



Entrepreneurship in Emerging Economies

Objectives

- Recognizing a number of institutional voids present in emerging economies which can be viewed either as challenges or opportunities
- Examples on how certain people were able to creatively fill these voids by finding right solutions with the context of people, market, situation and so on
- Focus on innovative model for reconceptualizing the way in which innovative ideas could travel between developed and emerging markets



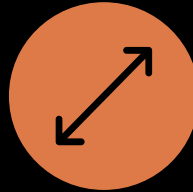
Institutional Voids

- In emerging economies, the institutional infrastructure to support market-driven economies and provide basic services often falls short
- Institutional development is a complex process, dependent upon specific factors related to the historical, social, and cultural forces shaping the country or region in question
- The most important factor in a market economy is the ability of buyers and sellers to find one another and complete transactions as seamlessly as possible. *Institutional voids are the gaps that exist in specific markets that serve as roadblocks to the ideal interactions and transactions of buyers and sellers*
- Institutional voids come in a variety of forms: absent or unreliable sources of information related to the market as a whole, uncertain regulatory or intellectual property regimes, and inefficient judicial apparatus are just some possible examples
- Although institutional voids are palpable impediments to effective transactions and the proliferation of beneficial services (such as reliable healthcare), they are also opportunities for entrepreneurial interventions

Institutional Context



The unique institutional context of a market determines the ways in which an entrepreneur can intervene, and to a great extent, also determines the success or failure of a particular strategy



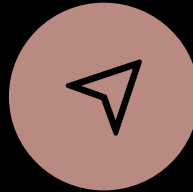
Within a given market, there may be a number of appropriate interventions and opportunities, including:



Replicate or adapt an existing business model in that market



Collaborate with domestic partners or go it alone




Navigate around that market's voids – or actively try to fill them



Enter the market now or look for opportunities elsewhere



Stay in or exit the market if current strategies are not working

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- Institutional voids are impediments to a thriving market economy and cannot simply be mandated away. It takes a substantial amount of work, expertise, and time for gaps in infrastructure and intermediaries to be recognized and addressed
 - Spotting institutional voids thus provides a crucial jumping off point for assessing business opportunities, market conditions, and risk. But how does one begin to recognize institutional voids?
 - Activity in any economy is driven by three primary markets: **product**, **labor**, and **capital**. Institutional voids can be found in any or all of these markets in developing countries



Recognizing Institutional Voids

Entrepreneurial Interventions



Characterizing the Context of Emerging Markets: Taobao Villages in China

Alibaba and Taobao Villages

- Taobao is a consumer-to-consumer marketplace that allows individuals and businesses to buy and sell goods through a central online platform (similar to Amazon or Ebay). It is run by the Alibaba Group, a retailer specializing in e-commerce in Chinese-speaking areas of the world
- A Taobao Village is a cluster of rural e-tailers within an administrative village where:

Residents got started in e-commerce with the use of Taobao Marketplace and have Total e-commerce transaction volume is at least RMB10 million per year (\$1.6 million) and have At least 10% of village households actively engage in e-commerce or at least 100 active online shops have been opened by villagers.

Achieving Impact at Scale through Entrepreneurship: Tertiary Healthcare in India

- Narayana Health is a multi speciality hospital chain in India, headquartered at Bengaluru
- As of December 2013, there were 6200 beds in 23 hospitals across 14 cities
- It is known as a low cost and highquality Indian healthcare service provider
- The unique business model of Narayana Health has become a great example in global Healthcare
- Narayana Health is also a renowned for being one of the largest telemedicine networks in the world



Economies Of Scale

- Economies of scale can be defined as the cost advantage that arises with increased output of a product
- Economies of scale arise because of the inverse relationship between the quantity produced and per-unit fixed costs
- The greater the quantity of a good produced, the lower the per-unit fixed cost because these costs are shared over a larger number of goods
- Economies of scale may also reduce variable costs per unit because of operational efficiencies and synergies

Achieving Impact
at Scale through
Entrepreneurship:
Primary Healthcare
in Mexico

Farmacias Similares Business Model

- A national drugstore franchise which is created to provide affordable healthcare to Mexican Citizens
- Prior to this Business, quality healthcare was unattainable by the majority of the Mexican population





Branding and the Stories of Entrepreneurial Ventures:

Amul in India

- Amul is both an enhancer of credibility of milk quality and a transaction platform that connects decentralized farmers with decentralized milk consumers. It thus fills two critical institutional voids in the Indian dairy market
- Amul has **if** constantly reinvented itself by offering new dairy products
- Amul has become **iconic** by staying on top of the "Indian psyche" by being a **critical barometer of public opinion** (far beyond its role as a dairy cooperative)



Branding and the Stories of Entrepreneurial Ventures:

BRAC in Bangladesh

- BRAC is one of the the world's largest non-governmental organizations
- BRAC has grown from extremely difficult beginnings to becoming, in effect, a replacement for government functions in Bangladesh

Branding and the Stories of Entrepreneurial Ventures

Día Día in Venezuela

- Día Día Supermercados is a commercial goods store serving the people of Venezuela
- Día Día's business model, is specifically suited to address the institutional voids associated with food markets in emerging economies
- One key element of this business model was the quick turnover of inventory
- The second one was that they have a centralized supply chain

Creativity and Innovation as Drivers of Entrepreneurship:

Economics of Ideas

- Innovation and the adoption of new ideas is fundamental to economic progress
- A patent is basically a right that's conferred on you-- the innovator, the inventor of something-- to have monopoly rights on the things that are produced from your idea for a certain period of time

Biopiracy

- The use of wild plants by international or technologically advanced companies to develop medicines, without recompensing the countries from which they were taken
- Issue of Patenting Turmeric by scientists of University of Mississippi
- Issue of Patenting Colagte toothpaste made of Indian Herbs



How Innovation Travels: The North/South Model

- "North/South Model" to describe the flow of ideas and products between markets
- The central idea in this model is that the developed world-- i.e.the West-- is the innovator and countries in the developing part of the world-- i.e.the emerging markets—are more the imitators
- The central reason of this is that the intellectual property rights, the protection of intellectual property granted in the North is stronger

Intellectual Property Rights-Cipla

- Cipla, a generic pharmaceutical company, illustrates how one company can be seen as a savior or a thief depending on perspective
- It's also that simply recognizing that intellectual property is treated differently in different circumstances and in different parts of the world can itself be the basis for many clever innovations





Intellectual
Property Rights -
CSIR and
Bureaucratic
Entrepreneurship

- CSIR- “Center for Scientific and Industrial Research”
- Leveraged the differences in intellectual property regimes
- CSIR-National Chemical Laboratory (NCL) partnered with General Electric (GE), which allowed the NCL to utilize perviously untapped potential

Summary

- Ability to identify challenges such as institutional voids in emerging economies
- Acquire a deeper understanding of the ways in which entrepreneurial action can effectively tackle major problems that impact the social good



Thank You