

Meet the brics case study

[Education](#)



Map the proposed sequence of evolution of the economy of the BRICs. What indicates might companies monitor to guide their investments and organize their local market operations? Answer: China and India will be the dominant global suppliers of manufactured goods and services, respectively, while Brazil and Russia will become the principal suppliers of raw materials. Collectively, on almost every scale, they will become the largest entity on the global stage.

The unfolding influence of the BRICs as engines of new growth and spending power leads some to argue that these transitions may happen even sooner, especially given the aging working populations and falling productivity rates in richer nations. Experts' forecasts that the most dramatic transition will take place over the next 20 to 30 years, BRICs will show higher returns, increased demand for capital, and stronger national currencies. Companies should monitor the, political, legal, and cultural factors and changes.

The BRIC's economies are on the verge of the rapid growth of their consumer markets. (Experience indicates that consumer demand takes off when GNI per capita reaches levels between \$3,000 and \$10,000 per year.) In Russia there is already significant evidence of the growth of consumerism during the past decade. There are also early signs of similar trends in China and India, where the growth of their middle classes is very rapid. It is expected that within a decade or so, each of the BRICs will show higher returns, increased demand for capital, and stronger national currencies.

Thus, foreign firms will want to monitor major economic indicators such as GNI, PPP, and the Human Development Index, as well as developments in the cultural, political, and legal environments of those nations. The indicator that

companies might monitor to guide their investments and actions is the futures of widespread poverty and distorted income distributions. With the exception of Russia, hundreds of millions of people in the BRICs will be poorer and each BRICs struggles with its particular problems.

Managers should assess economic environments and forecast market trends to make better investment choices, operating decisions, and competitive strategies. Managers use several indicators to assess an economic environment; meaningful indicators include growth rates, income distribution, inflation, unemployment, wages, productivity, debt, and the balance of payments. Managers improve economic analysis by identifying meaningful indicators and then understanding how they interact with each other.

Question-2: What are the implications of the emergence of the BRICs for careers and companies in your country? Answer: The emergence of the BRICs effect on our country has some advantages and disadvantages, because it may create new career opportunities, more product options, and better price and/or quality for products because of competition. The emergence of the BRICs will challenge the well-being and sustainability of the global environment. Responses will vary according to the level of economic development and the economic basis of a student's home country.

Those students from industrialized nations may feel challenged and express the fear of a decline in their standards of living due to increased pressures in the labor market and the declining cost competitiveness of their countries' firms. On the other hand, students from developing countries may be hopeful that their countries will be able to successfully generate and/or compete for

the investment capital and those business activities that lead to significant economic growth and the increasing global competitiveness of their countries' firms.

How-ever, there is ample room for exceptions to these feelings, given the present and future comparative advantages of particular nations But on the other hand it may affect negatively the domestic firms more over it may cause some kind of monopoly as the BRICs taking the lead. The markets are constantly changing and growing rapidly. Between 2005 and 2015 over millions of people in the BRICs will cross the annual income threshold of U. S. Sometimes it is a global warming, diminishing raw materials, and escalating pollutions suggest there is a finite limit to how much the BRICs can develop before exceeding the capacity of the global economy to supply them and of the environment support them. More worrisome is the world watch institute report that if China and India, to say nothing about Russia and Brazil, were to consume resources and produce pollution at the current U. S. per capita level, it would require two planet earths just to sustain their two economics.

Question-3: Do you think recency bias has led to overestimating the potential of the BRICs? how would you, as a manager for a company assessing these markets, try to control this bias? Answer: Yes, I think, bias may come from skepticism and dubious expectation that the current trend will continue into the future. repeatedly, companies, executives, investors, and officials extrapolating the present into the future have made mistakes. there are also several practical threats.

Despite high octane economic growth, the BRICs face futures of widespread poverty and distorted income distributions. Someone less obsessed with recent performance with recent performance and more familiar with the lessons of history might have recollected that behind every strong market is an even stronger market growing. As a manager it is important to minimize the negative effects of receny bias. Keep a track record that includes every trade, how much won or lost and total equity.

This will make it easier to think about results on a long term basis. Keep a trade checklist with my trading criteria to make sure that all of the rules are being followed and make sure that I am very knowledgeable of receny bias.

Question-4: How might managers interpret the potential for their product in a market that is, in absolute economic terms, large but, on a per capita basis, characterized by a majority of poor to very poor consumers?

Answer: We focus o five things that an international business and its manager can do to make sure ethical issues are considered in business decisions. These are: 1) Favour hiring and promoting people with a well-grounded sense of personal ethics 2) Build an organizationalculturethat places a high value on ethical behaviour 3) Make sure that leaders within the business not only the rhetoric of ethical behaviour but also act consistent in a manner that is consistent with that rhetoric.) Put decision-making processes in place that require people to consider the ethical dimension of business decisions 5) Develop moral courage. Managers estimate the economic environments and forecast market trends to make better investment choices, operating decision, and completeive strategies to improve economic analysis by identifying meaningful indicators and then

understanding how they interact with each other. Income per capita in the U. S is projected to reach \$80000 by 2050 while china will likely be ust over \$31000, brazil about \$26600, and India just \$17400. with the possible exception of Russia, hundreds of millions of people in the BRICs will be far poorer on average than individuals in germany, france, japan, Italy, Canada, and the united states. Consequently, for the first time in history the largest economies in the world will no longer be the richest when measured by GNI per capita. Inevitably, many ask if the BRICs could turn into bricks in their march to miracle economics.

Governments in each country have developed economically sensible policies, opened trade and domestic markets. and begun building institutions that support free markets. still, there is more than a passing chance that conditions in one economy, if not all, will fall out of sync for the simple fact the tradition from command-controlled economies to freer markets rests on a difficult set of accomplishments, basically four instrumental conditions must occur, more or less concurrently, for a market economy to grow consistently:

1. Sound macroeconomic policies and a solid macroeconomic background, as seen in low inflation, prudent public finances, and supportive government policy.
 2. Strong political institutions that endorse transparency, fairness, the rule of law
 3. Openness to trade, capital flows, and foreign direct investment
 4. High levels of education at both the primary and secondary levels.
- Question-5: . in the event that one BRIC country, if not all, fails to meet its projected performance, what would be some of the implications for the economic environment of international business?

Answer: In the event that BRICs fail to meet projected performance make many very skeptical because of history showing great mistakes made by companies, executives, investors and official who estimated the present into the future. The BRICs face futures of widespread poverty and distorted income distribution and the income per capita in today's richer countries will exceed US \$35, 000. Political uncertainties and social assumptions in each country limit their economic potential.

Brazil's economic potential has been anticipated for decades, but it has struggled to achieve expectations due to problems in incomeequality, productivity, and education. The population count of Russia is declining, and the country's uncertain government, environmental degradation, and crumbling infrastructure confound growth projections. India in addition to other pressing economic and political challenges has many poor people. China's particular interpretation of the rule of law, rights of citizens, environmental sustainability and principles of democracy poses problems.

Too, China faces a closing window of opportunity; by 2020 china will have the largest number of both old and very old people on earth. Question-6: Compare and contrast the merits of GNI per capita versus the idea of purchasing power and human development as indicators of economic potential in Brazil, Russia, China, and India. Answer: Gross national income per capita (GNI per capita) represents the market value of all final goods and services newly produced in an economy by a country's domestically-owned firms in a given year divided by its population.

Thus, GNI per capita serves as a very useful indicator of current individual wealth and consumption patterns; those countries with high populations as <https://assignbuster.com/meet-the-brics-case-study/>

well as high per capita GNI are most desirable in terms of total market potential. Purchasing power parity (PPP) represents the number of units of a country's currency required to buy the same amount of goods and services in the domestic market that one unit of income would buy in another country.

PPP is estimated by calculating the value of a universal “basket of goods” that can be purchased with one unit of a country's currency and thus serves as a useful indicator of international differences in prices that are not reflected by nominal exchange rates. The Human Development Index measures life expectancy, education (primarily the adult literacy rate), and income per person and is designed to capture long-term progress rather than short-term changes.

Thus, by combining indicators of real purchasing power, education, and health, the index provides a comprehensive measure of a country's standard of living that incorporates both economic and social variables. Recommendation: The emergence of the BRICs suggests that the next generation of economic development of the global economy will be a fascinating yet bumpy ride. No matter what, coming anywhere close to reaching their apparent potential will redefine the structure of economic environment, patterns of growth and dynamics of economic activity worldwide.