

# How do emerging market firms compete in developed markets? The case of India

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How do some companies from less-developed nations go from "zero to hero" in such a short amount of time relative to large Western firms? A new study in the *Journal of Marketing* suggests that learning from the experience of others (indirect learning) plays a crucial role.

"Companies in developed markets have generally learned directly from their own experience," write authors Sourindra Banerjee (University of Warwick), Jaideep C. Prabhu (University of Cambridge), and Rajesh K. Chandy (London Business School). "In contrast, emerging-market [firms](#) learn how to compete by acquiring knowledge from leaders, competitors, and other firms in their networks."

The study compared business data from India (116 firms) and the UK (160 firms) across a ten-year period to understand how smaller Indian companies, despite their lack of experience, were able to grow at a remarkable speed. The authors found that the most successful small companies had been able to learn from the personal business experience of their own well-chosen leaders, by studying competitors, and by networking with other firms to share information.

The authors feel that this study is a wake-up call to smaller nations to make important changes in how they do [business](#). Smaller nations often fear, for example, that allowing [citizens](#) to study and work in developed countries results in "brain drain" and must be discouraged. This study shows, however, that there are big benefits in encouraging citizens to study and work in developed markets, gaining education and experience

to become future leaders whose knowledge can drive growth.

"Theories from developed contexts do not easily transfer to [emerging markets](#). Policy makers in emerging economies should be careful about placing obstacles in the paths of their citizens who try to study or work in developed markets. Indeed, they might encourage their citizens to study in developed markets by providing them with scholarships, increasing the availability of loans, and removing foreign exchange restrictions on spending in developed markets," the authors conclude.

**More information:** "Indirect Learning: How Emerging Market Firms Grow in Developed Markets." Forthcoming in the *Journal of Marketing*.

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