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Emerging markets (EMs) represent significant socioeconomic, cultural and regulative departures from the assumptions of theories developed in the western world. They challenge our conventional thinking about constructs, and offer us an exciting learning laboratory to learn more about marketing science and practice. Marketers are beginning to look past the negativity of traditional EM stereotypes. There is growing appreciation for the complexity of EMs and the urgent need to make sense of the EM context. The ensuing race to unlock new insights and assess the law-like generalisations that inform our thinking is fuelling a marketing renaissance that has brought institutional theory to the fore.

Institutional theory is pre-eminent in explaining how context affects business performance in EMs (Peng *et al.* 2008). Institutions are enduring features of social life that provide rules for human interactions and structure to social systems across time and space. In marketing, Burgess and Steenkamp (2006) recently expanded on work by the sociologist Scott (2001) and the institutional economist North (1990, 1997), to distinguish three distinct but interrelated 'pillars of institutions' that provide structure to society, albeit in different ways: the socioeconomic, cultural and regulative systems. Social theorists have identified these systems as vital ingredients of a country's institutional context. The *socioeconomic system* comprises macroeconomic and demographic characteristics, levels of within-country diversity, and dynamics caused by rapid social, political and economic change. The *cultural system* represents culturally supported beliefs, attitudes, habits, norms and behaviours. It

maintains that external cultural frameworks shape internal interpretive processes and shared understanding. The *regulative system* involves the capacity to establish formal rules, inspect society members' conformity to them and, if necessary, impose sanctions. It includes the presence and efficacy of regulatory institutions and the associated legal systems that exist to ensure stability, order and continuity of societies.

Institutional subsystems in EMs show remarkable similarity. Socioeconomic subsystems typically are dynamic, exhibiting rapid social, political and economic change. Populations are young and growing, and include large pools of people with low formal education. Literacy and numeracy challenges are common. Cultural systems emphasise hierarchy and embeddedness. Regulative systems often exhibit moderate abuse of public office for private gain, lower investor rights, and preference for mediation and conciliation to overcome legal disputes.

Within-country diversity typically presents as two prototypical segments with very different living standards and media consumption. The well-educated urban elite segment enjoys a living standard comparable to that of the West. Although they have access to global media, prefer global brands, and often look and dress like people in the West, their purchase and consumption preferences are shaped by vastly different cultural and regulative systems. The mass-market segment comprises 80-95% of the population that lives in much more impoverished circumstances. Characterised by large households, high unemployment and participation in the informal economy, they have relatively low

literacy, numeracy and access to basic human resources. They are reached primarily by radio, outdoor media and print media. Due to high economic growth and advances in education and infrastructure, an unprecedented number of people are transiting from the rural, agrarian lifestyles of the mass-market segment to the modern, consumer lifestyles of the urban elite in the span of a generation.

As this implies, the EM context presents many exciting opportunities for research. A natural starting place is to assess the generalisability of our accepted theories across EMs. On what implicit institutional assumptions do theories rest? Do EMs present boundary conditions to theories? What can we learn from indigenous models developed in EMs? The answers to these questions are important to scholars and practitioners, and provide marketing researchers with an excellent opportunity to enhance their professional identity. For instance, market orientation theory is one of our most studied theories. No strategic orientation has been shown to have a greater influence on business performance than market orientation. We find that moderate levels of centralisation, formalisation and conflict do not have the expected negative effects on market orientation in EMs. What does this imply in practice? How should executives respond to this new knowledge?

Keeping the implications of our research to the fore will help address two of the most important challenges that marketing researchers face in EMs. The first is marketing's loss of credibility. Marketing is under pressure in EMs, as it is elsewhere, and traditional marketing functions are often performed by others. Marketing typically is represented on less than 5% of boards of directors. We have become victims of our own success. Marketing as art has overwhelmed marketing as science, as 'marketing is everyone's job' has come to mean 'anyone can manage marketing'. Senior executives in EMs tell me that marketing people

lack rigour and cannot link marketing activities to performance outcomes. Fortunately, there are exciting new theoretical advances and new analytic approaches, tools and resources that can be employed to develop true contingency theories in EMs. This presents new opportunities to reach out to marketing's stakeholders, and demonstrate the relevance and value of our insights and, thereby, to regain lost credibility.

The second major challenge concerns resource constraints. EMs typically lack the funding resources of the West and professors often have high teaching loads that reduce time for research. In business practice, constrained resources result in the use of notoriously unreliable single-item scales, infrequent use of rigorous methods to assess scale reliability and validity, and consequent frustration with marketing research as an aid in decision-making. These problems are unlikely to be overcome until marketing begins to show that it deserves to once again stand as the custodian of stakeholder information. We can do this by making rapid advancements in our understanding of emerging markets.

These challenges compel us to find new collaborative approaches more appropriate to the 21st century (Lutz 2011). We need global initiatives, such as the recent national culture initiatives orchestrated by House and his Project Globe colleagues (House *et al.* 2004) and the psychologists Schwartz (Schwartz *et al.* 2001; Schwartz 2004) and Leung and Bond (Leung *et al.* 2002; Bond *et al.* 2004). Working together in a collaborative and mutually respectful manner will allow EM and western scholars to benefit from their respective knowledge and competencies. Working with practitioners will enhance our relevance, credibility and resources. Following such an approach, marketing researchers can help marketing regain its central role in business practice.

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