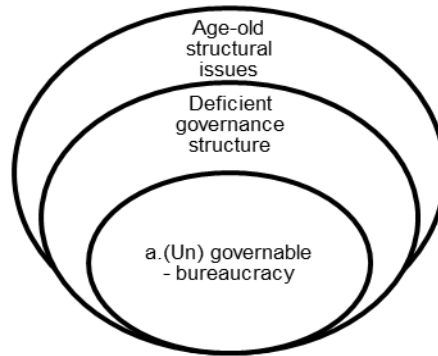
Pakistan, referred to as one of the frontier-economies, is also an economy being looked at with tremendous apprehension by the business community (Christensen et al., 2019). Optimistic, but at the same time, insecure respondent CEOs, as inferred in this study explained this uncertainty shared in other parts of the world about the country. How Pakistan's weaknesses and threats could undermine its strengths and limit its ability to capitalise opportunities can shed some light on this 'apprehension'. From a theoretical perspective, among many, two important types of weaknesses could be associated with countries: limitations imposed by nature, e.g., land-locked and weaknesses developed over time such as aging population. With few exceptions, weaknesses, as identified by the respondents of this study, were the ones developed over time largely because of Pakistan's inability to manage 'inherent' strengths and to 'nurture' any significant advantage. Most of these weaknesses are not enduring in nature or in other words are 'flimsy'. Nevertheless, the fear or perceived fear of some of the real and/or the perceived weaknesses have been confining this 'Big Elephant' for quite a long time. Two major

weaknesses that could become threats to Pakistan pertain to its (un)governable and fragile security situation.

5.3.1. Pertaining to the (Un) Governable

Behaviour of Pakistan's bureaucracy emerged as the most cited weakness. On the one hand, this was contributing to diluting the strengths such as big market, thus, creating vulnerabilities; and on the other hand, putting constraints on Pakistan's ability to capitalise opportunities associated with its size. Based on interviews with CEOs, one of the important inferred issues about the bureaucracy's behaviour was that it was 'inconsistent', prone to backtracking, changing and hence, causing conflict between policy and practice. However, the country's bureaucracy is not an isolated and/or independent actor. As Figure 2 indicates, Pakistan's bureaucracy is part of a large milieu which is defined by politico-economic fault-lines, conflict of interest issues (at macro level); and deficient governance structure (at meso level). Factors at the macro and meso level shape its competence and behaviour (at the micro level). The analytical model of macro-meso-micro analysis has widespread application, e.g., in corporate (administrative) behaviour (Serpa and Ferreira 2019).

As discussed in the findings, many weaknesses highlighted by the respondents are rooted in the political-economic fault-lines, including persistent negative Balance of Payment at the macro level. One of the plausible explanations behind inconsistent and inefficient (behaviour) could be that the bureaucracy comprises of non-specialised persons in their respective fields (related to competence) who are frequently rotated from one post to another (associated with deficient governance structure – a meso level set of variables). Generalist in competence and frequent rotation could lead to the incompetence prevailing in public offices and contribute to poor governance and inefficiency. This also puts Pakistan's policymakers and/or regulators at a less level playing field in comparison to increasingly knowledge-driven businesses, largely MNCs. Furthermore, even if the tendency of relying on 'evidence-based decision-making' which could be accelerated through, for instance training, the country's bureaucracy has little incentive of appreciation in case of success of an initiative. The fear of probability of failure and the cost of backfire of an initiative is enormous because of involvement of multiple stakeholders and their consequent reprimand.

Figure 2: Pakistan's Bureaucracy

Source: Authors' own.

One of the best evaluations of the human resource (HR) of Pakistan could be done by technology firms because of obvious reasons. Four MNCs in the technology sector, interviewed for this study, appreciated Pakistan's high quality and competitiveness of HR. If this is generalised, it suggests that there are gaps in the 'enabling environment' that make the difference between bureaucracy (as HR) and its counterparts in the corporate sector. Hence, instead of associating the bureaucracy as exclusively responsible for the chaos Pakistan has been experiencing, an alternative thinking would be that the state needs to look at its bureaucracy as a micro level variable which is being influenced by meso and macro level factors.

5.3.2. Fragile Security Situation

Illiterate, opportunity-starved youth with increased religious intolerance augmented by fragile security is one of the major weaknesses having the potential to become a big threat for Pakistan as feared by most of the respondents of this study.

5.4. Problems and Vulnerabilities

Three weaknesses which can thwart opportunities (referred as problems) by becoming internal threats are given below. These may also dilute the strengths (labelled as vulnerabilities):

1. Not a level playing field
2. Corruption, and,
3. Increased cost of doing business.

5.4.1. Not a Level Playing Field

This was the phrase which triggered this research. This emerged as one of the most confounding phrases primarily because it was interpreted differently by various respondents. Additional confusion emerged because it interacts with other concepts, including corruption, making it difficult to comprehend the causes and consequences of 'not a level playing field'.

Playing field could be made uneven by a state, by organisations or by individuals. The authors of this study see lack of a level playing field as a vicious cycle. The cyclic nature of this phenomenon makes it hard to identify one lone source which initiates this cycle.

5.4.2. Corruption

During interviews, direct questions were not asked about respondents' personal experience of corruption. Given the open choice, only a few respondents talked about experiencing corruption firsthand, including financial corruption. This finding can be interpreted in three ways. One, majority respondents did not experience this directly but indirectly i.e., playing field for them had become unequal because as compared to others, they had been perceived as less approachable with respect to illegal favors, including monetary compensation. Two, the extent of corruption has become so pervasive in Pakistan that people hardly differentiate this from normal day-to-day affairs. Three, during conversations, many respondents acknowledged that the phenomenon was not unique to Pakistan as they also shared experiences of corruption in other economies, like China and India. Hence, claimed 'absence' of corruption would be noticeable not the other way around.

5.4.3. Increased Cost of Doing Business

According to insights gleaned in this study, cost of doing business has been increasing. In addition to corruption, inconsistency, inefficiency, and the issue of 'not a level playing field', the 18th Amendment has also been contributing towards increased cost of doing business in two ways. One, instead of structural reforms to make processes at the provincial level more efficient, it has added layers of bureaucracy vertically. Two, in most cases, as reported by many CEOs, there's greater lack of competence at the provincial level. Furthermore, the phenomenon of 'not a level playing field' has contributed to undocumented increase in the cost of doing business which is more contentious in nature.

6. CONCLUSION

The study sought to examine the advantage countries can have or develop which can increase the possibilities of their economic development (Porter 1990). Although Pakistan's SWOT analysis is unique to the country, limiting the possibilities of generalisation, it shares many 'commons' with other developing economies like

insufficiently and poorly educated and untrained workforce, lethargic attitude of bureaucracy etc. This makes the study important in a broad theoretical context. Furthermore, insights based on qualitative research as given in this study, can theoretically augment understanding about countries' rankings based on quantitative indices such as EDBI and CI.

In line with the argument of Kuada (2008), knowledge acquired experientially is of high value. The experiences of MNC CEOs, with Pakistan as a market, surely carry learning opportunities for other CEOs. Considering global business trends such as increased protectionism and more bilateral trade opportunities, future opportunities for Pakistan lie in working on its weaknesses, leveraging its strengths, and focusing on regional markets, including China. This study partially sheds light on why Pakistan ranks poorly on indices such as EDBI and CI. Strategic planners should not expect improvement in Pakistan's economic or business rankings if the playing field has been becoming increasingly unequal for MNCs as indicated in this study. In Pakistan, its bureaucracy's behaviour is perceived as independent of the meso and macro environment it is a part of. As deliberated, to improve their performance, practice of looking at problems without their context should be abandoned.

Though efforts were made to bring in voices of female CEOs, this study missed out on their reflections due to logistical issues. Female CEOs could have brought different interpretations of Pakistan as a market to light, as compared to male counterparts. Countries, such as Pakistan, require more research to understand the concept of 'not a level playing field'. Because of the dynamic nature of this concept, continuous research can bring valuable ideas to improve Pakistan's overall business environment.

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