Strategies That Fit Emerging Markets

Critique of write-up by Tarun Khanna et al from Harvard Business Review – June 2005

Idea in Essence

¶ Need for specialized intermediary firms and regulatory systems.
¶ Need for contract-enforcing mechanisms.
¶ Soft infrastructure is of essence because of its criticality.

Successful companies need to develop strategies different from the ones used in home markets. Often, novel ways of implementing too need to be discovered. Many a times wrong countries are targeted for business.

Part problem is reliance on Composite Indices like Growth Competitiveness Rankings, which do not tell the differences between similarly ranked emerging economies. Institutional voids have to be filled, even in West it took decades to fill up.

The contexts require thorough mapping: political and social systems level, in openness, on product markets, on labor markets, on capital markets. The three available strategies are:
- adapt your strategies: modify business model for each nation; adapt to country’s product markets, input markets and maybe both.
- change the contexts: gauge if you are powerful enough to bring dramatic change in rules of the game
- stay away: it may be impractical to try to modify strategy for each market; one can stay away too.

IdeAction

¶ Generate synergies by treating different markets as part of a system.
¶ Look at countries not as markets alone, use as sources for talent and innovation to transform value chain.