

RECAPTURING HUMANITY: EMBEDDEDNESS IN MARKET COMMUNITIES

Rohit Varman

Indian Institute of Technology, Kanpur

Russell Belk

University of Utah

Janeen Arnold Costa

University of Utah



Rohit Varman is Assistant Professor, Department of Industrial and Management Engineering, Indian Institute of Technology – Kanpur, India 208016, 91-512-2597430 , rohitv@iitk.ac.in. Russ W. Belk is N. Eldon Tanner Professor of Business, David Eccles School of Business, University of Utah, Salt Lake City, UT 84112, (801) 581-7401 mktrwb@business.utah.edu. Janeen Arnold Costa is Associate Professor (Retired), David Eccles School of Business, University of Utah, Salt Lake City, UT 84112, mktjac@business.utah.edu.

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Relationship marketing has made significant advances in recent years and is increasingly projected as a new paradigm for marketing theory and practice. However, the theory continues to suffer from two serious lacunae. First, at a microlevel, theory treats actors in markets as instrumental entities, who utilize social influences to achieve the most efficient outcome. Second, at a macrolevel, markets are treated axiomatically without adequate inquiry into the core assumptions that construct the market concept. This video addresses these shortcomings in our understanding of markets as institutions and human beings as market actors by closely examining the role of social norms.

The lack of an active discourse on markets in marketing and the failure to use the market as a unit of analysis has resulted in an overwhelming concentration on microdimensions of actions and actors within markets. We suggest that this emphasis on individual buyer/seller behavior based on neoclassical assumptions is theoretically incomplete and deficient. Moreover, since scholars have viewed markets primarily as socially disembodied systems, the influence of sociocultural norms in market behavior has also been only partially understood.

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Video available at <http://www.amsreview.org/articles/varman04-2006b.ram>

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Our video ethnography of a market in Kolkata, India challenges the utilitarian-functional perspective that prevails in the discipline on norms. Our research demonstrates that instrumental reduction of norms and their utilization by market actors for better individual or collective performance are incomplete descriptions. In this video we show that market behavior has human and humane dimensions that cannot be understood without a broader conceptualization of human motives and actions. The video provides a rich understanding of the interplay between the behavioral and the economic dimensions of markets. This in turn helps to deconstruct the current axiomatic treatment of transaction-centric markets and reconstruct the market as a socially embedded institution. The transaction-centric approach in relationship marketing has been marked by its focus on efficiency that is defined in a narrow economic sense, while giving a short shrift to the social dimensions of markets. It is the theorization of social embeddedness of markets, which is missing from relationship marketing theory that forms the most significant contribution of this research. We use the concept of “community” to address theoretically the issue of societal encapsulation of, and the role of social norms within, markets.