

BOOK REVIEW**WINNING IN EMERGING MARKETS**

A Road Map for Strategy and Execution

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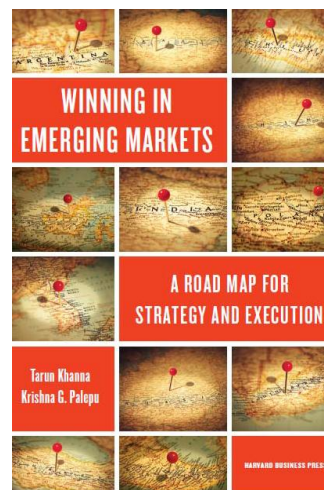
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Book	: Winning in Emerging Markets A Road Map for Strategy and Execution
Authors	: Tarun Khanna and Krishna .G. Palepu
Publisher	: Harvard University Press 2011
Edition	: 2011
ISBN	: 978 -1-4221 -4389-6
Price	: ₹ 495
Pages	: 246
Binding	: Paper back

**ABOUT THE AUTHORS**

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Krishna.G.Palepu is the Ross Graham Walker Professor of Business Administration and Senior Associate Dean for International Development, at the Harvard Business School. Professor Palepu's current research and teaching activities focus on strategy and governance and has published numerous academic and practitioner-oriented articles and case studies on these issues. In the area of strategy, his recent focus has been on the globalization of emerging markets, particularly India and China, and the resulting opportunities and challenges for western investors and multinationals, and for local companies with global aspirations.

INTRODUCTION

While most books dealing with emerging markets are either investing-oriented, or country - or market-specific, or descriptive, this path breaking book has targeted the corporate strategists who need a practical framework and assessment tools for analyzing emerging markets, identifying new business opportunities, and planning strategy and execution. Rather than defining emerging markets by particular size or growth qualifications, Khanna and Palepu argue that the primary exploitable characteristic of these markets is their lack of developed infrastructures and institutions that might enable efficient business operations. Building upon of the authors' series of popular HBR articles on the topic, the book gives a systematic framework for assessing the institutional context of any emerging market so that the executives can identify the institutional voids, position themselves in the market, and finally build execution strategies that factor in an informed prognosis of that market's future.

Summary of Chapter Wise Discussions

Part I (chapters 1 and 2) describes the importance of market intermediaries to businesses in all markets and offers a tool kit for companies operating in emerging markets to identify and respond to the institutional voids. **Part II** begins in chapter 3, by looking at how companies can identify voids as entrepreneurial opportunities and examines the challenges of building intermediary based businesses in emerging markets. Chapters 4 and 5 leads us to the discussion on how the multinational corporations and emerging giants from a wide range of industries ,operating in diverse environments have made the strategic choices to compete in emerging markets. Chapter 6 scans the institutional contexts of emerging markets and their globalization journeys of emerging giants. In Chapter 7, the authors conclude with identifying and evaluating the appropriate strategies for MNCs and other corporate as they enter and operate in the emerging markets. In the following paragraphs, the review provides the major virtues of the book and guides the corporate strategists and other general readers alike.

OBSERVATIONS AND COMMENTS

Distinctive concepts have been developed through elaborate discussions by the authors with detailed in depth case studies based on strategies deployed by leading multinational companies. They identify the weaknesses of market development in emerging markets which are Brazil, Russia, India and China, popularly known as BRIC. The institutional arrangements prevalent in the various sectors /businesses in these emerging markets differ in fundamental ways they function in developed economies like United States of America and technologically advanced countries in the Europe and the East including United Kingdom and Japan. In developed economies, the corporate and individuals can rely on a variety of

institutional mechanisms which assist them by providing internet based airline ticket and travel facilitations , credit card payment systems and other such intermediaries which are also part of their market infrastructure systems. They help bringing together buyers and sellers of various services and are governed by autonomous self regulatory bodies. Whereas in the BRIC economies, such institutional arrangements are either in nascent stage or not easily available to all market players, mainly the SMEs (small and medium enterprises), and the authors have christened these weaknesses as “Institutional voids “and have identified that these markets fail due to these institutional voids. Further, the authors argue that these institutional voids are prevalent in many forms and play a defining role in shaping the capital, product and labour markets in emerging economies. Absent or unreliable sources of market information, uncertain regulatory environment and inefficient judicial systems have been diagnosed by the authors as symptoms of market failure in these countries. These weaknesses make many leading foreign players and investors reluctant to do business in these emerging economies. However, these institutional voids have not become roadblocks/obstacles for all corporate players either domestic /MNCs (multinational corporations). These players have challenged the institutional voids and have developed the institutions which form the market infrastructure now in the emerging economies. The authors have developed “tool kits” for identifying the institutional voids in various labour, capital and product markets and how they affect the macroeconomic context of the BRIC economies. As part of the analysis, market segments have been identified to prepare specific strategies in the BRIC economies as distinctive from developed economies. Strategic choice of marketing techniques would be among the menu of strategies which are listed as follows: Replicate or adopt, Compete alone or collaborate, Accept or attempt to change the market context, Enter, wait or exit. These strategies can be successfully employed simultaneously or different sequences based on the presence or persistence of institutional voids .The authors agree that there is no simple straight forward formula for navigating the unique challenges of emerging markets. The authors have developed a road map by providing the tool kit for spotting the institutional voids to the corporate and responding with appropriate strategies which can be deployed in the emerging economies. There is no simple, straightforward formula for navigating the unique challenges of emerging markets, but companies operating in these markets will inevitably encounter institutional voids and they need not be paralyzed by them. Thus a winner treatise in Strategic Marketing has been made by these authors!

As a major virtue of the book, the authors have given to the corporate strategists several in depth case studies from the emerging markets. While classifying the market intermediaries in the BRIC economies, the authors have identified the intermediaries as Credibility enhancers, Information analyzers and advisers, Aggregators and distributors, Adjudicators, and Regulators and policy makers and have thus provided taxonomy about the characteristics and functions of these intermediaries and live examples. The live examples include Blue River Capital in India, Deremate .com in Argentina, Li Fung in .Asia and Metro Cash & Carry in India. Further , the Multinational Corporations (MNCs) such as Procter & Gamble (USA) , Honda ,Nissan Toyota (Japan) Ericsson (Sweden) Nokia (Finland) ,General Motors (USA) ,L’Oreal (France) Microsoft (USA) GE Healthcare (USA) McDonalds (USA) ,Monsanto (USA) ,Home Depot (USA) Tetra Pak (Switzerland) have deployed various entry strategies in the emerging markets by means of joint ventures ,takeovers or other M& A strategies as the situations demanded .. At the same time, CEMEX (Mexico) , Infosys (India) SAB Miller

(South Africa) ,Haier Group (China) Tata Motors (India) Tata Consultancy Services (India) Teva Pharmaceuticals (Israel) ICICI Bank (India) Nicholas Piramal India Ltd TCL (China) and other corporate which have been christened by the authors as “Emerging Giants “ have differently dealt or battled with MNCs in their home markets or foreign markets in deploying entry strategies . Further, when the Emerging Giants compete with world leading players in globalizing their businesses, they often face limitations in terms of expansion capital, sophisticated R&D capabilities and top –quality talent as they move out of their home markets. The emerging giants are confronting the strategic choices of responding to institutional voids as they look to acquire competitive advantage in their home markets. On the basis of more than a decade of research and practical experience with foreign multinationals and domestic companies in emerging markets . The authors present a simple framework that strategists and investors can use to map the unique institutional context of any emerging market. They offer advice and practical toolkits to help the corporate analysts determine whether to:

- Replicate or adapt an existing business model in that market
- Collaborate with domestic partners or go it alone
- Navigate around that market’s voids – or actively try to fill them
- Enter the market now or look for opportunities elsewhere
- Stay in or exit the market , if current strategies are not working

These in depth Case Studies of several MNCs operating in emerging markets or developed markets serve as guideposts to the Corporate Strategists.

The authors have evaluated the “Going Global” strategy which has been adopted as a winner choice by both leading players from developed economies as well as the emerging giants. Searching questions have been posed as challenges to the corporate strategists in managing the home turfs or alien markets. As finesse, the authors have stressed to the corporate strategists the importance of steering the company in competition as well as the economic crisis prevalent in the respective countries.

It may be remarked that the countries which were earlier known as BRIC /emerging markets, have been now subsequently enlarged to include South Africa, hence named BRICS. A contemporary study on BRICS regime could be undertaken for further research .This can hardly be considered as a criticism , as it directs us to note the changing paradigms and dynamics of international business strategy . Yet another direction for research could be on the role of regulatory agencies in the emerging markets as developing mechanisms in these economies rather than as negative ones as they are generally portrayed to be.

CONCLUSION

'Winning in Emerging Markets' is a comprehensive guide-book meant to equip the senior executives in corporations and the consultants alike with a tool kit framework for identifying institutional voids and designing appropriate strategies as and when they contemplate on venturing into emerging markets . The book is also addressed to the academicians, international trade researchers, diplomats and government policy makers to understand the emerging markets in detail and guide them in learning as to how the

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international business entry and operational strategies are formulated by the multinational corporations and the corporate in the emerging market economies as well as in developed economies. In sum, 'Winning in Emerging Markets' is a crucial resource for any company seeking to define and execute business strategy in developing economies.