

Strategic Management and Organizational Transformation in Emerging Economies: Leadership, Innovation, and Institutional Performance

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Abstract

Organizations in emerging economies pursue strategy under conditions that differ in kind, and not merely in degree, from those assumed in mainstream strategic management theory: formal market-supporting institutions are incomplete, informal institutions carry much of the coordinating load, and the rules themselves are in transition. This article reviews scholarship published up to 2019 on how strategic management, leadership and innovation combine to produce organizational transformation and institutional performance in such settings. Drawing on the institution-based view, the resource-based and dynamic capabilities perspectives, upper echelons and transformational leadership theory, and research on public-sector capability, the review advances three arguments. First, strategy in emerging economies is best understood as the joint management of market position, internal capability and institutional context. Second, leadership is the mechanism through which institutional constraints are interpreted, negotiated and occasionally reshaped, which makes it the pivotal antecedent of transformation. Third, innovation in these economies is predominantly capability-building, frugal and managerial rather than frontier-technological, and its performance effects depend on complementary management practices and governance. The article integrates these arguments in a conceptual framework that links institutional context, strategic leadership, innovation capability, transformation and multidimensional performance, states four propositions for empirical testing, and sets out implications for executives, policymakers and researchers.

Keywords: strategic management; emerging economies; organizational transformation; leadership; innovation; institutional voids; dynamic capabilities; institutional performance

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1. Introduction

Strategic management matured as a discipline in North America and Western Europe, where analysts could treat functioning capital, labor and product markets, enforceable contracts and stable regulation as background conditions. In emerging economies those conditions move to the foreground. Hoskisson et al. (2000) defined emerging economies as low-income, rapid-growth countries that use economic liberalization as their primary engine of growth, and proposed institutional theory, transaction cost economics and the resource-based view as the lenses most likely to explain enterprise strategy within them. Nearly two decades of subsequent research have borne out the central intuition of that agenda: context does not merely moderate the relationship between strategy and performance; it shapes what counts as a viable strategy in the first place (Wright et al., 2005; Peng, Wang and Jiang, 2008).

The practical stakes are considerable. Firms, state-owned enterprises, public agencies and non-profit organizations in these economies face simultaneous pressure to grow, to modernize inherited structures and to demonstrate accountability to increasingly demanding stakeholders. Many are attempting transformation, understood here as deliberate, organization-wide change in strategy, structure, processes and culture, and not simply incremental improvement. The change literature is sobering about the odds. Kotter (1995) observed that transformation efforts commonly fail because leaders do not establish sufficient urgency, build a guiding coalition, communicate a vision or anchor new approaches in the organization's culture. Where average management practices are weaker and institutional support is thinner, as cross-country survey evidence suggests is the case in much of the developing world (Bloom and Van Reenen, 2010), the difficulty is compounded.

Three bodies of scholarship speak to this problem, but they are seldom read together. Research on strategy in emerging economies is predominantly firm-level and institution-based. Research on leadership and change is rooted in organizational psychology and draws most of its evidence from advanced economies. Research on institutional performance, meaning the capability of public and quasi-public organizations to deliver, sits largely in development studies and public administration. Reviews of management research on Africa add that very little empirical or theoretical work has addressed the continent, and that it remains unclear how far theories developed elsewhere apply there (Walumbwa, Avolio and Aryee, 2011; George et al., 2016).

This article integrates these literatures. It reviews scholarship published up to 2019 and asks how strategic management, leadership and innovation combine to produce organizational transformation and, through it, institutional performance in emerging economies. The term institutional performance is used in two related senses: the performance of institutions understood as organizations (firms, ministries, agencies, universities and state enterprises), and the performance consequences of the institutional environment in which those organizations operate. The article proceeds as follows. Section 2 describes the review approach. Section 3 sets out the theoretical foundations. Sections 4 to 7 examine strategy, leadership, innovation and performance in turn. Section 8 integrates the argument in a conceptual framework with four propositions, and Sections 9 and 10 draw implications and conclude.

2. Review Approach

The article is an integrative narrative review. This design suits a field in which the relevant evidence is dispersed across strategy, international business, organizational behavior, development economics and public administration, and in which the aim is conceptual synthesis, not the estimation of a pooled effect. Sources were restricted to peer-reviewed journal articles and scholarly monographs published up to and including 2019. They were selected purposively against three criteria: theoretical centrality to the study of strategy in emerging economies; empirical evidence drawn from emerging or developing economies, with deliberate attention to Africa and Asia; and direct relevance to the chain that links leadership and innovation to transformation and performance. Foundational works in strategy, leadership and institutional theory were retained

where later emerging-economy research builds explicitly on them. The bibliographic details of every source were checked against publisher or index records.

The approach has limitations. A narrative review does not claim exhaustive coverage, and purposive selection reflects the authors' judgment about salience. The evidence base is also uneven: China and India are heavily studied, whereas much of sub-Saharan Africa is represented by a small number of country studies, notably from Ghana, Nigeria and South Africa. Conclusions are therefore framed as propositions for testing and not as settled findings.

3. Theoretical Foundations

3.1 Institutions, transitions and voids

North (1990) defined institutions as the humanly devised constraints that structure interaction, the formal rules and informal norms that make up the rules of the game, and argued that their principal function is to reduce uncertainty in exchange. Organizational sociology added a complementary insight. DiMaggio and Powell (1983) showed that organizations in a common field converge on similar structures under coercive, mimetic and normative pressures, because conformity confers legitimacy regardless of its effect on efficiency. Both ideas matter in emerging economies, where formal rules are incomplete and where pressure to adopt internationally legitimate structures, from regulators, lenders and multinational partners, is intense.

Khanna and Palepu (1997) gave the strategic implication a name. Emerging markets, they argued, are characterized by institutional voids: the absence or weakness of the intermediaries on which advanced-economy firms rely, such as reliable financial reporting, efficient capital markets, business schools and predictable contract enforcement. Strategies that are sound where such intermediaries exist, including a narrow focus on core businesses, can be mistaken where they do not. Peng (2003) set this argument in motion with a two-phase model of institutional transition. In the early phase, exchange is relationship-based and personalized, and network-centered strategies pay off; as formal market-supporting institutions develop, exchange becomes rule-based and impersonal, and competitive advantage shifts toward market-centered, capability-based strategies. Peng, Wang and Jiang (2008) generalized the point by positioning an institution-based view as one

leg of a strategy tripod, alongside the industry-based and resource-based views. Figure 1 depicts the tripod as it is applied in this review.

Later work cautions against reading voids as simple emptiness. In their study of Bangladesh, Mair and Marti (2009) found that voids arise within an institutional fabric that is rich but often at odds with market development, and that organizations address them through an ongoing process of bricolage, recombining the institutional materials at hand. Doh et al. (2017) identified four ways in which organizations respond to voids: internalization, substitution, borrowing and signaling. Institutional context, in short, is something organizations work on as well as within.

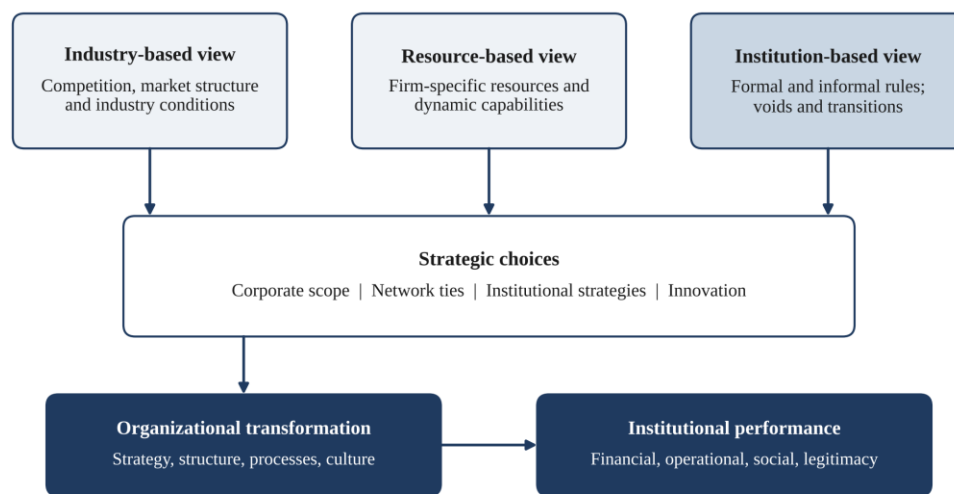


Figure 1. The strategy tripod applied to organizational transformation in emerging economies.

Source: Authors' elaboration, adapted from Peng, Wang and Jiang (2008).

3.2 Resources and dynamic capabilities

The resource-based view locates sustained advantage in resources that are valuable, rare, imperfectly imitable and non-substitutable (Barney, 1991). In emerging economies the inventory of such resources extends beyond technology and brands to non-market assets: relationships with officials and community leaders, legitimacy with regulators and the practical knowledge needed to operate where infrastructure and enforcement are unreliable. Because these economies change quickly, however, a static stock of resources is not enough. Teece, Pisano and Shuen (1997) defined dynamic capabilities as the capacity to integrate, build and reconfigure internal and external competences to address rapidly changing environments, and Teece (2007) later

disaggregated that capacity into sensing opportunities and threats, seizing opportunities and reconfiguring the asset base. Organizational transformation can be read as reconfiguration at scale.

Development scholarship reached a compatible conclusion from a different starting point. Lall (1992) argued that firms in developing countries do not absorb imported technology automatically; they must accumulate investment, production and linkage capabilities through deliberate effort, and national incentive and institutional structures condition how far they succeed. For Africa specifically, Zoogah, Peng and Woldu (2015) proposed that organizational effectiveness is a joint function of institutions and of resources and capabilities, each in formal and informal forms, so that neither lens is adequate alone.

3.3 An integrated lens

The empirical case for integration is strong. Studying foreign entrants into India, Vietnam, South Africa and Egypt, Meyer et al. (2009) found that the strength of market-supporting institutions and the entrant's need for local resources jointly shaped the choice among joint ventures, acquisitions and greenfield investment. Neither institutions nor resources alone accounted for the outcome. Table 1 sets out the theoretical perspectives on which the following sections draw.

Table 1. Theoretical perspectives informing the review.

Perspective	Core argument	Implication in emerging economies	Key sources
Institution-based view	Formal and informal rules structure exchange and shape strategic choice.	Voids raise transaction costs; network-centered strategies pay off early in transition and lose value as rules strengthen.	North (1990); Khanna and Palepu (1997); Peng (2003)
Resource-based view and dynamic capabilities	Advantage rests on hard-to-imitate resources and on the capacity to reconfigure them.	Non-market assets count as strategic resources; capability must be built deliberately.	Barney (1991); Lall (1992); Teece, Pisano and Shuen (1997)
Neo-institutional sociology	Organizations adopt legitimate forms under coercive, mimetic and normative pressure.	Imported structures may be adopted in form without delivering their function.	DiMaggio and Powell (1983); Andrews, Pritchett and Woolcock (2017)
Upper echelons and transformational leadership	Outcomes reflect leaders' interpretations; leaders elicit effort beyond formal incentives.	Ambiguity enlarges the interpretive role of leaders; delegation is a binding constraint.	Hambrick and Mason (1984); Bass (1985); Bloom et al. (2013)
Principal–principal agency	Concentrated ownership shifts conflict to controlling versus minority owners.	Governance codes designed for dispersed ownership transfer imperfectly.	Young et al. (2008); Adegbite (2015)

Source: Authors' compilation from the sources cited.

4. Strategic Management in Emerging Economies

4.1 Strategic options and corporate scope

Wright et al. (2005) organized strategy research in emerging economies around four options: firms from developed economies entering emerging economies, domestic firms competing within emerging economies, firms from emerging economies entering other emerging economies, and firms from emerging economies entering developed economies. Across all four, corporate scope is the question on which received theory is most clearly challenged. In an influential study of Indian business groups, Khanna and Palepu (2000) found that affiliates of the most diversified groups outperformed unaffiliated firms, and that performance first declined and then, beyond a threshold, rose with group diversification. Their interpretation was that, where market institutions function poorly, diversified groups can benefit member firms by performing functions that external institutions do not. The optimal scope of the firm is therefore contingent on institutional development, and the advantage of diversification should be expected to erode as external intermediaries mature (Peng, 2003).

4.2 Network-based strategy and its limits

A second regularity concerns managerial ties. In China, Peng and Luo (2000) showed that managers' personal ties with executives at other firms and with government officials were associated with better firm performance, and that the value of those ties varied with ownership type, sector, firm size and industry growth. Acquaah (2007) extended the argument to Ghana, where social capital derived from ties with managers of other firms, government officials and community leaders was related to organizational performance, with the strength of the relationship contingent on the firm's competitive strategic orientation. The Ghanaian evidence is notable for identifying community leaders, who hold traditional as well as civic authority, as a distinct source of managerial social capital.

Relational strategies carry costs. They consume managerial attention, they may bind the firm to partners whose influence wanes as rules change, and they interact with ownership structures in ways that can harm outside investors. Young et al. (2008) argued that where ownership is concentrated and external governance mechanisms are weak, the central governance problem shifts from conflict between dispersed owners and managers to conflict between controlling and minority shareholders. Governance prescriptions designed for the first problem do not resolve the

second. In Nigeria, Adegbite (2015) documented how corporate governance is shaped by antecedents and peculiarities specific to the national context, which implies that imported codes cannot be assumed to work as intended. A parallel finding holds for corporate social responsibility: among indigenous Nigerian firms it is a localized and socially embedded practice, expressed mainly as philanthropy directed at socio-economic development challenges (Amaeshi et al., 2006).

4.3 Institutional strategies and outward expansion

If institutions shape strategy, strategy can also be directed at institutions. Marquis and Raynard (2015) classified such institutional strategies into three sets: relational strategies that manage dependence on government and other key stakeholders; infrastructure-building strategies that address missing commercial, technological and physical infrastructure; and socio-cultural bridging strategies that respond to social, demographic and cultural conditions. Organizations that invest in these strategies do more than adapt; they partially construct the environment in which they and others compete.

Outward expansion offers another response to domestic constraint. Luo and Tung (2007) described emerging-market enterprises as using internationalization as a springboard: a means of acquiring strategic assets abroad and of escaping institutional and market limitations at home. Springboard behavior is itself transformational, since it obliges organizations to absorb new technologies, governance standards and managerial routines at speed.

5. Leadership and Organizational Transformation

5.1 Leaders as interpreters of context

Upper echelons theory holds that organizational outcomes reflect the values and cognitive bases of the organization's most powerful actors, because strategic situations are too complex to be read objectively and are filtered through executives' experience (Hambrick and Mason, 1984). There are grounds for expecting this filtering to matter more in emerging economies. Market information is scarcer, rules are more ambiguous and the range of feasible responses to a given constraint is wider, so the leader's interpretation carries more of the explanatory weight.

Transformational leadership theory describes how such interpretation is converted into collective effort. Bass (1985) distinguished leaders who exchange rewards for compliance from those who

raise followers' awareness of the importance of outcomes, encourage them to look beyond self-interest and thereby elicit performance beyond expectations. The second mode is closely associated with large-scale change, because transformation requires discretionary effort that formal incentives rarely secure by themselves.

5.2 The transformation process

Kotter's (1995) account of why transformations fail implies a sequence of leadership tasks, and Armenakis and Bedeian (1999) organized the wider research on change around four themes: the content of change, the context in which it occurs, the process by which it unfolds and the criteria by which it is judged. Figure 2 adapts these ideas into a four-phase process and attaches to each phase the contingency that the emerging-economy literature suggests is most salient. Diagnosis must extend beyond the market to the institutional setting. Mobilization must include non-market stakeholders, since regulators, community leaders and organized labor can each stall implementation. Reconfiguration depends on capability-building under resource constraints. Institutionalization must guard against the adoption of new forms without new functions.

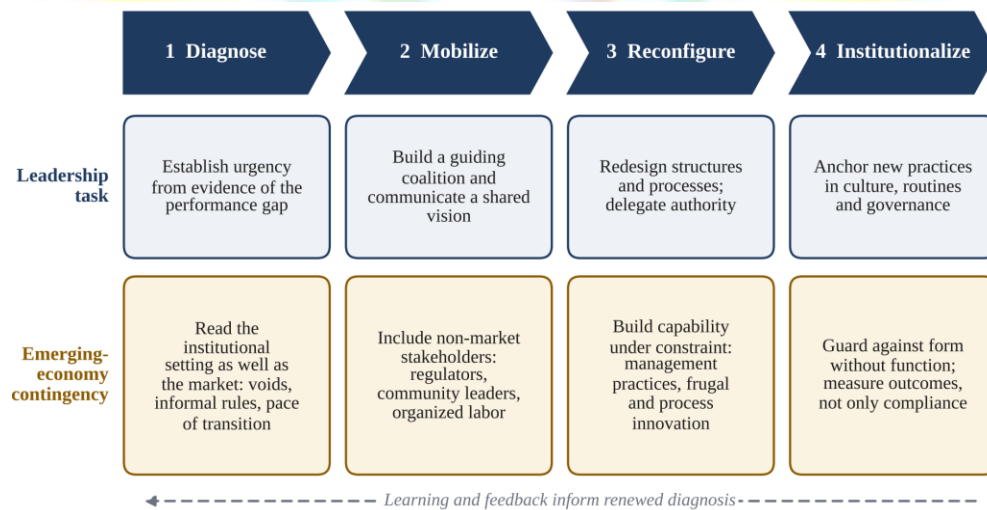


Figure 2. A four-phase transformation process with emerging-economy contingencies.

Source: Authors' synthesis, drawing on Kotter (1995), Armenakis and Bedeian (1999) and Andrews, Pritchett and Woolcock (2017).

Experimental evidence shows what is at stake in the reconfiguration phase. In a randomized field experiment with large Indian textile firms, Bloom et al. (2013) found that plants receiving intensive

advice on structured management practices raised productivity by 17 percent in the first year through better quality and efficiency and lower inventory. The firms had not adopted these practices earlier mainly because of informational barriers: owners were unaware of them or did not believe they would be profitable. The study also found that owners' reluctance to delegate to managers outside the family constrained growth. On this evidence, leadership behavior, specifically willingness to learn and to delegate, appears to have been a more binding constraint on transformation than access to technology or finance.

5.3 Contextualizing leadership

Leadership theory developed elsewhere must be applied with care. In their synthesis of leadership and management research in Africa, Walumbwa, Avolio and Aryee (2011) asked what is distinctive to the continent and what generalizes from Western and Eastern settings. Nkomo (2011) offered a sharper critique, showing that representations of African leadership in organization studies oscillate between deficit portrayals and idealized appeals to African culture, both of which obscure the diversity of actual practice. A constructive position is available between these poles. Mangaliso (2001) argued that *ubuntu*, a philosophy of humaneness and interdependence, can be a source of competitive advantage when its principles inform how organizations handle relationships, decision-making, communication and time. The implication for transformation is that leaders can build commitment by working through indigenous relational norms, combining them with the direction-setting emphasized in transformational leadership, without treating those norms as uniform or static.

6. Innovation as an Engine of Transformation

6.1 Innovation as organizational capability

In their systematic review, Crossan and Apaydin (2010) treated innovation as both a process and an outcome and traced its determinants to three levels: leadership; managerial levers such as strategy, structure, resource allocation, organizational learning and culture; and business processes. That framing is helpful for emerging economies because it shifts attention from research and development expenditure, which is typically low, to the organizational conditions under which new products, processes and practices are generated and absorbed. It is also consistent with the

argument of Lall (1992) that technological capability is accumulated through deliberate organizational effort.

Evidence from China supports this organizational reading. Li and Atuahene-Gima (2001) found that the payoff of a product innovation strategy for the performance of new technology ventures was contingent on environmental turbulence and institutional support, and on relationship-based strategies in the form of product development alliances and political networking. Innovation strategy and institutional strategy, in other words, operate as complements and not as alternatives.

6.2 Frugal and reverse innovation

Resource constraints have produced a distinctive innovation pattern. Zeschky, Widenmayer and Gassmann (2011) described frugal innovations as good-enough, affordable products that meet the needs of resource-constrained customers, and illustrated through a case study of Mettler Toledo that such products can be developed where local research and development subsidiaries have substantial autonomy. Hossain (2018) reviewed the subsequent literature and found it fragmented and at an early stage of theoretical development. Frugal innovation matters strategically because its results can travel. Govindarajan and Ramamurti (2011) defined reverse innovation as the case in which an innovation is adopted first in poorer countries before spreading to richer ones, and argued that it has significant implications for the global strategy and organization of established multinational enterprises. For domestic organizations the lesson is that constraint can be a design brief, and that the capabilities built in meeting it are a transferable asset.

6.3 Managerial, institutional and digital innovation

Not all consequential innovation is technological. The management practices studied by Bloom and Van Reenen (2010), covering monitoring, target-setting and incentives, behave like a technology whose diffusion is incomplete: their adoption varies widely across firms and countries, tends to be weaker in developing economies, and is associated with product market competition and with ownership and governance arrangements. Institutional innovation is equally significant. The organization studied by Mair and Marti (2009) changed the conditions of market access for people living in poverty by recombining existing norms and practices, not by introducing new technology.

By 2019 a further source of transformation had come into focus. Vial (2019, p. 118) defined digital transformation as “a process that aims to improve an entity by triggering significant changes to its

properties through combinations of information, computing, communication, and connectivity technologies”. Warner and Wäger (2019) characterized the building of dynamic capabilities for digital transformation as an ongoing process of strategic renewal that involves digital sensing, digital seizing and digital transforming. The first contribution is a review of the information systems literature, and the evidence for the second comes from incumbent firms headquartered in Germany. Whether their conclusions hold where infrastructure, skills and regulation are less developed is an open question, and one that the framework in Section 8 is designed to accommodate.

7. Institutional Performance

7.1 Conceptualizing performance

Performance is multidimensional, and the choice of measure shapes conclusions. Richard et al. (2009) distinguished organizational performance, comprising financial performance, product market performance and shareholder return, from the broader construct of organizational effectiveness, and showed that commonly used measures capture this multidimensionality poorly. Kaplan and Norton (1992) made a similar point for practice by proposing that financial measures be balanced with customer, internal business, and innovation and learning perspectives. In emerging economies the case for breadth is stronger still. Organizations are judged on legitimacy and social contribution as well as returns (Amaeshi et al., 2006), and for public bodies the relevant outcome is service delivery.

A practical consequence is that evaluations of transformation should specify in advance which dimensions of performance are targeted and over what period. Financial indicators respond quickly to cost reduction but slowly to capability-building, while legitimacy and service quality require different data, often collected from users and not from the organization itself. Programs judged only on the fastest-moving indicators will tend to reward cosmetic change.

7.2 Evidence from firms

The firm-level evidence reviewed above converges on a contingent account. Affiliation with highly diversified business groups, managerial ties and institutional strategies contribute to performance where formal institutions are weak (Khanna and Palepu, 2000; Peng and Luo, 2000;

Acquaah, 2007), and structured management practices raise productivity where they are adopted (Bloom et al., 2013). What these findings share is that performance depends on fit between the organization's strategy and capabilities and its institutional setting, and that this fit shifts as institutions change.

7.3 Evidence from public institutions

The performance of public organizations is central to any account of emerging economies, both as an outcome in itself and as a determinant of the environment in which firms operate. Using data for 35 developing countries, Evans and Rauch (1999) found that Weberian features of state bureaucracies, especially meritocratic recruitment and predictable, rewarding career ladders, were associated with significantly better prospects for economic growth. Later reform experience has been more equivocal. Reviewing the legacy of the New Public Management in developing countries, Manning (2001) concluded that its techniques were adopted far less widely, and with more modest results, than its advocates had anticipated. Grindle (2004) argued that the governance agenda presented to poor countries had become unrealistically long and proposed good enough governance: prioritizing the minimal conditions needed for development to proceed, sequenced according to what is feasible.

Two further contributions bear directly on transformation. Andrews, Pritchett and Woolcock (2017) diagnosed capability traps in which public organizations adopt the outward forms of capable institutions without acquiring their functions, a pattern they termed isomorphic mimicry, and are then overloaded with tasks they cannot perform. Their remedy is problem-driven iterative adaptation, in which locally defined problems, experimentation and feedback replace imported blueprints. Rasul and Rogger (2018) provided rare quantitative evidence on management inside a developing-country bureaucracy. Studying several thousand projects across the Nigerian civil service, they found that management practices granting bureaucrats autonomy were associated with higher project completion rates, whereas practices centered on incentives and monitoring were associated with lower completion rates. The finding runs against the assumption that tighter control is the route to public-sector performance, and it parallels the private-sector evidence on delegation.

8. An Integrative Framework

Figure 3 draws the preceding arguments into a single framework. Institutional context, comprising formal institutions, informal institutions and the voids and transitions that characterize them, is the starting condition. It shapes transformation through two organizational channels: strategic leadership and innovation capability. Transformation, in turn, is expressed in changes to strategy and scope, structure and processes, culture and governance, and it affects performance across financial, operational, social and legitimacy dimensions. Alongside these channels, relational and institutional strategies offer a more direct route to performance, one whose value declines as institutions strengthen. Management practices and governance quality condition whether innovation capability is converted into transformation and whether transformation is converted into performance. A feedback path runs from performance to context, because capable organizations fill voids and pursue institutional strategies that alter the environment for others.

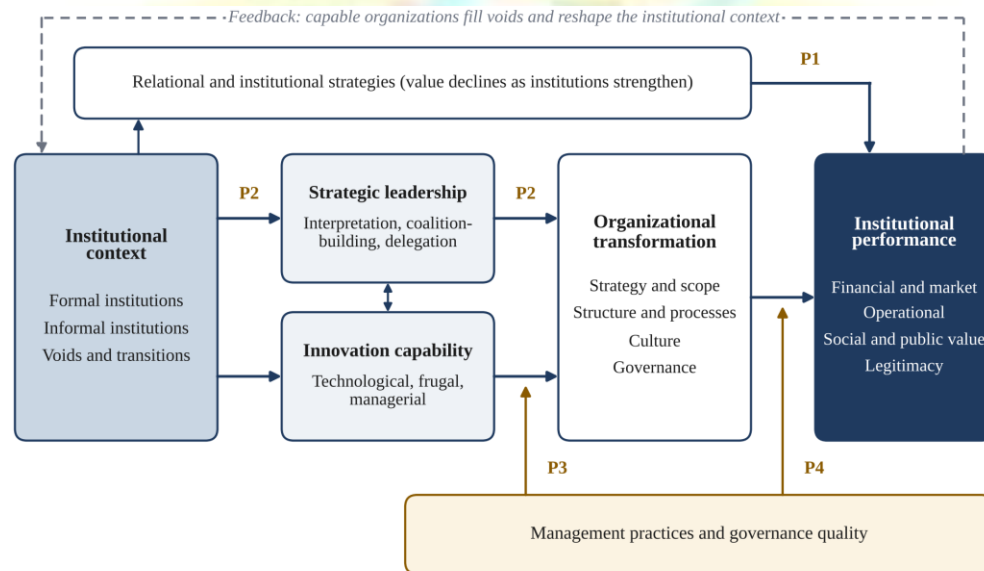


Figure 3. Integrative framework linking institutional context, leadership, innovation, transformation and performance (P1–P4 denote the propositions).

Source: Authors' synthesis of the literature reviewed.

Four propositions follow.

Proposition 1. The less developed the formal institutional environment, the greater the contribution of relational and institutional strategies to performance, and the more that contribution diminishes as market-supporting institutions strengthen.

Proposition 2. Strategic leadership mediates the effect of institutional context on transformation: comparable institutional constraints yield different organizational trajectories depending on how leaders interpret the context, build coalitions that include non-market stakeholders and delegate authority.

Proposition 3. Innovation capability, whether technological, frugal or managerial, converts strategic intent into transformation only where it is complemented by structured management practices.

Proposition 4. Transformation produces durable gains in institutional performance only where new practices are functionally embedded in routines and governance; where they are adopted in form alone, measured compliance rises without corresponding improvement in outcomes.

The propositions are stated at the level of the organization but imply cross-level effects. Proposition 1 is derived from the institutional transition and business group literatures (Khanna and Palepu, 2000; Peng, 2003). Proposition 2 extends upper echelons reasoning to institutional interpretation (Hambrick and Mason, 1984). Proposition 3 rests on the experimental and survey evidence on management practices (Bloom and Van Reenen, 2010; Bloom et al., 2013), and Proposition 4 on the analysis of isomorphic mimicry in public organizations (Andrews, Pritchett and Woolcock, 2017), which applies equally to firms that adopt governance codes or management systems for their signaling value.

Three boundary conditions qualify the framework. Emerging economies are heterogeneous, and the relative weight of each path will differ between, for example, a large transition economy with a capable state and a small economy with thin markets. Organizational type matters as well: state-owned enterprises and public agencies answer to political principals and operate under budgetary rules that narrow leaders' discretion. Finally, the framework describes tendencies that unfold over years; in the short run, shocks to the institutional environment can interrupt or reverse several of the paths shown.

9. Implications and Research Agenda

For executives, the first implication is diagnostic. Strategy formulation should begin with an explicit assessment of the institutional setting, identifying which intermediaries are missing, which informal arrangements substitute for them and how quickly the rules are changing, before

conventional industry and capability analysis. The second concerns the portfolio of strategies. Relational and institutional strategies are legitimate and often necessary, but they should be treated as assets with a finite life and balanced by investment in capabilities that will matter when competition becomes rule-based. The third concerns the leader's own conduct. The evidence on delegation and autonomy, from Indian factories to Nigerian ministries, suggests that the most accessible lever of transformation is a change in how authority and information are shared.

For policymakers and public-sector leaders, the review supports selective reform over comprehensive blueprints. Meritocratic recruitment and stable careers have the strongest evidential backing. Beyond these, reform is more likely to succeed when it is organized around locally defined performance problems and when front-line managers are given discretion to solve them. Programs that diffuse basic management practices to private firms deserve attention as an instrument of productivity policy, given the informational barriers that inhibit voluntary adoption.

For researchers, four priorities stand out. First, longitudinal and multi-level designs are needed to observe how the returns to particular strategies change as institutions develop, which cross-sectional studies cannot establish. Second, the geographic base should be widened, particularly within Africa, with attention to public, state-owned and hybrid organizations as well as private firms. Third, leadership constructs require contextual validation before they are transferred. Fourth, the emerging phenomenon of digital transformation should be studied in emerging-economy settings from the outset, so that theory does not again develop on a narrow empirical base.

10. Conclusion

Strategic management in emerging economies is the management of three things at once: position in markets, capability within the organization and standing in an institutional environment that is incomplete and in motion. This review has argued that organizational transformation in such settings is led before it is designed. Leaders interpret institutional constraints, assemble coalitions that reach beyond the market and decide how much authority to share, and these choices determine whether innovation capability is built and used. Innovation, for its part, is more often frugal, managerial and institutional than frontier-technological, and its payoff depends on the discipline

of everyday management practice. Performance must be assessed broadly, and for public as well as private institutions it improves durably only when new practices take functional root. The framework and propositions offered here are intended to guide empirical work that tests these claims across a wider range of countries and organizational forms than the literature to 2019 has yet covered.

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