Article summary: emerging giants

Article Summary: Emerging Giants Many local companies lost their market shares or sold off their businesses when global or multinational companies from developed markets such as US, Germany, and Japan got into the emerging markets. However, some local companies held out against and exorcised multinationals.

In this article, the authors instantiate this kind of local companies by explaining that Mahindra & Mahindra in India and Haier Group in China have barraged out their own rivals, reset their business strategies, taken advantages of new opportunities, and gained high competencies that enable themselves to do their businesses in global markets very successfully.

Also, the authors describe the three strategies these companies employ to make themselves strong, global competitors in spite of facing several difficulties such as financial problems or bureaucratic disadvantages in their home countries, referring the results of their study of emerging giants. First of all, some emerging-market companies use their own knowledge of local product markets, resulting in good understandings of local customers' needs and tastes.

This strategy helps these local companies to capture distinctive national advantages. For example, JollibeeFoods in Philippine has profitably succeeded in their businesses against McDonald's because they know local customers tend to prefer a particular soy and garlic taste that their products have. Secondly, some companies in emerging markets have exploited their knowledge of local talent and capital markets, thus giving services to their customers at home countries and overseas cost-effectively.

For instance, Infosys or Wipro in India knew the possibility of providing services to customers abroad very cheaply compared to Western companies did because they had knowledge about where the talents resided and that they can hired technical workers at salaries lower than those in developed markets. Finally, some emerging giants have taken advantages of institutional voids to create businesses.

Old Mutual in South Africa, for example, noticed that South Africa did not have mutual fund and long-term investment product, enabling itself becoming a large financial firm. After I read this article, the company that I came in my mind is Geely Automobile (Geely) in China. Geely actually started their business as a manufacture of refrigerator. The CEO and founder at Geely, Li Shu Fu knew that to achieve the success in China, it was necessary to reduce the cost of anufacturing drastically, enabling local customers to buy their products in China, because when he started his business, in China disposal income among ordinary people was much lower than that in different countries. Therefore, he began to assemble many components from junk dealers because recycled or junk parts were basically cheaper than new components, thus resulting in cost reduction. Then, he stared to produce small motorbikes because at that time, in the end of 1994, it was not still common to buy automobiles in China.

That is why at first he decided to focus on manufacturing motorbikes instead of automobiles. After that, finally, they made a beginning of car manufacturing in cost-effectively manner by hiring local workers who knew how to design their products and to manipulate industrial machines. Additionally, he has built networks with local universities and more surprisingly he actually founded several universities to produce competitive but cheap labors. I believethis company is a remarkable and interesting example of emerging giants.