

Business Ecosystem in Asian Context: The Challenges of Social Embeddedness

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There is a new generation of innovation-driven companies in Asia whose strength is built upon the combination of core technological platforms and dynamic communities of users and developers with shared values and standards. This generation of innovation-driven companies is substantially different from what has been characterized as the successful Asian business models (i.e. efficient manufacturing plants, ethnic/family networks, global supply chains, and economies of scale) (Freeman, 1988; Greve, 2005; Imai and Itami, 1984; Nolan and Wang, 1999; Witt and Redding, 2014). Internet companies like Alibaba and Tencent of China, Naver of South Korea, Bharti Airtel of India, and Rakuten of Japan, are leading the digital economies of Asia, by leveraging the collective strength of business ecosystems of heterogeneous actors, evolutionary platforms, and the growing networks of innovation co-workers.

With roots in systems theory and biological evolution, the business ecosystem paradigm presents an emerging research field in strategic management with increasingly sophisticated theoretical concepts that stretch far beyond an ecological metaphor for strategy thinking. A growing body of literature, across the disciplines of strategic management, systems science, and operational research, has been developed to uncover the mechanisms, structures, and strategic options of business ecosystems in different sectors, ranging from ICT manufacturing to digital services (Moore, 1993; Iansiti and Levien, 2004; Adner and Kapoor, 2010; Gawer and Cusumano, 2013; Rong and Shi, 2014; Wareham et al., 2014). The Cambridge group, for instance, recently proposed that the business ecosystem should be conceptualized as a dynamic, self-reinforcing cycle between “social networks” and “value networks”, which put the interaction and feedback mechanisms between these two networks in the focus of empirical inquiry (Shang and Shi, 2013; Rong et al., 2015).

What is yet to be known is how the social, cultural, and political context of Asian societies have shaped these interactions and mechanisms of business ecosystems, and specifically how the organizing rationale of “value networks” within (and in between) Asian business ecosystems have been mediated and formulated by these contextual forces (including the “social networks”). A salient feature of the Chinese digital economy, for instance, is that a group of indigenous companies (Alibaba, Tencent, Baidu and Xiaomi) have become successful ecosystem leaders by strategically embedding technological platforms, services, and collaborative relationships in China’s contemporary socio-cultural fabric. These

companies, mostly founded by grassroots entrepreneurs, have been aggressively innovative and have developed an intriguing track record of defeating incumbent, multinational Internet platforms (Fuchs, 2015; Jiang, 2013; Shi and Liang, 2015; *The Economist*, 2011). Interestingly, China is not the only Asian context in which local Internet companies “manage to keep the multinationals at bay” (Bhattacharya and Michael, 2008). Similar scenarios can be found in other Asian societies: for instance, Naver vs. Google in South Korea (Oh and Larson, 2011), Bharti Airtel vs. Vodafone in India (Bhattacharya and Michael, 2008), and Rakuten vs. Amazon and Yahoo in Japan. Research has already established that social, cultural, and political factors are vital in contributing to the success or failure of digital business in Asian societies (Avgerou and Li, 2013; Martinsons, 2008; Ou et al., 2014). However, these contextual perspectives have yet to be integrated into robust, coherent theoretical frameworks of business ecosystems.

Scope and Rationale

It becomes clear that there is a gap between the existing knowledge of business ecosystems, in which a firm’s performance and strategic options are determined by its position and evolutionary choices within the structures of ecosystems, and the knowledge of how the social context shapes the unfolding of an ecosystem innovation through “local contingencies” (Avgerou, 2001; Li et al., 2014; Whitley, 1999). Theoretically, we are searching for studies that are able to explain the relationships between the social embeddedness of platform innovations (for example, *guanxi* in Chinese business networks, caste legacy in Indian culture, manga subcultures in Japanese society, or neo-Confucian values in contemporary Taiwanese or South Korean societies), and the key conceptual tenets of business ecosystems (such as value networks, evolution trajectory, open innovation, keystone and niches, system robustness).

Such relationships could take the form of business ecosystems and social contexts in synergies to produce distinctively innovative products/services that generate unique advantages over (Western) multinationals rivals. Alternatively, such relationships could take the form of direct contests in which ecosystem companies find themselves constrained by the society in which they are embedded. The latter triggers novel theoretical questions: how can business ecosystems adapt to the contextual contingencies in Asian society, or how can local contextual contingencies accommodate business ecosystems innovation?

Methodologically, the theoretical possibilities outlined here invite a range of approaches. Among others, valuable insights are likely to result from transparent, meticulously executed ethnographic case studies (Li, 2015; Li and Avgerou, 2011) – the interpretation of how the ecosystem and platform innovations engage Asian societies naturally invites the research tradition of cultural studies and “thick descriptions” (Geertz, 1973; Redding, 2005; Redding and Witt, 2007). At the same time, the structural approach of social ties and relational embeddedness (Granovetter, 1973; Uzzi, 2012) will also be complementarily instrumental in this process.

Topics and Approaches

Papers suitable for this special issue may include, but are not limited to, the following kinds of topics and questions:

1. Ecosystem Governance and Network Structures in Asian Economies

- What are the structural properties or patterns of social networks in Asian business ecosystems?
- How to distinguish value networks from the social networks in Asian business ecosystems, and vice-versa?
- How to interpret the different impacts of social networks and value networks on the performance of business ecosystems?
- How do Asia's platform leaders govern their ecosystems? What are the institutional mechanisms that they develop to execute their leadership?

2. *Sociocultural Embeddedness of Business Ecosystem*

- What are the connections between Asia's diversity of ethnic cultures and the ecosystem leadership styles of Asia's indigenous companies?
- How to theorize the roles of guanxi and trust in Asian ecosystems where the Chinese traditional cultures and social communities are influential?

3. *Business model in business ecosystem*

- How the business ecosystem supports the business model development in Asian economies?
- How to create value and capture value in the business ecosystem in an Asian context?

This special issue is aimed at specifically addressing platform and ecosystem innovation in an Asian context and its implications for a wide spectrum of management theory including strategy management, innovation, entrepreneurship, and international business.

In order to cover the diverse topics in this special issue, we invite high quality research using a range of different methodologies, including papers based on rigorous quantitative and scientific methods and papers based on detailed and relevant case studies. Crucial for eventual acceptance in *Asian Business & Management* is the presence of a clear and distinct theoretical contribution.

Submission Instructions

Deadline for submissions is 31 January 2017. We anticipate publishing the special issue in late 2017 or early 2018.

All submissions must make a clear theoretical contribution and follow the standard requirements for submissions to *Asian Business & Management*. Please refer to the journal website for details: <http://www.palgrave-journals.com/abm/index.html>

Submission website (open from 1 December 2016): <http://abm.msubmit.net/cgi-bin/main.plex>

Please also include a cover letter mentioning that your submission is specifically for this special issue.

Workshop

The guest editorial team will organize a workshop for this special issue at the 2017 EuRAM conference. Participation in the workshop is optional though encouraged.

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