

INSTITUTO TECNOLÓGICO AUTÓNOMO DE MÉXICO  
ACCOUNTING AND MANAGEMENT DIVISION  
**ADM-12417 BUSINESS IN EMERGING MARKETS**  
Summer 2015

### **Course description**

The objective of the course is to study the opportunities and challenges that organizations face when operating in emerging markets. In particular, we study the cases of Brazil, Russia, India, China and Mexico. First, we examine the economic and political conditions that characterize these countries. After gaining an understanding of the macro-environment of emerging markets, we shift our attention to the analysis of the strategic actions that firms employ to overcome the obstacles and exploit the opportunities offered by these countries. In addition, we will examine how governments in emerging markets may boost their development by tailoring their public policies to the requirements of the global economy.

### **Prerequisites**

- . ADM-11013 Administración Internacional y
- . ADM-12108 Estrategia de Negocios II, o ADM-12103 Estrategia Empresarial

### **Course objectives**

1. Develop a conceptual framework for analyzing the business environment in emerging markets.
2. Develop an understanding of the strategic actions that different types of businesses (e.g., entrepreneurs, foreign MNCs, local MNCs) have at their disposal to operate in emerging markets.
3. Consider and evaluate the public policies that may contribute to the development of emerging market economies.

### **Method**

– **Individual assignments.** Students will prepare a written analysis for each of the cases listed in the syllabus with an asterisk. The analysis involves two parts, 1) diagnostics, and 2) recommended actions. Please underline your main recommendation. **Style guide:** Max. 1 page, margins “normal”, single-spaced, Times New Roman, Points: 11. The case write-ups are due on day that the case is discussed in class (in the second day in the case of double sessions).

– **Group work:** Groups composed of maximum three students will prepare an in-depth written analysis and a presentation about an emerging market (i.e. Brazil, Russia, India, China, or Mexico) and one company operating in that market. The document and presentation will consist of two main sections, 1) Country Analysis,

and II) Company analysis. Each section will consist of two parts, I) Diagnostics and, II) Recommendations. The document is to be submitted two times. First when the case is presented in class, and second at the end of the course, taking into account the feedback received by the instructor and classmates.

### Grading plan

Individual case write-ups	20%
Group work (first version)	20%
Group work (final version)	20%
Final exam	20%
Participation	20%

**Students are required to attend at least 80% of the lectures and to hand in at least 80% of the individual case write-ups to be able to take the final exam. The final exam has to be approved in order to receive a grade for the course.** Participation has to contribute to the collective learning of the group and avoid repetitions. Students are required to turn off their cell phones and to abstain from using any type of electronic device to connect to the internet (e.g., smart phones, tablets, laptops).

### Honor code

By being enrolled in this course, students accept to follow the honor code of the academic division. In particular, students are not allowed to copy the work of other individuals inside and outside the institution. Students shall neither give nor receive help during exams and school work. It is a violation of the honor code to share or receive information about the cases, reading summaries, or any other academic material from other students, including those that are not currently enrolled in the course.

### Reading plan

\*Readings marked with an asterisk (\*) are mandatory and will be discussed during class.

-In double sessions cases are to be delivered and discussed on the second day.

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#### SESSION 1. INTRODUCTION

17-JUN

Alcérreca, C. (2009). La dirección de organizaciones en países emergentes. ITAM Nota Técnica No. 095-09-EST-NT.

Khanna, T., & Palepu, K. G. (2010). Winning in emerging markets: A road map for strategy and execution. Harvard Business Press. Chapter 1.

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#### SESSION 2-3. NATIONAL DEVELOPMENT STRATEGY

18-19-JUN

\*Case: "China: To Float or Not To Float?" Harvard Business School Case 706-021.

\*Vietor, R. H. K. (2007), How Countries Compete. Boston: Harvard Business School Press. Chapter 1.

Austin, J. E. 1990. Managing in Developing Countries. Free Press, New York. Chapters 2 and 4.

- Bosworth, B., & S. Collins, (2003), "The Empirics of Growth: An Update (with discussion)," *Brookings Papers on Economic Activity*, 2, 113–206.
- Bremmer, I. (2005). *Managing risk in an unstable world*. *Harvard Business Review*, 83(6), 51–60.
- Bremmer, I., & Keat, P. (2010). *The Fat Tail*. Oxford University Press. Chapters 2 & 4.
- Nunn, N. (April, 2009). *The importance of history for economic development*, NBER Working Paper 14899.
- Sachs, J. (2008). *Common wealth: economics for a crowded planet*. Penguin. Chapters 2 & 9. **Move chapter 2 to sustainability section, leave chapter 9 here.**
- Scott, B. R. (2009). *The concept of capitalism*. Springer. Chapters 4 & 5.

### **Recommended China literature for Session 3:**

- Dean, J., Browne, A., & Oster, S. (2010, November 16). *China, state capitalism sparks a global backlash*. *Wall Street Journal*. Retrieved from: <http://online.wsj.com/article/SB10001424052748703514904575602731006315198.html>
- Hout, T. M., & Ghemawat, P. (2010). *China vs the world whose technology is it?*. *Harvard Business Review*, 88(12).
- Yeung, I. Y., & Tung, R. L. (1996). *Achieving business success in Confucian societies: The importance of guanxi (connections)*. *Organizational Dynamics*, 25(2), 54–65.
- Witt, M. (2010). *China: What Variety of Capitalism?*. INSEAD /88/EPS.

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## **SESSION 4. EVALUATING THE MACRO-ENVIRONMENT** **20-JUN**

\*Case: "India on the Move." Harvard Business School Case 703–050.

New, updated case: **"India 2012: The Challenges of Governance."** This case discusses the role of political institutions in economic development; familiarizes students with recent developments in India's economic and business environment. As the previous case, this one deals with the history of India's growth and policies, including the Washington Consensus discussed in the readings.

- \*Hausmann, R., Rodrik, D., & Velasco, A. (2006). *Getting the diagnosis right*. *Finance and development*, 43(1), 12–15.
- \*Hausmann, R. (2006). *Economic Growth: Shared Beliefs, Shared Disappointments?* Working paper No. 125, Center for International Development (CID), Harvard University, Massachusetts

### **Recommended India literature:**

Budhwar, P. (2001). *Doing business in India*. *Thunderbird International Business Review*, 43(4), 549–568.

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## **SESSION 5–6. EVALUATING THE MICRO-ENVIRONMENT** **23–24-JUN**

\*Case: "Russia: Revolution and Reform." Harvard Business School Case 710–030.

- \*Porter, M. E. (2002). *Building the microeconomic foundations of prosperity: Findings from the Microeconomic Competitiveness Index*. *The Global Competitiveness Report, 2003*, 23–46. Available at: [http://www.weforum.org/pdf/Gcr/GCR\\_2003\\_2004/BCI\\_Chapter.pdf](http://www.weforum.org/pdf/Gcr/GCR_2003_2004/BCI_Chapter.pdf)

- Fairbanks, M., & S. Lindsay. (1997). *Plowing the sea: Nurturing the hidden sources of growth in the developing world*. Boston: Harvard Business School Press. Introduction & Chapter 12.
- May, R. C., Puffer, S. M., & McCarthy, D. J. (2005). Transferring management knowledge to Russia: A culturally based approach. *The Academy of Management Executive*, 19(2), 24–35.

### Recommended Russia literature:

Abdelal, R. (2010). The Promise and Peril of Russia's Resurgent State. *Harvard Business Review*, 88(1).

Fey, C., & Shekshnia, S. (2008). The key commandments for doing business in Russia. INSEAD Business School Research Paper, (2008/16).

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### SESSION 7–8. INSTITUTIONAL ANALYSIS

25–26–JUN

\*Case: "Brazil Under Lula: Off the Yellow BRIC Road." Harvard Business School Case 707–031.

New, updated case: "Brazil: Leading the BRICs?." This updated case is about the importance of the WTO for national economic strategies, tradeoffs of intellectual property and development, and Brazil's opportunities in light of infrastructure challenges and other bottlenecks under the Dilma Rousseff's administration.

\*Khanna T, Palepu K, & Sinha J. (2005). Strategies that fit emerging markets. *Harvard Business Review*, 83: 6–15.

Khanna, T., & Palepu, K. (1997). Why focused strategies may be wrong for emerging markets. *Harvard Business Review*, 75(4), 41–48.

Khanna, T., & Palepu, K. (2010). *Winning in emerging markets: A road map for strategy and execution*. Harvard Business Press. Chapter 2.

### Recommended Brazil literature:

Gouvea, R. (2004). Doing business in Brazil: A strategic approach. *Thunderbird International Business Review*, 46(2), 165–189.

Gouvea, R. (2012). Brazil Post-Lula: Challenges and Opportunities Facing the Brazilian Business Environment. *Thunderbird International Business Review*, 54(5), 713–727.

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### SESSION 9–10. THE CASE OF MEXICO

30–JUN / 01–JUL

\*Case: "Mexico: Crisis and Competitiveness." Harvard Business School Case 710–058.

Bosworth, Barry (1998), "Productivity Growth in Mexico," Background Paper prepared for a World Bank Project on Productivity Growth in Mexico: Mexico: Enhancing Factor Productivity Growth, Report No. 17392–ME, Country Economic Memorandum

Castañeda, J. G., & Camín, A. (2009, November 01). Un futuro para México. *Nexos en Línea*. Retrieved from: <http://www.nexos.com.mx/?p=13374>

Castañeda, J. G., & Camín, A. (2010, December 01). Regreso al futuro, *Nexos en Línea*. Retrieved from: <http://www.nexos.com.mx/?p=14042>

Hanson, G. H. (2010). Why isn't Mexico rich? (No. w16470). National Bureau of Economic Research.

- Moreno-Brid, J. C., & Ros, J. (2009). Development and Growth in the Mexican Economy: A Historical Perspective: A Historical Perspective. Oxford University Press. Chapters 10 & 11.
- OECD. (2010, October). Perspectives OECD: Mexico: Políticas clave para un desarrollo sostenible. Retrieved from: <http://www.oecd.org/mexico/45391108.pdf>

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**SESSION 11–12. BUSINESS MODEL AND STRATEGY** **2–3–JUL**

- \*Case: "Banco Compartamos: Life after the IPO." Harvard Business School Case 308–094.
- \*Johnson, M. W. (2010). Seizing the white space. Boston: Harvard Business Press. Chapters 2 & 6.
- \*Johnson, M. W., Christensen, C. M., & Kagermann, H. (2008). Reinventing your business model. *Harvard business review*, 86(12), 57–68.
- Casadesus-Masanell, R., & Ricart, J. E. (2010). Competitiveness: business model reconfiguration for innovation and internationalization. *Management Research: The Journal of the Iberoamerican Academy of Management*, 8(2), 123–149.
- Hietalahti, J., & Linden, M. (2006). Socio-economic impacts of microfinance and repayment performance: a case study of the Small Enterprise Foundation, South Africa. *Progress in Development Studies*, 6(3), 201–210.
- Kaplan, R. S., & Norton, D. P. (2008). Mastering the management system. *Harvard Business Review*, 86(1), 62.
- Spulber, D. F. (2003). The intermediation theory of the firm: integrating economic and management approaches to strategy. *Managerial and Decision Economics*, 24(4), 253–266.
- Teece, D. J. (2010). Business models, business strategy and innovation. *Long range planning*, 43(2), 172–194.
- Thompson, J. D., & MacMillan, I. C. (2010). Business models: Creating new markets and societal wealth. *Long Range Planning*, 43(2), 291–307.

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**SESSION 13–14. MULTINATIONALS FROM DEVELOPED COUNTRIES** **7–8–JUL**

- \*Case: "Microsoft in China and India, 1993–2007." Harvard Business School Case 708–444.
- Case: "Mattel toys: Made in China". University of Hong Kong **I believe the Microsoft case is better, this one is more about product quality and supply chain, rather than the many other challenges that MNCs face when entering emerging markets.**
- \*Ghemawat, P. (2007). Managing differences: The central challenge of global strategy. *Harvard Business Review*.
- Ghemawat, P. (2001). Distance still matters. *Harvard Business Review*, 79(8), 137–147.
- Guillén, M. (2005). The rise of Spanish multinationals: European business in the global economy. Cambridge University Press. Chapter 2.
- Khanna, T., & Palepu, K. (2010). Winning in emerging markets: A road map for strategy and execution. Harvard Business Press. Chapters 3 & 4.

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**SESSION 15. FIRMS FROM EMERGING MARKETS**
**9-JUL**

\*Case: "Infosys Technologies." Harvard Business School Case 801-445.

Case: Ready to take off (B): China's reentry into global aerospace. University of Hong Kong | prefer the infosys case, it is a great, consolidated company from an emerging country.

Case: Borjomi: Rebuilding a brand icon in Russia. IMD. **IDEM**

Bhattacharya, A. K., & Michael, D. C. (2008). How local companies keep multinationals at bay. Harvard Business Review, 86(3).

Khanna, T., & Palepu, K. (2010). Winning in emerging markets: A road map for strategy and execution. Harvard Business Press. Chapter 5.

Perez, C. (2008). A Vision for Latin America: a resource-based strategy for technological dynamism and social inclusion. Globelics WP No. WPG0804.

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**SESSION 16-17. MULTINATIONALS FROM EMERGING MARKETS**
**10-14-JUL**

\*Case: "Bombardier: Canada versus Brazil at the WTO." Harvard Business School Case 703-022.

**New, updated case: "Haier: Taking a Chinese Company Global in 2011." This case describes Haier's rise over three decades, from a defunct refrigerator factory in China's Shandong province to an international player with \$5.5 billion in overseas sales. Subjects Covered: Brand management; Brands; Competition; Emerging markets; Expansion; Globalization; International business; International operations; Internationalization; Localization; Strategy**

\*Ramamurti, R., & Singh, J. V. (Eds.). (2009). Emerging multinationals in emerging markets. Cambridge University Press. Chapter 13 (Ramamurti).

Benson-Armer, R., Leibowitz, J., & Ramachandran, D. (1999). Global beer: What's on tap. The McKinsey Quarterly, 1, 111-121.

Casanova, L. (2009). Global Latinas: Latin America's emerging multinationals. Palgrave Macmillan. Introduction & Chapter 1.

Khanna, T., & Palepu, K. (1999). The right way to restructure conglomerates in emerging markets. Harvard Business Review, 77, 125-135.

Khanna, T., & Palepu, K. (2006). Emerging giants: Building world-class companies in developing countries. Harvard Business Review, 84(10), 60-69.

Khanna, T., & Palepu, K. (2010). Winning in emerging markets: A road map for strategy and execution. Harvard Business Press. Chapter 6.

Lessard, D. R., & Lucea, R. (2008). Mexican multinationals: Insights from CEMEX. MIT Sloan Working Paper 4721-08. 10/24/2008. Retrieved from: <http://ssrn.com/abstract=1289439>

Ramamurti, R., & Singh, J. V. (Eds.). (2009). Emerging multinationals in emerging markets. Cambridge University Press. Chapters 1 (Ramamurti), 3 (Rugman), 4 (Amsden) & 10 (Lessard & Lucea).

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**SESSION 18. ENTREPRENEURSHIP AND DEVELOPMENT**
**15-JUL**

\*Case: "Natura: Exporting Brazilian beauty." Stanford Graduate School of Business

\* West, G. P., Bamford, C. E., & Marsden, J. W. (2008). Contrasting Entrepreneurial Economic Development in Emerging Latin American Economies: Applications and Extensions of Resource-Based Theory. Entrepreneurship Theory and Practice, 32(1), 15-36.

- Anokhin, S., & Schulze, W. S. (2009). Entrepreneurship, innovation, and corruption. *Journal of Business Venturing*, 24(5), 465–476.
- Naudé, W. (2011). Entrepreneurship is not a binding constraint on growth and development in the poorest countries. *World Development*, 39(1), 33–44.
- Powell, B. (2008). Making poor nations rich: Entrepreneurship and the process of economic development. Stanford Univ Pr. Chapters 1 (Powell, Introduction), 2 (Olson, Big bills left on the sidewalk: Why some nations are rich, and others poor), 3 (Holcombe, Entrepreneurship and economic growth), 4 (Baumol, Entrepreneurship: Productive, unproductive and destructive), and 5 (Lawson, Economic freedom and property rights: The institutional environment of productive entrepreneurship).
- Puffer, S. M., McCarthy, D. J., & Boisot, M. (2010). Entrepreneurship in Russia and China: The impact of formal institutional voids. *Entrepreneurship Theory and Practice*, 34(3), 441–467.

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**SESSION 19. SOCIAL ENTREPRENEURSHIP AND SUSTAINABILITY** **16-JUL**

- \*Case: “Plantar, S.A.: The value of carbon assets.” Thunderbird.
- \* Seelos, C. and Mair, J. (2005), “Sustainable development: how social entrepreneurs make it happen”, IESE Business School Working Paper No. 611, SSRN
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: same, different, or both?. *Entrepreneurship Theory and Practice*, 30(1), 1–22.
- Martin, R. L., & Osberg, S. (2007). Social entrepreneurship: the case for definition. *Stanford Social Innovation Review*, 5(2), 27–39.
- Nidumolu, R., Prahalad, C. K., & Rangaswami, M. R. (2009). Why sustainability is now the key driver of innovation. *Harvard Business Review*, 87(9), 56–64.
- Seelos, C., & Mair, J. (2007). Profitable business models and market creation in the context of deep poverty: a strategic view. *The Academy of Management Perspectives*, 21(4), 49–63.
- Yunus, M., Moingeon, B., & Lehmann–Ortega, L. (2010). Building social business models: lessons from the Grameen experience. *Long Range Planning*, 43(2), 308–325.

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**SESSION 20–21. BUSINESS GROUPS AND CORPORATE GOVERNANCE** **17–21-JUL**

- \*Case: “Corporate governance failure at Satyam.” University of Hong Kong.
- \*Bryant–Rubio, M. (2005, Winter). TV Azteca: A case study of corporate governance in Mexico. *Chazen Web Journal of International Business*.
- \*Colpan, A. M., Hikino, T., & Lincoln, J. R. (Eds.). (2010). *The Oxford handbook of business groups*. Oxford University Press. Chapter 2 (Colpan & Hikino, Foundations of business groups: Towards an integrated framework), Colpan, A. M., Hikino, T., & Lincoln, J. R. (Eds.). (2010). *The Oxford handbook of business groups*. Oxford University Press. Chapters 15 (Hoshino), 21 (Morck), 26 (Delios & Ma), and 27 (Guillén).
- Kim, D., Kandemir, D., & Cavusgil, S. T. (2004). The role of family conglomerates in emerging markets: what western companies should know. *Thunderbird International Business Review*, 46(1), 13–38.

- Kim, H., Hoskisson, R. E., Tihanyi, L., & Hong, J. (2004). The evolution and restructuring of diversified business groups in emerging markets: The lessons from chaebols in Korea. *Asia Pacific Journal of Management*, 21(1-2), 25-48.
- Morck, R. (2009). The riddle of the great pyramids. NBER working paper 14858. Available at: <http://www.nber.org/papers/w14858>

**SESSION 22. LEADERSHIP****22-JUL**

**New, updated case: "Cesar Zanchet and Adezan: A Different Kind of Leadership."**

This case is used to provide a context for studying leadership styles and behaviors; study how an entrepreneur's capabilities and emotional commitment influence the success of a new venture. Context, Brazil

- \*Javidan, M., Dorfman, P. W., Howell, J. P., & Hanges, P. J. (2010). Leadership and cultural context: A theoretical and empirical examination based on Project GLOBE. In N. Nohria, & R. Khurana (Eds.), *Handbook of Leadership Theory and Practice: A Harvard Business School Centennial Colloquium on Advancing Leadership* (pp. 335-76). Harvard Business Press.
- Cappelli, P., Singh, H., Singh, J. V., & Useem, M. (2010). Leadership lessons from India. *Harvard Business Review*, 88(3), 90-97.
- Fiol, M., & Sole, A. (2001). ¿Existe una manera Latina de dirigir la empresa? De la cultura a la civilización. II International Conference. Iberoamerican Academy of Management, ITAM: Mexico D.F.
- Javidan, M., Dorfman, P. W., De Luque, M. S., & House, R. J. (2006). In the eye of the beholder: Cross cultural lessons in leadership from Project GLOBE. *Academy of Management Perspectives*, 20(1), 67-90.

**SESSION 23. CORRUPTION, POLITICS AND SOCIAL RESPONSIBILITY****23-JUL**

- \*Case: "Gazprom (A): Energy and Strategy in Russian History." Harvard Business School Case 709-008.
- Case: "Grupo Bimbo: Growth and Social Responsibility." Harvard Business School Case 509-025. I prefer the gazprom case since it's more related to the topic of the session.
- \* Argandona, A. (2001). Corruption: the corporate perspective. *Business Ethics: A European Review*, 10(2), 163-175.
- Williams, G., Duncan, A., Landell-Mills, P., & Unsworth, S. (2009). Politics and growth. *Development Policy Review*, 27(1), 5-31.

**SESSION 24. MANAGEMENT IN EMERGING MARKETS****24-JUL**

- \*Case: "PEMEX (A): La reforma petrolera del 2008." ITAM.
- \* Bloom, N., & Van Reenen, J. (2010). Why do management practices differ across firms and countries?. *The Journal of Economic Perspectives*, 24(1), 203-224.
- Alcérreca, C. (2009). La dirección de organizaciones en países emergentes. ITAM Nota Técnica No. 095-09-EST-NT.

**Delivery of final group work 24-JUL**

**Final Exam 26-JUL**



## HOJA DE EVALUACIÓN

CLAVE ÚNICA:

CARRERA/ ÁREA DE CONCENTRACIÓN:

NOMBRE

DIRECCIÓN

TELÉFONO

CORREO ELECTRÓNICO:

TRABAJO ACTUAL

Posición:

Organización:

Teléfono:

ESTUDIOS PREVIOS (BACHILLERATO/ ÁREA):

PLANES FUTUROS DE EMPLEO O ESTUDIO:

EXPECTATIVAS DE ESTE CURSO:

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NO ESCRIBA ABAJO DE LA LINEA.  
PARTICIPACION EN CLASE:

REPORTES ESCRITOS INDIVIDUALES

LECTURAS:

EXÁMENES: