

# Building World-class Companies in developing Countries Harvard Case Solution & Analysis



- Porter's Diamond of National Advantage**
- Factor Conditions
  - Demand Conditions
  - Related and Supporting Industries
  - Firm Strategy, Structure and Rivalry
  - Government

**Application to Japanese Fax Machine Industry**

- **Japanese Factor Conditions** - There is a relatively high number of electronic engineers per capita.
- **Japanese Demand Conditions** - The market is very demanding due to better language.
- **Japanese Related and Supporting Industries** - It is largely related to high-tech technology, e.g. lack of space in Japan has led to good institutional arrangements.
- **Japanese Firm Strategy, Structure and Rivalry** - The domestic rivalry in Japanese fax machine industry is intense and innovation and quality in support cost reductions.
- **Government Support** - MITI (the state owned development company) is helping to surmount some regional disparities in such industries to a more general type approval - standardization.

## Timing

1. Presentation - roughly 35 mins including 2 videos
2. Group Activity - 15mins
4. Solution - 10mins

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**CONTENTS**

- Introduction
- In-Depth Summary (6 Sections)
- Key Concepts
- Porters Diamond of National Advantage
- Video 1
- Group Activity
- Relation to Global Business Strategy
- Critique
- Video 2
- Sociative Test (WITH PRIZE)
- Learning Outcomes

**LEARNING OUTCOMES**

- You are able to identify business in emerging markets and determine their weaknesses strategies as well as PEST.
- It is critical that you can assess and explain the risks in emerging markets.
- You are able to identify the risks in emerging markets and explain the reasons for these risks.
- It is critical that you can assess and explain the risks in emerging markets.
- A good business strategy doesn't necessarily work in emerging markets. There are a number of factors that need to be taken into consideration.

**SOCIATIVE TEST**

Practice think to learn for the video 1 and 2.

The will include 10 questions, all are multiple choice.

10 min video to complete the questions.

1000 for answer you the right answer!

**ROOM NUMBER: 8040002**

**CRITIQUE**

Write a critique of the case study. The critique should be written in a professional manner. The critique should be written in a professional manner. The critique should be written in a professional manner.

**RELATION TO GBS**

- The purpose of this activity is to help you to understand the relationship between the company and its country to succeed.
- It is critical that you can assess and explain the risks in emerging markets.

**GROUP ACTIVITY**

During this activity you will learn how to determine strategies for 5 companies looking to enter into a new emerging market.

- Form PIVE (5) multinational groups and following the instructions.
- Listen to instructions and discuss the three best strategy for your company to enter into a new emerging country.

**DISCUSSION**

Discuss the case study with your group. The discussion should be written in a professional manner. The discussion should be written in a professional manner.

**INTRODUCTION**

The reason for this case study is to help you to understand the relationship between the company and its country to succeed.

**MARKET STRUCTURE IN DEVELOPING COUNTRIES (Part 2)**

**EXPLOIT UNDERSTANDING OF PRODUCT MARKET (Part 2)**

At Home

- Product adaptation.
- Idiomatic taste of customers.
- Serving the Bottom (BOF) profitably.
- Diversification of products and services.

**EMERGING MARKETS WITH HIGH GROWTH POTENTIAL**

Emerging market countries are not homogeneous. They are diverse and complex. They are diverse and complex. They are diverse and complex.

**TREAT INSTITUTIONAL VOIDS AS BUSINESS OPPORTUNITIES (Part 5)**

- Acting as Institutional Intermediaries to fill institutional voids.
- Emerging market companies can compete with MNCs based on 3 factors: Resource Markets (4 Tiers).
- The role of emerging markets as market institutions.
- Exploiting adjacent opportunities.

**THE IMPORTANCE OF EXECUTION AND GOVERNANCE (Part 6)**

- Identify the right strategy.
- The execution and governance play key roles.
- Financial and talent resources are limited in emerging markets.
- The reputation of the company is invaluable.
- Variant government policies for the protection of shareholders etc.
- Emerging giants are offering protection for shareholders and employees.
- Globalization.

**KEY CONCEPTS**

1. Ability to adapt to emerging market PEST.
2. Global, local, social and PEST.
3. Knowledge of the structure of emerging markets.
4. Emerging market competitive advantage.
5. Institutional voids and business opportunities.
6. Governmental intervention and its effect.

PLEASE FEEL FREE TO ASK ANY QUESTIONS

THANK YOU VERY MUCH

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# INTRODUCTION

Throughout this presentation we will help you create an understanding of a journal article created by Tarun Khanna and Krishna Palepu in the Harvard Business Review

They discuss how companies in emerging markets must choose among three kinds of strategies to successfully compete both home and abroad!

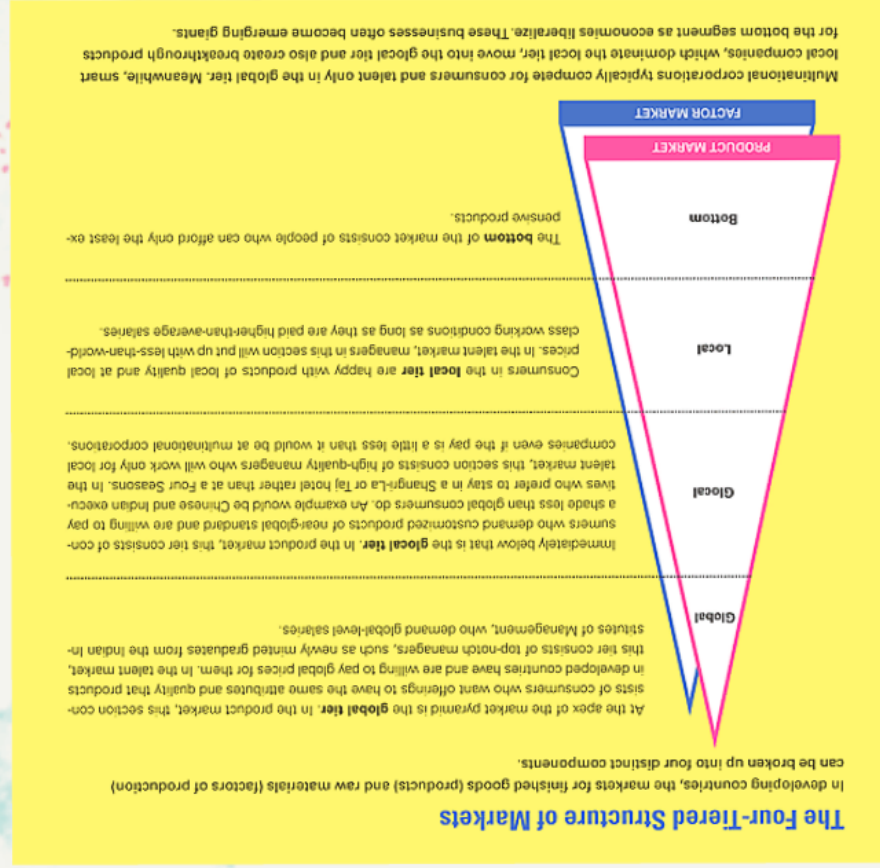
## BLUNTING THE MULTINATIONAL EDGE (Part 1)

The reasons why emerging-market companies can overcome the weaknesses

- Working around institutional voids
- Raising capital based on reputation
- Training executives in-house
- Using intermediaries from developed countries
- Reluctance of Multinational to adapt to emerging market countries

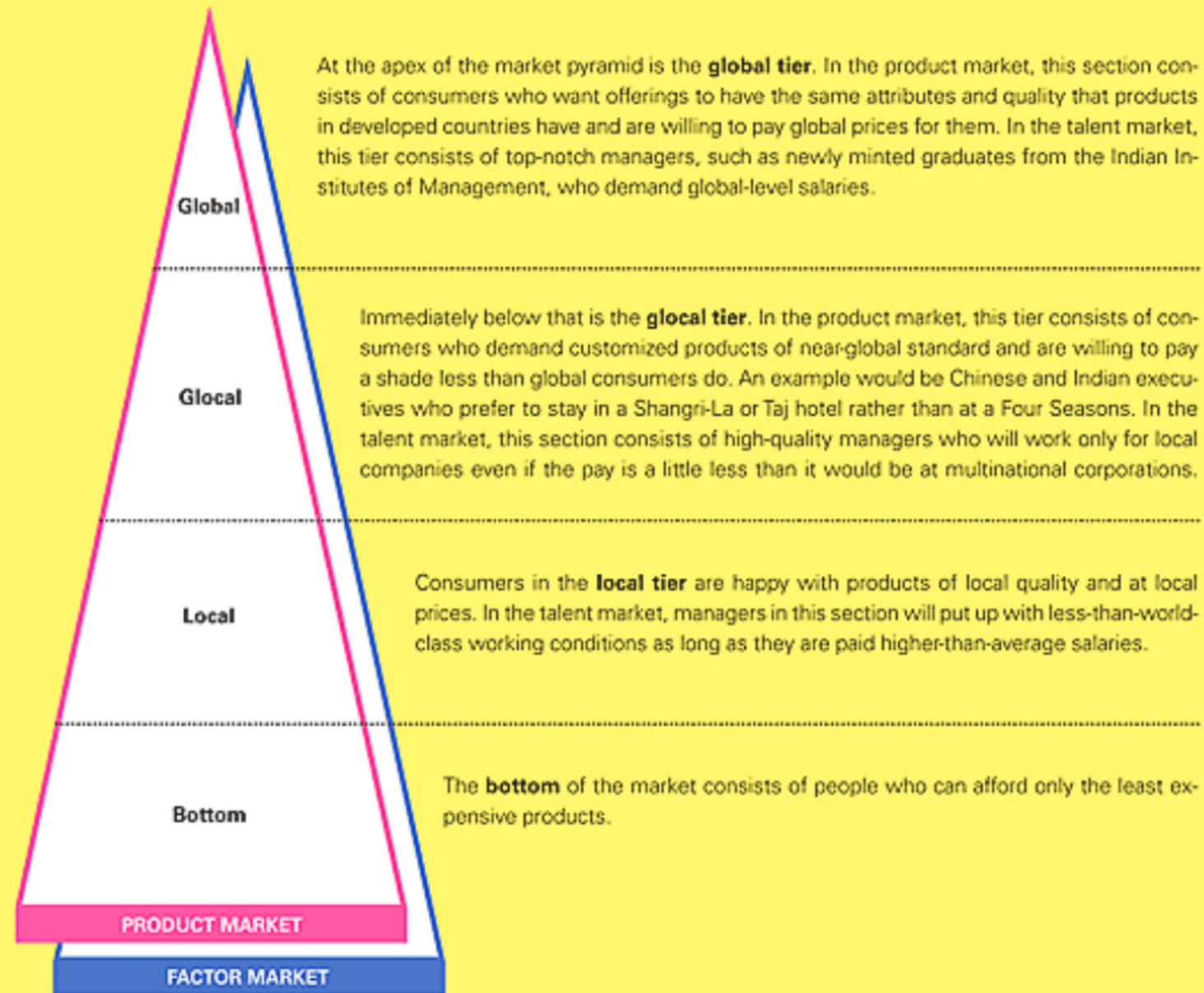


# MARKET STRUCTURE IN DEVELOPING COUNTRIES (Part 2)



## The Four-Tiered Structure of Markets

In developing countries, the markets for finished goods (products) and raw materials (factors of production) can be broken up into four distinct components.



Multinational corporations typically compete for consumers and talent only in the global tier. Meanwhile, smart local companies, which dominate the local tier, move into the glocal tier and also create breakthrough products for the bottom segment as economies liberalize. These businesses often become emerging giants.



# EXPLOIT UNDERSTANDING OF PRODUCT MARKET (Part 3)

## At Home

- Product adaptation.
- Idiosyncratic taste of customers.
- Serving the Bottom (BOP) profitably.
- Diversification of products and services

