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# Guest editorial: Advancing theory on innovating in Asia from multiple perspectives

Guest editorial

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## Introduction

Asian countries have witnessed unprecedented success through their performance in economic growth in the past two decades (Clarete *et al.*, 2003). Although the success of Asian countries can be attributed to several sectors, innovation and technology are the key drivers for the high performance of these sectors (Wana Ismail, 2013). The role of innovation and technology has been pivotal in converting Asian trade from import substitution to becoming export-oriented. In addition to this, East Asia is now known as the world's factory because it plays an important role in the manufacturing sector (Kimura and Obashi, 2011).

Innovation as a word has its origin in Latin and came into existence in the English language in the mid-1500s. According to Nair *et al.* (2015), innovation means something different or new. Thompson (1965, p. 36) defined innovation as the “[...] generation, acceptance and implementation of new ideas, processes, products or services”. As per Baregheh *et al.* (2009), who analysed various definitions of innovation from different fields of study, “Innovation is the multi-stage process whereby organisations transform ideas into new/improved products, services or processes, in order to advance, compete and differentiate themselves successfully in their marketplace”. Innovation also finds its roots in societal institutions, including the educational system, social communication and interaction, cultural activities and labour market framework (Lam, 2000; Landes, 1998). Hence, these constituents of society are the key driving force of enhancing innovative activities (Kaplinsky, 2011; McCloskey, 2010).

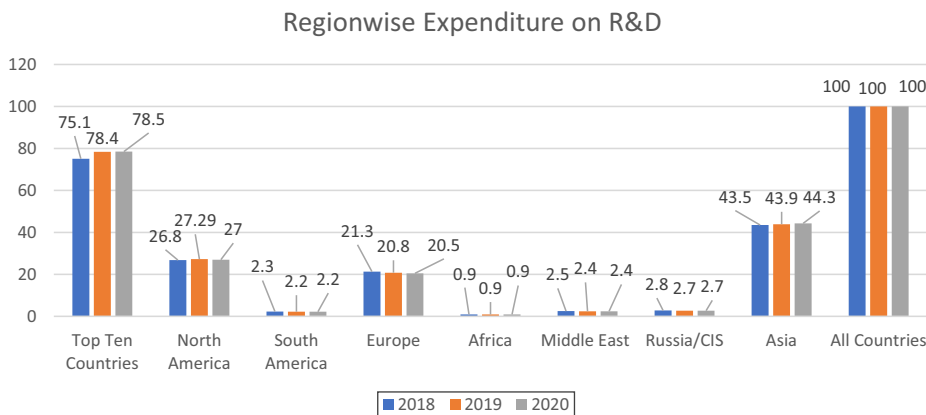
Innovation has become vital to the success of businesses across the globe. At its inception, most innovations were either product or service innovations that were visible to employees or customers. Scholarly articles too have therefore followed this trend with most studies focusing on product and service innovations (Hauser *et al.*, 2006). However, more recently, innovation has permeated other aspects of business, like process innovation and innovation even in governance and communications. Subsequently, studies have focused on a more technical use of the term innovation and have studied them from the lens of patents and research and development expenditure of firms (Jaffe and Trajtenberg, 2020).

Countries in Asia have enormously improved their capabilities and efforts on innovation (Xie and Paik, 2019). In this direction, a common platform known as Asian Property Organization has been founded to harmonise member countries' innovation efforts headed by Japan (Wana Ismail, 2013). As visible in Figure 1, expenditure on research and development in Asia ranged between 43.5% and 44.9% as compared to Africa or Russia which were below 3% during the period 2018–2020. Within the Asian sub-continent, countries like Japan have been leaders of innovation, whereas China and Korea adopted innovative measures much later. Countries like India and Philippines though late to adopt innovation are not far behind from Korea in innovation expenditure (Nair *et al.*, 2015; Xie and Paik, 2019). Based on the trend between 2018 and 2020, China spends the highest in research and innovation amongst all Asian countries (see Figure 2).

According to Onodera (2008), trade links to innovation in two ways. Firstly, trade and investment in terms of competition, technology transfer and spillover effects act as the

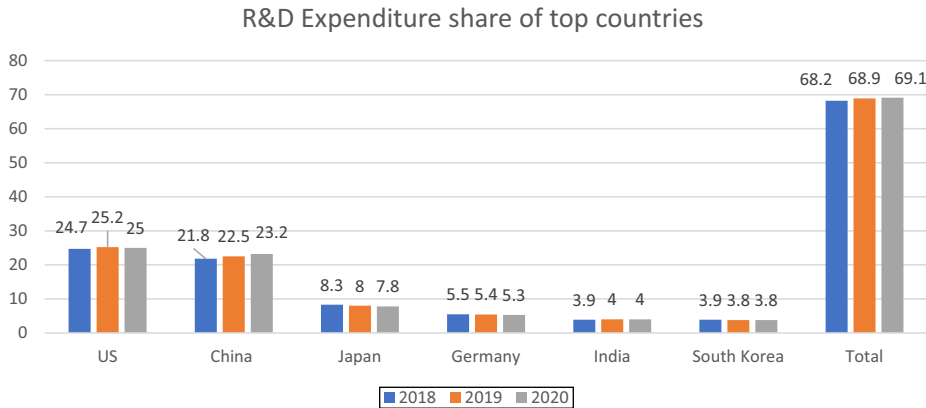


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**Figure 1.**  
Region-wise spending  
on R&D as percentage  
of GDP

**Source:** Author analysis. Data procured from [www.rdworltonline.com/global-rd-investments-unabated-in-spending-growth](http://www.rdworltonline.com/global-rd-investments-unabated-in-spending-growth) Dated: 27.9.21



**Figure 2.**  
Top countries'  
spending on research  
& development

**Source:** Author analysis. Data procured from [www.rdworltonline.com/global-rd-investments-unabated-in-spending-growth](http://www.rdworltonline.com/global-rd-investments-unabated-in-spending-growth) Dated: 27.9.21

driving force to enhance innovation. As [Schneider \(2005\)](#) and [Salmon and Shaver \(2005\)](#) highlight in their studies, the spillover effect of import can take place if a firm imports a product and emulate the production process of foreign countries and then build new product suitable for the local and global market ([Keller, 2004](#); [Lumenga-Neso et al., 2005](#)). Similarly, [Schneider \(2005\)](#) also advocates that the exchange of technology is essential to enhance innovation at the local level. Hence, technology import leads to innovation.

Secondly, innovation can also influence the trade with high technology base. Firms that innovate and develop high-tech products have many options to exploit their innovations by exporting the product, licensing the technology or making foreign investments ([Schneider, 2005](#); [Wana Ismail, 2013](#)). According to [Onodera \(2008\)](#), innovation can be a new product known as product innovation. It can be a process innovation that improves the production

process, support system and distribution of goods and services. Thus, innovation is all pervasive and can refer to new products or processes, including design, services, marketing, supply chain and distribution.

Asian countries like South Korea, China and India put forth new policies to increase creativity and innovation to boost the economy (Nair *et al.*, 2015; Xie and Paik, 2019). Moreover, China has announced current policies to create an innovative society in China in the next 20 years. According to Giles (2014), even though emerging Asian economies like India have seen a recent slowdown in economic growth, she still stands at the fourth-largest economy in terms of purchasing power parity. India has invested substantial efforts into innovation and is emerging as the powerhouse of innovation (Nair *et al.*, 2015). Fan (2011) states that India has improved in its innovation capabilities, which reflects in its economic growth. However, Kulkarni (2013) and Chakraborty and Kumar (2013) argue that India still needs to count on more innovation and entrepreneurship as demand from global clients is increasing for better delivery of services (Ahlstrom, 2010; Schrage, 2011). Anand and Anand (2009) highlighted that innovation could best solve the challenges of poverty and social issues. Among emerging Asian countries, India's unique low-cost innovation capabilities have drawn the special attention of popular media and academics in equal measure (Rai, 2014; Prabhu and Jain, 2015). Cooper (2009) advocates that the leadership in IT services and a robust education system may encourage India and other emerging economies to follow a more innovation-based development. The importance of innovation was indicated by India's former prime minister, Manmohan Singh, declaring 2010–2020 as India's Innovation Decade (Nair *et al.*, 2015).

Because innovation is an important issue and an especially appropriate and exciting topic in the Asian context, this special issue aims to bring together the various studies examining the phenomenon of innovation in Asian countries. Although innovation has taken roots in a range of areas such as engineering, economics and marketing (McCloskey, 2010), papers in this special issue focus on innovation research covering the broader area of business and management. Innovating in business solutions provides several benefits to its stakeholders. It has permeated through all functions and experiences provided by firms. Through these innovations, firms are able to expand their customer base and create sustainable solutions to attain profitability (Govindarajan and Trimble, 2012; Raman and Menon, 2018). The following section highlights the recent record of innovation found in the studies brought in this special issue.

### The focus of the special issue

This special issue provides insights into innovation in Asian countries. The papers in this special issue have dealt with diverse issues such as innovative complaint handling through social media, innovations in the fashion market, to understanding the impact of digital marketing in the banking sector. However, they converge on the common vision to develop a better understanding of the innovation scape in the Asian continent.

The first paper in this direction is “Emergence of social media as New Normal during Covid-19 pandemic: A study on innovative complaint handling procedures in the context of banking industry” by Agnihotri *et al.* (2021). This paper conducts a study on Facebook users and highlights the negative impact of effective complaint handling on customer retaliation in the social media environment. This situation implies customer retaliation has a positive association with negative e-word of mouth. The second paper authored by Brahmankar *et al.* (2021), titled “An entrepreneurial way of engaging student entrepreneurs at business school during a pandemic”, describes the business school's innovative and rapid problem-solving techniques during the COVID-19 pandemic. It advocates the importance of Kepner Trego

problem analysis because it is more attentive to respectful dialogues. It also supports replicating the best from other situations to the area of the problem.

Similarly, [Aditya et al. \(2021\)](#), in the third paper with the title “Identifying and prioritising barriers to digital transformation in higher education: A case study in Indonesia”, identify and prioritise the obstacles in the implementation of a digital transformation in Indonesian higher education system. The identified issues include contextual issues, technical issues and cultural issues. The contextual issues include:

- capabilities in rendering strategy into a solid action plan;
- scarcity of human resources or expertise in digitalisation;
- absence of a shared vision;
- absence of institutional policy;
- absence of a strategic plan;
- absence of government’s plan, vision and policy; and
- deficiency of the funds.

The technical issue is concerned with the implementation of ICT in the education system. The cultural issues include the absence of commitment, complacency and difficulties adapting to technology changes.

The fourth paper by [Tapas and Pillai \(2021\)](#) in this special issue is “Prospect theory: An analysis of corporate actions and priorities in pandemic crisis”, which applied prospect theory to the cases for analysing the validity of the behavioural theory during the COVID-19 crisis. The study validated that companies find significant opportunities and possibilities under threat discernment of risks. The fifth paper titled “Understanding innovation as a driver of the organisation’s performance: A literature review study” by [Dani and Gandhi \(2021\)](#) indicates that innovation has been given much importance in the commercial sector; however, constructs explored are relatively narrow in academic research. This study also provides a comprehensive view of drivers related to innovation. The sixth paper authored by [Dunakhe and Panse \(2021\)](#) explores the literature on digital marketing. The paper is titled “Impact of digital marketing – A bibliometric review” and indicates several research gaps and provides the scope of future research regarding digital marketing.

The seventh paper is titled “Can the marketing innovation of purpose branding make brands meaningful and relevant – Case of Hindustan Unilever Limited in India”. In this paper, [Narayanan and Das \(2021\)](#) find that HUL’s brands have grown by 69% and reveal that 75% of the company’s overall growth comes through applying Purpose Branding. The eighth paper is titled “Using Blockchain Technology in credit rating industry to promote an innovative investor-pays model”. In this paper, [Iyer and Kumar \(2021\)](#) argue that there are possibilities to design and implement an innovative system to enable an investor–pays model based on blockchain technology to operate at scale. In the ninth paper titled “Innovation in talent management practices: Creating an innovative employer branding strategy to attract Generation Z”, [Pandita \(2021\)](#) identifies Gen Z’s aspirations for high career growth, concern over styles of working and attributes, preferences for education, along with an innovative way of thinking. There is also a demand for flexibility to be confident and independent.

The tenth paper having the title “The intertwined relationship of shadow banking and commercial banks’ deposit growth: Evidence from India”, authored by [Mohanty \(2021\)](#), has investigated the growth and development of deposits in scheduled commercial banks (SCBs) and non-banking financial company (NBFCs) because of their co-existence and

interdependence. It identifies the possibilities in the opportunity of growth for SCBs and NBFCs in future. It is indicated in the paper that both will witness growth in their deposits, but SCBs will have more growth than NBFCs. In the 11th paper with the title “Innovative M-car rental service quality in India”, [Shah and Shah \(2021\)](#) discover the dimensions of the service quality of m-car rental services. They describe two critical dimensions in this regard: one is traditional car rental and the other is m-rental which is not explored in the existing literature. The 12th paper in this special issue is titled “Values, satisfaction and intentions: Online innovation perspective for fashion apparels” by [Kautish et al. \(2021\)](#). The paper reveals that utilitarian and hedonic values as value priorities significantly affect customer satisfaction, which in turn impacts the behaviour of customers’ intention for fashion apparel on the online platform.

The 13th paper authored by [Prakash and Sethi \(2021\)](#) is “A review of innovative bond instruments for sustainable development in Asia”, which indicates that the transition in financial markets has to take place to attract global investors for sustainable investing. Asian economies should centre on ordering the playing field, lessen difficulties in uses and ease the regulatory measures to increase capital. In the 14th paper titled “Optimum investor portfolio allocation in new age digital assets”, Aggarwal has found that the three cryptocurrencies (i.e. Litecoin, Stellar and Ripple) are significantly linked for short-term. Additionally, Stellar is found to be the biggest sender. Moreover, Litecoin has a spillover effect on both Ripple and Stellar. The 15th paper with the title “Pedagogy innovation for management graduates: Application of design thinking” by [Selvalakshmi et al. \(2021\)](#) highlights the approach for testing and implementing the design thinking (DT) in the innovation of pedagogy and suggests critical drivers for pedagogy development using DT to implant the skill of “Learn to Learn” amongst the students of management. Furthermore, this approach has been given the name “Integrative and Interactive Approach”.

In this special issue of innovation, the 16th paper titled “Conservative culture, innovative culture, and innovative performance: A multi-group analysis of the moderating role of the job type” by [Al-Khatib et al. \(2021\)](#) indicates that the innovative organisational culture will help in improving the innovative performance. In contrast, a conservative culture reduces innovation opportunities. In addition to this, innovative organisational culture promotes innovative performance for all employees. The 17th paper authored by [Bhatia et al. \(2021\)](#) is titled “Digital innovation in wealth management landscape: The moderating role of Robo advisors in behavioural biases and investment decision making”. In this paper, the authors identify behavioural biases’ concerns and indicate loss aversion and overconfidence biases have significant effects on investment decision-making. However, Robo advisors do not have moderating effects between these biases and the investment decisions of Indian investors. Lastly, in the 18th paper titled “Linking open innovation, innovation barriers, and performance of Indonesian firms”, [Hartono and Rafik \(2021\)](#) demonstrate that obstacles in innovations result in firm’s decisions regarding openness, and depending on the kind of decisions in this regard have a different effect on innovative performance.

#### *Directions for future research on innovation in Asia*

More than two decades have passed since the focus of large MNCs has shifted to Asia. In the past, research deliberated on how products and services could be made affordable to these emerging markets and most innovations stemmed from this need. However, as the economies grew and trade expanded, the flavour of innovations in this region also saw a change. Today with the growing importance of technology and its pervasiveness in markets, it has become imperative to study the impact of technological innovations in Asia. Several studies in this special issue focus on the innovative solutions that technology

brought to the Asian market. The other important issue is the social impact of innovations. Innovations not only help in improving the education system but also employee-led innovation in organisations leading to several outcomes like improved performance, satisfied customers and profitable firms.

In conclusion, this issue throws light on an eclectic mix of insights from various business functions like finance, human resources, marketing and operations. We hope that these articles find an audience with both managers wishing to engage with the Asian markets and researchers looking at advancing knowledge in the rapidly changing scape of the types, roles and functions of innovation in Asia. We hope that this special issue inspires new thinking and practices based on ground-level findings and insights from Asian markets, providing the know-how for firms to innovate in a market that has evolved and embraced innovations in their day-to-day lives.

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