

were motivated by acquiring production capacity, strategic assets and technology, and access to Western markets, *Bharti Airtel* aimed to expand its successful low-cost 'minutes factory' business model into other emerging economies. The perceived similarities to the Indian markets enabled *Bharti Airtel* to use and build on its existing capabilities. However, as with the *Mittal Arcelor* deal, which became a highly politicized merger, the role and significance of governments in protecting their largest firms and determining cross-border acquisitions was apparent in *Airtel's* African safari. As Manoj Kohli, the then-CEO of the Africa operation recognized:

The governments of each of the 15 countries were extremely positive, extremely delighted to welcome Bharti Airtel . . . They gave us blessings for our agenda . . . The agenda clearly is about rural coverage, it is about affordability, it is about creating more employment at small towns, villages where we will spread our services and of course important CSR initiatives which Bharti has taken in India and now we will spread those initiatives in Africa too.

Similarly, the Bangladeshi government was very keen to attract the \$300 million investment into its telecom industry through the *Warid* deal. As Manoj Kohli remarked, '*The Government of Bangladesh, the regulator, telecom minister, all senior government officials have supported and encouraged us to complete this deal expeditiously*'. The *Zain* acquisition did pose significant hurdles in terms of getting support from the various African countries. For example, the government of Gabon had objected to the deal and the Tanzanian government would be a 40% partner in the operations.

A consistent mark of Mittal's and *Bharti's* entrepreneurial strategy is the disruption of established wisdom and models. The challenge to innovate and create dynamic capabilities to continually reconfigure and transform existing capabilities is now taken up by the new generation of leaders at *Airtel*. Sunil Mittal's son, Kavin Mittal, as head of strategy and new product development at *Bharti SoftBank*, a joint venture between *Bharti Enterprises* and Japan's *SoftBank Corp*, has launched 'Hike' and 'Hoppr' apps, to find new revenue streams for telecom companies. In 2014, *Airtel Africa* appointed Frenchman Christian de Faria as CEO, ushering in a new wave of global talent at the company. Continuing the South-South strategy, *Airtel* signalled its move towards alliances in procuring devices and equipment and in developing 4G technology with *China Mobile*, the world's largest telecom company. By procuring jointly, both companies aim to benefit from lower costs and to share testing and validation practices with vendors and suppliers. Working together on 4G and further innovations in spectrum technologies will also enable the two companies to create standardized ecosystems for mobile technologies and platforms in the future. In particular, *China Mobile* leads the way in developing TDD-LTE mobile technology for 4G services. As Mittal stated, '*This partnership will provide a major platform for development and deployment of 4G and future mobile technology standards as both countries enter a phase of explosive data led growth.*'

Sources: This case was written by Ajit Nayak (University of Exeter) based on personal interviews with the company and (1) *Economic Times (India)*, 2010, Zain, Bharti Airtel to ink Africa deal on Tuesday 29 March; (2) N. Karmali, 2010, Sunil Mittal seals Zain deal, *Forbes*, March 30; (3) N. Karmali, 2010, Bharti Airtel dials Bangladesh, *Forbes*, January 12; (4) *Economic Times (India)*, 2010, Airtel will make a strong mark in Bangladesh, January 12; (5) www.airtel.in; (6) www.bharti.com (both accessed January-April 2015); (7) *Business Standard (India)*, 2014, Airtel sells 3500 towers to Eaton in Africa, September 9; (8) A.S. Mankotia, 2015, Bharti Airtel enters into a partnership with China Mobile to develop 4G technology, buy devices & equipment, *Economic Times (India)*, March 4.

DISCUSSION QUESTIONS

- 1 From a resource-based view, what are *Bharti Airtel's* main resources? How were these resources built, and how do they shape its ongoing path of growth?
- 2 From an institution-based view, how are the challenges of entering emerging economies such as Bangladesh and Africa different from entry in Western European economies?
- 3 Compare *Bharti Airtel's* approach to internationalization with that of European MNEs. To what extent is *Bharti Airtel's* model unique to emerging economy MNEs?
- 4 What are the implications of the rise of emerging economy MNEs such as *Bharti Airtel* for globalization?