

ROBERT GROSSE  
  
EMERGING  
MARKETS  
STRATEGIES FOR COMPETING  
IN THE GLOBAL VALUE CHAIN

# Emerging Markets

## Strategies for competing in the global value chain

Robert Grosse



LONDON PHILADELPHIA NEW DELHI



# CONTENTS

## **01 Introduction 1**

- What to expect in Chapter 1 1
- Value-added chains, networks and global competition 4
- Value chains of emerging market-based competitors 14
- Innovation and competitiveness 18
- Some conclusions 25
- Notes 25
- References 27

## **02 Why emerging markets are the place to be 29**

- What to expect in Chapter 2 29
- Emerging markets as markets 30
- Emerging markets as sources of production 34
- Emerging markets as sources of knowledge 39
- Key emerging markets in the early 21st century 40
- Conclusion 57
- Notes 57
- References 58

## **03 The time horizon 60**

- What to expect in Chapter 3 60
- The future 64
- In the very long run 67
- Expected leading (emerged) countries for later  
in the 21st century 74
- Some heretical thinking on emerging market leaders in  
the future 75
- Conclusions 79
- Notes 80
- References 81
- Appendix: Emerging market characteristics 82

- 04 What is the challenge from emerging markets? 86**
- What to expect in Chapter 4 86
  - Introduction 87
  - Emerging market competitors 89
  - Conclusions 102
  - Notes 103
  - References 104
- 05 Competing in emerging markets 105**
- What to expect in Chapter 5 105
  - The challenges of operating in emerging markets 106
  - Specific barriers to entry 110
  - Example: competing in China 112
  - Example: competing in Mexico 114
  - Example: competing in South Africa 115
  - Example: competing in Argentina 117
  - Example: competing in India 119
  - Example: competing in Russia 121
  - Conclusions: tying together these experiences 124
  - Notes 125
  - References 126
  - Appendix: Rules on foreign companies in selected emerging markets 127
- 06 Competitive strategies of firms in China: MNEs, SOEs and private firms 141**
- What to expect in Chapter 6 141
  - Introduction 142
  - The Chinese competitive environment 144
  - A focus on three sectors 145
  - The automobile industry in China 146
  - The telecommunications equipment industry in China 151
  - The banking industry in China 155
  - Conclusions: a review of the three competitive situations 158
  - Acknowledgements 161
  - Notes 161
  - References 163
  - Appendix: Structure of the Chinese car industry 164

- 07 Emerging market MNEs competing in industrial countries and globally 166**
- What to expect in Chapter 7 166
  - Zhejiang Geely Holding Group Co., Ltd from China 167
  - MTN from South Africa 169
  - FEMSA from Mexico 171
  - Wipro from India 174
  - LAN (now LATAM) from Chile 176
  - Itaúsa from Brazil 178
  - GEA from Colombia 180
  - Aramex from the United Arab Emirates 181
  - Conclusions 185
  - Notes 185
  - References 186
- 08 Innovation is key 187**
- What to expect in Chapter 8 187
  - Introduction 188
  - Measures of innovation 188
  - What is innovation, and how should it be measured? 195
  - How do emerging market companies fare on broadly defined innovation? 200
  - Where does innovation flourish and why? 206
  - Conclusions about innovation and national/company characteristics 211
  - Notes 212
  - References 214
- 09 Large, small, family-owned and state-owned companies from emerging markets 215**
- What to expect in Chapter 9 215
  - Government-owned companies (SOEs) 216
  - Family-based business groups from emerging markets 223
  - Large vs small companies 228
  - Conclusions 231
  - Notes 232
  - References 232

**10 Conclusions** 234

One final emerging market example: Hutchison Whampoa 234

One final Triad example: Nike 237

Notes 242

*Glossary* 243

*Index* 257