

# INDIAN INSTITUTE OF MANAGEMENT AHMEDABAD

## STRATEGY IN EMERGING MARKETS (SEM)

(15 sessions of 75 minutes each)

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### Course Overview

This course on ‘Strategy in Emerging Markets’ emphasizes on various opportunities and challenges faced by local firms as well as foreign MNCs in emerging markets. The uniqueness of this course lies in the predominant use of cases on emerging market firms and context. There are cases that look at firms from emerging economies like India, China, Russia, Brazil, and Israel. The course introduces students to issues of institutional voids in an emerging market and how these voids sometimes hinder growth of firms. At the same time, the emerging economy context gives firms opportunity to innovate, develop different business models, and gain competitive advantage over firms from developed economies. In addition, the course touches upon the issues related to business groups, family businesses, and culture—all of which are important features of the emerging markets esp. India. The course focuses on the role government, industry, and firm and its stakeholders play in gaining and sustaining competitive advantage by a firm in an emerging economy context.

### Course Structure and Pedagogy

The course has been structured into **three modules**. These are:

**Module One:** Introduction to Strategy in Emerging Markets

**Module Two:** Opportunities and Challenges in Emerging Markets for Local Firms

**Module Three:** Foreign MNCs in Emerging Markets: Opportunities and Challenges

The dominant pedagogy for this course would be the case method. Rigorous analysis of cases provides opportunities to simulate “real world” inside the classroom as well as enable participative learning.

### Course Materials

The course packet contains all the cases and the reading material.

### Evaluation Scheme

Class Participation: 25%  
Group Project: 25-30%  
Group Submissions: 15%  
End Term Exam: 30-35%

Details on the evaluation scheme will be given in the first session of the course.

**Group Project:** The students will be given an opportunity to pick either an **X-culture project** or a project of their own choice. X-culture project gives opportunity to work on live projects with students from different universities across the world. To know more about X-culture project, the students can visit the following site: <http://x-culture.org/>. The detailed information related to X-culture project will be shared in the first session of the course.

### **Class Preparation**

Careful prior preparation of cases scheduled for class discussion, as well as thoughtful participation and listening during the case discussions will help develop your ability to analyze cases and their contexts. It will enable you to synthesize case data for taking strategic decisions and for planning their implementation – an ability that will be tested in end-term examination, which will be a case-based examination.

## **SESSION WISE SCHEDULE**

### **Module One: Introduction to Strategy in Emerging Markets**

#### **Session 1:**

**Topic:** Why is it important to study emerging economies?

**Case:** None

#### **Session 2:**

**Topic:** Introduction to institutional challenges

**Case:** Infosys in India: Building a Software Giant in a Corrupt Environment

**Reading:**

How great companies think differently by Rosabeth Moss Kanter, HBR, 2011.

**Questions:** How did Indian institutional context hinder Infosys' growth plans? How did Infosys deal with corruption in its business environment? Are the norms set up by Infosys sustainable? Which of the stakeholders played major role in setting up these norms?

### **Module Two: Opportunities and Challenges in Emerging Markets for Local Firms**

#### **Module Readings:**

Emerging Giants: Competing at Home--How Emerging Market-Based Companies Can Build Competitive Advantage at Home by Tarun Khanna and Krishna G. Palepu, HBR, 2010.

How Local Companies Keep Multinational at Bay, Bhattacharya and Michael, HBR, 2008.

### **Sessions 3 and 4:**

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**Topic: EMNEs facing challenges from other EMNEs?**

**Case: Teva Pharmaceutical Industries, Ltd.**

**Reading:**

Emerging Giants: Going Global--How Emerging Market-Based Companies Can Overcome Barriers to Competing Abroad by Tarun Khanna and Krishna G. Palepu, HBR, 2010.

Tomorrow's global giants? Not the usual suspect by Pankaj Ghemawat and Thomas Hout, HBR, 2008.

**Questions:** What led to success of Teva in Israel? What was Teva's competitive advantage? As the leader in-charge of Teva, which markets would you like to focus on? Where is Teva vulnerable going forward?

### **Session 5:**

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**Topic: Opportunities in developing markets**

**Case: Bharti Airtel in Africa**

**Reading:**

Emerging giants-Building world class companies in developing countries by Khanna and Palepu, HBR, 2006

**Questions:** Were the challenges faced by Bharti in India different from those faced by it in Africa? How? Why did Bharti face issues in replicating its business model in Africa? Should Bharti slash tariffs to increase demand? Would Bharti be able to achieve number one position in Africa by 2015?

### **Session 6:**

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**Topic: Corporate Strategy in Indian Markets**

**Case: House of Tata**

**Reading:**

Why Focused Strategies May Be Wrong for Emerging Markets by Tarun Khanna and Krishna Palepu

**Questions:** Which of the following initiatives undertaken by Taran Tata were good ideas?:

- a) creation of a group brand; b) building of equity interlocks among the Tata companies;
- c) sale of a part of Tata Industries Ltd to the Hong Kong based Jardine Matheson group; d) revitalization of Tata Administrative Services.

What do you think of some critic's opinion that Ratan Tata was moving the group of companies in exactly the opposite direction from where it should have been going?

### **Session 7:**

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**Topic: Family Business Firms in India**

**Case: The Professionalization of Ujwal Bharati**

**Questions:** What is Srinivas's dilemma? Why did it arise? What should he do? What is your assessment of the professionalization styles of Parasuram and Jairaj? How good is the decision-making process among the family members involved in the business? Is Shankar playing the role expected of him?

### **Session 8:**

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**Topic: Corporate Governance in Emerging Markets**

**Case:** To be announced later

### **Module Three: Foreign MNCs in Emerging Markets: Opportunities and Challenges**

#### **Module Readings:**

New Business Models in Emerging Markets by Eying, Johnson, and Nair, HBR, 2011.

Multinationals in Emerging Markets: Making the Right Strategic Choices in the Face of Insufficient Institutional Support by Tarun Khanna and Krishna Palepu, HBR, 2010.

### **Session 9:**

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**Topic: Impact of country-specific industry structure on firm's competitive advantage**

**Case: Emerging Nokia?**

#### **Readings:**

Michael E. Porter, 'The five competitive forces that shape strategy'. January 1, 2008, Harvard Business Publishing, No. R0801E.

Spotting and Responding to Institutional Voids: Identifying Opportunities in Emerging Markets by Tarun Khanna and Krishna Palepu, HBR, 2010.

Exploiting Institutional Voids as Business Opportunities: How to Gain Competitive Advantage in Emerging Markets by Tarun Khanna and Krishna Palepu, HBR, 2010.

**Questions:** What led to success of Nokia in emerging markets like India and China? Why is Nokia losing market share in developed economies? How is mobile phone industry in emerging markets different from that in developed economies? What strategy would you recommend for Nokia going forward?

### **Sessions 10 and 11:**

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**Topic: Issues of cross-cultural management**

**Case: Silvio Napoli at Schindler India (A)**

**Questions:** Was Silvio the right choice for general manager of Schindler's India operation? How would you evaluate his performance? What advice would you give to him regarding this decision on the non-standard glass wall elevator?

### **Session 12:**

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**Topic: Strategic issues faced by multinationals in emerging markets**

**Case: Microsoft in China and India, 1993-2007**

#### **Reading:**

Strategies that Fit Emerging markets, Tarun Khanna, Krishna Palepu and Jayant Sinha, HBR, 2005

**Questions:** Which one of two major initiatives profiled in the case do you think more suitable to the Chinese and Indian context? Do you think MSFT can create million dollar businesses in

these two countries by 2010? Is the Microsoft's organization structure well designed to execute this strategy?

**Session 13:**

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**Topic: Strategic issues faced by multinationals in emerging markets**

**Case: Metro Cash & Carry**

**Reading:**

Spotting Institutional Voids in Emerging Markets, Tarun Khanna and Krishna Palepu, HBR, 2005

**Questions:** What are MCC's key competitive advantages? What role did institutional context play in challenging MCC's efforts to prove the value proposition of its unique wholesaling format in different countries? How would you rethink MCC's approach to strategic expansion and public relations on India going forward?

**Sessions 14 and 15:**

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**Topic: Project Discussions and Integration**