

International business chapter nine

[Business](#)



I think Arcelik's prospects to be better in emerging markets & developing economies than in advanced economies. Emerging markets & developing economies are attractive to Arcelik because they represent promising export markets for products and services. They are ideal bases for locating manufacturing activities because of low labor costs. Emerging markets are popular destinations for global sourcing-procurement of products and services from foreign locations. The growing middle class in these countries implies substantial demand for a variety of consumer products. Arcelik should adapt the strategies and tactics to suit unique conditions.

Firm can reap benefits from such markets by partnering with family conglomerates. Types of risks & challenges Arcelik is likely to face in doing business in emerging markets. Political Instability. The absence of reliable or consistent governance from recognized government authorities adds to business costs, increases risks, and reduces manager's ability to forecast business conditions. Weak Intellectual Property Protection: In many Emerging markets, laws that safeguard intellectual property rights may not be enforced, or the judicial process may be painfully slow.

Partner availability and Qualifications

Arcelik needs to seek alliances with local companies in countries characterized by inadequate legal and political frameworks. Through local partners, foreign firms can access local market knowledge, establish supplier and distributor networks and develop key government contacts. Special considerations must be taken into account to estimate the true demand in emerging markets. Managers can follow one of three approaches to more realistically assess emerging market potential.

They can rely upon per-capita income, considered the size and growth rate of the middle class, and build a more comprehensive set of indicators such as the emerging market potential index. Arcelik can display good corporate socialresponsibilityby engaging in activities that facilitate economic development in emerging market and developing economies. It can serve low income countries with inexpensive, specifically- designed products. To lead in global household appliances, management needs to improve operational efficiency to levels that match or exceed major competitors and increase investment in high growth markets