

Example of the evolving mne environment research paper

[Business](#), [Marketing](#)



How emerging markets' MNEs (EM-MNEs) may follow quite different patterns to reach, or at least approach, global competitiveness?

ABSTRACT

The emerging markets are observing significant growth in operations of the businesses. Globalization has targeted on reducing the barriers which are linked with potential growth of the economies. The MNE's apply different patterns which contribute towards global competitiveness. This links the rich economies to the poor economies and promotes benefits which enhance the benefits of both the economies. The implementation of strategies signifies potential growth targets in the economies. Minimization of cost is significantly important for the potential growth and benefits of the economy. Market expansion and cost effectiveness is an approach on which the businesses emphasize in the emerging economies. Relationship of MNE's and FDI's on the potential growth of the economies defines the role of the emerging economies.

INTRODUCTION

The nations which are growing economically and have shown rapid growth through industrialization are called the emerging market economies. This trait of the market creates various investing opportunities which attract the investors. The developing world increases the chances of developing global economic expansion in the years ahead (Mahidhar, Giffi, and Kambil, and Alvanos, 2009). The new trend of the businesses shows that they use globalization for acquiring low cost sourcing and accommodating it in high

growth economies. Many organizations and businesses have established operations which ultimately aid in reducing the production cost (Fisher, 2012).

The benefit associated with emerging markets explains the significant growth of economies which fall in this category over the years. This shows the measures which are essential for analyzing the impact of emerging market on various global businesses. This report will include an elaborate discussion on this topic which will highlight all the current issues which the economy is undergoing, relationship of all the issues and associated benefits and methods which have been used for highlighting the problems. The outcomes of this paper will signify the implications of emerging markets due to globalization. The analysis will present benefits realized by investors of emerging markets. The role of emerging markets for the manufacturing businesses which have brought a revolution in entire operations infrastructure of businesses will also be elaborated.

THEORETICAL BACKGROUND

Objectives

85% of the world's population contributes as being a part of the emerging markets. The overall impact of these economies on the global markets is approximately 13% (Fidelity, 2009). The graph below shows the description of distribution of different segments of the industry.

(Fidelity, 2009)

Emerging markets are evolving and have become a mode of growth for the businesses. The strategic objectives which are pushing the businesses in

moving their manufacturing function in the emerging markets (Dunning, and Lundan, 2008). The top priority of the business for engaging in emerging economies is because it improves the overall cost effectiveness of the business with 71% rating. 69% of the businesses aim for market expansion and 55% of the businesses aim for speeding the markets. Other reasons why the businesses consider transferring their operations in the emerging economies is for accessing new talent, developing new products and acquiring new services.

Top three strategic objectives for establishing functions in emerging markets

(Mahidhar, Giffi, and Kambil, and Alvanos, 2009)

Cost saving, market expansion and catering the needs and requirements of diversified customers is the objective of the businesses. This pushes them towards moving the business functions in the international arena. The strategic patterns which the businesses adopt help the businesses in acquiring smooth business functions.

ISSUES OF INTEREST

Businesses constantly face issues which require appropriate designing of strategies. The emerging markets have been subject to immersive changes (Ramamurti, & Singh, 2009). The global economy has faced challenges in stabilizing the cost of manufacturers and labor due to the impact of emerging economies (Peng, and Meyer, 2011). Stagnant wages and inequality in income distribution has created prominent class differences (The Economist, 2013).

The impact of emerging markets in the global economy is excessively high.

This demonstration has been shown in the graph below.

(The Economist, 2013)

The world is changing and the trends of the markets are evolving. The impact of this globalizing trend can be prominently seen in the global markets.

(The Economist, 2013)

STRATEGIES APPLIED IN THE EMERGING ECONOMIES

The role of emerging economies and the strategies which the businesses adopt while functioning in these economies is significantly important. The governmental and societal influence on such economies is also excessively high (Luo, 2002). Three perspective strategies are used in such economies which are namely discussed below:

- Institutional theory perspective

The systems around the institutes which impact on the social and organizational behavior are significantly important for being assessed. Such forces which surround the organization affect on the basic norms of institutional processes and their impact on decision making. Institutional theories emphasize on institutional interaction which arise from imperfections of the market. Rules are structured for interaction amongst organizations in the society. This enhances the level of understanding amongst individuals which are part of this society and this benefits the managerial behavior and improves team orientation amongst the top management (Hoskisson, Eden, Lau, & Wright, 2000).

- Transaction cost and its economic perspectives

Rapid development in the economies and the increase of cost improves the overall transition which takes place in the economy. In the organizations where the transaction costs in the market are high the hierarchal control is very dominant. Hierarchal modes have their own bureaucratic cost which aids for enhancing the overall efficiency. Firms aim at minimizing the transactional cost for improving the performance of the business (Hoskisson, Eden, Lau, & Wright, 2000).

- Resource oriented process

It is essential for the firms to manage their societal and social values and maintain a balance with the resources which are to be applied. MNE's emphasize on the factors which significantly impact on the revenue generating aspects of the business. Competitive advantages which all the emerging economies acquire in the industries are based on network relationships and close business governmental ties of the firms which contribute in making such businesses as effective monopolies in the areas in which they function.

New strategies for the emerging markets

(Mahidhar, Giffi, and Kambil, and Alvanos, 2009)

In the emerging markets new strategies are formed on the basis of capacity, risk and capabilities. Rapid expansion and increasing use of sales and services make managing growth and expansion easier. Businesses constantly engage in implementing new strategies for the promotion and expansion of the businesses. The MNE's are expanding globally and they are

continuously working for expanding their exposure in new diverse markets for expanding in the global economies. The businesses have to ensure that they expand their overall outreach for enhancing overall competence. New strategies must constantly be formed for this purpose. The foreign entrants require that new operational capabilities are formed which are controlled and monitored by the potential users.

Globalization has played a very active role in connecting MNE's with manufacturers located in remote corners of the world. The large customer base in the emerging economies raises the demand for consumer goods. The emerging economies are a limelight of attraction because it offers excessive market growth and at the same time the demand for consumer goods is also excessively increasing. In the emerging economies the businesses emphasize on the investors and they think beyond the measures of conventional entry modes. This requires formulation of strategies which are important for availing the potential benefits which are part of such a market.

OPPORTUNITIES AND CHALLENGES FACED BY ORGANIZATION IN THE EMERGING MARKETS

MNE's are emphasizing towards entering in the emerging markets. This is because of excessive growth and new opportunities which are offered in the markets. The impact of such excessive growth is not only observed in large economies like China and India but they are also observed in medium sized European markets (Mayer, 2010). Poland, Vietnam and Russia are examples of such markets. The only challenge which the manufacturers have to face in the emerging markets is lack of development in the institutional environment. The risks which the foreign entrants face include dealing with

high volatility because of frequent changes in the institutions, industry and structure. The volatility in the business requires that the firms must possess the flexibility which can make availing new opportunities easier. Are required for competing Institutionalization requires different ways of interacting with the businesses.

BRANDING FOR EMERGING MARKET CONSUMERS

MNE's aim towards expansion of their larger market share in three different domains, the three categories of branding include global branding, local branding and multi-tier branding. In the emerging markets large margin differences can be observed in global markets (Meyer, & Thu Tran, 2006). Premium brands are imported and distributed through the local agents. This impact is more significant if the country of origin depicts the brand image and at the same time relates to low cost transportation. This reduces the overall operating costs of the business. Different brands require different strategies for being promoted. In most of the cases for successful implementation of branding the local firms and the resources of the business are used. This maximizes the overall efficiency of production (Meyer, & Thu Tran, 2006).

This chart elaborates the number of functions which are part of the global emerging markets. Description of these functions is represented in accordance to the global profits which are realized from the emerging markets.

(Mahidhar, Giffi, and Kambil, and Alvanos, 2009)

IMPACT OF FDI ON EMERGING ECONOMIES

MNE organizations play a very significant role in linking economies. This contributes in economic growth of the economies as they successfully link the rich and poor economies. FDI is beneficial as it relates knowledge, linkage effects and competition in the industry. The benefit of globalization is prominently observed in growth of the industries. Protection of the natural environment and addressing social and societal issues contribute in the development of the economy. The impact of FDI is significantly high in emerging economies. The role of MNE is very significant for the policymakers. FDI motivate the governmental bodies to offer fruitful incentive packages which motivate the organizations towards investment (Meyer, 2004).

An observation from Wells 1998 stated that, in some of the cases FDI is good and in some places it is harmful. Categorizing the investments is very difficult for the monitoring bodies. This shows that benefits must be associated to the economic criteria of the businesses. Globalizing is considered as one of the biggest factors which contributes and explains that why FDI's are used.

(Meyer, 2004)

RELATIONSHIP AND APPLICATION

Emerging markets are immersive and are significantly contributing in the growth of the economies. Businesses are realizing the importance of the global goals and this has made relating the opportunities which are available to the firms and understanding the application of strategies are significantly

important (Bonaglia, Goldstein, & Mathews, 2007). The development of MNE's and the significant importance of FDI's show the importance of new applications in the business process. Development of changing practices of the business and the attractiveness that is developed in the emerging market shows significant relation of the business. The concept of emerging markets is significant due to the effect of globalization (Elango, & Pattnaik, 2007). From applying this practice the organizations aim at realizing cost effectiveness and adapt to the new market trend of market expansion. The businesses require that they use the market penetration strategy for entering in the emerging markets. All these methods can be applied through acquisition of local firms and putting to use the resources which are important for potential growth in the industry. Keeping in mind that regulatory segment of the industry is appropriately managed and the acquisition of organization is very important.

RESULTS

This research aims at signifying the role of globalization in the development of global economies. The business functionality depends on the overall growth of the markets in which they function. It is observed that MNE's try to exploring the emerging markets so that the cost can be saved. The significance of FDI investment on the business shows the measures which promote organizational growth and success. Emerging economies face challenges in development of the economies. This shows a relation of business for economic development (Filatotchev, Strange, Piesse, & Lien, 2007).

CONCLUSION

The emerging markets are significantly impacting on the role of MNE's on the economy. The impact of globalization on such economies contributes significantly towards their potential growth. The businesses constantly require dealing with societal issues which impact significantly on the overall improvement and cost effectiveness of the business. In the discussion the impact of globalization on branding has been discussed. The Foreign Direct Investments on the emerging economies is very significant. This shows that increase in globalization has connected different economies with each other. Rich economies aid the poor economies. Manufacturing organization try to minimize their overall cost for increasing their profitability.

The organizations set their own strategic objectives for improving the overall functionality of the businesses. The emerging economies cherish the fact of globalization which promotes rapid growth of the economies through industrialization. The new business trends show that for acquiring low cost production is very essential for the growth of the businesses. This report portrays the significant impact of globalization in the emerging economies. Business development and cost minimization are the only functions which improve the overall performance of the businesses.

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