Chapter 2
Business and E Business Strategies for Coopetition and Thematic Management as a Sustained Basis for Ethics and Social Responsibility in Emerging Markets

John D Haynes
University of Nizwa, Oman

Mohammad Al Rashdi
University of Nizwa, Oman

S. Arockiasamy
University of Nizwa, Oman

Said Al Rashdi
University of Nizwa, Oman

ABSTRACT

This chapter firstly explains why Emerging Markets offer Businesses tremendous opportunities for long term growth. As a sustained basis to that growth, specifically for Emerging Markets (EMs), this chapter then presents working details for a business management model, Thematic Management, which is aimed at providing the necessary enabling circumstances for trust through the introduction and importance of the gradual fulfillment of ethics and social responsibility within an EM. These enabling circumstances provide the foundation for the importance of Thematic Management as a strategic basis for successful and sustained engagement in Coopetition within Emerging Markets. Coopetition is defined as a combination of cooperation and competition. Cooperation relates to an alliance with another similar or complimentary business where the joint venture provides for mutually beneficial gains. We believe that an ethical and socially responsible approach to competition also has benefits for the engaging business in terms of unexpected gains from, for example, efforts that lead to a consistently good reputation. Thematic Management (TM) is based on the premise: "As Outside so Inside". TM occurs where senior management consistently experiments with creating an internal environment of trust between employees and management. TM allows for staff members to be organized into special teams, which are mentored, to emulate, inside the business, the ethical and socially responsible behavioral theme of engagement in the market outside the business. TM provides for staff taking (monitored) risks; having senior team leaders engage in debates with senior management, among other practices, all with a view to an improvement in staff creativity, innovation, and finally intuition and wisdom for core knowledge retention and strategic sustainability.

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INTRODUCTION

In this chapter firstly we consider the notion of Emerging Markets in terms of a definition. Secondly, we determine why Emerging Markets offer external businesses great opportunities for setting up new branches in an Emerging Market. Thirdly, we consider a way of sustaining that growth with a management technique that entails Coopetition, which we have entitled Thematic Management.

In Section 2, Rapoza (2011) gives us several definitions for Emerging Markets in a developing country that is categorized as having been "third world" and is now "emerging" financially in terms of annual increments in GDP. The question then arises how could Emerging Markets represent an excellent investment and offer excellent growth for Businesses that wish to create a branch of their company in such an Emerging Market? Section 2 expands on the following ten main reasons why Emerging that markets represent excellent potential for growth. First, there is the fact that in an Emerging Market there is clearly demonstrated annual growth in GDP, which offers an immediate opportunity for the growth of an expanding expat business. Second, Emerging Markets provide great potential for diversification and for innovation. Third, 70% of world growth will come from Emerging Markets in the next 10 years. Fourth, there are often lower rates of taxation in the Emerging Market. Fifth, during the major USA credit crash of 2008, the world was saved from a major financial collapse by the growth of Emerging Markets thus signaling a new world order in terms of market growth and financial and product investment. Sixth, the balance of payments in Emerging Markets which are in surplus, are significantly better that Western countries. Surpluses offer their own incentive for rewarding investments. Seventh, Emerging Markets have large populations of young workers which can provide retirees in their families with financial support. Young populations are more agile, potentially innovative and hardworking. Eight, Emerging Market companies are getting bigger, hence a reason to get in now while the prospects are still good. Ninth, resources can be problematic, but most Emerging Market countries are resource rich or potentially so. China is one exception, and therefore remains a big importer of resources; hence in-country resource suppliers will make more profits than outside suppliers. Tenth, Emerging Markets are technologically savvy, connecting immediately with their Western counterparts who can also establish in-country production.

As we further detail in Section 2, for each of the above reasons, we show the connection to socially responsible Coopetition between commencing and existing expat Emerging Market Businesses together with an ethical approach to working within the Emerging Market.

Next, the nature of Coopetition (Kraut, 2001, p. 6), is explicated in Section 3. Coopetition is a combination of business engagement in both cooperation and competition. Originally the idea derived from Value Net Theory, which in turn derived from Game Theory (see Figure 1). Coopetition is thought of 'cooperating to make a pie and competing to carve it up into pieces'. But cooperation (within Coopetition) must have transparency of goals, motivations and agendas in order for the cooperator to have trust in the cooperating business. As we see this is best achieved with the e business component of the business providing for accessible intranet usage and access. Transparency means being socially responsible. To be socially responsible means maintaining an ethical behavior. Next we examine who are the complementors, since a way of engaging with a cooperator alliance is to connect at the level of complementarity of product or service. In terms of an excellent example of complementarity, we examine, just to mention one, GM's Ralph Szygenda's On-Star.

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