Step-up or break out: How firms in unstable countries can secure overseas business

March 18 2019, by Dan Worth

Credit: Karen Arnold/public domain

Offshoring services providers (OSPs) operating in unstable countries can secure overseas projects and deliver on their promises if they understand the issues overseas clients may have when doing business with OSPs and work to address these a priority within the business relationship.

Researchers from Kent Business School, Alliance Manchester Business School, and Temple University set out to examine how OSPs in Pakistan fared when trying to secure overseas business amid political upheaval and security concerns caused by terrorist incidents since 2007.

Although foreign direct investment (FDI) into Pakistan fell after these incidents, Pakistan's software exports quickly recovered, suggesting OSPs in Pakistan were able to overcome the negative impact of political instability and security concerns.

To understand how this was achieved the researchers conducted in-depth evaluations and interviews with CEOs and senior managers at 12 software development OSPs in Pakistan. Within these firms one group provided business software tools and the other developed mobile applications for Android and iOS smartphones.

They found two strategies at play that were helping firms secure and retain business, which the researchers dubbed 'step-up' and 'break-out. The business software firms adopted the first strategy and the mobile application firms the latter.

The 'step-up' process involved firms understanding the issues overseas clients may have when considering doing business with a Pakistan-based firm (from security of staff to IP theft, among others) and working to mitigate these concerns. This included:

- adapting their working practices to align with the expectations of the overseas clients

- improving client engagement to understand and respond quickly to their requirements to build trust quickly
- using technology to host web conference calls to negate the need for staff to travel to the country or sort visas.

Within this strategy firms understand they are a 'junior partner' with overseas clients generally dictating the terms and requirements. OSPs hope to build long-term relationships that enable them to establish confidence among their supply chain partners and connect with new potential clients.

Firms involved in a 'break-out' strategy are more focused on shorter term gains due to the quick turnaround usually required within mobile app development. The hope for the 'break-out' firm is that they quickly prove themselves as a vital partner and use existing client's references to secure new clients and grow their business.

Dr. Umair Choksy, Lecturer in Strategy and International Business at Kent Business School said: 'OSPs in unstable countries are already at a disadvantage when trying to secure international business partnerships. As such it is vital they go above and beyond to understand how they fit in the supply chain they are entering, remove or mitigate security-based risks customers might have and focus on building trust with customers as quickly as possible to secure and retain their business.'

Citation: Step-up or break out: How firms in unstable countries can secure overseas business (2019, March 18) retrieved 20 June 2024 from https://phys.org/news/2019-03-step-up-firms-unstable-countries-overseas.html