Guest editorial: Cultural dynamics and the evolution of innovation capability of emerging market firms

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Abstract

Purpose – The purpose of this paper is to deliver useful insights and new knowledge on cross-culture and innovation, and subsequently offer worthy implications for emerging market firms. In addition, this paper (specifically, this special issue) tries to cement current research gaps residing in the examination area of cultural dynamics and the evolution of the innovation capability of emerging market firms. For that purpose, we have chosen ten papers that are in accordance with the achievement of the special issue objective, and we hope that our special issue helps seal a wide range of extant research gaps.

Design/methodology/approach – Emerging market firms are experiencing active cultural exchanges across borders by bridging advanced and developing economies and rapid technological change by engaging in the creation of new value. In this vein, we uniquely design this paper to provide valuable solutions for three unsolved mysteries of innovation: What makes firms innovative? Who contributes to innovation? And when is the right timing to innovate? Thus, this paper adopts a methodological approach known as a literature review. By taking this approach, we contribute to advancing theoretical viewpoints.

Findings – The findings of this paper are threefold. First, in order to understand what makes firms innovative, we should minutely consider the key factors and their relationships facilitating organizational innovations. Second, the preferences and personalities of their most powerful actors – CEOs and top executive officers – give rise to a great deal of differences and often create unique organizational culture, which may provide an answer to the question: Who contributes to innovation? Third, the successful timing of business innovation depends on 1) the economic environment, 2) trends in cross-cultural evolution, 3) the specific market and industrial circumstances, and 4) a set of internal features influencing the firm.

Originality/value – Many people perceive that firms in developed economies have a monopoly on innovations. However, things are, in fact, changing quickly, and even some

firms in emerging markets are emerging as the heroes of innovation. In this regard, the value of this paper is that it calls our attention to cultural dynamics and the evolution of the innovation capability of emerging market firms that have been largely overlooked by researchers.

Keywords: Cross culture; Innovation; Emerging market firms; Value creation; Literature review

Paper type Research paper

1. Introduction

The business landscape of innovation has been drastically changed by emerging market firms (EMFs) (cf. Anand, McDermott, Mudambi, and Narula, 2021). Over the last two

decades, various high-technology and knowledge-intensive sectors have grown, particularly in emerging markets, and are now playing a leading role in the global innovation networks (Awate, Larsen, and Mudambi, 2012; Narula, 2015; Nguyen, Verreynne, Steen, and Torres de Oliveira, 2023), and EMFs have increasingly begun to play active roles as a new knowledge reservoir across industries in the global arena (e.g., Anand et al., 2021; Buckley and Hashai, 2014; Govindarajan and Ranmamurti, 2011; Hertenstein, and Alon, 2022; Luo and Tung, 2018). Due to recent trends, the evolutionary path of innovation capability of EMFs has received increasing scholarly attention (Anand et al., 2021; Luo, 2016; Peng, Fang, and Lockett, 2021; Tseng, 2009). Thus, we believe that now is the time to conduct a comprehensive survey and examination of their past paths and future innovation trajectories. (i.e., what innovation, which refers to the results).

We argue that an increase in innovation capability of EMFs can influence their strategic position in the existing value chain in two ways. At the micro level, accumulation of valuable and novel knowledge embedded in human resources enhances the competitiveness of firms and organizations (Beechler and Woodward, 2009; Bowman and Swart, 2006; Choi, Ravichandran and O'Connor, 2018), and this superiority often helps to win other competitors (including rivals from advanced economies) in the performance race. In this sense, behind a "why" is always the "who," which is represented by the human resources in organizations. This "who" is much more influential than the "why" because the "who" functions as a fuse to start a movement.

From the macro-level perspective, increasing innovation capabilities in an appropriate time enables firms in emerging markets (e.g., China and India), which try to aggressively leap into advanced economies by acquiring firms, to move along or climb the value chain (Fu, Sun, and Ghauri, 2018; Plechero and Chaminade, 2013; Yu, Malerba, Adams, and Zhang, 2017; Park, 2010). Despite this, another component associated with innovation management

and missed by previous studies exploring innovation capabilities of EMFs is “when”. This component includes an understanding of the right time for innovation of EMFs. In other words, many EMFs are characterized by two sides of the same coin. That is, they are not only sometimes referred to as entities that successfully achieve technological innovation but also often suffer from organizational weaknesses in various aspects, such as marketing and global strategy (Douthwaite, Keatinge, and Park, 2001; Greve and Seidel, 2015; Krammer and Jimenez 2020; Schanz, Hüsig, Dowling, and Gerybadze, 2011). Thus, they must be able to determine whether they need direction and stability or acceleration and new innovation. EMFs that can link to the sentiment of the era have greater chances of growing increasingly (Guan, Jichard, Tang, and Lau, 2009; Munjal, Bhasin, Nandrajog, and Kundu, 2022).

Therefore, an important research agenda that we need to consider is “what innovation” in that it is closely associated with organizational performance. In addition, what has changed over recent years is the “who” and the “when”. A “why” alone does not create innovation, and “who” at the right time (i.e., when) does. Moreover, timing is particularly important in the emerging market contexts, which always experience dynamic economic and institutional changes. However, previous studies have generally focused on examining why firms attempt to accomplish innovation and how they achieve it. This represents an important research gap in the literature. By recognizing the current gap, this special issue aims to investigate the evolutionary process of innovative capability building in EMFs and explores several key questions to stimulate unexplored issues in the domain discussed.

In addition, the effects of cultural differences for innovation undertaken by EMFs are an interesting and extremely multifaceted topic. It cannot be denied that a cross-cultural capability is crucial in globalized and hyper-connected world, and its effects for innovation are no exception. These capabilities are particularly meaningful in EMFs, in that they need to catch up with firms in advanced economies. In this vein, the former firms (i.e., EMFs) should

obviously consider what, who, and when to adapt innovation to the cultures and unique attributes of different countries and regions, but less attention has been paid to exploring the cultural dynamics for innovation, as well as the primary cultural mechanisms that EMFs employ to build their innovation in the global context.

For instance, a group of researchers, such as Stahl and Tung (2015) suggest that cross-cultural diversity tends to have a negative effect on capability exploiting overseas R&D units but may be beneficial for capability exploring R&D units aiming to enhance their competitive advantage by seeking new knowledge. The studies above, experimenting an association between culture and innovation, are only a few, and thus those studies are works of another kind, but such exceptional empirics, scrutinizing the cultural dynamics and its influences on innovation, seem to merely presume that some cultures tend to be more favorable for high innovation performance than others (Espig et al., 2022). We believe that well performing firms and EMFs winning in the learning race should take adequate account of these cultural differences, and purposefully shape a culture that is designed to drive more innovation, indicating cross-cultural competency is more important than ever. These discussions argue that understanding the unique process of innovation building in EMFs by unpacking the value of cultural dynamics within these firms can assist us in developing new and more systematic models and frameworks to explain innovation capabilities of EMFs.

2. Main stream of innovation research: Why and how?

A term, ‘innovation’ is known to stem from the Latin verb ‘innovar’, which means to reform. In essence, the term has maintained its sense up to this day. That is, innovation refers to the introduction of new ideas or methods by reforming a method of doing something, for instance, a process, a product, or a service. In the organizational level, however, the concept may need a further discussion on a more precise definition because the context of business is

complex and intricate. In addition, innovation in workplaces is commonly influenced by organizational culture. In this vein, a number of scholars attempted to provide the definition of the term under the idea stated above. For example, Wang and Chen (2020) identify it as a catalyst for the efficient use of technology and an intermediate source of competitive advantage. Cheah and Ho (2021) view it as an organization's engagement to yield precious knowledge and seize its value through interactions with cross cultural dynamics in the external environment. In contrast, Donbesuur *et al.* (2020) argue that innovation is the application of a new or considerably amended product (good or service), or process, a new strategic culture, or a new organizational method in business practices. Taken such definitions together, we can perhaps give a definition that innovation is a process by which an organization *per se* or its product or service is renewed and brought up to date by introducing new techniques, developing new cultural dynamics, and applying new processes *to create new cultural value* (emphasis added) for the firm's workplace. The workplace may include a series of management and technological systems, and the creation of new cultural value particularly represents the attribute of innovation. This is also the primary reason "why" innovation is important.

Organizations have a few choices to enlarge their competitiveness: they can endeavor to build their price leadership or strengthen a strategy of differentiation (Banker, Mashruwala, and Tripathy, 2014). In other words, the creation of new cultural and product value, which guarantees firms to develop competitive advantage over competitors, can be achieved by lowering prices or by providing greater benefits and services that justify higher prices. There is no doubt that innovation is a prerequisite in both situations. Firms that choose their organizational goal as price leadership should retain and secure their long-term forte by adopting innovative and highly effective production processes. The rationalization of production process and continuous enhancement in terms of costs are essential for them. In

contrast to the strategic option, a differentiation strategy requires an idiosyncratic approach in that organizations should attempt to compete in areas other than price valued by customers. In this vein, firms striving for a differentiation strategy need different type of innovation and organizational culture to cultivate unique distinguishing features, which can sufficiently compensate higher price than that offered by their competitors.

However, according to Park and Lee (2021), the adequate accomplishment of innovation is so much difficult and a frustrating process, and therefore, even multinational corporations (MNCs), which store full of operational funds in their organizational reservoir, often fail to achieve it and eventually die out in the market. For instance, in order to explain such a case, they (i.e., Park and Lee (2021)) introduce an article published by the Huffington Post (2010): Japanese mobile phones had initially developed super-advanced 3G handsets, which possess various specialized features, but were not successful in global markets. Although the phones were dominated in Japan the mobile phone sector experienced severe challenges globally. By observing those events, scholars have increasingly paid their scholarly attention “why” firms evolve differently, adapt to cross cultural change in the global markets and tried to answer “how” firms can obtain innovation.

In addition, compared with large organizations, small and medium sized firms (SMFs) do not usually own enough competencies and have a difficulty in accessing valuable resources, which makes them more vulnerable to compete rivals (Park, and Ghauri, 2015). Continuous innovation is, therefore, even more vital for all SMFs, suffering from the lack of organizational resources, to survive, but at the same time, their pathways leading to innovation are always packed with various ordeals. However, of course, firms should not be falling behind in the innovation race in that innovation has been one of the driving forces in competition and has been a main competitive dimension. In this regard, the numerous studies and publications of recent years examine the primary differences in the focus of the

innovation strategy, which varies considerably from one firm to another, and seek to answer "how" firms accelerate the speed of change and "how" they develop adequate culture promoting innovation that is one of the most crucial drivers for the long-term success of firms.

Table 1 exhibits the most up-to-date empirical research papers attempting to explore why innovation is important and how it is achieved by firms. We look for those papers by using search engines, such as ScienceDirect, Wiley, and EBSCO and review only 3* and 4* journals in the innovation field of ABS list[1]. They are *Research Policy*, *Journal of Product Innovation Management*, *R&D Management*, and *Technovation*[2]. Finally, *Asia Pacific Journal of Management*[3] (3* journal in the ABS list) is also included because emerging economies (e.g., China, India and Southeast Asian countries) largely reside in the specific geographical area. We consider as target papers in the case where they are published in years 2020 and 2021 (this period should be accordance with the latest research)[3].

*** Insert Table 1 about here ***

3. *What* makes firms innovative?

Innovation comes from a genuine desire to constantly enhance firms' experience and continually differentiate themselves from their competitors. However, because innovation is a multifaceted, and thus it requires organization-wide serious endeavor, the achievement of the innovation significantly depends on the presence of a series of crosscutting practices and processes to build, establish, and consolidate it. In particular, no one ever think of, in general, whether what can be a pioneering product or a new service, until someone demands it. In this regard, without the concomitance of revolutionary idea, innovation is commonly a very long way off, which informs us that it is not a secret that innovation is difficult for any firm and it can give any business a competitive edge. Then, *what* makes them innovative?

The question is simple, but the answer for the enquiry is not easy at all. This is perhaps why researchers should immediately try to experiment the agenda. Mehta (2019) argues that the creation of the most innovative firm in the global economy is not about applying innovation programs. It is about extensive cultural changes that renovate whole workplace into an innovation engine. It is about culturally transforming an entire firm to learning organization to absorb innovative knowledge, not just about a partial alteration that can be implemented or embodied by a handful of innovation departments or external agencies. Due to this, the concept of innovation has long been attracting the huge attentions by practitioners, regardless of whether they are involved in a large or a small firm, whether they are part of a juvenile or an old organization, whether they are a disruptor or getting disrupted and whether they are an MNC or a local firm. In fact, if we look for the answer for the question, *what* makes firms to be innovative through google search, many practitioners try to provide various steps to obtain appropriate innovation and explain essential characteristics of innovative firms. However, interestingly, it is really hard to find sufficient explanations given by academic world, which evidently indicates a large research gap that needs to be cemented by scholars. In addition to this, other responses to what type of questions associated with innovation are also almost blank, and those questions may include: *what* are the primary drivers for the innovation?, *what* are the roles of culture to obtain innovation?, *what* resources are generally lacking to achieve firm innovation?, *what* are the challenges for innovation?, *what* are key motives for seeking innovation?, and *what* can be next innovation in the era of the fourth industrial revolution? etc. Moreover, if we want to understand *what* makes firms to be innovative, we should consider the preferences and personalities of their most powerful actors – CEOs and top executive officers. These leaders bring a great deal of differences and often create unique organizational culture, which leads to another question: *who* contributes to innovation?

4. Who contributes to innovation?

As seen in Table 1, a number of scholars have been attempting to address the importance of innovation. Due to this, to iterate, answers to two questions, '*why* innovation is crucial to organizations' and '*how* innovation can be accomplished' are in the limelight. However, surprisingly, the 'human' micro-level perspective has received scant attention, and researchers' endeavors to explore '*who* contributes to innovation' are considerably absent. For instance, a corporate leader, such as CEO and top executive officers, plays a pivotal role in creating an organizational culture and deciding how, what, and when to engage in innovation, and thus he/she basically functions as an innovation channel, coupled with the scarcity of knowledge at the individual micro-level perspective.

In this vein, Barrett *et al.* (2021) argue that the founder/CEO commonly has a deeply rooted bond with the firm that he/she established/started, has huge interests in organizational success, and seeks corporate growth as the eventual goal in that he/she often considers himself/herself as 'community of common destiny'. Consequently, personality, experiences, values, social connections owned by the founder/CEO, along with their interpretation of business environments, will logically affect the firm's strategic directions, which will in turn determine the extent to which the firm achieves innovation. Meanwhile, the main agent of innovation (i.e., someone, *who* innovates) does not only control organizational revolution but country level innovation is also significantly impacted by innovators even in crisis situations.

For instance, the coronavirus has swept all over the world, and innovators are jumping in to help in response to the Covid-19 pandemic. According to Clark (2020), as an example, beermakers and distilleries in many countries have shifted their production facilities to installations to manufacture hand sanitizers. In Italy, which is one of the first countries that have been considerably impacted by the outbreak, innovators at a start-up engineering firm

began quickly using 3D printers to yield the valves used in ventilators. Those just-in-time valves have saved lives. He also insists that if we look back on the health crisis, there is no doubt that a number of innovations, including the development of new drugs and medical devices, the improvement of healthcare processes, and technology breakthrough in manufacturing and supply chain, have been accomplished by innovators. This actuality clearly confirms the value of examinations identifying *who* contributes to innovation and provides the way in which research should be conducted.

5. *When* is the right timing to innovate?

Despite the presence of the numerous papers dealing with *how* to execute innovation to stay competitive (refer to Table 1), we do not adequately understand *when* to make an organizational change and *when* to innovate. Today's multifaceted, complex, and fast changing environments surrounding firms commonly give rise to severe competitions against rivals, which may dampen the former's (i.e., firm's) market position in industry and lessen their organizational performance. Thus, based on the intensity of such industrial competitions and a series of internal situations that includes the quality of human capital, the level of organizational experiences, and available financial resources, firms need to determine the right timing to innovate. In addition, the phase of economy (i.e., whether the economy is booming or suffering downturn) is probably another key factor influencing the timing to innovate. According to illustrations given by Giesen, Riddleberger, Christner, and Bell (2010), most people consider a recession as the time to hunker down and ride out the storm. However, they assert that that is wrong! They argue that periods of economic turmoil and transition often generate precious opportunities to gain advantage.

However, without in-depth empirical examinations, we are not sure and their argument remains as a conjecture. We can only assure at this stage that successful timing of business

innovation is closely related to 1) the economic environment, 2) trend in cross cultural evolution, 3) the specific market and industrial circumstances, and 4) a set of internal features affecting the organization. To increase the execution success of innovation, we acknowledge that firms should carefully consider these four elements discussed above and organizations must build a series of own capabilities (e.g., ability to increase customer value, ability to gain insight from differentiated intelligence, and ability to design an adaptable operating model). In other words, we do not know yet enough about how economic, cultural, industrial, and internal conditions impact on innovation, and thus we are not able to confidently say *when* is the most adequate time for firms to begin with innovation. These discussions point out that we have a long way to go before achieving understandings on *when* to innovate, and we hope that papers chosen for this special issue give useful hints for the question.

6. Summary of papers chosen for this Special Issue and Concluding remarks

Taken together, previous studies have long been trying to answer central questions about firm innovation, such as why firms try to achieve innovation, and how it influences firm performance and changes a firm's competitive position particularly in global markets. Due to these efforts, a current common wisdom is that innovation and innovative processes can create long-lasting advantage and yield dramatic shifts in organizational competitiveness. Over the last several decades, innovation has allowed firms to cross new performance thresholds. Most firms employ various strategies for product innovation, and many operate R&D teams that explore the frontiers of science. In addition, many big conglomerates are often eager to equip with a stage-gate process. No one may deny that in the process, the value of cultural dynamics functions as a unique role in laying out an evolutionary path in the development of innovation capabilities. Virtually almost all organizations, especially EMFs experiencing the lack of internal resources, on the earth have in recent years worked

systematically to improve their business processes for the sake of not falling behind in the competition but evolving adequately. Yet strangely enough, few firms successfully develop a well-honed process for continuous innovation. What are the reasons? Who are responsible for this? When firms introduce a specific type of innovation (e.g., management innovation)? And what are primary conditions to accelerate innovative speed and efficiency?

In response to the call for papers exploring the what, who, and when of innovation, we received a good number of relevant submissions that align well with the themes of the special issue. We are deeply thankful to those authors who were interested in our special issue and also appreciate many anonymous reviewers who provided insightful comments picking out high quality unique papers from all submissions and helping authors to significantly improve the manuscripts. After the several rounds of peer-review processes, we finally chose ten papers which address crucial aspects associated with the topic of 'Cultural dynamics and the evolution of innovation capability of EMFs: '"Why and how" is history, and the new era is "what, who, and when"'. We introduce each of the papers below.

The first paper, written by Lee and Lee, examines what MNE characteristics (i.e., exploratory vs. exploitative) of innovation knowledge shared among affiliated firms (in home countries) influence the ownership strategies chosen for their overseas subsidiaries. It also explores the latent moderating role of cultural distance between the home country of the affiliate firms and the local markets in which those overseas subsidiaries operate. Based on theoretical concepts, exploratory and exploitative knowledge exchange, Lee and Lee employed a cross-classified multilevel model analysis to investigate a sample of 185 Korean manufacturing affiliates established by 49 *Chaebols* and their 1,110 subsidiaries in foreign markets. The authors uncover that sharing of exploratory innovation knowledge reduces the affiliates' level of ownership in their foreign subsidiaries, whereas exploitative innovation knowledge exchange tends to reversely function (i.e., it increases the level of ownership in

foreign subsidiaries). However, in the case where cultural distance between the home and host countries is great, the relationship between innovation knowledge exchange and foreign subsidiary ownership is reinforced.

The second paper, authored by Pak, Seo and Roh, pays a particular attention to 1) the role played by intellectual property rights (IPRs) on firm performance and 2) the potential mediating effect of process innovation and 3) the moderating effect of organizational innovation on the relationship. Moreover, it attempts to examine both the direct and the indirect effects of IPRs on organizational performance. By using resource- and knowledge-based perspectives and 3,750 Korean firms, the paper reveals four key findings. First, process innovation mediates the association between IPRs and organizational performance. Second, corporate innovation moderates the relationship between IPRs and process innovation. Third, both process and corporate innovation positively and indirectly affect firms' financial performance. Fourth, specifically for service firms, IPRs can be considered as a critical resource, functioning as a vehicle to enhance their performance.

The third manuscript, researched by Cong Cao, Chengxiang Chu, and Cheng Sihan, scrutinizes the interactions between components comprising corporate culture and innovation capability in EMFs. It classifies culture into three different dimensions (i.e., incentive, institutional, and vibrant cultures) and looks for what the mechanisms by which different corporate cultures impact corporate innovation capability are. In addition, it tries to identify whether anthropomorphic artificial intelligence (AI) moderates the relationship between corporate culture and corporate innovation capability. According to their results, built on cultural hierarchy theory, corporate culture prevailing in organizations will be a determining factor in the level of innovation that a firm achieves. Meanwhile, the authors argue that anthropomorphic AI has recently moved from a tool to a colleague at works. For employees, who consider anthropomorphic AI as a colleague, a vibrant culture often acts as a fuse

igniting the enhancement of innovation more than incentive or institutional cultures. In contrast, for employees, who regard anthropomorphic AI as a tool, institutional culture becomes a prime mover to accomplish it (i.e., innovation) than others.

The fourth paper, written by Jungwon Yoon and Soo Jung Oh, deals with entrepreneurial orientation (EO) by linking it to the firm innovation and inspects the effects of government support on the innovation openness of South Korean manufacturing firms. To achieve the objective, the authors divide EO into three different dimensions, namely innovativeness, proactiveness, and competitive aggressiveness. Furthermore, the authors perceive that the effect of government support on firms' adoption of open innovation depends on its (i.e., support) scope and importance. By using 2,353 sample firms, they reveal nuanced effects of idiosyncratic factors on firms' open innovation activities, respectively. That is, innovativeness creates a positive effect on both knowledge search breadth and depth, emphasizing the role of innovation-oriented processes. Proactiveness brings about a positive impact on breadth, but it negatively affects depth, underscoring the significance of maintaining broad perspectives. In contrast, competitive aggressiveness affects only depth, shedding light on the pursuit of specialized knowledge acquisition. The scope of government support positively influences both breadth and depth, indicating the importance of various external support in boosting inclusive knowledge exploration. Unlike this, the degree of importance of government support is found to have a positive effect only on the search depth, highlighting the role of vital support in establishing collaborative relationships for in-depth knowledge acquisition.

The fifth paper, authored by Ming Lin, Jie Wu, Mu Tian, and Yifan Wang, explores whether and the extent to which Zhongyong influences low-income Chinese customers' zone of tolerance (ZOT) of quality of shanzhai products. It also attempts to identify the moderating effects of both frugality and price on the relationship between Zhongyong and ZOT of quality. Thus, ZOT of quality and Zhongyong thinking are overarching theoretical lenses in this paper.

Statistical outcomes, yielded by data from 228 low-income Chinese consumers, show a negative relationship between Zhongyong and ZOT of quality, and the negative presence of the relationship is augmented when frugality is increased. In addition, the results exhibit a stronger negative relationship between Zhongyong and the ZOT of quality of shanzhai products specifically under high frugality and high price, compared with other configurations of frugality and price.

Ping Bao, Zhongju Liao, and Chao Li, who have authored the sixth paper, attempt to examine the cross-level effects and mechanisms of inclusive leadership on employee innovation in team contexts, and further investigate the boundary conditions of inclusive leadership. Data collected from 237 leader-member dyads in 60 teams of Chinese firms are employed, and multilevel linear models and multilevel structural equation models in the R language are utilized to test the research target illustrated above. By building on social information processing theory and social cognitive theory, the authors find that inclusive leadership has a positive effect on both employee incremental and radical innovation. The findings also point out that team psychological safety and employee role breadth self-efficacy mediate the impacts. The mediating effect of role breadth self-efficacy in the relationship between inclusive leadership and incremental innovation is negatively moderated by employee risk avoidance propensity.

The main objective of the seventh paper by Byungchul Choi, Taewoo Roh, Byung Il Park, and Jinho Park is to cast light upon a necessity to review on knowledge- and market-seeking outward foreign direct investment (FDI) of emerging market multinational enterprises (EMNEs) and suggest future research directions. According to their explanations, motivations for EMNEs' FDI can be grouped into two different types: acquisition of strategic assets (i.e., knowledge and technology, which have not been available internally) in foreign markets and foreign market penetration. Under the premise, they argue that for decades,

international business scholars have extensively researched those two different FDI motivations particularly in the EMNE perspectives. Nonetheless, a serious problem still resides because extant findings on the topic are inconsistent or inconclusive though prior studies have delivered valuable insights to some extent. In this vein, this paper aims to provide a review of the prior literature on EMNEs' knowledge- and market-seeking FDI as well as develop complementary perspectives that may motivate researchers to examine the internal mechanisms of achieving goals for these two FDI types. By integrating innovation studies into international business, the authors seek to contribute to the relevant literature and extend our current knowledge.

The eighth paper, written by Ga-Rog Han and Jae-Eun Lee, scrutinizes whether strong internal/external network tie strength with the headquarters and affiliates will have a negative effect on technological innovation of foreign subsidiaries or not. It further attempts to test whether cultural distance will moderate the relationship between the internal/external network tie strength and technological innovation. Based on resource- and knowledge-based views, its research framework is designed and regression analyses are undertaken to confirm the hypothesized associations. To test them, a survey data collected from 3,610 foreign subsidiaries of Korean MNEs in Asian countries is deployed to the regressions. The findings of the ninth paper are four-folds. First, internal network tie strength has a significant negative effect on technological innovation of foreign subsidiaries, while external network tie strength has a significant positive effect on it. Second, as for the moderating effect, the negative effect of internal network tie strength on technological innovation of foreign subsidiaries is negatively moderated by cultural distance. Third, the positive effect of external network tie strength on technological innovation of foreign subsidiaries is accelerated by cultural distance. Fourth, foreign subsidiary's CEO nationality (i.e., parent country nationals) plays a pivotal role in moderating the effects of internal/external network tie strength on technological

innovation of foreign subsidiaries.

The ninth paper, authored by Mingjie Fang, and Mengmeng Wang, argues that suppliers in joint innovation can function as an operational means for buyer firms to surmount the lack of resource/capability that has not been available internally. The aim of this paper is to investigate the effects of cultural and trust congruences between the supplier and the buyer firms on joint innovation. Beside the purpose of the research, it also tries to inspect the relationship commitment as an antecedent of cultural and trust congruences. To achieve the objective, a social exchange theory is applied to build a research framework. The empirical examination has carried out a survey targeting Chinese manufacturing firms. The results document that cultural and trust congruences between suppliers and buyers positively affect joint processes and product innovations. In addition, the paper suggests that while normative relationship commitments of suppliers quicken both cultural and trust congruences with buyers, instrumental relationship commitments positively influence only trust congruence.

The tenth paper by Chulhyung Park, and Kyuho Jin starts with narratives that the upsurge of emerging economies in the innovation landscape has often come from the positive spillovers of innovation capabilities from MNEs. The authors contend that despite the fact, we are not sure that their (MNEs) innovative capabilities brought from the home economy are well fitted into the host country from the onset stage. Under the recognition, it (i.e., the eleventh paper) looks into the outcome of MNE subsidiaries' innovation capabilities in emerging economies over time by considering the progressive process of their learning about host markets. Sample in this paper is overseas subsidiaries, which are established by MNEs from technologically advanced countries and operate in Korea between 2006 and 2016. It has employed stochastic frontier analysis to assess innovation capabilities and run regression analyses. Results suggest that although the innovation capabilities of MNE subsidiaries tend to underperform those of local firms in the early phase, they gradually make a good record

and eventually outdo the capabilities of their local rivals. Moreover, the paper also clearly indicates that the presence of institutional distance enlarges the underperformance of the innovation capabilities of MNE subsidiaries.

The guest editors for this special issue are very pleased to bring the series of decent papers, introduced above, to the academia. Each of the papers unearth valuable and critical aspects of innovation. All the papers we have accepted have got through a rigorous double-blind review; the consequence is that each of them provides precious theoretical knowledge of innovation and makes substantial contributions by solving unanswered questions and extending our understanding of the concept especially in emerging market perspective. Firms in the most emerging markets are moving from imitating other firms in developed countries to generating own unique new processes to create new value. Thus, no one may deny that innovation is meaningful for the EMFs at the moment. Although we can reach such a general consensus, prior to this special issue, our understanding of these firms largely remained in its infancy. While many researchers have examined various topics on innovation, extant empirics, so far, have a propensity to focus on firms in developed markets, such as USA, Europe, and Japan (e.g., Amati et al., 2020; Andries and Hünermund, 2020; Marion and Fixson, 2021; Yamashita, 2021). They may have thoughts that innovation is hitherto an exclusive property of those firms. However, things are, in fact, changing quickly, and even some of firms in the emerging markets are emerging as the hero of innovation (e.g., TATA, Haier, Tencent, Lenovo, and BYD, among others). These explanations obviously indicate that this special issue is why timely and important. Taken together, we tried to seek papers that develop theoretical arguments that are able to 1) deliver useful insights and new knowledge on innovation, 2) provide valuable solutions for standing puzzles and unsolved mysteries, and 3) subsequently offer worthy implications for emerging markets. We hope that our special issue

helps cement a wide-ranging research gaps, but at the same time, we also confess that despite the efforts, there should be still some remaining research holes, and they need to be left as future research avenues.

Notes

1. ABS is an acronym of 'association of business schools', and the list is heavily used to identify highly positioned journals in a certain academic field (e.g., innovation) mostly in Europe.

2. Although the special issue focuses on emerging markets the literature review is not restricted to the economies in order to draw an overall picture.

3. We did not find research papers, which deal with 'why' or 'how' types of questions, from *Asia Pacific Journal of Management*. The access date was 28th April 2021, and thus the number of research papers published in 2020 is logically larger than that in 2021.

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Table 1. Recent empirical studies dealing with innovation research: why and how?

Study	Research question	Research context	Methodology	Key findings
Amati et al. (2020)	Explores how R&D managers can fully integrate technology roadmapping into the overall firm innovation activities.	Italy	Qualitative case study	The extent to which technology roadmapping is successfully integrated into the overall innovation process depends on increases in organizational effectiveness and efficiency.
Andries and Hünermund (2020)	How can firms apply the real options framework in practice?	Germany	Quantitative empirical analysis	A staged investment approach should be useful especially for resource-abundant firms, as the approach triggers a higher number of newly started and abandoned innovation projects.
Beltagui *et al*. (2020)	Understands how digital innovation ecosystems form, grow and disrupt.	Not applicable	Qualitative narrative study	Suggests a four-phase process model to understand the phenomenon.
Ejdemo and Örtqvist (2020)	Examines how knowledge spills over between economic agents, and how such knowledge subsequently is transformed into innovation.	Sweden	Quantitative empirical analysis	Related variety promotes regional innovation. Firms benefit from innovation improving spillovers of external knowledge due to technological and cognitive proximity with other firms in the region.
Figueiredo *et al*. (2020)	Investigates how multinational enterprise subsidiaries create the technological capabilities to innovate.	Brazil	Qualitative case study	The subsidiaries implement interactive learning strategies, and the effectiveness of these strategies affects their accumulation of innovation capability.

(continued)

Table 1 (continued)

Study	Research question	Research context	Methodology	Key findings
Filippetti and Guy (2020)	Proposes how certain labor market institutions affect diversity, and through that path influence levels of innovation.	25 OECD countries	Quantitative empirical analysis	Employment protection does not improve diversity to the extent unemployment protection does, and the former may, in fact, depress overall diversity and innovation.
Gimenez-Fernandez *et al*. (2020)	Examines how R&D investments, external knowledge sourcing and public R&D subsidies affect innovation performance in start-ups.	Spain	Quantitative empirical analysis	Among three factors, external knowledge sourcing has the largest power to increase new start-ups' innovation particularly in high-tech settings.
Grass *et al*. (2020)	Scrutinizes how adaptability emerge through interactional dynamics in agile team innovation processes.	Two German and one multinational European firm	Qualitative case study	Being adaptive allows the team to obtain a speedy innovations. Empowerment has been found to be beneficial for innovation-related performance outcomes.
Laursen *et al*. (2020)	Explores how firms' recruitment of high-skilled migrants positively improve subsequent firm-level innovation outcome.	Netherlands	Quantitative empirical analysis	Innovation performance can be enhanced by cultural diversity derived from high-skilled migrant hires and the level of a firm's integration capacity (high integration capacity leads to high innovation outcome).
Masucci *et al*. (2020)	Examines how firms can orchestrate outbound open innovation strategically to speed up technological progress among the firms that they cooperate with.	Not applicable (authors used a pseudonym for confidentiality)	Qualitative case study	The presence of 1) potential to broaden service providers' portfolios and 2) the possibility to retain control over the relevant intellectual property incentivized service providers to use the new technologies.

(continued)

Table 1 (continued)

Study	Research question	Research context	Methodology	Key findings
Molloy *et al*. (2020)	Analyzes how multiple levels of context affect the behaviors of a central set of agents: innovation champions.	Cross-case (i.e., USA and others)	Qualitative case study	Bricolage-enabled championing can play in promoting social innovation, which is both directly influential and offers considerable longer-term social impact. Organizational context guides the direction and content of champion behavior.
Nowacki and Monk (2020)	Scrutinizes how governments can use structural ambidexterity to innovate.	Australia	Qualitative case study	Regulatory influence of governments functions as a vehicle to innovate in that independent agencies try to build legitimacy towards several government actors in order to integrate their innovation.
Parrilli *et al*. (2020)	How does business innovation modes impact on innovation output? How does it different in different regional contexts?	EU regions	Quantitative empirical analysis	Innovation output is influenced by both regional specificities and the nature of innovation. DUI innovation modes (innovation based on learning-by-Doing, -Using, and -Interacting) proves to be more important than expected for most types of innovation output.
Querbach et al. (2020)	Scrutinizes how the predecessor's board retention impacts on product innovation in family firms after succession.	Switzerland	Quantitative empirical analysis	The predecessor's board retention has a harmful effect on product innovation. It is more reinforced with increasing involvement of the predecessor in the successor selection process, and it is offset in the case of family succession.

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Table 1 (continued)

Study	Research question	Research context	Methodology	Key findings
Uyarra *et al*. (2020)	Examines how innovation-orientated public procurement (PPI) might contribute to regional innovation.	Spain	Qualitative case study	The use of PPI is seen in a general shift to innovation friendly procurement in tenders, and a consideration of long-term adoption of innovative solutions.
Xie *et al*. (2020)	Explores how gender diversity affects the innovation outcome under different innovation contexts.	China	Quantitative empirical analysis	Gender diversity in R&D teams can increase innovation effectiveness by providing informational and social benefits throughout the innovation process.
Yi *et al*. (2020)	Outlines how regulatory institutions influence innovation performance of EMFs.	China	Quantitative empirical analysis	Reveals that state ownership positively moderates the effect of R&D intensity on innovation performance.
Zhou *et al*. (2020)	Examines how efficiently government-funded research projects (GFPs) promote firm innovation in the cultural and creative industry (CCI), and the internal organizational contingency.	China	Quantitative empirical analysis	Uncovers that Central GFPs have an inverted U-shaped effect on both firms' radical and incremental innovations in the CCI. In contrast, local GFPs have an inverted U-shaped effect on firms' incremental innovation, but they have no relationship with firms' radical innovation.
Agarwal *et al*. (2021)	How should governments enhance both industry and citizen outcomes by carrying out business model innovation?	the Indian LPG industry	Qualitative case study	Government needs to try to orchestrate the adequate business model configurations, respond to customer feedback, and leverage both digital and complementary assets across society and industry.

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Table 1 (continued)

Study	Research question	Research context	Methodology	Key findings
Alhusen *et al*. (2021)	How can 'doing-using-interacting' (DUI) mode of innovation be measured?	Three German planning regions	Qualitative case study	Offers fifteen groups of DUI mode learning processes and a comprehensive set of 47 factors covering both established and new DUI indicators for empirical measurement.
Barrett *et al*. (2021)	Analyzes how the managerial characteristics of small and medium-sized enterprise (SME) leader impact the SMEs' open innovation adoption dynamics.	Ireland	Qualitative case study	Demonstrates that the characteristics of leader's background and other career experiences affect SMEs' open innovation adoption in terms of who the SME partnered with and what form of open innovation engagement manifests.
Battaglia *et al*. (2021)	how spinoffs may contribute socially to the fight against COVID-19	An Italian firm	Qualitative case study	Shows that the 'legacy competences and practices' of spinoffs is fully exploited to lessen the development time and to realize products demanded by the market in the case where the market needs are clear to a firm.
Caloghirou *et al*. (2021)	Explores how the relationship between Industry-University collaborations and product innovation is influenced by different types of firms' knowledge stocks.	Manufacturing firms in Greece	Quantitative empirical analysis	I-U R&D collaborations are crucial to shape firm innovation towards a form of an inverted U. Moreover, knowledge stocks play a moderating role in the relationship between I-U collaborations and product innovation.

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Table 1 (continued)

Study	Research question	Research context	Methodology	Key findings
Demircioglu and Vivona (2021)	How can governments be innovative to facilitate integration for migrants?	Civic Council (Austria) and other 4 cases	Qualitative case study	Governments can employ various sources of innovation to reduce major barriers to migrant integration.
Foucart and Li (2021)	How does the use of technology standards affect innovation in manufacturing sector?	UK	Quantitative empirical analysis	This paper uncovers two findings: First, the use of technology standards over past years helps a firm to achieve incremental innovation. Second, it also reduces its incentive to deliver radical innovation.
Giudice *et al*. (2021)	Examines how SMEs can actually use technology innovation capabilities into practice.	Italy	Quantitative empirical analysis	Organizational agility, organizational adaptability, and organizational ambidexterity are three conduits for SMEs to lead to digital innovation.
Guderian *et al*. (2021)	Scrutinizes how decisions on innovation management can be enhanced in the era of crisis like the COVID-19 pandemic.	Adidas in Germany and three other cases	Qualitative case study	Firms may rely on patent analytics to overcome turbulent crisis based on data-driven instead of *ad-hoc* decisions.
de Guimarães *et al*. (2021)	Why are some manufacturing firms better than rivals at innovation?	Brazil	Quantitative empirical analysis	Innovative firms tend to utilize the Project Management Maturity and Product Development Process Maturity constructs more effectively than rivals.

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Table 1 (continued)

Study	Research question	Research context	Methodology	Key findings
Kock and Gemünden (2021)	How do innovation project portfolio management (IPPM) practices differ in affecting their performance depending on the entrepreneurial orientation?	Germany	Quantitative empirical analysis	Uncovers that entrepreneurial orientation (i.e., both innovativeness and risk taking) positively moderate the association between managerial practices and performance.
Lukoschek and Stock-Homburg (2021)	Investigates how job-related resources spill over into household-sector (HHS) innovations.	Germany	Quantitative empirical analysis	Consumer innovators' work environment can improve HHS innovations, but the relationship is moderated by the levels of the encouragement of innovativeness and the realization of innovation.
Marion and Fixson (2021)	How has the digital tool landscape in new product development (NPD) changed over the past 15 years, and how have these alterations influenced how firms innovate?	USA	Qualitative case study	Autonomy of tool use and selection by the individual and project team may play an important role in increasing information technology (IT) usage and its effect on NPD performance. There is a positive association between 'IT intensity' and 'innovation program performance and agility',
Mwesiumo *et al*. (2021)	Examines how public purchaser attitudes towards public procurement of innovations (PPI) are enhanced.	Norway	Quantitative empirical analysis	Reveals that that organizational support is considerably related to increase in perceived usefulness of PPI, which in turn is positively associated with attitudes towards PPI.

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Table 1 (continued)

Study	Research question	Research context	Methodology	Key findings
Naik *et al.* (2021)	Outlines how users simplify a wide solution space to innovate and produce tangible products.	Cases across Europe	Qualitative case study	Shows that users reuse the design in the form of existing off-the-shelf goods and exploit digital fabrication and low-cost electronics hardware as an 'adhesive' to make physical and informational interfaces wherever needed, enabling bottom-up modularity.
Park *et al*. (2021)	Explores how peripheral actors yield innovative, bottom-up solutions at speed in the crisis situation.	South Korea	Qualitative case study	Bottom-up solutions transpire on the basis of three innovation drivers in the crisis situation: (a) peripheral status, (b) interdisciplinary collaboration, & (c) prior knowledge.
Spieth *et al*. (2021)	Analyzes how business model innovation (BMI) occurs in strategic alliances with the focus of improving the recent knowledge about BMI.	Germany	Qualitative case study	Finds that two different aggregate dimensions can elucidate BMI in alliances: (1) BMI processes on alliance level and (2) interaction of BMs on corporate level.
Tsouri *et al*. (2021)	Examines how knowledge networks function as structural couplings in global innovation systems.	Norway	Quantitative empirical analysis	Knowledge networks play a key role as one type of structural coupling, which subsequently facilitate another type of coupling. The extent of coupling is influenced by the innovation mode and geographic scale of the knowledge networks.
Yamashita (2021)	Outlines how the economic crisis that Japan experienced in the early 1990s changed its innovation ability.	Japan	Quantitative empirical analysis	The crisis exerted negative effects on the citation performance of Japanese patents, even 10 years after the crisis.

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Table 1 (continued)

Study	Research question	Research context	Methodology	Key findings
Yildiz *et al*. (2021)	Identifies how goal orientations of employees impact their individual-level absorptive capacity, which would in turn affect collective innovative performance.	European countries	Quantitative empirical analysis	Uncovers that individuals' learning and goal orientation are key factors affecting their absorptive capacity, and that individuals' aggregate absorptive capacity would result in positive innovation outcomes especially when their activities are highly coordinated.
Zhang et al. (2021)	How does the new entrants' divergent technological backgrounds affect their cross-industry innovation performances?	World wide	Quantitative empirical analysis	Confirms a positive role of the accumulated technology, and a curvilinear effect of the technology difference on the firms' cross-industry innovation performance posterior to their official entry, but such effects slowly turn to be either weaker or insignificant.

Source: Author's own creation