

Winning in Emerging Markets Course Module in International Business

Course Modules help instructors select and sequence material for use as part of a course. Each module represents the thinking of subject matter experts about the best materials to assign and how to organize them to facilitate learning.

Each module recommends four to six items. Whenever possible at least one alternative item for each main recommendation is included, as well as suggested supplemental readings that may provide a broader conceptual context. Cases form the core of many modules but we also include readings from *Harvard Business Review*, background notes, and other course materials.

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1. Overview of suggested content (HBS case unless otherwise noted)

Title	Author	Product Number	Publication Year	Pages	Teaching Note
1. Identifying Institutional Voids					
Spotting and Responding to Institutional Voids: Identifying Opportunities in Emerging Markets	Khanna & Palepu	5905BC	2010	41p	--
Metro Cash & Carry	Khanna and Palepu	707505	2006	25p	707464
Supplement: The Nature of Institutional Voids in Emerging Markets: Why Markets Fail and How to Make Them Work	Khanna & Palepu	5904BC	2010	30p	--
2. Exploiting Institutional Voids					
Exploiting Institutional Voids as Business Opportunities: How to Gain Competitive Advantage in Emerging Markets	Khanna & Palepu	5906BC	2010	48p	--
Ctrip: Scientifically Managing Travel Services	Garvin & Dai	312092	2012	20p	313018
DVD Supplement: Winning in Emerging Markets	Khanna & Palepu	1489C	2011	59 min	--
3. Multinationals from the Developed World					

Multinationals in Emerging Markets: Making the Right Strategic Choices in the Face of Insufficient Institutional Support	Khanna & Palepu	5907BC	2010	61p	--
General Electric Healthcare, 2006	Khanna & Raabe	706478	2006	25p	707574
<i>Alternative 1: Monsanto: Realizing Biotech Value in Brazil</i>	<i>Bell & Shelman</i>	<i>507018</i>	<i>2006</i>	<i>35p</i>	<i>507059</i>
<i>Alternative 2: Novozymes: Cracking the Emerging Markets Code</i>	<i>Palepu & Misztal</i>	<i>112084</i>	<i>2012</i>	<i>22p</i>	<i>--</i>
4. Emerging Giants from Fast-Growing Emerging Markets					
Emerging Giants: Competing at Home-How Emerging Market-Based Companies Can Build Competitive Advantage at Home	Khanna & Palepu	5911BC	2010	56p	--
Narayana Hrudayalaya Heart Hospital: Cardiac Care for the Poor (A)	Khanna & Rangan	505078	2005	24p	510107
<i>Alternative 1: Haier: Taking a Chinese Company Global in 2011</i>	<i>Khanna, Vargas, & Palepu</i>	<i>706401</i>	<i>2005</i>	<i>27p</i>	<i>707459</i>
<i>Alternative 2: Tata Nano - The People's Car</i>	<i>Palepu, Anand, & Tahilyani</i>	<i>710420</i>	<i>2010</i>	<i>26p</i>	<i>--</i>
5. Globalization of Emerging Giants					
Emerging Giants: Going Global-How Emerging Market-Based Companies Can Overcome Barriers to Competing Abroad	Khanna & Palepu	5912BC	2010	57p	--
Teva Pharmaceutical Industries, Ltd.	Khanna, Palepu, Madras	707441	2006	28p	708419
<i>Alternative 1: House of Tata-1995: The Next Generation (A)</i>	<i>Khanna, Palepu, & Wu</i>	<i>798037</i>	<i>1998</i>	<i>18p</i>	<i>798037</i>
<i>Update to Alternative 1: House of Tata: Acquiring a Global Footprint</i>	<i>Khanna, Palepu, & Bullock</i>	<i>708446</i>	<i>2008</i>	<i>33p</i>	<i>709455</i>
<i>Alternative 2: Bharti Airtel in Africa</i>	<i>Palepu & Bijlani</i>	<i>112096</i>	<i>2012</i>	<i>36p</i>	<i>--</i>

II. Rationale for selection and sequencing the items in this module

This course module is adapted from the Harvard Business Press book, *Winning in Emerging Markets: A Road Map for Strategy and Execution*, by Tarun Khanna and Krishna G. Palepu. Each section combines a chapter from the book with an illustrative case.

Section 1 begins with the second chapter, *Spotting and Responding to Institutional Voids: Identifying Opportunities in Emerging Markets*, which describes how to identify institutional voids in emerging markets. The case *Metro Cash & Carry* compares the nature of the voids the German wholesaler confronted in three different emerging markets (Russia, China, and India), and its relative success in overcoming or exploiting them. There is also a short video that accompanies the case ([707812](#)). The supplement, *The Nature of Institutional Voids in Emerging Markets*, the first chapter of the book, gives the concept of voids a theoretical background and outlines the institutional context necessary for a developed economy.

In **Section 2**, the chapter *Exploiting Institutional Voids as Business Opportunities* explains how these lacunae are not only obstacles to doing normal business, but opportunities to create competitive advantage for businesses that are creative, innovative, and flexible. In the *Ctrip* case, the fragmentation and underdevelopment of the Chinese travel market (along with rising customer demand) presents an enormous opportunity for consolidation and rationalization to the online startup, but only if it can exploit its technological advantage to fill those voids. The supplement, *Winning in Emerging Markets*, is a lecture by the book authors from the Faculty Seminar Series that covers some of the key points from the book.

The book chapter *Multinationals in Emerging Markets* provides the theoretical background for **Section 3**. The *General Electric Healthcare, 2006* case examines how a GE subsidiary was able to distribute its value chain globally in order to both exploit emerging market cost advantages and ease its entry into those same markets. There is also a video supplement ([708801](#)) featuring GE Healthcare President and CEO Joe Hogan. In the first alternative, *Monsanto: Realizing Biotech Value in Brazil*, farmers are using its genetically-modified soybean seed but not paying for it, since the Brazilian government refuses to license it, forcing Monsanto to create and implement a novel “delivery-based collection system.” In the second alternative, *Novozymes: Cracking the Emerging Markets Code*, the industrial enzymes maker confronts local low-cost rivals in China.

Section 4 discusses the rise of emerging market champions. The chapter *Emerging Giants: Competing at Home* discusses how domestic businesses can address the institutional voids in their home economies. *Narayana Hrudayalaya Heart Hospital* explores how an Indian hospital was able to succeed in its social mission in India despite the glaring gaps in the health infrastructure. There are two videos that accompany the case ([707801](#), [712802](#)). In the first alternative, *Haier: Taking A Chinese Company Global*, Haier returns its attention to its domestic market after succeeding mightily in Europe, the United States, and the Middle East. In the second alternative, *Tata Nano—The People’s Car*, Tata develops the world’s cheapest car in order to compete against carmakers from the developed world in its domestic market.

Finally, **Section 5** is concerned with how successful emerging market companies can enter developed markets. The chapter *Emerging Giants: Going Global* discusses how local lacunae in human capital, financial sophistication, and political reliability can hinder these emerging giants from succeeding abroad despite their apparent advantages in cost structure. *Teva Pharmaceutical Industries, Ltd.* (with the accompanying video [708806](#)), looks at how Teva turned the disadvantages of a small and isolated domestic market into strengths as it went about conquering developed markets. In the paired first alternative, *House of Tata—1995: The Next Generation (A)* describes how the Indian conglomerate was



able to use the breadth of its business activities to compensate for poorly functioning institutions in its domestic market. In the follow-up, *House of Tata: Acquiring a Global Footprint*, Tata uses acquisitions to expand abroad. The second alternative, *Bharti Airtel in Africa*, describes how India's largest mobile services operator, having bought the African assets of Zain Telecom, finds that while the African market has some similarities with its domestic market, it contains challenges of its own. There is a supplementary video interview with Sunil Mittal, the chairman of the company ([113702](#)).