Dealing With Competitiveness in Emerging Markets

Discovering the Use of Competitive Strategies of NIBE

Author: August Bergman & Elliot Thalin
Supervisor: Irene Achieng Ochieng
Examiner: Richard Afriyie Owusu
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Abstract

This thesis focuses on examining key competitive strategies for multinational corporations (MNCs) operating in emerging markets, and what factors contribute to the success or failure of these strategies. Also, this research will study how MNCs can adapt competitive strategies to fit emerging market characteristics and local market conditions. It will also examine the factors of variation for competitive strategies across different emerging markets.

The empirical findings in this study were acquired using a qualitative single case study of an MNC operating in international markets. The findings were gathered through semi-structured interviews to then be analysed and discussed with the literature review to highlight differences and similarities.

The conclusion of this thesis displays competitive strategies used by MNCs in emerging markets and the factors that impact success or failure. The single case study of NIBE generated examples of competitive strategies in emerging markets, more specifically how acquisition and subsidiaries were used to adapt to local market characteristics. Factors affecting the success or failure of MNCs are institutions, networks, local regulations and norms, together with local market conditions.

Key words

Multinational corporations, emerging markets, competitive strategies, success and failure factors, adaptation, post-entry strategies, institutions and networks
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August Bergman       Elliot Thalin
Table of Contents

1 Introduction .................................................................................................................. 1
  1.1 Background ........................................................................................................... 1
  1.2 Problem Discussion .............................................................................................. 3
  1.2.1 Theoretical Problematisation ......................................................................... 3
  1.2.2 Managerial Problematisation .......................................................................... 5
  1.2.3 Research Gap .................................................................................................. 7
  1.3 Research Questions .............................................................................................. 8
  1.4 Purpose .................................................................................................................. 8
  1.5 Delimitations ........................................................................................................ 8

2 Literature Review ......................................................................................................... 9
  2.1 Emerging Markets ................................................................................................. 9
  2.2 Post-entry Strategies ............................................................................................ 10
  2.3 Competitive Strategies ........................................................................................ 12
    2.3.1 Porter’s Competitive Strategies .................................................................... 14
  2.4 Institutional Theory .............................................................................................. 17
  2.5 Network Theory ................................................................................................... 19
  2.6 Adaptation of Competitive Strategies in Emerging Markets ............................. 22
  2.7 Success and Failure of Competitive Strategies in Emerging Markets .............. 24
  2.8 Theoretical Framework ....................................................................................... 26

3 Methodology ................................................................................................................ 28
  3.1 Research Approach ............................................................................................... 28
  3.2 Research Strategy ................................................................................................ 29
  3.3 Research Design ................................................................................................... 29
    3.3.1 Case Selection ............................................................................................... 30
  3.4 Type of Data .......................................................................................................... 30
  3.5 Research Method .................................................................................................. 31
  3.6 Data Collection ...................................................................................................... 32
  3.7 Operationalisation ............................................................................................... 32
  3.8 Data Analysis ........................................................................................................ 33
  3.9 Quality of Research ............................................................................................. 34
  3.10 Ethical Considerations ......................................................................................... 35
  3.11 Author’s Contribution ......................................................................................... 36

4 Empirical Findings ....................................................................................................... 37
  4.1 Single Case Study - NIBE .................................................................................... 37
  4.2 Respondents ......................................................................................................... 37
    4.2.1 Respondent A ............................................................................................... 38
    4.2.2 Respondent B ............................................................................................... 38
    4.2.3 Respondent C ............................................................................................... 39
    4.2.4 Respondent D ............................................................................................... 39
    4.2.5 Respondent E ............................................................................................... 39
  4.3 Emerging Markets ................................................................................................. 40
  4.4 Competitive Strategies ......................................................................................... 42
  4.5 Adaptation of Competitive Strategies in Emerging Markets ............................. 44
  4.6 Success and Failure of Competitive Strategies in Emerging Markets .............. 46

5 Analysis ....................................................................................................................... 48
  5.1 Emerging Markets ............................................................................................... 48
5.2 Competitive Strategies .................................................................................................................. 49
  5.2.1 Strategic Alliances .................................................................................................................. 49
  5.2.2 Differentiation and Market Share ............................................................................................ 49
5.3 Adaptation of Competitive Strategies in Emerging Markets ......................................................... 50
  5.3.1 Institutional and Network Features ......................................................................................... 50
  5.3.2 Institutional Environment and Compliance ............................................................................. 50
5.4 Success and Failure of Competitive Strategies in Emerging Markets ........................................... 51
  5.4.1 Knowledge and Market Expertise ............................................................................................ 51
  5.4.2 Consistency ............................................................................................................................. 51

6 Conclusion ........................................................................................................................................ 53
  6.1 Answering Research Questions .................................................................................................. 53
    6.1.1 What are the key competitive strategies employed by MNCs operating in emerging markets, and what factors contribute to the success or failure of these? .............................................................. 53
    6.1.2 How do MNCs adapt their competitive strategies to local market conditions in emerging markets? ............................................................................................................................................. 54
    6.1.3 How do MNCs’ competitive strategies vary across different emerging markets, and what factors contribute to these variations? ...................................................................................................... 54
  6.2 Theoretical Implications ............................................................................................................... 55
  6.3 Managerial Implications ................................................................................................................ 56
  6.4 Societal and Sustainability Implications ....................................................................................... 57
  6.5 Limitations ..................................................................................................................................... 58
  6.6 Suggestions for Future Research .................................................................................................. 58

References .............................................................................................................................................. i

Appendices ........................................................................................................................................... x
  Appendix A – Operationalisation ........................................................................................................ x
  Appendix B – Interview schedule ........................................................................................................ xi
  Appendix C – Interview guide – English version ................................................................................ xii
  Appendix D – Interview guide – Swedish version .............................................................................. xiv
  Appendix E – Authors individual contribution – August Bergman .................................................... xvi
  Appendix F – Authors individual contribution – Elliot Thalin ............................................................ xvii

List of Tables
Table 1: Operationalisation table ......................................................................................................... 33

List of Figures
Figure 1: Competitive Advantage: Creating and Sustaining superior performance (Porter, 1998) ......................................................................................................................................................... 15

Figure 2: Theoretical Framework ........................................................................................................ 27

Figure 3: Updated Theoretical Framework ........................................................................................ 56
1 Introduction

In this introduction, the authors will guide you through the background of multinational corporations as well as emerging markets. Furthermore, different competitive strategies will be introduced and given a background. Following the background section there is a problem discussion diving into theoretical problematisation as well as managerial implications and the research gap. Lastly, the research questions of this paper will be stated followed by the purpose and delimitations of this research.

1.1 Background

The international business field has seen considerable expansion as a result of rapid globalisation. Multinational Corporations (MNCs) have recognised the necessity and significance of seeking international opportunities and expanding their operations to international markets (Liu, 2017). For MNCs to do this they therefore look into competitive strategies for their operations and this choice is of great importance as it will determine the future of their business and the results that will be generated. To get into competitive strategies for MNCs’ and to understand them one must first understand the concept of MNCs. In many cases, the MNCs have a home base in developed countries and bring their competencies into other markets such as emerging markets. This helps create new opportunities for markets where certain technology would not be available. Furthermore, it also creates better job opportunities and higher-paying jobs (Chen, 2023).

Emerging markets is the term that economists refer to when speaking about an economy that has similar characteristics to a developed market and is experiencing growth in their economic sector. The major examples of countries that fit this definition are BRICS (Brazil, Russia, India, China, and South Africa). These markets are undergoing their developing phase and are transitioning to the developed phase; however, certain factors affect this transitioning phase. Common factors include market volatility with political problems, investment potential, and a rising income per capita (CFI Team, 2022).

The interest in expanding operations abroad to emerging markets from developed markets is of no new information. It is something that has been going on for a long time and there have been several reasons for it (Pendleton, 2019). As emerging markets tend to possess a rising upper class this has become a great opportunity for companies to take advantage and benefit by giving these individuals the opportunity to buy from them. When entering emerging
markets there is also the fact that corporations become part of the growing infrastructure as well as the economic system that is still under construction and forming. It is also during this time that the chance of building longer-lasting relationships with the community becomes critical (Pendleton, 2019). Comparative to today's uncertain times with inflation around the world, many of the emerging markets already have had cycles of this, such as Brazil. Those markets are now coming down and recovering well in contrast to developed countries and markets such as the United Kingdom and the Eurozone (TEMIT, 2023).

It is not surprising that there are differences between emerging markets and developed markets, and corporations need to be aware of these (Jackson 2022). Khanna et. al (2005) explain it by writing: “Successful companies develop strategies for doing business in emerging markets that are different from those they use at home and often find novel ways of implementing them, too”. This shows the importance of knowing your market and implementing these strategies accordingly for the best competitive success.

When it comes to multinational corporations (MNCs) and the best chance to be competitive and succeed in a new market it all comes down to long-term thinking, corporations need to look deeply into their competitive strategies. When looking at what is best for competitiveness in emerging markets one needs to consider how the entry strategy was made since that is what lays the initial foundation on what to build for the future (Indeed Editorial Team, 2022). MNCs need to understand that in some markets it could be more beneficial in the long run to go for greenfield investments rather than either acquisitions or starting up a brand-new operation, and the other way around (Maverick 2022).

A Greenfield investment is a foreign direct investment (FDI) where a company establishes itself in a foreign market by building its new operations from the very beginning, giving full control to the parent company. In most cases, this tends to create long-term job opportunities in the market of choice (Chen, 2020). According to Danchi (2009), the origin of the corporation plays an extremely important role in the strategies for success. One example Danchi (2009) mentions is how Japanese-acquired subsidiaries are more positively impacted by the intensity of marketing but are associated negatively with the customisation of products and the globalisation of multinational enterprises (MNEs). On the other hand, Dutch MNEs perform better when doing acquisitions contrary to greenfield investments depending on the level of integration into the whole of the MNE (Danchi, 2009).
There are various competitive strategies available for MNCs and to execute these strategies corporations first need to understand how their choices will shape the future of their operations. As opposed to local firms MNCs need to execute their competitive strategies with great knowledge of the market that they are acting in as the local firms already have an advantage. Since they are local and know both the market conditions and their customers in a greater way. MNCs must therefore leverage their financial resources as well as their assets and economies of scale making them a better competitive advantage (Mata and Portugal, 2004).

Adopting acquisition as an entry strategy has been observed to provide advantages, corporations would not be adding to the capacity of the chosen market. However, these acquisitions should also be bigger than greenfield entrants for the best result (Mata and Portugal, 2004). Furthermore, an important aspect to consider is the post-entry. Post-entry is what comes after the initial entry and is the continuation of the entry strategy. Unlike the entry mode strategy which involves market selection and entry mode selection, the post-entry strategy is the long-term strategy and how to further develop the business in the new market (Prashantham and Young, 2011).

1.2 Problem Discussion

1.2.1 Theoretical Problematisation

In recent years, a great amount of focus has been put on studies on emerging markets with the aspect of different entry-modes and strategies conducted by multinational corporations (MNCs) from developed markets (Meyer et al., 2009). Although emerging markets are highly researched, the topic of post-entry strategies in emerging markets remains underdeveloped and unexplored (Jacob et al., 2022). An emerging market in this context is characterised by inadequate infrastructures of capital markets and regulations with rapid unpredictable changes in the market. In these challenging conditions, the applied strategies will be especially vital for future success and performance, but also to shape the institutional environment (Marquis and Raynard, 2015).

To focus on post-entry strategies today is to shift focus from the market selection to instead set the focal point to different growth dynamics. Some different growth dynamics in this context are stated to be external and internal growth closely related to acquisition and greenfield strategy. As well as related to growth in the market, in the sense of firm capabilities.
and knowledge. There are issues with the relationship between external and internal growth and the challenges in comparing the two aspects in research for this type of growth for a global organisation. The growth of international companies, expressed by researchers, is instrumental. To survive, shortcomings in understanding international growth together with inadequate research that cannot be generalised between a developed and emerging market is a potential hinder to growth (Tan, 2009).

Further research by Luo et al. (2012) states how post-entry strategies are perceived as underrated by competitors in a market. Actors in a market are way more prone to react radically to entry strategies to keep competitors off the market and avoid a competitive market penetration. A reason for this act by leading actors in the market is argued to be because the marginal benefits of keeping competitors off the market to avoid entry are higher. Additionally, it is also expressed that local competitors in the market ought to counteract post-entry strategies through means of pre-emptive measures. A pre-emptive measure in this sense would aid the competitiveness and competitors in the market would maintain critical market share and position (Luo et al., 2012). Moreover, it is quintessential to be able to differentiate between initial entry into the market and post-entry, where initial entry focuses on market selection and entry modes and post-entry focuses more on the actions to take after initial entry. A company in the phase of post-entry needs to utilise resources, knowledge and capital to ensure a successful strategy. Also, research displays the efficiency of the post-entry strategy in terms of speed. The speed at which the MNC will adapt the post-entry strategy to survive and thrive, but also the speed of exploiting market knowledge that is accumulated after initial entry. The concept of speed in adapting a post-entry strategy in a market is seen as a performance variable and is desired to ensure future growth and survival in the market (Prashantham and Young, 2011).

Research by Sleuwaegen and Onkelinx (2014) has shown how the concept of post-entry strategies entails different factors to be able to track the development of internationalising firms after the initial entry into a market. The different factors that are investigated encompass certain degrees of commitment, growth, and survival in the foreign market. Furthermore, it is argued that international firms will experience a very fast growth rate of exporting in the earlier stages of internationalisation. When the international company seeks to exert the most benefits out of the market, the focus ought to be on active learning to comprehend the characteristics of the different markets (Sleuwaegen and Onkelinx, 2014).
Cavusgil (2021) articulates how a great deal of research today in the field of international business has been conducted with impactful and sturdy studies of emerging markets. Research of emerging markets is heavily examined concerning the different entry strategies and modes that international companies and managers might take advantage of to enter a new market. Emerging markets is today seen as attractive markets as they have huge potential and opportunities for foreign direct investments. Additionally, they are considered attractive due to the high rate of GDP growth, in relation to markets of advanced economies (Cavusgil, 2021).

Having discussed post-entry strategies in general above, there is a particular post-entry strategy that holds significant importance in today’s business environment, competitive strategy (Prajogo, 2016). Highly competitive business environments highlight a type of threat for companies triggered by extreme competition and that is a result of insufficient resources and lesser profit margins. Companies that act and operate in these kinds of markets and environments tend therefore to focus on competitive strategies and conversion of their resources (Prajogo, 2016).

The preceding text highlight a knowledge deficiency concerning the importance and impact of post-entry and competitive strategies for MNCs in international foreign and emerging markets. Additionally, there is a common pattern of having a weak understanding of how post-entry strategies and competitive strategies can be appropriately utilised based on the characteristics of the emerging market.

### 1.2.2 Managerial Problematisation

Research by Abdullah et al. (2009) studies the topic and relationship between the performance of a company with the chosen competitive strategy. It is argued that top management in a company should integrate a particular competitive strategy to strengthen the overall competitive position and performance for the company. Companies today need a consistent plan of developing and strengthening competitive strategies to further improve their competitive approach in contemporary business environments that is extremely competitive. Furthermore, top management in a company should also be aware of the importance of having a sourcing strategy as a foundation for the competitive strategy. In this context, the sourcing strategy entail focus on constituents of Porter’s competitive strategies model, as mentioned later in the literature review chapter. Therefore, companies and managers should be aware of basing competitive strategies in theories and models to produce an efficient and well-
formulated competitive strategy. Concretely, the implication for management is to have an effective decision-making process to adopt and nurture strategic approaches, such as a thriving competitive strategy (Abdullah et al., 2009). Added implications for managers in companies is to achieve performance and a competitive advantage from shaping and formulating a competitive strategy. The major issue for managers in business level strategy is to develop and form a competitive strategy that encompass positive result and impact for the company. This is a difficulty for managers due to close linkage between competitive strategies and positive results. By formulating a comprehensive and fortunate competitive strategy, the company would be guided towards competitive advantages and attain favourable market positions (Yasar, 2010).

Even though companies acknowledge the globalisation aspect of the business environment and markets as a critical challenge today, many companies still rely on outdated competitive strategies. These types of strategies are significant for having an emphasis on standardised approaches to new markets and rarely experimenting with variations in the local market (Khanna et al., 2005). Due to the use of outdated strategies, MNCs face great difficulty in developing and implementing effective strategies in emerging markets. The main obstacle for MNCs to conduct business efficiently and successfully is the knowledge gap and deficiency that exists in the depths of the emerging market. MNCs fail to gain an understanding of how institutions work in certain emerging markets. Not only do emerging markets present institutional voids, but also underdeveloped and completely absent infrastructure. With these characteristics in mind, an insufficient amount of knowledge on the emerging market will lead to poor advancement in business for MNCs in emerging markets (Khanna et al., 2005).

Moreover, when focusing not only on competitive strategies but also on emerging markets, managers and companies still face implications when attempting to become competitive. It is argued that companies and managers do not see the importance of exploiting local resources and capabilities beneficially (Zhao et al., 2014). It is the management’s role in a MNC to adapt strategies to best fit the characteristic of a certain emerging market (Zhao et al., 2014). Additionally, research describes how managers do not possess the adequate characteristics of being successful in emerging markets. It is argued that factors that will improve a manager in an emerging market setting is tolerance and openness. For a manager, it is important to be knowledgeable about the specific market, its culture and characteristics, and a general interest of behaviour (Cavusgil et al., 2013).
Besides, Teeratansirikool et al. (2013) articulates in research how there is a connection between performance measurement and competitive strategies. It is said that a company’s competitive advantage can only be accomplished through a well-formulated and implemented competitive strategy with the use of adequate performance measurement. Managers today face the issue of not implementing a sufficient and effective performance measurement, to then be able to formulate the competitive strategy and gain an advantage. In using performance measurements as a tool and guide to create a competitive strategy, the company and management increases the chances of seeing improved results and performance (Teeratansirikool et al., 2013). Qi et al. (2011) further argues that management and executives in companies find it difficult to choose the most adequate competitive strategy for the company to improve its performance in different set out markets with a variety of features. Competitive strategy is the base and foundation in which the company derives its strategy from (Qi et al., 2011).

Considering the aforementioned issues, the topic of competitive strategies for MNCs towards emerging markets has historically been under-researched and thus not given the appropriate focus. Adequate research should be conducted, and resources be allocated to ensure a better understanding of this topic due to its high modern relevance in the ever-developing international business environment. This research will focus on competitive strategies for multinational corporations that can assist companies in achieving international competitiveness in emerging market, particularly after the initial market entry. Foreign markets of focus will be emerging markets. This research also has the potential and ability to explain, display and conceptualise the different competitive strategies to make, and how certain strategies fit particular characteristics of a market.

1.2.3 Research Gap
Based on the above discussion about theoretical and managerial problematisation regarding the chosen topic as well as the background. The research gap that has been identified is that of competitive strategies for multinational corporations (MNCs) with a particular focus on emerging markets and discrepancies they may present. We will therefore focus on how MNCs chooses to employ and conduct a competitive strategy in emerging markets and how that would differ from that of another emerging market and the challenges that come with.
1.3 Research Questions

The research gap acts as a foundation for how the research questions are developed and expressed, and the results are therefore one main question and two sub-questions, in descending order:

- What are the key competitive strategies employed by MNCs operating in emerging markets, and what factors contribute to the success or failure of these strategies?
  - How do MNCs adapt their competitive strategies to local market conditions in emerging markets?
  - How do MNCs' competitive strategies vary across different emerging markets, and what factors contribute to these variations?

1.4 Purpose

The purpose of this study is to explore and describe how MNCs employ key competitive strategies and what factors contribute to their success or failure. We further aim to discover how the competitive strategies of MNCs can vary across different emerging markets. Additionally, the aim is also to examine how the strategies can be adapted to the unique characteristics of an emerging market based on local market conditions.

1.5 Delimitations

This study utilises a single case study method, using interviews as the method to gather primary data. With focusing on a single case study, this thesis will set to examine a situation within a Swedish company. The delimitation to this study is that it will not take different national and culture aspects into consideration of the subject, only a Swedish. Perspectives and findings from this study may therefore be delimited to unique organisational characteristics and consequently not consider a broader view. Additionally, when gathering the data through interviews, since the selected sample only carries a specific aspect of the situation, this study might ignore alternative views and aspects that other respondents of other companies or business areas could provide.
2 Literature Review

The authors will in this chapter present the literature review which will give the fundamental basis for the rest of the thesis. This chapter begins with explaining post-entry strategies in general and the possibilities that exists for companies when choosing a certain strategy. The section of post-entry strategies is then followed by more specific examples of post-entry strategies, competitive strategies. Competitive strategies will be explained and defined together with the introduction of Porter’s competitive strategies to help further examine competitive strategies in companies. This chapter will be concluded by a theoretical framework where a visual model will be presented to display the process and connections between theories and concepts presented in the literature review.

2.1 Emerging Markets

The term ‘Emerging Markets’ seeks to explain the countries with low to middle income who actively tries to make the market more open towards foreign investments and work towards decreasing the government control in the economy. Emerging markets are therefore characterised by high growth, high return, and risk diversification for a business while still being reminded of uncertainties that can erupt (Movassaghi et al., 2004).

Belz (2012) argues that 45% of the GDP growth in the world is anticipated to, in the upcoming decades, be produced by seven of the world's most impactful emerging countries. The seven emerging countries that are being put forward are China, India, Brazil, Mexico, Russia, Turkey, and Indonesia. These countries have, due to the recent trend, been thriving in the international business arena and being at the centre of business activities for international companies (Belz, 2012). It is further stated that international business has been shifting away from developed countries to the more attractive emerging countries to take advantage of the major benefits that characterise emerging countries, especially huge growth potential. Despite all the opportunities that the emerging country and market have, companies still need to be aware of potential risks and challenges, acknowledge the market conditions, and define strategies that fit the market (Belz, 2012).

Emerging markets are signified by locality and are governed by socio-political institutions, poor infrastructure, and a shortage of generic resources. The peculiar characteristics and standards of an emerging market are completely different to that of a developed market. Companies need, therefore, to rethink areas of the business to fit in with the new emerging
market. Business areas such as sales, marketing, and market segmentation are all aspects that will need to be adjusted for the market (Sheth, 2011).

Furthermore, the immense uprise and interest focused on emerging markets in later days can be explained by viewing it from a perspective out of supply and demand. The emerging markets are not only fast-paced but also filled with an enormous population with increasing income, this means that the overall economy is getting stronger and henceforth impacting its total supply and demand (Pillania, 2009). Pillania (2009) continues to describe that with a big population, as can be found in emerging markets, comes a highly skilled and talented workforce who is also relatively cheap. With a skilful labour force together with low costs of labour, the increase in supply is inevitable (Pillania, 2009).

Finally, the differences between emerging and developed markets are still unknown and can be unpredictable. Heinberg et al. (2019) argues that a difference between emerging and developed markets is that of consumer behaviour. Consumers in emerging markets tend to be more optimistic and do not adopt the thinking that the past was better than the present. This will lead to marketing campaigns being less driven by nostalgia with fewer resonance feelings attached (Heinberg et al., 2019). Additionally, relationships between an emerging market and a developed one will depend on the differences the two markets possess. Factors that can differentiate the markets from each other are uncertainty with informal institutions, corporate values, national culture values, and communication styles (Nuhu et al., 2021).

### 2.2 Post-entry Strategies

The idea behind post-entry strategies for a company is to further develop and work on the internationalisation that commenced with the initial entry into the market (Leppäaho et al., 2021). Post-entry strategies for MNCs will accumulate success as it improves the overall strategic positioning as well as the competitive advantage. Companies need to be aware of the importance of strategic positioning in a market as it is the sole foundation for competitiveness and advantages. A suitable post-entry strategy, with strategic positioning in mind, has the potential to create unforeseen attractiveness and success in the market for the MNC if carried out accurately (Xie et al., 2011). The means of producing post-entry strategies often entail thorough planning and strategy development. The development of strategies can be done with the help of analytics, business intelligence, and market research to get a fundamental understanding of how to nurture efficient and effective strategies (Goncalves, 2014).
Zhao et al. (2021) implies foreign direct investments is a strategy if embedded in a local alliance network. A local network alliance will supply viewpoints on how it can be utilised and effectuated in different ways to adopt a post-entry strategy and the different approaches it involves. Local networks will become significantly more prominent when local actors and relationships are involved in choosing a mode or approach for the post-entry strategy. The post-entry strategy of taking advantage of foreign direct investment in an international market increases the commitment to the market of choice by distributing the appropriate resources to form the investment (Zhao et al., 2021).

Additionally, if the entered market for a company has become fierce in terms of competition, a company might investigate implementing survival strategies as a part of the post-entry strategy plan. The fundamentals of post-entry survival strategies are solid management and leadership together with good international experience (Khan and Lew, 2018). As MNCs are attempting to conduct post-entry survival strategies the basic focus is to survive in the market and to avoid or mitigate the risk of uncertainty and unfamiliarity in the new market (Khan and Lew, 2018). Furthermore, it is argued that social networks, relationships and ties that are accumulated upon initial entry into the market, are quintessential for the later post-entry strategies of a company to successfully fulfil anticipated objectives. Companies should therefore, after initial entry, put focus on maintaining social networks to develop and establish further in the market and to build a suitable post-entry strategy (Leppäaho et al., 2021). Also, another post-entry strategy to counteract uncertainty and shifts in the ever-competitive international markets is growth strategies. It is said that there is increasing importance today in implementing growth strategies for a company, should the desire be to compete well on an international level (Alaaraj et al., 2018).

A post-entry strategy is not exclusively about growing or surviving in the market, it could also entail competing with other actors for market share. Cennamo and Santalo (2013) implies that a strategy shortly after the entry is to seize customers ahead of competing rivals to ensure competitiveness in the market. A competitive strategy for a company after entry, as a post-entry strategy, could therefore be as mentioned above but also utilise exclusive contracts to prevent competitors from achieving valuable products and gaining an unfavourable advantage (Cennamo and Santalo, 2013).
2.3 Competitive Strategies

An MNC's internal strengths should be positioned effectively and efficiently in relation to its competitors, as well as with the opportunities and challenges that arise in global business contexts (Verbeke and Lee, 2022). Strategies, including competitive strategies, are the main determinant of value creation in business performance in organisations. A certain strategy will consist of a variety of activities to be able to establish and present valuable positions in the market and projects that will facilitate the accomplishment of reaching set-out company objectives and long-term goals (Hsu, 2012).

For a company, the options in deciding a competitive strategy are abundant and widespread. Therefore, the competitive strategy of strategic alliance partners is a good strategy to make use of when striving for a competitive advantage in the market. This type of strategy entails the use of rivals in the market to learn from but still consider as competitors as the company wants to know as much knowledge and information as possible from the partner but is unwilling to share its knowledge. The focus of this type of strategy is to be aware of the alteration in both the partner's competitive advantage and position in the market (Verbeke and Lee, 2022).

According to Paik and Ando (2011) there are three types of competitive strategies in the global market scene: global, multi-domestic, and transnational competitive strategies. A global competitive strategy has the anticipation of reducing costs through standardisation and integration. Multi-domestic competitive strategy focuses on the differentiation of goods and services, through the means of adapting to specific local market characteristics and features. The transnational competitive strategy utilises a combination approach of global and multi-domestic strategies to meet both needs of cost reduction and differentiation at the same time. Paik and Ando (2011) also implies how the adoption of adequate human resource management is critical in the implementation of the different strategies a company choose to engage in. Additionally, management in companies needs to decide what type of competitive strategy to use based on the global market, different types of strategies will fit in better in certain markets than others (Paik and Ando, 2011).

Furthermore, a strategy for an MNC that displays and describes how it should compete in a global market is vital since competition is not only between actors in a certain market but also a concept that stretches over international borders. These strategies enlighten the strategic
objectives and motives of a company and how the goals should be attained. In this instance, an example of a competitive strategy is using subsidiaries. A subsidiary of the MNC is not completely independent which means that it will still adopt the main strategic choices and decisions made by the MNC and at the headquarters. As a result, subsidiaries of MNCs will embrace competitive and global strategies proper to the host-market environment and this is done to extract maximum benefits from the market to get a competitive advantage. The main objective of using subsidiaries as a competitive strategy for an MNC is to obtain and exploit knowledge from these subsidiaries. The newly obtained knowledge from subsidiaries in the international market will supply opportunities for the MNC to gain a global competitive advantage (Hada et al., 2013).

Additionally, as companies try to develop post-entry strategies in the contemporary business environment, the importance of competitive strategies is realised. An adequately formulated competitive plan and strategy are bound to advance the performance of the company and attain a sustainable competitive edge. Thus, a solid competitive strategy that is completed and fulfilled will yield positive results and impacts for a company. As the competitive edge is reached by the company it can easily be translated into greater profits than before and greater profits concerning competitors in the market (Yasar, 2010). Competitive strategies will present and display the necessary methods to reach an impeccable connection between the market conditions and the organisational resources and capabilities that are available. Here, an organisation’s resources can be either tangible or intangible, and range from financial to human resources. In addition to the resources, the capabilities of an organisation entail how the coherence in an organisation will be based on the utilised resources to achieve a special task or result. The author continues to express that the resources and capabilities of the organisation or company need to be valuable, rare, inimitable, and non-substitutable to be able to succeed (Santos-Vijande et al., 2012).

Finally, Chang and Rhee (2011) express how a competitive strategy and plan can take the shape of speed and a time-based competitive advantage. It is argued that the speed of implementation and adaption of foreign direct investments will have a great impact on the definitive performance of a company. Additionally, De Toni and Meneghetti (2000) articulates how a company can acquire a competitive advantage that is time-based. Two paths are shown, a traditional and an innovative path to the above-mentioned type of competitive advantage. A traditional path refers to the pace at which a company can adapt its products to
the market, a pace that should be far greater than competitors to be successful. With having a better-structured operation than competitors, with regards to time-based competitive advantages, the competitiveness of the company will be positively affected together with the performance (De Toni and Meneghetti, 2000).

2.3.1 Porter’s Competitive Strategies

Porter (1998) indicates that competition is at the core of every business, either encompasses success or failure. Competition in a company will decide if its activities will influence positive performance, innovation, culture, and implementation. Against the competitors in the market for a company, the use of competitive strategies is intended to create and prove more profitable, sustainable, and competitive positions and advantages in the industry (Porter, 1998).

There are two questions for companies in which to decide on a suitable competitive strategy. The questions are whether an industry is attractive and the different factors that will decide long-term profitability. Although these questions exist, neither question is completely sufficient on its own to guide the company to choose the best strategy. As mentioned above, the main goal of a strategy is to attain competitive advantages and these advantages are based on the value a company creates for its customers and buyers that exceeds the costs of creating it. Porter (1998) further implies that there are two fundamental types of competitive advantage: cost leadership and differentiation. The three produced generic competitive strategies are cost leadership, differentiation, and focus. Focus, which is the scope of activity, has two added variants, cost focus and differentiation focus (Porter, 1998). The three generic strategies together with types of sub-strategies will be visually and contextually explained below.
Figure 1: Competitive Advantage: Creating and Sustaining superior performance (Porter, 1998).

Figure 1 presents Porter’s generic competitive strategies where the competitive scope is divided into a broad or narrow range. The type of competitive advantage is also divided into lower cost and differentiation. Referring to the figure above, if a company in an industry is characterised by a competitive advantage of lower cost and a broad target scope, then the strategy is cost leadership. In cost leadership, the company aim to be the low-cost producer in the broader market. With this strategy, a low-cost producer must utilise all sources of cost advantage that are available for the company. To reach the objective of being an above-average performer in the industry, the company should achieve and sustain overall cost leadership, posited the company can take charge of prices at the industry average level (University of Cambridge, n.d). It is further argued by Porter (1998) that, in his model, cost leadership might be the clearest of all the strategies to understand. Beyond focusing on low cost, the company will also operate in many industry segments and even in closely related industries and markets, as a part of the broad target of competitive scope. With the company having a broad market focus and is capable of matching industry average prices, then the company becomes, together with the cost leadership strategy, a cost leader. When there is more than one aspirant to be a cost leader in an industry, the rivalry can become quite rough and especially then is every market share that is attainable quintessential for the company.

When the company still has a broad target competitive scope but shifts its competitive advantage from lower cost to differentiation, the strategy will be a differentiation strategy.
Here, the company desires to be one of a kind in the industry by differentiating from competitors in a way that is valued by buyers. The company using a differentiation strategy will be rewarded due to its unique position in the industry (University of Cambridge, n.d). Achieve uniqueness through differentiation can look a bit different, it can be based on the products, delivery system, or marketing approach. If the company can sustain differentiation, it will be an above-average performer in the industry if the price premium is exceeding the costs it takes to act uniquely in the market. To use differentiation in an industry, to firm a differentiator role, the aim must always be to be aware of its cost position, to not let it be inferior to that of the differentiation cost. The company needs to be clear on the attributes and qualities to be differentiated from other competitors in the market to implement a differentiation strategy in the first place (Porter, 1998).

The third and last generic strategy of Porter is the focus. As mentioned earlier, focus also own two more variants, cost focus and differentiation focus. Focus is when the company puts energy into a narrow target competitive scope with either a lower cost or differentiation as a competitive advantage. To utilise a focus strategy is to cater the strategy to fit a certain market segment or segments (University of Cambridge, n.d). By adopting a focus strategy on a specific market segment, the company will focus on achieving a competitive advantage with no real competitive advantage overall, to begin with, as opposed to low cost or differentiation (Porter, 1998).

A strategy is fundamental to creating a competitive advantage, the aim of most companies in the business environment. A company will be able to take aggressive or defensive measures with the help of competitive strategies to construct a stable position in the market (Tanwar, 2013). Before 1980, companies and businesses had not been able to fully utilise the potential of different types of strategies to answer the enigma of how a company can create a competitive advantage in each business unit of the company. It is further argued that Porter’s competitive strategies, which entail low-cost, differentiation, and focus strategies have been extensively used in practice and theory. Although Porter’s strategies are popular, one cannot turn a blind eye to the critique it has received on its influence on business performance, how a combination of the different strategies can affect the performance and to what extent (Salavou, 2015). As a company chooses to make use of Porter’s framework of competitive strategies, the company’s structure and performance will be affected. The company will be perceived as a combination of different competitive strategic activities pursuing to adapt to
the business environment by gaining a favourable and beneficial position in the market
together with a competitive advantage. This framework that is presented by Porter is unique in
the way that it focuses on firms and companies rather than the performance of an industry.
Also, industry structure and market environment are seen as partly exogenous and stable
instead of completely exogenous and stable. Additionally, the influence of firms on
performance is a core constituent of the framework together with industry structure. The sole
focus of the framework tends, therefore, to lean towards firm activities and their role, and
positioning posing to be a factor for the development of strategies (Spanos and Lioukas,
2001).

Although Porter’s strategies are available to companies in the international business scene,
these companies are not confined to the use of just Porter’s strategies but should be
considered as a guide towards competitive strategies through the framework presented above.
For an international company, the phases after the internationalisation process are not covered
sufficiently in research and a company needs to realise that strategies will improve
international performance. Crespo et al. (2020) states that knowledge of cost leadership and
differentiation strategies from Porter’s competitive strategies, explained above, will guide the
company to deeper and more thorough implementations of certain strategies and will also
affect the end performance of a company. Furthermore, companies who adopt differentiation
strategies will have a focus on uniqueness that is appreciated and valued by consumers. With
a cost leadership focus, the company will aim to set the lowest price in the industry that is fair
for the products offered. Consequently, a focus strategy for a company is to focus on the
combination of both cost leadership and differentiation in trying to match the needs of the
market, or even a particular segment of the market (Crespo et al., 2020).

2.4 Institutional Theory
The main idea of institutional theory is that institutions will influence rules, norms, and ideas
in society. The effect institutions have on society will also aid in figuring out what guides the
market, and the specific set of rules and norms that is applied to pave the most successful
strategic approach for an MNC (David et al., 2019). Institutional theory proposes notions and
explanations of rules, norms and requirements which organisations and companies must obey
if they want to reach legitimacy and support. To gain a more thorough understanding of
institutional theory, it is useful to identify some of its key characteristics. Putnam and Mumby
(2013) argues that institutions are a persistent social phenomenon that have existed
throughout history, particularly in relation to organisations. They have a significant social meaning and live independent lives. Furthermore, institutions shape social life within organisations, as they are inherently a social phenomenon (Putnam and Mumby, 2013).

Likewise, to focus on institutional theory more in an international business context, this theory has increasing popularity among international business and management researchers. Researchers use the institutional theory to display and explain behaviour and strategies employed within MNCs. With the aid of institutional theory, attention is being paid to emerging markets more and more as MNCs spread around the globe since they are seen as the next frontier for multinational corporations. Due to the emergence of more international players and actors together with new markets, a related trend was to find solutions to manage local regulations, laws, and norms in different emerging economies with little to no foundation to use as guidance (Tihanyi et al., 2012). Furthermore, institutional systems in a country or a market will have a heavy impact on economic development and government regulations. According to Tihanyi et al. (2012), if an institutional theory is utilised, several perspectives of concepts will be made available. Concepts such as cultural distance and liability of foreignness are said to entail a major opportunity for future research in MNCs, seen through the facet of institutional theory (Tihanyi et al., 2012).

Moreover, the competitive strategy of FDI and its connections to institutions in the host market is immense. Especially in emerging markets, low levels of savings and investment will give rise to a gap in the market between savings and investments that has the potential to give negative impacts on economic growth and development. Therefore, FDI in an emerging market can be of guidance to help alleviate the gap and provide a more prosperous market (Sabir et al., 2019). Sabir et al. (2019) implies that the implementation and adaption of the FDI strategy derive from the characteristics of the emerging market. The implementation and adaption of an FDI competitive strategy in an emerging market depend on factors such as institutions, administration, labour and transportation costs, government policies, and political stability. Uncertainty about the above factors of institutional shortcomings makes companies concerned about risks and returns when pondering FDI as a strategy (Sabir et al., 2019).

Martin (2014) argues that institutions are an important part of strategy formulation processes in companies, especially those strategies that seek to gain a competitive advantage. It is further expressed that the competitive strategy of differentiation, related to Porter’s competitive strategies, seeks to gain a competitive advantage with the guidance of institutions.
According to Martin (2014), companies can try to gain a competitive advantage through institutions and denote it as an institutional competitive advantage. To employ a differentiation competitive strategy concerning institutions in the market, one needs to look at the socioeconomic factors that can restrict the actions of companies in doing business. Also, governance issues such as regulative, cultural, and normative institutional factors can all pose potential hindrances. Companies should, therefore, be knowledgeable about the institutional situation and react accordingly to attain competitive advantages (Martin, 2014).

Additionally, using subsidiaries as a competitive strategy for an MNC can pave the way for competitiveness and a competitive advantage. Santalego and Meyer (2011) argue that institutional voids and institutional uncertainty will affect the competitive strategy of implementing subsidiaries for the MNC in the foreign market. If the institutional uncertainty is high, investors are not as keen to make investment decisions in the early stages of the venture. Poor institutions in a market can often be referred to as ‘institutional voids’, which is described as a lack of supporting institutions and imperfections in the market (Santalego and Meyer, 2011). Also, institutional uncertainty is about the unpredictability that comes with the expectations of institutional rules affecting the change of businesses. In general, for an MNC operating in a market with institutional void or uncertainty, the strategy may be altered by either employing a decrease or an increase in commitment (Santalego and Meyer, 2011).

Conclusively, institutional theory is also commonly used when exploring the spread of organisational structures, standard practices, and relevant new policies. Also, institutional theory entails a rich number of concepts and theories which all have a major focus on norms and expectations to be key factors in contributing to the structure and performance of a firm (David et al., 2019).

2.5 Network Theory

Borgatti and Halgin's (2011) definition of a network is that it consists of a set of actors with connections and relationships that links them together. The specific links and connections between actors in the network are what give the network its distinctive structure. The network theory encompasses factors that are interrelated with each other to decide how the characteristics of a network are and what future approaches can be utilised based on how the network functions. How the network is working with all its constituents can be described and perceived as a collaborative business community with strategic alliances and supply networks.
between two or more firms integrated into the same network. The three most prominent approaches are cultural, structural, and relational approaches, which are chosen due to the different actors, relationships, and structures in the network (Todeva, 2011). Todeva (2011) further imply that the cultural approach has cultural factors to it such as knowledge, technology and institutional norms. The structural approach is recognised with market transactions in social relational structures. Lastly, the relational approach improves the structural approach and explores business relationships in the network. Zhao et al. (2021) argues that the strategy of a company can be affected by the positioning in the network. They state that local networks are a primary source of knowledge of the market and to be able to access this knowledge appropriately and correctly, the right network positioning by the MNC is needed and essential. Two key network positions exist to extract the maximum from a network: centrality and brokerage. Network centrality describes the connectedness an actor is within a network with the part of the network with the highest connectivity. The MNC that seizes the most central part of a network will see itself accessing the broadest availability of knowledge and information. On the contrary, a brokerage network position is characterised by connection and giving access to brokers to connect external knowledge and opportunities from outside the network to implement locally. Therefore, a central MNC in the network can access knowledge from a distance with a wide scope in the local network. On the other hand, the broker in the brokerage network is signified by connecting with fewer partners within the network (Zhao et al., 2021).

Borgatti and Halgin (2011) further state that two well-known network theories can be utilised to gain a more profound understanding and distinction of network theories: Granovetter’s strength of weak ties theory and Burt’s structural holes theory (Borgatti and Halgin, 2011). The idea behind Granovetter’s model is that only connecting weak ties is valuable to individuals and that these weak ties are more likely to act as bridging connections than just strong ties within the network. If the tie or connection in a network is weak, it has an impact on the individual. It is argued that weak ties in a network are important for an individual to integrate with society. In a network, it is therefore quintessential to be aware of the impact of weak ties. For instance, bridging weak ties are more likely to connect individuals who are quite indifferent rather than just weak ties. The bridging tie between two actors in a network will become crucial for future relations (Granovetter, 1983). On the other hand, Burt’s structural holes theory is about how social capital is nurtured by a network where the actors can broker connections between detached segments. Structural holes also can separate non-
redundant sources of information. Here, there are two indicators of redundancy where: cohesion and equivalence. Cohesive contacts are strongly tied and connected and have similar information. Equivalence contacts are contacts who are very sternly connected with third parties and will contribute to more alike information than cohesive contacts (Dubos, 2001). The difference between these two network theories is argued to be that Granovetter’s model is unanticipated in the way that actors in the network create ties and connections to each other only when highlighted. Burt’s network theory, on the contrary, embraces a bit more strategic and influential view (Borgatti and Halgin, 2011).

Business networks, which refer to the connections between companies, play a crucial role in maintaining competitiveness in the market. These networks extend beyond mere collaborations between companies and include rival competitors who strive to stay competitive (Contador et al., 2022). Companies who take part in business networks can, between each other, share knowledge, technology, best methods and modern resources. Being a member of a business network where market and product knowledge can be shared openly, companies can form and develop a suitable strategy to match the emerging market conditions of uncertainty. Networks will thus cultivate companies with competitive advantages for members of the business networks by exploiting the information flow of knowledge that flows (Contador et al., 2022).

An international joint venture is a strategy that strives for competitive advantages through a pooling of vital resources, decreased risk for investment, and a beneficial connection to the network in the new market. A joint venture is chosen when companies want to compete in the market, join networks, and simultaneously endeavour more certainty and security in markets that are embossed by uncertainty and insecurity (Zekos, 2003). Another competitive strategy that is closely linked to and embedded in networks in business is the use of subsidiaries. Subsidiaries are explained to be part of two separate business networks, the corporate network which consists of relationships within the MNC, and the external network which encompasses relationships in the home market of the subsidiaries. The subsidiaries measure performance in market aspects and the political process in the MNC. The overall performance of subsidiaries is considered to be rooted and embedded in counterparts of the business network, such as trust and mutual adaptation (Zekos, 2003). Zekos (2003) state the importance of a subsidiary’s access to networks and relationships within to be able to achieve competitiveness in the
market with competitive advantages, and subsequently for the overall performance in the market, measured in both market and organisational performance.

Topaler and Adar (2023) mentions the importance of business networks can be argued through how acquisitions in markets that are less developed with formal institutions will be more dependent on networks. These networks will in turn be a substitute for formal rules, norms, and regulations that are poor or absent. A good quality network will have an impact and be more efficient than traditional human capital such as market knowledge and experience (Topaler and Adar, 2023). According to Topaler and Adar (2023), the low trust in formal institutions in emerging markets cause economic transitions to be highly dependent on the informal intuitions of the emerging market. Such informal institutions of the emerging market are therefore networks that are based on trust and norms (Topaler and Adar, 2023).

2.6 Adaptation of Competitive Strategies in Emerging Markets

The adaptation of competitive strategies in emerging markets is strongly related to the theories mentioned earlier. In the 1980s MNCs started to utilise subsidiaries to establish and develop networks. To attain a competitive advantage, it is quintessential for subsidiaries to adapt the competitive strategy by focusing on innovative recombinations of firm-specific advantages of both the home and host country. It is further argued that successful implementation of these recombinations can result in new firm-specific advantages in the whole MNC network (Rugman et al., 2011). Furthermore, it is implied that the significance of networks in emerging markets is immensely emphasised when considering the weak institutional characteristics of these markets (Zhao et al., 2021). According to Hoskisson et al. (2000), networks in emerging markets will be able to help a company to develop and create personal relations with actors in the network, thereby reducing market and company uncertainty. A good network enables a company to coordinate resources appropriately and efficiently, to gain organisational knowledge and learning (Hoskisson et al., 2000).

However, the adaptation of strategies, in particular competitive strategies, is not only based on the structure and type of network in an international market but also on institutional factors. The institutional theory perspective is crucial and cannot be neglected when focusing on emerging markets. In the institutional theory, it is presented that shortcomings in the institutional body of a market/country will affect a certain company’s behaviour. Emerging economies are characterised by having poor institutional governance, characterised by
corruption, weak property rights, and informal economies. Moreover, it is also implied that institutions have traditionally been treated as external units that companies must adapt to be successful (Tihanyi et al., 2012). For MNCs to best adapt strategies and business in markets that have a poor institutional foundation, it is proposed that MNCs distinguish the national and international operations of the company and that the MNC develop an internal organisational field to act as an institutional environment (Comyns, 2018). Furthermore, the company should be aware of the institutional situation in the emerging market as well as how to adapt to the environment most suitably. The presence or absence of institutions in an emerging market will affect the strategies of the MNC and it is advised by Meyer et al. (2009) that an integrative perspective should be utilised. This would be done by concentrating on a central concept of the effectiveness of a market and its access to pursued resources to adapt properly (Meyer et al., 2009).

Moreover, companies that operate in markets that are not their home country market, face unexpected challenges. A company used to doing business in emerging markets and countries then it is possible to transfer and adapt more swiftly due to similar networks, market conditions, marketing, and distribution. However, when applying competitive strategies in emerging markets, is not an as easy adaptation for the company because of high levels of environmental uncertainty (Giachetti, 2016). Giachetti (2016) also present several measures that need to be taken to be able to adapt to emerging market conditions where it is difficult to predict the outcome of strategies employed by companies. The essential measures for companies to take is of different types to temporary competitive advantages, such as not focusing broad enough. Therefore, to adapt to local market conditions and characteristics, companies cannot focus on competitive actions that are too narrow. The risk of focusing too narrowly on competitive actions is that if it did not reach the expected intended result and goal, then those companies that had a broader focus will be able to survive in the competitive surroundings and create temporary competitive advantages (Giachetti, 2016). Additionally, Li and Li (2008) describe how Chinese companies compete using differentiation and low-cost competitive strategies. It is further implied that the companies who adapt to the market with the two competitive strategies, in this instance, will achieve superior performance than the companies who only implement one competitive strategy of either differentiation or low cost. Due to the average Chinese consumer being attracted to both stylish and expensive products, the companies that chose both a differentiation and low-cost competitive strategy achieved an effective adaptation to the needs of the emerging market and its conditions (Li and Li, 2008).
Likewise, Petison and Johri (2008) implies the grand importance that MNCs ought to adapt their subsidiaries to the host market. Subsidiaries are therefore argued to be adapted to a local context in emerging markets with the help of control process, and management style. Additionally, there are possibilities for companies to adopt localisation strategies for the company to adapt to the local market conditions. Employing localisation strategies is with the desire to fully adapt to the emerging market and to understand the products of the market, but also the nature of the economy, customer characteristics, and product characteristics. Since a localisation strategy is highly encouraged during high competitiveness in a market, a company wanting to gain a competitive advantage in the market should consider a localisation strategy (Petison and Johri, 2008).

2.7 Success and Failure of Competitive Strategies in Emerging Markets

Being aware of what factors might bring success and failure to competitive strategies in an emerging market is a vital part of deciding and implementing suitable competitive strategies. Companies operating in emerging markets will need to implement a strategic approach concerning the issues and challenges associated with inadequate institutional frameworks, economy, environment, and labour. Additionally, to develop over a long period the company must be knowledgeable about the characteristics of the emerging market, as characteristics are the foundation for the top management’s decision-making. These decisions made by companies in emerging markets are bound to have an impact on their competitiveness in the market (Stefanovska, 2014). It is further argued that supporting relationships, as found in networks, with customers can provoke success in competitive advantages, through trust and commitment with customers (Sheth, 2011).

Moreover, it is recommended for an MNC to acknowledge and identify institutional shortcomings in the desired market to decide on the most suitable strategy and avoid failure. Being aware of the institutional voids enables the MNC to appropriately respond to the absence of institutions and understand its complications for the market. Khanna and Palepu (2010) suggest that a failure in handling the institutional absence might limit the MNCs' market share to a broader market segment than intended. A broad market segment in this sense means that the MNC would be unable to operate in emerging markets due to its characteristics and a broader market segment would therefore be attained and regarded as a failure (Khanna and Palepu, 2010). Further factors that will make success or failure in
emerging markets for an MNC depends on enhancing the operations to fit the characteristic of the market. Common characteristics of an emerging market that are important for a company to recognise local market conditions, infrastructure, and market knowledge (Govindarajan, 2011). Institutions in international markets, such as in emerging markets, are filled with institutions that entail regulations, norms, and culture that are closely connected to activities, resources, and social values. Regulations and norms will often be an issue for companies in new international markets since these factors determine goals and the most suitable strategy to reach the set-out goals (Comyns, 2018).

Additionally, when contemplating if a company’s competitive strategy will succeed or fail in an emerging market, one should take into consideration the impact of networking. Success factors entail if a company can fully grasp and understand how networking is employed in the emerging market concerning cultural differences and the emerging economy. Relationships, such as a network, are fundamental for companies operating in foreign markets and pushing strategic development. Efficient networking in an emerging market will facilitate to close off the gap between institutions and the private sector in business activities (Paul, 2019). In addition, a successful competitive advantage will be reached by a company if the competitive strategy is in place and fulfilled. Therefore, it is stated that many competitive advantages for companies are rooted and based on positive network relationships. Factors that contribute to a positive network relationship are how the company, with the help of the network, can improve contacts and personal relations to reduce uncertainty and create more stability. Establishing stable and sustainable network relationships is therefore crucial for a company’s success in an emerging market, as these relationships entail close contact with business-government units, avoiding the company to not get lost in the institutional void (Hoskisson et al., 2000).

Spanos et al. (2004) indicates that, in an emerging market, a range of competitive strategies such as low production costs, advertising intensity and product innovation intensity can give a company a successful and flexible, but also strong balanced position in the market. Rather than focusing on one of the three competitive strategies, companies who utilise all three will reach cost equality against competitors from scale and scope economies and lower labour costs (Spanos et al., 2004). According to Giachetti (2016), when environmental uncertainty is relatively high in emerging markets, vigorously implementing strategic intensity and strategic complexity would wreak success for the competitive strategy. It is also further implied that executing competitive strategies in combination with each other is considered and termed as
competitive aggressiveness’. This competitive aggressiveness is therefore described to possess a greater success factor rather than executing a narrow and simplistic competitive strategy (Giachetti, 2016).

Li (2005) describe how companies from a developed country will obtain a resource advantage, by establishing production plants and training workers when the emerging market, China in this instance, has high-control entry modes. Due to the underdeveloped infrastructure and institutional factors in emerging markets, companies from developed countries will experience success in the implementation of strategies since they are also able to reach key assets and find local skilled employees that can contribute positively (Li, 2005).

Additionally, Anning-Dorson (2018) argues that well-organised strategic leadership is of utmost decisive for the strategy development, implementation, and success of a company. This statement is extended and explained by the upper echelon theory which explains how the outcomes of an organisation together with strategic choices and performance levels are to a degree foreseen by the top management and background (Anning-Dorson, 2018). It is further argued how a company will experience success in competitive strategies if the company explore the effect of innovation leadership or competitive advantage leadership. Additionally, the significance of competitive advantage leadership at a company in an emerging market is presented to improve the strategic matching success and strengthen company performance (Anning-Dorson, 2018).

2.8 Theoretical Framework
In the preceding sections, we have reviewed literature and presented the key concepts and theories which are the base for the analysis and concluding remarks. Concepts and theories that have been presented in the literature review will guide in explaining the relationship between competitive strategies and emerging markets, how to decide on a strategy and how to make it as successful as possible. The diagram (figure 2) illustrates the relationship, link and process between the competitive strategy and company performance. Throughout the literature review, it has been shown that companies strive for competitive advantages. In attaining a competitive advantage in a market, the company endeavours to achieve positive results on company performance. Also, for a company wanting to reach company performance and success, not only is a competitive advantage necessary but also a suitable competitive strategy. It is important to formulate, determine, and decide upon an appropriate
competitive strategy to achieve a competitive advantage and then ultimately company performance. An influential figure in the theoretical framework is Porter (1998) with the concepts and ideas of competitive advantages, competitive strategies, and the desire for attaining certain advantages in the market. More concretely, the model below illustrates firstly the factors of institutions, networks, market knowledge, cost leaderships, and differentiation to determine a competitive strategy for a company, most of the factors being tied to a specific market. As presented earlier in this study, factors such as regulations and institutions will have a major effect on a market and therefore also on how a company adapt to the conditions. Moreover, the model also shows how the competitive strategy will give rise to a competitive advantage in a market. As such with the factors below the competitive strategy, competitive advantage too has factors, or even aspects, that will explain further how a competitive advantage might look like and what it means for the company in practice. The competitive advantage will then originate the final desire of the company, and that is to reach company performance and success. Below company performance and success are some outcomes presented that are possible to arise out of a successful performance, position, and advantage in a market performed by a company.

**Figure 2: Theoretical Framework.**
3 Methodology

In the following section, the methodology of our research will be explained. The approaches, strategies, and design will be explained. Following the explanation of the data collection, operationalisation, and quality of research considering the validity and reliability of the research. Lastly, the ethical considerations will be discussed.

3.1 Research Approach

In research, there are three different approaches that describe the relationship between research and theory, and these are abductive, deductive, and inductive. The abductive approach is a combination of both deductive and inductive where it moves back and forth between theory to data and vice versa. Abductive is made by first having a surprising fact and then moving on to find a fitting theory for this surprising fact (Saunders et al., 2019).

The deductive approach is where research begins with theory. It is a common approach when researching natural sciences and where laws are the first basis for explaining. This approach is a great way to develop hypotheses from quantitative data and analysing it. The deductive approach and quantitative research are heavily associated with each other as numeric data are often used to try out already existing theories. To come up with research question(s) with the deductive approach, it is first and foremost necessary to identify the theoretical positioning (Saunders et al., 2012).

The inductive approach is the result of having the empirical findings generates your theory. Although it is not dependent on already existing theories, familiarity of already existing theories is required (Saunders et al., 2012; Bryman and Bell 2011). The point behind the inductive approach is that the data collected helps with identifying patterns to form the theory (Saunders et al., 2012). As opposed to the deductive approach the inductive approach there can be alternative explanations. Researching with an inductive approach takes more context into consideration and considers the fact that there could be something else altering the data rather than having one concrete thing to point to as the factor as to why researchers get a certain answer (Saunders et al., 2012).

As there is a gap in the research questions, considering what has been said above about the inductive approach, this fits in line with the research questions in this research paper. Furthermore, according to Saunders et al. (2012), the study of smaller sample sizes and
subjects works better with the inductive approach rather than the deductive or abductive. This falls in line with the research in this study as the focus is on a single case study of NIBE, which is not a larger sample size.

3.2 Research Strategy

When conducting research in business, it is essential to understand the three main research strategies: qualitative, quantitative, and mixed methods. Quantitative research involves using numerical data and measurements to address research questions, while qualitative research relies on images and words instead of numbers. The mixed method is a combination of both quantitative and qualitative and the different techniques from the two are intertwined. (Saunders et al., 2012; Bryman and Bell 2011). Quantitative research lays its groundwork in testing theories rather than generating them. In turn, qualitative research lays its groundwork in generating theories instead of testing them as well as emphasising non-numerical data such as words. Quantitative research tends to adopt a deductive approach while the inductive approach is seen to be more in qualitative research (Bryman and Bell, 2011).

According to Saunders et al. (2012), case studies are one of the main methods utilised with the qualitative approach, and using a qualitative study to examine special cases results in a thorough analysis. Our research relied on non-numeric data due to the contextual focus, aimed to generate/improve existing theories followed by a qualitative case study design. Thus, our research followed a qualitative research strategy. Furthermore, using a qualitative research strategy was ideal due to the fact that there was very limited information available regarding the competitive strategy of large multinational corporations in emerging markets.

3.3 Research Design

Research design is in general viewed as the plan for how the researcher(s) finds answers to the research questions that have been set. It is found that certain different traditions in research are linked to either, qualitative or quantitative respectively but also both in a mixed-use (Saunders et al., 2012). There are several different research strategies/designs that researchers can opt to use that are connected to qualitative research. Some of these different approaches are ethnography, action research, Grounded Theory, case study, and narrative research (Saunders et al., 2012; Yin, 2014).
The chosen research design in this research study is a case study. The reason for choosing a case study as the research design is because of the possibility of gaining in-depth knowledge of the concept of competitive strategies in a real-life example. This can lead to a deeper and richer understanding of the concept (Saunders et al., 2019). Case studies are heavily used in business research and are very popular as a study approach. Case studies can either be multiple cases studied and then drawn answers from the result of the different cases or it could be a single study (Bryman and Bell, 2011; Yin, 2014). In this particular research, we focus on a single case study.

The single case study is more often used when there is a unique, extreme, or critical case. It is seen that it provides the opportunity for closer observation where researchers have not done closer observations or analysis before (Saunders et al., 2012). Therefore, this method of research was chosen for this particular research study as it allowed the authors for a better deeper understanding into one particular case (NIBE) and their competitive strategies in emerging markets.

3.3.1 Case Selection

The selected case and company is NIBE. NIBE have established a multinational group with a global presence, as well as a solid foundation for future profitable growth. Their continuity and stability are based on clear shared ideals and long-term ownership (NIBE, n.d a). Now, NIBE currently has more than 20,000 employees active in over 30 countries all over the world (NIBE, n.d b). We chose the company of NIBE because it is a Swedish company that also happens to operate in a lot of international markets and countries, but also in several emerging markets. Because of this and the size of NIBE, it made it simple and accessible to us.

3.4 Type of Data

When collecting data there are two different sorts of data available. The two are primary data and secondary data and in most cases, a combination of both is needed to find the answer to your research (Saunders et al., 2012). Primary data is referring to the original data that is collected directly from the source which can be done either person-to-person or through survey methods. In the case of this research, primary data was conducted through semi-structured interviews and collected as such (Saunders et al., 2012).

Secondary data consists of data that has already been collected by someone else for another reason. This applies and ranges from both public and private data and documents that have
been published (Saunders et al., 2012). From tradition secondary data has been the most used by economists in order to draw findings from this (Bryman and Bell, 2011). Secondary data was collected from NIBE’s company website.

3.5 Research Method

Interviews in research can be very useful in gathering valuable and relevant information connecting to the research questions. However, for interviews to be as beneficial as possible to the research paper the interviewer needs to have expert and relevant questions that suit the study’s questions otherwise it is not as effective (Saunders et al., 2012). When deciding on which type of structure to use for the interviews there are several to choose from, structured interviews, unstructured interviews, and semi-structured interviews.

Structured interviews are the process where the interviewer reads the questions and takes note of the answers on standardised schedule. In structured interviews, the questions are to be read out precisely how they are written, and no change in voice tone to eliminate possible bias to the interviewee (Saunders et al., 2012).

Unstructured interviews, also known as in-depth interviews, are used to research a more general area and are informal. In this interview, the list of questions is usually an interview guide where there is a list of the topics that are to be discussed (Saunders et al., 2012; Bryman and Bell. 2011).

Semi-structured interviews are often used in qualitative research. In this structure, the questions can depend on what the respondent answers, and certain questions might not come in the exact order as they were intended from the beginning. The questions do not need to be in the exact order as in structured interviews and there is flexibility which means that there could be extra questions as the interview progresses (Saunders et al., 2012; Bryman and Bell, 2011).

The way of structure of interviews chosen in this paper was semi-structured interviews due to the flexibility that it offers and the chance to ask follow-up questions to the respondents. The interviews were made one-on-one with the reasoning being that even though they work at the same company we argued that it would be most rewarding. This is because to provide us with in-depth and variation in the responses.
3.6 Data Collection

To make the interviews as beneficial as possible, there was a semi-structured interview guide made to help guide the interviews in the right direction so that the interviews could flow in the best way possible and not miss out on important information for the research. There was a total of five interviews that were made with the respondents being top management in NIBE and each of the interviews took approximately 27-35 minutes. Although the authors of this study are native Swedish speakers, the interviews were proficiently translated from Swedish to English. The interview guide was written in both Swedish and English since the respondents were Swedish natives and preferred to answer and get asked the questions in Swedish. To be as prepared as possible, there was research done prior to the interview on NIBE and their previous experiences related to the questions. The research on NIBEs' previous experiences was done by looking at their website. The questionnaire was formed in a way that the interviewee could be questioned on one sub-topic at a time and not jump from one topic to another and instead get to answer fully before moving on to the next. The initial idea was to conduct the interviews face-to-face as this would help in reading both body language and also help create a safer environment which could lead to more openness (Saarijärvi and Bratt, 2021). However, due to the geographical distance, the interviews were conducted through Zoom and Microsoft Teams, whichever the interviewee preferred. These digital interviews were done with cameras turned on as it would help us read body language and facial expressions in the best possible way since we could not be face-to-face. To ensure that the authors would not miss anything a recording of the interviews was done. To mark certain important points from the interviews one of the authors had the role to write down timestamps to make it easier to go back in the recording for the simplicity of gathering the data.

3.7 Operationalisation

As the conceptual framework and literature review was completed the interview guide was created and based upon these. The aim of the interview guide was to connect to the research questions of this thesis to help the interviewers the best way possible to find answers to the important topics. The questions were designed to not be “Yes” or “No” to make it an open conversation and to be more fluent. If by chance the respondents were to answer any questions without knowing it in previous answers the interviewers avoided these questions to not be repetitive. The interviews were semi-structured and certain follow-up questions that were not in the questionnaire were asked for clarification in certain parts.
<table>
<thead>
<tr>
<th>Concepts</th>
<th>Interview questions</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>1–4</td>
<td>These questions were asked to cover the ethical part of the interviews.</td>
</tr>
<tr>
<td>NIBE &amp; respondent profile</td>
<td>5–6</td>
<td>These two questions were asked to get a more general overview of NIBE and to act as an introduction and understanding of what role as well as how many years the interviewee has been at NIBE</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>7–10</td>
<td>These questions were regarding the emerging markets and which the company is active in as well as how NIBE handle local regulations and their experiences with such markets as well as the opportunities and challenges.</td>
</tr>
<tr>
<td>Competitive strategies</td>
<td>11–14</td>
<td>This section was targeted to find answers regarding how NIBE choose the most suitable competitive strategies and if they have any template to follow as well as how the respondents personally describe how they act to increase competitiveness.</td>
</tr>
<tr>
<td>Adaptation of competitive strategies in emerging markets</td>
<td>15–16</td>
<td>In this section, the questions were targeted at the adaptation of competitive strategies in emerging markets and whether it varies from market to market, and what is important when working with emerging markets.</td>
</tr>
<tr>
<td>Success/failure of competitive strategies in emerging markets</td>
<td>17–18</td>
<td>Lastly, this section covered factors leading to success or failure and examples from NIBEs’ experiences.</td>
</tr>
</tbody>
</table>

Table 1: Operationalisation table.

3.8 Data Analysis

The two most common data analysis methods in qualitative research are seen to be grounded theory and thematic analysis. Grounded theory is according to Strauss and Corbin (1998, pp. 12) seen to be “theory that was derived from data, systematically gathered and analysed through the research process. In this method data collection, analysis, and eventual theory stand in close relationship to one another”. According to Bryman and Bell (2011) argues that grounded theory is, therefore, related to the development of theory from data with both analysis and the collection of data is referred to each other. Grounded theory is developed from data and was constructed to explain experiences in certain situations that occur on a regular basis (Saunders et al., 2012). The chosen analysis for the data collected in this
research was thematic analysis. According to Braun and Clarke (2016), thematic analysis is the method for qualitative analysis when analysing, identifying, as well as interpreting patterns. Thematic analysis helps provide systematic procedures from qualitative data with the generation of themes formed from the data. The main point of thematic analysis is to interpret the key data that follows the research question with the aim to generate high-quality and thorough analysis. Thematic analysis is both flexible but also systematic. Thematic analysis can be applied when analysing both small and large data and can use almost any type of data from both interviews but also surveys (Braun and Clarke, 2016). The purpose of thematic analysis is to find certain patterns and themes in the data. This is one of the reasons why it fits with this thesis as the authors want to find out what patterns and factors contribute to the success or failure of competitive strategies employed by MNCs. According to Saunders et al. (2019), researchers can save time and energy by investing more time in the analysis of data instead of having to check if they are following the particular approach of another data analysing method. Compared to Grounded theory, this means that the researchers do not have to follow the exact strategy and analytical process. The thematic analysis method is also seen as more adaptable and caters more to what is required for a particular case (Saunders et al., 2019).

3.9 Quality of Research

According to Bryman and Bell (2011) validity refers to how much you can generalise your findings. In validity, there is both internal and external validity. Internal validity is how good the connection between the theoretical ideas and the observations is. External validity is to which degree the findings can be used to generalise the results (Bryman and Bell, 2011). Validity through semi-structured interviews can be possible if there are clear questions and whether it is done correctly (Saunders et al., 2012). The authors of this paper also ensured validity by having relevant interview questions designed following the research question of this paper to answer what competitive strategies that MNCs use in emerging markets. Additionally, validity was ensured through triangulation, by having two interviewers. Having multiple data sources from interviews and websites further strengthened the validity. Findings were also thoroughly discussed between the two authors to confirm the validity of the interviews.

Reliability is of great importance in the overall quality of research, and it is the referring to how the collection of data and analytical techniques could be used to find the same consistent
results if done more times than in one instance (Saunders et al., 2012). In reliability, there are both external and internal reliability. External reliability is to what extent the research can be repeated. Internal reliability refers to when there is an agreement between one or more observers (Bryman and Bell, 2011).

When it comes to the reliability of the research there are certain threats and implications that could be problematising for the level of reliability of the research (Saunders et al., 2012). According to Saunders et al. (2012) there are four certain threats: research bias, research error, participant error, and participant bias. Research bias is a threat where the researcher interferes with bias in their own view of how they see their part of the research. Research error is the possibility that the researchers could be missing certain information and misinterpreted it due to outside factors such as being less attentive. An example of participant error could be the time chosen for the interviews such as having the interview done previous to either the end of their workday or before lunch, factors that could affect the participant's accuracy. Lastly, participant bias is a possibility that could lead to false data due to certain factors such as being in a space where others easily overhear leading to falsity in positivity in the interviewee's responses to not upset anyone (Saunders et al., 2012).

In the case of this study, both researchers were equally involved in the data collection from interviews following the interview guide. The interview guide was not altered for any of the respondents and was kept the same in every interview. As the structure of the interviews was semi-structured it allowed for less structure and more openness, therefore, the authors of this paper had a strong principle of not missing any of the questions even though it was a less structured form of an interview. There was also a recording made of the interviews, to go back to, for the benefit of the researchers so that there would not be any misunderstanding or misinterpretation of the data collected. The interviews were booked on the time in the choice of the participants and the interviews were done through either Zoom or Microsoft Teams where both the interviewers and the participants sat in private spaces so that there would not be any false positivity.

3.10 Ethical Considerations

Ethical considerations are of great importance as there might appear to be ethical concerns following the different stages such as the collection of data as well as the discussion of findings and how the authors interpret these (Saunders et al., 2012).
To follow proper ethical guidelines according to Bryman and Bell (2011) in terms of the interview data collection there were certain points made before and after the interviews and the interpretation. When contacted, the interviewees got an introduction as to what the purpose of the interviews and study was and how the data collected from the interviews would be used. Before beginning the interviews, each participant was asked whether they would like to be anonymous and that any personal information that could be used for other purposes would be ensured to stay anonymous and not cause any harm in any shape or form. Following, the participants were asked to confirm that the interviews were of consent and that if they felt like the interview was not as they thought there was the option to stop at any given time with no hard feelings. Furthermore, as the authors wanted to record the interviews the question regarding recording was asked both before and after to ensure that they were fully consensual, in case they accidentally were to mention anything confidential in the heat of the interview. The analysis of the collected data was of true nature and the authors did not change or interfere with the data in any way. Lastly, there was a clear structure and set of rules in the interview questions to ensure that the respondents would not feel offended in any way both to themselves and to the company.

The ethical considerations for GDPR were followed and before the interviews were started the interviewers stated that the use of collected data was to only be used for the specific and legitimate purpose of this paper.

3.11 Author’s Contributions

To display and explain the contribution of the authors to this thesis, the authors refer to Appendix E and Appendix F. To get a good understanding of the individual contribution of the authors, the appendices are put in percentages to show how much an author has been contributing to the corresponding heading or section, also presented in the appendices.
4 Empirical Findings

In this chapter, the authors will present the respondents and interviews derived from the single case study of NIBE. The data from the respondents and interviews have been collected through semi-structured interviews and will in this chapter be summarised and connected to the (operationalisation table) research questions.

4.1 Single Case Study - NIBE

This study is based on a single case study on the Swedish company of NIBE. NIBE is a global company group that develops and manufacture intelligent and energy efficient solutions for properties and houses to improve the indoor comfortability. NIBE is active in most parts of the world with focus on three business areas in the hopes of having an effect on climate with effective products. The three business areas NIBE is focused on is Climate Solutions, Element and Stoves. With these three business areas amalgamated, a major global company is present under the name ‘NIBE’ (NIBE, n.d. c). Since the establishment 70 years ago, NIBE has grown and worked its way up to be a prominent actor in the global market. Today, this company have over 19 000 employees and presence worldwide. Through some of the success factors NIBE has employed over the years, such as long-term investments in sustainable product development and strategic acquisitions, it made is possible to attain a total turnover of 27 billion Swedish crowns in 2020. Also, with all business areas calculated, NIBE oversees over 140 companies and subsidiaries worldwide in almost every continent (NIBE, n.d. d).

The interviews with respondents A, B, and C were all conducted on the same day on the 4th of May 2023, via Zoom. With respondent A, the interview started at 10:00 on Zoom and lasted 35 minutes. Respondent B got interviewed at 11:15, also via Zoom, and the meeting went on for 30 minutes. The last interview on the same day, respondent C, started at 13:00 and supplied data for 35 minutes. On the 11th of May 2023, respondents D and E were interviewed at two separate times, also via Zoom. Respondent D got interviewed at 14:00 while Respondent E got interviewed a bit before the same day at 11:00. Interviews of respondents D and E went along for 27 and 29 minutes respectively. The schedule of the interviews will be shown in Appendix B in the Appendencies.

4.2 Respondents

Respondents B, D, and E wished to stay anonymous and will therefore be given pseudonyms to make it easier for readers to understand when these respondents are referred to later in this
chapter and in the analysis. Respondent B will thus be given a common Swedish name, *Anders Andersson*, respondent D will be named, *Johan Johansson*, and respondent E will be referred to as *Peter Pettersson*. The other respondents of A and C will be named below their respective sections with full names and roles in the company.

### 4.2.1 Respondent A

Seved Demberg is an International Sales Regional Manager in the department of International Sales NIBE energy systems, which is a part of the business area NIBE Climate Solutions. Demberg has had this role since 1985, just a few years before the inauguration of the export department. Furthermore, Demberg’s primary role is to sell products under the name of NIBE. In this department, he is one of three International Sales Regional Managers where the responsibility of different markets is divided. Demberg oversees companies and subsidiaries in the countries of Poland, Czechia, Turkey, Slovenia, and all other countries where NIBE does not yet exist. These other countries may be those wanting to do business with NIBE and Demberg’s role is then to assess if the relationship is viable and beneficial. Additionally, since he has been a part of NIBE since 1985, his role over the years has been to focus on starting companies, relationships, and connections with countries and markets from nothing. From initial contact with a new market and country to developing the contact via job fairs and visiting, Demberg has had a major role in developing business opportunities in the markets of Estonia, Lithuania, Spain, Greece, and Italy. Also, after the initial contact is made and the subsidiary or company is established, they all become more autonomous and do not need the hand of the regional manager anymore so closely. At this stage, Demberg’s role is to be a unifying link between all markets and countries to coordinate decisions across borders. Lastly, his role in later years has also been to connect the business goals and objectives of NIBE with the demand and framework of the United Nations. He has had the virtue of taking part in UN delegations at the headquarters to represent all the networks of NIBE and doing so to connect with global frameworks and structures.

### 4.2.2 Respondent B

Anders Andersson is a top management executive at NIBE and works with a lot of different matters on a day-to-day basis, though with a main focus on the economy of the company. Andersson is not in charge of one specific business area, but all areas with all different autonomous companies and subsidiaries that are a part of NIBE. Depending on the business area of the company, Anders is a part of the primary international markets in Europe and
North America that is working towards delivering products of a certain quality and price that would fill the demand that is demanded of a market.

4.2.3 **Respondent C**

Niklas Gunnarsson is the Business Area Manager of NIBE Stoves, one of the three business areas of the whole operation of NIBE. Gunnarsson started at NIBE in 1987 with the sales department, actively working with sales, customer contact and relationship, but also product development. Some years later in 1995, he was promoted to this current job title and duty as he was given the responsibility to take charge and manage one of the three business areas. Gunnarsson was named to be the Business Area Manager of NIBE stoves. In this business area, international operations are widespread in North America with USA and Canada, but also in Europe with Germany, France, the United Kingdom, and Scandinavia. Some markets that he oversees are either those that NIBE is only selling to or if they own companies or subsidiaries. Additionally, a big part of Gunnarsson’s role is to take charge and control the acquisition of new companies and firms. These new companies and firms may even be in new markets for the company or already known ones.

4.2.4 **Respondent D**

Johan Johansson is a top Business Controller at NIBE for the business area of NIBE elements. Johansson has been a part of NIBE for 6 years. Additionally, Johansson oversees the business side of NIBE which is working with heating and elements in all of its active international markets. Furthermore, in the way NIBE elements are dividing its international operations, Johansson is specifically in charge of controlling ventures in Poland, Mexico, and China, which of all is considered major volume markets, rather than manufacturing markets.

4.2.5 **Respondent E**

Peter Pettersson’s role is top Business Controller at NIBE for their business area which focuses on stoves, NIBE Stoves. He has been a part of NIBE since September/October 2017. The brand which the department of NIBE Stoves is branding with is called ‘Contura’, where Pettersson is active. Pettersson’s role at NIBE Stoves is to take part in the strategic acquisitions, follow-ups and analyses for all the brands that are a part of and is included in NIBE Stoves, both internationally and nationally. Furthermore, Pettersson is a member of the board of directors in several of the companies acquired by NIBE. Also, his role entails overseeing the budget and forecast along with other strategic questions and planning. At NIBE Stoves, the division of business area is divided into three people where Pettersson is
one of them and together with the subsidiaries they are operative in Sweden, Denmark, Norway, Poland, France, England, and Canada. With this sectioning of international business, NIBE can include all of its 8-10 brands in all of the Nordic countries, including England, Germany, Austria, France, Canada, and also the USA. Although these markets are the most prominent, some smaller markets to exist as well.

4.3 Emerging Markets

Demberg stated that NIBE owns companies, subsidiaries, and brands in emerging markets as well as those companies in developed markets in turn have production in emerging markets and economies. For instance, if NIBE acquired a company in England, then that British company might have a production line based in Malaysia, and so forth making the NIBE group concern active in various international and emerging markets. The major emerging markets for NIBE is China, India, and Mexico. Furthermore, it is also described how NIBE can have a subsidiary in an emerging market that then has further international operations on its behalf in other continents. Demberg presents an example of how a Turkish subsidiary has operations in Africa and the subsidiary presents itself as NIBE. Demberg further explained how NIBE, once internationalised back in the 1980s, focused to expand into several countries, including emerging markets. This means that NIBE has already entered and dealt with conditions of the emerging market, for example in Eastern Europe. Demberg stated that heating elements used to defrost mirrors on cars or railway roads are not as useful in Africa or South America as in Europe due to obvious climate predicaments. However, products such as heat pumps are still attractive in markets of China and India despite the climate since it has become clear that those markets respond positively to NIBE’s competitive strategies.

Gunnarsson mentions how most of the business in emerging markets today for his business area is a continuation of the initial internationalisation of NIBE in the 1980s. He further explains that expansions to international markets do not bear the same characteristics today, as they did 15-18 years ago. NIBE conducted an expansion to, for example, Poland 18 years ago when subsidiaries were acquired and taken control of. Poland was, at the time, a thriving and emerging market for stoves and today is the Polish market not only more developed but also its economy. Additional examples of doing business in an emerging market segment for a specific type of product is when NIBE, before 2016, had no companies or businesses in North America in the business area of stoves. In 2016, the possibilities in North America were deemed positive and emerging, and with the acquisition of a Canadian company NIBE
managed to put its product in a market segment that was emerging for this specific product before it had developed, articulate Gunnarsson.

Johansson expounds his definition of emerging markets can be dependent on if one views it through a geographical or a product perspective. He further discusses the international businesses through the geographical perspective and says that NIBE has a volume operation that is targeted against the home and household appliance industry. Volume markets that play an important role for NIBE are Sweden and Poland, but also emerging markets of Mexico and China. Johansson further states that an emerging market from a product perspective is about how the company view the market in products and the different market segments. These specific products for a market segment that enable the market to be emerging are what technical solutions to be applied to a product to make it competitive. Johansson says that “We are looking at our products and the companies we are acquiring to see what technology is missing on the product to make it better.” Also, he expressed that the emerging market from a product perspective is therefore, for NIBE, to find an unfulfilled demand in a market segment that is attractive and is thriving, together with the desire of fulfilling the demand to complete a broad and interesting business portfolio.

Andersson says that due to the division of the organisation into three business divisions, NIBE is active in many different marketplaces across the world. Some business areas operate more in classical emerging markets and emerging economies, while others in more developed markets. An emerging market can be interpreted and defined differently. Emerging markets, in the sense of emerging economies and countries, that NIBE is active in the likes of China, Mexico, and the Baltics. Although NIBE is active in these types of emerging markets and economies, an emerging market can also be seen as a market that is emerging market tendencies for a specific market segment of products. Andersson further states how Germany can be seen as an market with emerging market tendencies due to high energy prices. He says that “Since pandemic struck and especially since Putin invaded Ukraine, for example, Germany has become a huge emerging market for us in heating pumps”. Although NIBE has been active in the German market for 20-30 years, it is only lately that the market has become an emerging market as oil and gas products are out of date. Andersson explains with regards to the German market’s use of oil and gas products that, “Not only should something be done through an environmental perspective but also a cost perspective. Germany is no exception, since it is such an old and traditional country, it has now become such an emerging market
for us in the area of heating”. He implies that old countries usually have strong traditions that make it difficult to enter the market with nuanced thinking. He continues to state another example of an emerging market that is alike the German. It is described how the Dutch market has become an emerging market for NIBE in recent years since 2018, this is due to the legislation in the Netherlands that newly built houses will not be allowed to be connected to the “gas network”. Houses dependent on gas have led to miscellaneous environmental implications, meaning new Dutch houses must substitute gas for heating pumps. Andersson also says that “Newly built houses need to come up with a different solution and that has made this market downright flourish”.

4.4 Competitive Strategies

Pettersson emphasises that the competitive strategies of NIBE Stoves are to maintain its identity and to be consistent together with the companies, brands, and subsidiaries that NIBE Stoves own. What is unique is that every brand that NIBE owns, competes in the markets they have in common. For instance, the brands of stoves that are being sold at a retailer are all owned by NIBE and are intentionally rivals to one another. This means that at the retailer, the brands are bitter rivals competing for market share and revenue, despite having the same owner. Pettersson further implies that “With this strategy, we have a big opportunity in pushing away external competitors from total sales, and in that way increase the total sales for NIBE Stoves at the expense of diminishing competitors”. He continues by telling an example of newly acquired companies in North America, two competitors within the same market and products. Since the two competitors got acquired by the same company, NIBE had to inform on its competitive philosophy that rivals are still rivals but part of the same concern. This strategy is based on NIBE’s general philosophy of creating a competitive standpoint on the market with the help of its subsidiaries and brands acting as fierce rivals to each other.

Furthermore, Andersson reveals that a competitive strategy for NIBE is to narrow down the focus towards more quality products that are proudly being sold. He also says that the company is aiming to conduct itself properly with its corporate governance and to choose what products to put forward. In the market of heat pumps for NIBE, Andersson states that a great focus is being put on the quality of their product, it should be the best on the market, most efficient, most silent, best connection, and best control. Andersson follows up on high-quality products with, “We are not aiming to employ low prices in the market, no low-price variants of the products or anything alike, we are trying to compete with high quality in what
we are doing, but also good value for money”. He further explains that the competitiveness of NIBE is also about assessing if a specific product fits the characteristics of the market. Knowledge about if potential consumers with purchasing power exist in the market for high-price and high-quality products should be gathered before entering and employing a competitive strategy.

Gunnarsson points out that it is important to see the whole picture to be able to see the entirety of what works or not for a competitive strategy for NIBE. It is about improving a competitive strategy that combines several factors instead of a sole unique one. The different factors to combine for NIBE is to have constant and solid product development together with reliable suppliers who actively work with the consumers and retailers. He continues by saying that the competitive strategy is signified by consistency and not quick shifts in prices, suppliers, and retailers.

A great part of the competitive strategies of NIBE is through acquisition. NIBE will acquire companies and brands in international markets to then develop and nurture into an independent subsidiary establishment. The idea behind an acquisition is to acquire a company that is already known for its brand in the market and that has good products. Demberg says, “With NIBE’s synergy effect with purchasing, technology, and collaboration, the acquired company will further develop together with the local governance, and NIBE wants to preserve the local brand and employees to make them comfortable under NIBE’s umbrella”. He also puts forward an example of a competitive strategy in a completely new market, Estonia. When entering Estonia, they were pioneers in the market with heat pumps and this type of product was mature enough for the market, together with increasing concern for the environment, cost, and modern technology it made it obvious for NIBE to compete with its products.

Additionally, Johansson presents sheer fundamental thoughts on NIBE’s competitive strategies, that it is based on accretion and growth and that every brand and subsidiary is profitable. The competitive strategy is also focused on not being too broad and narrowing it down to extract the most quality. Although the focus is not too broad, NIBE is aiming to find a competitive strategy that works across all three business areas and to help and guide each other. For this to work, the strategy needs to be a bit broader in the sense that it covers three business areas with heaps of different international markets. The competitive strategy for NIBE would not a market-specific, but rather a strategic idea to counteract fluctuations in the
market. Johansson gives an example of a competing strategy, if one business area would experience troughs in a market, one might excel in another, and in this way help the company to not get too affected by a temporarily declining market.

4.5 Adaptation of Competitive Strategies in Emerging Markets

NIBE’s strategy can be divided and categorised into two sections, NIBE as a group and its subsidiaries. Gunnarsson and Andersson say that NIBE group use the competitive strategies of acquisition of subsidiaries to either take market shares from fierce competitors or when looking to expand into new markets. The subsidiaries of NIBE will in turn handle its competitive strategies if the results are proven to be positive with goals and objectives that are attained. This local market knowledge can still be utilised by NIBE without having to take control of the everyday business themselves.

Demberg also expresses that NIBE, to handle local regulations and norms, employs internal courses within the subsidiaries in emerging markets. The internal courses that are being sent out through IT and quality are also concerning NIBE employees in Sweden. The courses entail information on corruption, values, and morals to make the intentions of the company clearer and to help customer contact and production. Furthermore, he says that a lot of international business in emerging markets must be aligned with the UN’s values and that products must be certified in that specific market to follow local standards. Demberg adds to the local market conditions, “All of the products in production and product development are prescribed to local regulations and standards.”

Gunnarsson also expresses the similarity in competitive strategies between the three business areas, with independent autonomous subsidiaries. He also adds to that statement by saying that, in using subsidiaries as a competitive strategy to succeed in a market, NIBE puts up goals and objectives for its companies to align with. Since the strategies of individual subsidiaries are not the philosophy and strategy of NIBE, they try to make sure its subsidiaries instead grow by a certain percentage per annum and leave it up to the subsidiaries to decide the pathway to the set-up goals and objectives without interfering themselves on details. Furthermore, adding to what is said about NIBE’s competitive strategies in emerging markets, Gunnarsson articulates that, “It is important to never stop investing. Especially in product development”. He continues to explain the importance of investing locally with local firms
and brands to be able to make use of the already existing market knowledge as a facilitation for the expansion.

Apart from adapting to local regulations in a market, Pettersson implies that NIBE is universally focusing on decentralised governance with their companies and subsidiaries. This is done to make the subsidiaries completely independent but still respond to NIBE’s annual goals and objectives. The strategy across all business areas of NIBE group looks the same, with a focus on acquiring companies in markets as a method of maintaining competitiveness. For NIBE, the competitive strategies in emerging markets, as well as developed and mature markets, are through the acquisition of local companies and then making use of local market knowledge and employees in the new market to guide the businesses forward. Pettersson further says that although the acquired companies are part of the NIBE group, they still possess autonomy and are free to conduct individual strategies that fit them the best and that will fulfil NIBE’s goals and objectives. NIBE’s overall strategy, therefore, ends with the individual subsidiary’s competitive strategy as they are independent. In turn, how different subsidiaries decide on competitive strategies can differ from each other and will report to NIBE with, for instance, investment opportunities.

Andersson also describes NIBE’s competitive strategies in emerging markets to be characterised by a clear intention for adaptation to local awareness when acquiring new companies. A way to maintain competitiveness through this type of strategy is to support the local brand, the subsidiaries should always continue with their brand. Also, Andersson also says that the subsidiaries, after an established position in the market, can use NIBE’s brand on whatever products as an ‘endorsement’ brand. There have also been cases in the past where NIBE utilised a greenfield as the competitive strategy, but the most common path to competition in a market is acquisition. When looking at acquiring a new company in an emerging market, NIBE is constantly not only looking at the financial aspects of it all but also at local regulations and cultural norms. Andersson mentions that before acquiring, morals, values and business ethics need to be followed, but also local traditions and legislation must be considered.
4.6 Success and Failure of Competitive Strategies in Emerging Markets

Johansson identifies that to be successful and avoid failure in an emerging market, “I believe that it is important to have someone who truly understand the market. It is about to get hold of people already a part of the market”. If a company aims to take charge in a new market, one ought to genuinely comprehend the locality and the functions of the market. He further states, “You cannot go out and take over a market from the outside, you have to find people who know this to be able to grow it from thence”. He also communicates that to succeed, you need to find an interesting market and then find appropriate actors. Due to the competitive strategy being through acquisition, appropriate actors for NIBE will be to scout the right company, with the right management, and with the right mindset.

Moreover, to succeed with a competitive strategy the focus needs to be on the future and have a farsighted ability. Gunnarsson says “It is important to have the right products, quality, and people who are trustworthy to develop internationally. It is also important to find the right people to work with and most importantly trust these”. It is also said that, for NIBE especially, consistency has been a key factor through all the decades since the first internationalisation. An example of its consistency is how the plan is to invest in a new company abroad, but with the new recession, individuals are starting to doubt the investment and pleading for export instead. In this instance, NIBE has shown resilience and stubbornness in the strategic choices they have made, to be consistent and not allow business operations to be side-tracked. Additionally, Gunnarsson provides another example of a failure in competitive strategy when trying to take on a new market and start a subsidiary in Russia. The acquisition and development of a Russian subsidiary seemed viable but insufficient market knowledge and a completely different culture concerning the provided products made it a failure. He also states that a better adaptation to the market and a better understanding of the Russian demand for products would increase the probability of success. Furthermore, a similar failed attempt was made in the Italian market but in this instance, the determinant factor was not much so insufficient market knowledge, but rather a complicated business network to get a hold of. The Italian business network together with culture is difficult to penetrate as a foreigner due to retailers in Italy, together with Italian manufacturers, are part of the same business network and often connections are made through family and friends.
Furthermore, Andersson further explains that a successful competitive strategy entails a high-quality product with competitive pricing. It became clear for NIBE that their competitive strategy was successful during the pandemic when there was a shortage of components for production and the consumers got involved in a bit of a dilemma. Either would the consumers get the desired product from Asia, or they would wait for some months for NIBE’s product. A lot of consumers chose NIBE’s products with the knowledge that they will last for several years to come with high efficiency. Adding to the importance of high-quality products, Andersson also presents a success factor being avoiding the involvement in recall matters of products that have the potential to give rise to a bad reputation. Therefore, great quality on the product together with a service department that is receivable for customers, consumers or installers. Andersson also says that “With our heat pumps, we have developed some models to a certain extent with installers and purposefully asking them what they think of the product, what do you not like of the product, what should we do differently to make you want to install this product and so forth”. The idea behind asking installers for feedback is to make the product simpler and more efficient to use for end-consumers and see an increase in total sales.

Pettersson exemplifies how having a decentralised organisation as a foundation for all the strategic choices in different markets is a key determinant. With a decentralised organisation, there is a greater probability that the company can survive and manage an economic downturn, more so than a centralised organisation. Finally, for a company to have clear visions for the future with well-formulated strategic choices and plans together with a stable owner to set the tone for subsidiaries around the world is a great way to ensure successful ventures in emerging markets. Subsidiaries in emerging markets, as well as in a developed market, will follow the same goals, aims, and strategies as the rest of the concern, this is to create uniformity and copy-paste success from one market to another unexplored with peculiar characteristics. Also, a company focusing its competitive strategies on sustainability matters and innovative thinking are more likely to succeed on the international scene due to the increase of global business concerns.
5 Analysis

In this chapter, the authors will analyse the empirical findings from the previous chapter gathered through interviews and make connections to the literature review. The analysis explains and discusses differences and similarities between the empirical findings and literature review, with theories and concepts involved.

5.1 Emerging Markets

Our study also reveals that companies’ definitions of emerging markets and academic definitions of emerging markets differ. One of NIBE’s classifications of emerging markets is a market where their product segment is experiencing new emerging opportunities, thus creating a new market. Compared to the definition that Movassaghi et al. (2004) mentions that there is a clear difference in interpretation of the term emerging markets. According to Movassaghi et al. (2004), emerging markets are instead considered to be countries with low to middle income with an openness towards foreign investments and work towards decreasing government control in the economy. This influenced some of the responses we got in regard to emerging markets’ competitive strategies. Johansson explains that NIBE instead looks at emerging markets from a product perspective.

Sheth (2011) states that companies need to rethink their areas of business to fit in with the emerging markets and the characteristics of markets as it is completely different from a developed market. Sheth (2011) further explains that areas such as sales, marketing, and market segmentation needs to be adjusted to the market. According to Andersson through acquisitions, this is something that NIBE can shorten the adjustment period as there is an already existing line of business that follow the emerging market characteristics. This aligns with that Sheth (2011) discussed about how to adjust to a market. Belz (2012) explains that businesses need to be aware of the risks and challenges and acknowledge the conditions of the market and define strategies from this that fit accordingly. This aligns with NIBE’s strategy of using acquisitions but also with their strategy of finding individuals that are already a part of the market.
5.2 Competitive Strategies

5.2.1 Strategic Alliances

From the empirical findings, we see a clear connection between the literature review where Verbeke and Lee (2022) emphasises the strategy of alliances and partnerships in order to gain a competitive advantage. Demberg identify this and mentions the importance of acquisitions in NIBE’s competitive strategy. One can argue that acquisitions connect to alliance and partnerships, especially for NIBE as their acquisition strategy relies on a smooth partnership with subsidiaries. The subsidiaries work together with NIBE towards NIBE’s goals and objectives. NIBE’s acquisition strategy is that they only acquire brands that are known in the market and have a good set of products. Using this strategy connects to what Hada et al. (2013) mentions regarding the strategy of exploiting and obtaining knowledge from subsidiaries.

5.2.2 Differentiation and Market Share

NIBE uses a unique competitive strategy in their differentiation in acquisition strategies. Porter (1998) mention that a company desiring to be one of a kind will be awarded market shares and gain a unique position. Pettersson explain that NIBE takes advantage of their size and economic advantage and acquires competitors in the same market. This positions them to have a bigger market share and revenue as they own a lot of the competing brands in the market and in retail stores. This way NIBE can keep their competitors further away from gaining market share. To keep the market in a competitive state, NIBE has a competitive philosophy that keeps the rivalry between the different brands. This aligns with Porter's (1998) idea that competition is at the core of every business and is what decides the activities and results of every company.

Andersson referred more to the quality of products that NIBE offers and the differentiation that this entails. NIBE lays their focus on having the best products in every way possible and their competitive advantage with the price point of their products is not focusing on Porter's (1998) lower cost approach. Andersson explains that an assessment is made of the market prior to launching a product. This can be connected to how Paik and Ando (2011) explain the multi-domestic competitive strategy where the focus is on the differentiation of goods and adopting specific characteristics and features of markets.
5.3 Adaptation of Competitive Strategies in Emerging Markets

5.3.1 Institutional and Network Features

The adaption of competitive strategies toward an emerging market is seen as crucial. In the adaptation, the networks are of great importance according to Zhao et al. (2021). Andersson states that when NIBE acquires new companies they have a clear intention of local awareness and encourages their subsidiaries to continue with their brand. As emerging markets have characteristics of informal economies, poor institutional governance, and corruption it is important for MNCs to understand these (Tihanyi et al., 2012). Meyer et al. (2009) state that companies should be aware of the institutional situation and how to adapt to the environment in emerging markets. Demberg acknowledges this and explains that NIBE uses internal courses to guide and inform the subsidiaries regarding corruption and values.

5.3.2 Institutional Environment and Compliance

Furthermore, NIBE's usage of internal courses to deal with local legislation and conventions in emerging markets coincides with the idea to differentiate the company's national and international activities and establish an internal organisational field to serve as an institutional environment. NIBE is adapting its competitive strategies to the institutional and network features of emerging markets. This falls in line with what Comyns (2018) states regarding the fact that for MNCs to distinguish the national and international operations of the company and develop an internal organisational field to act as an institutional environment to best adapt strategies in markets with bad institutional foundations. Demberg further states that all the products must be certified to the local regulations as well as align with the UN’s values.

Hada et al. (2013) state that subsidiaries of MNCs are not fully independent meaning that they will still adopt the main strategies and decisions made by the MNC. Comparative to what Pettersson mentions about the fact that NIBE focuses on decentralised governance with their companies. This falls in line with what NIBE’s goal is as they want completely independent subsidiaries but except for still responding to their objectives and annual goals, according to Pettersson.
5.4 Success and Failure of Competitive Strategies in Emerging Markets

5.4.1 Knowledge and Market Expertise

Stefanovska (2014) explained the importance of knowledge about the characteristics of an emerging market as this is what lays the foundation. Johansson explains that the solution for NIBE in this sense is to get employees that are already a part of the market and directly involved in it. Johansson further explains that it is a necessity to have people who know the market and without them, you cannot take over a market. Sheth (2011) stated that maintaining relationships is something that helps in gaining a competitive advantage. Johansson states that with the acquisition strategy from NIBE, this is something that is already provided if they do their scouting correctly to find the right company to acquire. Paul (2019) further explained the importance of networks and the impact that it entails on success, especially in emerging markets, confirming what Johansson said.

5.4.2 Consistency

Gunnarsson explained that NIBE, unlike others, decided to be resilient during hard times, such as during the new recession, and keep on pursuing their strategic choices and not stopping due to this reason. Something that was not part of the theory section that according to our empirical findings leads to success is the effect of consistency. Gunnarsson argues that consistency is a key factor in the success of NIBE ever since the first international venture. Gunnarsson also mentions that the plan for a long-term strategy and consistency is what is important and without these then the rest of the factors are of no use.

The differentiation strategy of having quality products has been a big factor in the success of NIBE’s competitive advantage. Andersson explained that during the pandemic with a lot of shortages around the world and consumers being left with the option to choose from products from Asia or NIBE, they chose NIBE even though the delivery times were longer. The awareness of institutional voids is something that will help MNCs understand institutional absence in emerging markets according to Khanna and Palepu (2010). Pettersson mention one factor to success is to have a local management team dedicated to maintaining the local presence and keeping the identity. This means that the team also has the right knowledge of institutional voids. Pettersson further mentions the success that follows with sustainability in competitive strategies on the international scene. Porter (1998) confirms that for companies focusing on long-term profitability, sustainability should be one focus.
From the empirical findings, we find that without the right knowledge of a market, there will be a great chance of failing. Johansson states that you need to find the right individuals to work with and they need to be involved in the market already. Johansson says that going into a market from the outside without anyone apart of the market and understanding of the market you cannot take over. Govindarajan (2011) states that characteristics that need to be recognised for companies in order not to fail.
6 Conclusion

The conclusion of this thesis will be delivered in the following part and start with answering the research questions of this thesis. Following the research questions, the theoretical and managerial implications will be presented. Finally, the limitations and suggestions for future research will be stated.

6.1 Answering Research Questions

The purpose of this study was to understand what key competitive strategies are used by MNCs that are active in emerging markets and the factors used and how they lead to success or failure. This thesis aimed to answer the following primary research question; What are the key competitive strategies employed by MNCs operating in emerging markets, and what factors contribute to the success or failure of these strategies? following with two sub-questions; How do MNCs adapt their competitive strategies to local market conditions in emerging markets? and How do MNCs' competitive strategies vary across different emerging markets, and what factors contribute to these variations?

6.1.1 What are the key competitive strategies employed by MNCs operating in emerging markets, and what factors contribute to the success or failure of these?

The key competitive strategies employed by MNCs in emerging markets are based on both the market in emerging markets are considered to be based on the characteristics of the market but also the strategy philosophy of the MNC. In the case of NIBE, which is the focus of this thesis, the company follows a consistent competitive strategy regardless of market conditions. NIBE’s key competitive strategies are the acquisition of companies in new markets to receive a market share and adopt the acquired companies as subsidiaries. In turn, these subsidiaries will therefore act out individual competitive strategies based on the local market conditions and NIBE is keen on keeping close relationships with the subsidiaries and its local management. Subsidiaries as a competitive strategy is also utilised through acquiring strategically by investing in rival competitors in a market to compete out additional competitors. Furthermore, Porter (1998) explains that key competitive strategies for international companies are cost leadership, differentiation, and focus strategy. Our findings reveal that some MNCs emphasise on offering high-quality products at competitive prices and differentiating their products to establish themselves as superior to competitors. What determines the success or failure of competitive strategy is the awareness of the local market
conditions together with identifying the significance of networks and the institutional absence. Also, MNCS need to have a local presence with companies and let those local companies in the market exercise their own business and strategies, while still operating for the MNC’s aims and objectives.

6.1.2 How do MNCs adapt their competitive strategies to local market conditions in emerging markets?

Concerning how MNCs adapt their competitive strategies to local market conditions in emerging markets, the network of the MNCs is highly important. Broadening your network can be done in several ways, one way that the MNC does this is through acquisition of local companies that are aware of the local environment. Using acquisitions, NIBE in this case can more easily adapt to local market conditions as the subsidiaries are already well-connected and inside the existing market. This is one way of adapting competitive strategies to the local market conditions that MNCs use. Another adaptation to MNCs’ competitive strategies is the change of their products to meet local regulations. Petison and Johri (2008) also implies that with the implementation of a localisation strategy, MNCs can adapt to the market characteristics with their products more swiftly. Furthermore, MNCs can use the internal courses that educate their employees to deal with local legislation. This way companies can more effectively educate their subsidiaries regarding corruption and values that exist. Tihanyi et al. (2012) underlines the significance of emerging markets characteristics by corruption, weak property rights, and informal economies being important for a company.

6.1.3 How do MNCs’ competitive strategies vary across different emerging markets, and what factors contribute to these variations?

The various different competitive strategies for MNCs in emerging markets are found to familiarise with the adaptive technique and our study employs a twofold approach. The first is the MNC's conglomerate strategy, which is used throughout all acquisitions and subsidiary expansion. This broad approach serves as a foundation for the MNC's activities in many areas. Second, we have separate subsidiary plans that are suited to each company's unique demands and features. These distinct tactics enable subsidiaries to adapt to and succeed in their various markets. Our research revealed an unusual finding: subsidiaries operating in various markets compete against each other inside the same market. Despite being owned by the same multinational corporation, these subsidiaries compete for market share and consumer loyalty. This dynamic introduces a fascinating layer of rivalry within the MNC's own activities, changing the competitive environment in the marketplaces in which they compete.
Factors that possess the ability to contribute to the variations in competitive strategies for MNCs in emerging markets are institutional, network, competitive environment of the market, and local regulations as well as cultural norms.

6.2 Theoretical Implications

From a theoretical perspective, the findings in this study have found how MNCs view, implement, adapt, and employ competitive strategies in both developed and emerging markets. This study also provides insightful ideas and findings regarding the competitive strategies of Porter. Porter (1998) presented three competitive strategies of cost leadership, differentiation, and focus. Findings from this study have found that MNCs usually use multiple competitive strategies to be successful and reach competitive advantages and company performance. When using a combination of competitive strategies, allows the company to minimise the risk of not taking a narrow strategic approach of using only a single competitive strategy. Instead, using a broader strategic scope of multiple competitive strategies means that the company can react and adapt to more characteristics and segments of the market.

This study also unveiled an unfamiliar finding that subsidiaries, a part of the same conglomerate, are rivals to each other in the same market with the same products. These subsidiaries are owned by the same MNC and therefore share a lot of vital business information. Moreover, the study will also contribute and highlight how an MNC can operate in an emerging market with business networks and institutional factors that are unlike the home market. Findings in this thesis have shown the importance of awareness and knowledge of institutional voids to be able to succeed. The institutional theory plays, therefore, an important role in defining and identifying viable and interesting market segments in an emerging market for the MNC to invest time and resources in to increase the competitiveness of the company also to attain a competitive advantage. With regards to the network theory, this study also contributes to it by asserting the significance of business networks and understanding the ins and outs to employ the strategies and business models that the MNC desire. A proper and well-functioning network has proven to be essential to get inside a market with relationships and contacts to further deepen the business relations with suppliers, manufacturers, customers, and consumers together with the market and network characteristics.
Additionally, based on the literature review, we developed a theoretical framework that posed as a summary of the research. Here, we will present an updated version of that model (figure 3) to involve the empirical findings chapter in the model. The new factors in the competitive strategy that was found are internal competitiveness and acquisition. These two factors are a type of strategy that NIBE employs for their international business in emerging markets. Competitive strategy, as before, will influence the competitive advantage and in this case, impact market share, the company’s subsidiaries and the way they are being used, and the position in the market. Finally, a competitive advantage will in turn affect company performance and success where the new factor of product development is shaped. All factors in the updated model have been recognised in both the literature review and empirical findings.

![Updated Theoretical Framework]

**Figure 3: Updated Theoretical Framework.**

### 6.3 Managerial Implications

From a managerial point of view, this thesis highlights the competitive strategies that MNCs use and how they adapt them to different emerging markets and their local regulations. When entering new markets MNCs need to be as competitive as possible as they are entering a market where business already exist and that have a competitive advantage due to operating there before. This thesis contributes to a better understanding of how MNCs can adapt and gain better competitive advantage and what competitive strategies there are to gain a better position itself with a focus on emerging markets.
If the focus is on acquisitions and subsidiaries, like NIBE, most of what is identified in this study will be relevant for managers. Therefore, the recommendation for MNCs that are internationalising into emerging markets following our research is to gain as much knowledge as possible before setting up operations. This can be done by emphasising alliances and partnerships. Collaborating with local companies is a great way to gain valuable market knowledge and insights into emerging markets. Furthermore, if possible, use strategic acquisitions and acquiring already established companies that allow for capitalising of their existing market recognition. Managers need to recognise the importance of developing long-term relationships in emerging markets and understand the local market and one way of doing so is to hire employees that are already part of the market. Another important consideration is to demonstrate consistency and have a long-term perspective on the strategy. Consistency helps to build stronger trust among the stakeholders and allows for overall better success in competitive strategies. Furthermore, having good quality products and differentiating the products or services can lead to big competitive advantages allowing for better market share.

6.4 Societal and Sustainability Implications

This thesis examines and presents the societal and sustainability implications of MNCs active in emerging markets through both theoretical and managerial aspects. By examining the connection between theory and management, this thesis contributes to useful understanding of how MNCs overcome challenges of competitiveness in emerging markets. Additionally, this study also explores the adaptation and effectiveness of competitive strategies employed by MNCs.

6.5 Limitations

As for the limitations of this thesis, one thing to take into consideration is the fact that this is a single case study and not a multiple case study. This may limit the generalisability of the study. However, it allowed for a deeper and in-depth look into the MNC which made for a deeper understanding of how they conduct their competitive strategies. The limited generalisability allows for future research. Another limitation of this study pertains region of focus.
6.6 Suggestions for Future Research

Future suggestions for research within the international business with the topic of competitive strategies and emerging markets is that a multiple case study can be taken. A multiple case study would be suggested for future research due to a more perspectives would be attained together with the different backgrounds of those perspectives. For instance, the competitive strategies for the single case study of NIBE are based on their market position as a leading company in the scene with a lot of equity and purchasing power. If instead, together with a big company, studies of small- and medium sized companies would be included, then the research would be able to witness the difference in strategies between companies that have different market positions, backgrounds, and philosophies. By doing this, the study would provide a broader view of the selection of strategies and what the process from formulation to successful implementation would look like. Finally, the definition of emerging markets for different MNCs might look a bit different. One company might have the classical definition of an emerging market while another one might define a developed market with emerging market tendencies as an emerging market. We therefore suggest taking into account the different interpretations of what an emerging market entail for MNCs.
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Interviews:

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Andersson, A., Top Management Executive at NIBE. Microsoft Teams (04-05-23).

Gunnarsson, N., Business Area Manager at NIBE. Zoom (04-05-23).

Johansson, J., Top Business Controller at NIBE. Zoom (11-05-23).

## Appendices

### Appendix A – Operationalisation

<table>
<thead>
<tr>
<th>Concepts</th>
<th>Interview questions</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>1–4</td>
<td>These questions were asked to cover the ethical part of the interviews.</td>
</tr>
<tr>
<td>NIBE &amp; respondent profile</td>
<td>5–6</td>
<td>These two questions were asked to get a more general overview of NIBE and to act as an introduction and understanding of what role as well as how many years the interviewee has been at NIBE</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>7–10</td>
<td>These questions were regarding the emerging markets and which the company is active in as well as how NIBE handle local regulations and their experiences with such markets as well as the opportunities and challenges.</td>
</tr>
<tr>
<td>Competitive strategies</td>
<td>11–14</td>
<td>This section was targeted to find answers regarding how NIBE choose the most suitable competitive strategies and if they have any template to follow as well as how the respondents personally describe how they act to increase competitiveness.</td>
</tr>
<tr>
<td>Adaptation of competitive strategies in emerging markets</td>
<td>15–16</td>
<td>In this section, the questions were targeted at the competitive strategies in emerging markets and whether it varies from market to market, and what is important when working with emerging markets.</td>
</tr>
<tr>
<td>Success/failure of competitive strategies in emerging markets</td>
<td>17–18</td>
<td>Lastly, this section covered factors leading to success or failure and examples from NIBEs’ experiences.</td>
</tr>
</tbody>
</table>
Appendix B – Interview schedule

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Mode of Contact</th>
<th>Interview Date</th>
<th>Interview Mode</th>
<th>Interview Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent A</td>
<td>Email</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; May 2023</td>
<td>Zoom</td>
<td>35 minutes</td>
</tr>
<tr>
<td>Respondent B</td>
<td>Email</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; May 2023</td>
<td>Microsoft Teams</td>
<td>30 minutes</td>
</tr>
<tr>
<td>Respondent C</td>
<td>Email</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; May 2023</td>
<td>Zoom</td>
<td>35 minutes</td>
</tr>
<tr>
<td>Respondent D</td>
<td>Email</td>
<td>11&lt;sup&gt;th&lt;/sup&gt; May 2023</td>
<td>Zoom</td>
<td>27 minutes</td>
</tr>
<tr>
<td>Respondent E</td>
<td>Email</td>
<td>11&lt;sup&gt;th&lt;/sup&gt; May 2023</td>
<td>Zoom</td>
<td>29 minutes</td>
</tr>
</tbody>
</table>
Appendix C – Interview guide – English version

The questions in the appendix are designed to help the interviewers navigate the semi-structured interview. The questions are those to which the author seeks answers; however, depending on the participants' replies to previously asked questions, not all questions may be asked. In response to participant responses, unscripted follow-up questions will surface.

Introduction
1. Introduce ourselves, state our research and our purpose, and thank the participants for their participation.
2. Do you allow us to record the interview?
3. Would you like to remain anonymous?
4. Do you consent to this interview and confirm that it is voluntary?

General questions
5. Can you give us a brief introduction about NIBE, which markets you are active in, and how long NIBE has been internationally active?
6. Can you briefly introduce yourself? What is your role and how long have you been at NIBE?

Questions about emerging markets
7. Which emerging markets are you active in?
   a. Which emerging markets are the largest for you?
8. How do you handle local regulations and cultural norms?
   a. How does this align with NIBE's values, including respect for human rights, good working conditions, and reduced environmental impact?
9. Can you tell us about NIBE's experience working in emerging markets?
10. How does NIBE identify opportunities and challenges in these emerging markets?
    a. What do you see are the prevalent challenges when competing in emerging markets?
    b. What do you see are the prevalent opportunities for your company when competing in emerging markets?

Questions regarding Competitive Strategy
11. How would you personally describe NIBE's competitive strategy?
    a. What type of strategies are you using?
    b. Are you using a type of cost or differentiation strategy?
12. How do you choose the most suitable strategy?
13. Do you have a template to follow for NIBE's competitive strategy?
    a. If yes, do the templates differ from market to market
14. How do you increase/ensure your competitiveness in the market?
    a. What is the significance of competitive strategy for your company?
    b. What is the significance of networks for your company?

Questions related to competitive strategies in emerging markets
15. How does your competitive strategy vary across different emerging markets?
    a. If so, how do you adapt to this?
16. What is important when working with emerging markets?
   a. As opposed to non-emerging markets?

Success/failure

17. What factors do you think contribute to the success or failure of multinational corporations' competitive strategies in emerging markets?

18. Can you give one or more examples of successful and unsuccessful competitive strategies in emerging markets?

Closing question

19. Is there anything else you would like to add?
Appendix D – Interview guide – Swedish version

Frågorna i bilagan är utformade för att hjälpa intervjuarna att navigera genom den semi-strukturerade intervjum. Frågorna är de frågor som författaren söker svar på; dock kan inte alla frågor ställas beroende på deltagarnas svar på tidigare ställda frågor. Som svar på deltagarnas svar kommer oförberedda följdfrågor att dyka upp.

Introduktion
1. Vi presenterar oss själva, beskriver vår forskning och vårt syfte samt tackar deltagarna för deras medverkan.
2. Får vi lov att spela in intervjun?
3. Vill du förbli anonym?
4. Godkänner du denna intervju och bekräftar att den är frivillig?

Allmänna frågor
5. Kan du ge oss en kort introduktion om NIBE, vilka marknader ni är aktiva på och hur länge NIBE har varit internationellt aktiva?
6. Kan du ge en kort presentation om dig själv? Vad är din roll och hur länge har du varit på NIBE?

Frågor om tillväxtnarknader
7. Vilka tillväxtnarknader är ni aktiva på?
   a. Vilka tillväxtnarknader är de största för er?
8. Hur hanterar ni lokala regleringar och kulturella normer?
   a. Hur överensstämmer detta med NIBEs värderingar, inklusive respekt för mänskliga rättigheter, goda arbetsförhållanden och minskad miljöpåverkan?
9. Kan du berätta om NIBEs erfarenheter av att arbeta i tillväxtnarknader?
10. Hur identifierar NIBE möjligheter och utmaningar på dessa tillväxtnarknader?
   a. Vilka är de vanligaste utmaningarna när man konkurrerar på tillväxtnarknader?
   b. Vilka är de vanligaste möjligheterna för ert företag när man konkurrerar på tillväxtnarknader?

Frågor om konkurrenstrategi
11. Hur skulle du personligen beskriva NIBE:s konkurrenstrategi?
   a. Vilken typ av strategier använder ni?
   b. Användning av kostnadsstrategi eller differentieringsstrategi?
12. Hur väljer ni den mest lämpliga strategin?
13. Har ni en mall att följa för NIBE:s konkurrenstrategi?
   a. Om ja, skiljer sig mallarna från marknad till marknad?
14. Hur ökar/säkerställer ni er konkurrenksraft på marknaden?
   a. Vilken betydelse har konkurrenstrategin för ert företag?
   b. Vilken betydelse har nätverk för ert företag?

Frågor om konkurrenstrategier på tillväxtnarknader
15. Hur varierar er konkurrenstrategier i olika tillväxtnarknader och vilka faktorer bidrar till dessa skillnader?
16. Vad är viktigt när man arbetar med tillväxtmarknader?
   a. Jämfört med icke-tillväxtmarknader?

Framgång/misslyckande
17. Vilka faktorer tror du bidrar till framgång eller misslyckande för multinationella-
företags konkurrensstrategier på tillväxtmarknader?
18. Kan du ge ett eller flera exempel på framgångsrika och misslyckade
   konkurrensstrategier på tillväxtmarknader?

Avslutningsfråga
19. Finns det något annat du vill tillägga?
Appendix E – Authors individual contribution – August Bergman

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<thead>
<tr>
<th>Author:</th>
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<th>Elliot Thalin (%)</th>
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<td>Active participation in seminars</td>
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Appendix F – Authors individual contribution – Elliot Thalin

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