

Guest editorial: Entrepreneurship and innovation in global value chains: an introduction of new insights in the new era of globalization

Introduction: entrepreneurship and innovation in global value chains

The global value chain (GVC) landscape in China has undergone profound shifts in the aftermath of the COVID-19 pandemic and escalating geopolitical tensions, particularly the trade disputes between China and the USA, as well as the geopolitical tensions involving Russia and Ukraine. These multifaceted challenges have instigated a reevaluation of China's role in global trade and the configuration of its GVCs. The disruptions caused by the pandemic compelled a reassessment of supply chain vulnerabilities, prompting businesses to reconfigure their sourcing strategies. China, being a nexus in many global supply chains, witnessed a recalibration of its GVCs as companies sought to diversify sources, reduce dependency and enhance resilience in their supply networks.

For example, in response to the evolving dynamics of GVCs, Chinese new energy vehicle (NEV) manufacturers have undertaken strategic adaptations to navigate the complexities arisen. BYD, a prominent NEV manufacturer, exemplifies this adaptation by vertically integrating its supply chain. BYD's strategy involves in-house production of key components, reducing reliance on external suppliers and enhancing supply chain robustness. Chinese NEV manufacturer, XPeng Motors, engages in strategic partnerships by collaborating with Swedish firm Veoneer for advanced driver-assistance systems (ADAS). Meanwhile, government policies also play a pivotal role in shaping the adaptation strategies of Chinese NEV manufacturers. The central government's "Made in China 2025" initiative, emphasizing technological self-sufficiency, aligns with the industry's objectives.

GVCs have historically been defined by hierarchical structures dominated by multinational corporations (MNCs) from developed economies. These firms orchestrated global production networks while outsourcing low-value activities to emerging economies such as China. However, several forces are disrupting this traditional model:

- Technological upheaval: AI, big data and automation are transforming production processes, reducing reliance on low-cost labor and enabling firms to move up the value chain.
- Geopolitical tensions: Trade conflicts, particularly between China and the USA, have led to supply chain diversification strategies that challenge the old paradigms of production and sourcing.
- Postpandemic globalization: The COVID-19 pandemic revealed vulnerabilities in global supply chains, prompting firms to rethink supply chain resilience and localization strategies.
- Sustainability and green innovation: Environmental regulations and consumer demand for sustainable products are pushing firms to adopt eco-friendly practices and circular economy models within GVCs.



In response to these shifts, entrepreneurs and firms in China are adopting new strategies, moving beyond traditional low-cost manufacturing to become knowledge-intensive, innovation-driven players in global markets. This broader transformation underscores the need to examine how entrepreneurial ecosystems, digital technologies and supportive policy frameworks collectively shape the future trajectory of Chinese firms within global value chains. At the same time, these developments create fertile ground for scholarly inquiry, as they raise fundamental questions about how firms upgrade capabilities, balance dependence and autonomy and respond to institutional and technological disruptions.

It is within this context that the Special Issue of *Chinese Management Studies* was conceived. Following our 2024 call for papers, we received 29 submissions from a wide range of scholars across disciplines and geographies. After rigorous review, eight papers were accepted, each providing novel perspectives on how entrepreneurship and innovation interact with global value chains. Collectively, they highlight how firms adapt to uncertainty, leverage technological shifts and navigate evolving institutional environments, while also offering a platform for continued dialogue among academics, practitioners and policymakers.

Insights and articles in this special issue

To showcase these contributions, this section introduces the accepted papers and outlines their central theories, methods and findings. Together, the eight articles cover diverse but interconnected themes, including artificial intelligence, digital transformation, R&D internationalization, leadership and green innovation. By examining these issues at multiple levels of analysis, the studies advance understanding of how hidden champions and entrepreneurial ventures reshape their positions within global production networks and contribute to the broader transformation of GVCs. [Table 1](#) provides a concise summary of each article's theoretical framing, analytical approach and key contributions.

Chang et al. (2026): Digital transformation and OFDI efficiency

This paper investigates how digital transformation influences the efficiency of outward foreign direct investment (OFDI) among Chinese firms. While digital technologies can reduce information asymmetries and enhance decision-making, they may also create coordination costs and complexity. Building on information asymmetry theory, the authors hypothesize a nonlinear relationship, with digital transformation initially improving but eventually constraining OFDI efficiency.

The study draws on a multicountry data set of 479 listed firms between 2008 and 2022, using regression analysis to evaluate the impact of digital transformation. Results reveal an inverted U-shaped relationship between digital transformation and OFDI efficiency, moderated by two important factors: GVC expansion and heterogeneous innovation. Specifically, broader GVC expansion flattens the curve, while higher innovation intensity steepens the effect, showing that firm strategies significantly condition the returns to digital investment.

The paper extends the OFDI literature by highlighting digital capabilities as central to global competitiveness. It also illustrates the importance of balancing digital adoption with strategic coherence, suggesting that firms and policymakers should pursue digital transformation with caution, ensuring complementary resources and innovation strategies are in place.

Table 1. The summary of eight papers in this special issue

Authors	Research question	Main theory	Research design	Level of analysis	Main variable(s)	Dependent variable	Major findings
Chang et al. (2026)	How does digital transformation influence OFDI efficiency in Chinese firms?	Information asymmetry theory	Multiple regression model with 1,744 observations in China	Firm-level	Digital transformation, GVC expansion, heterogeneous innovation	OFDI efficiency	An inverted U-shaped relationship between digital transformation and OFDI efficiency, the effect flatter with GVC expansion and steeper with heterogeneous innovation
Dai et al. (2026)	Can leader's positive humor promote intrapreneurship in GVC contexts?	Social identity theory	Multi-wave survey with 310 samples; SEM and multiple regression analysis	Employee-level	Leader humor, trust, perceived insider status	Employee intrapreneurial behavior	Leader humor builds trust and insider status, enhancing intrapreneurship; moderated by innovation climate
Huang et al. (2026)	How does AI orientation influence international performance through GVC collaboration?	Technology affordance theory	Panel data; STAR Market; 1,928 observations in China	Firm-level	AI orientation, GVC collaboration (breadth and depth), board international experience	International performance	AI orientation boosts GVC collaboration, which mediates its effect on performance; board international experience amplifies impact
Shi et al. (2026)	Do deeper digital trade rules improve national GVC positioning?	Digital trade rules; global value chains	Product-level data across 58 countries; Heckman two-stage model	Country-product level	Digital trade rule depth index (TAPED)	GVC position (export similarity index)	Digital trade rule depth enhances GVC position via innovation and spillovers; effects vary by country and sector
Song et al. (2026)	How do emerging market firms gain control over GVC core activities?	Dynamic capabilities; GVC upgrading	Longitudinal case study of Ninestar; interview and archival data	Firm-level	Stages of dynamic capability evolution; capability types	Control over GVC core activities	Dynamic capabilities evolve in three stages – adapting, expanding, transforming – driving vertical and horizontal GVC upgrading
Tang et al. (2026)	How does performance feedback influence GVC-related R&D decisions?	Behavioral theory of the firm; principal-agent theory	Panel data; fixed effects with moderation by CEO incentives	Firm-level	Performance feedback, CEO incentives	GVC-related R&D investment	Negative feedback increases R&D engagement; effect stronger with long-term CEO incentives

(continued)

Table 1. Continued

Authors	Research question	Main theory	Research design	Level of analysis	Main variable(s)	Dependent variable	Major findings
Wu <i>et al.</i> (2026)	Does deeper GVC participation promote green technology innovation?	Learning-by-exporting; environmental upgrading	Dynamic panel data; (PSM-DID with 220,794 observations in China	Firm-level	GVC participation	Green Technology Innovation capacity	GVC integration enhances green innovation via export learning and R&D spillovers; effect stronger with high absorptive capacity
Zhao <i>et al.</i> (2026)	Can AI adoption help emerging economy hidden champions climb upstream in GVCs?	Value-added view; Leapfrog development; capability upgrading	Panel data (2013–2023); 1,204 firms; fixed effects regression	Firm-level	AI technology adoption, degree of specialization, production efficiency	GVC upgrading (upstream movement)	AI adoption enhances GVC upgrading, especially in labor- and tech-intensive industries and digitalized regions

Dai et al. (2026): Leader humor and intrapreneurship in GVC contexts

This study brings a microlevel perspective to the Special Issue by examining how leadership style influences intrapreneurship within firms engaged in GVCs. Drawing from social identity theory, the authors hypothesize that leaders' positive humor fosters employee trust and insider status, which in turn promotes entrepreneurial behavior within organizations.

Based on multiwave survey data from 310 employees in Chinese service firms, the study applies regression and structural equation modeling. The results confirm that leader humor builds trust and perceived insider status, both of which increase intrapreneurial behavior. Moreover, innovation-oriented climates enhance these effects, showing that contextual conditions matter.

The paper highlights the human side of entrepreneurship in GVCs, emphasizing relational and emotional mechanisms alongside structural and technological factors. It contributes to intrapreneurship literature by demonstrating how leadership practices can cultivate innovation behaviors essential for firms competing in dynamic international markets.

Huang et al. (2026): AI orientation, GVC collaboration, and international performance

This paper explores how firms' AI orientation influences their ability to collaborate in global value chains and achieve stronger international performance. Building on technology affordance theory, the authors argue that AI orientation strengthens firms' ability to engage with diverse partners, leverage complementary knowledge and expand internationally.

The study uses survey and secondary data from firms listed on China's STAR market, analyzing relationships through hierarchical regression. Findings show that AI orientation enhances both the breadth and depth of GVC collaboration. These collaborations in turn mediate the effect of AI on international performance. Furthermore, firms with boards that include directors with international experience see an amplified positive effect, underscoring the role of governance structures.

The paper contributes by extending technology affordance theory to international entrepreneurship and showing that AI orientation is not just a technological choice but a strategic posture. It highlights the mediating role of collaboration and the moderating role of governance, offering practical insights into how firms can combine digital strategy with organizational leadership to achieve global competitiveness.

Shi et al. (2026): Digital trade rules and GVC positioning

At the country level, this article examines whether stronger digital trade rules help improve national positions within GVCs. The authors argue that by lowering transaction costs, enhancing knowledge flows and harmonizing regulations, digital trade rules can create opportunities for upgrading.

Using a data set covering 58 countries between 2000 and 2020 and applying a Heckman two-stage model, the study finds that the depth of digital trade rules significantly enhances GVC positioning. The effect operates through mechanisms such as R&D innovation and technology spillovers. However, heterogeneity exists: developed countries benefit more, while developing economies face compliance burdens and risks of "low-end lock-in."

The paper extends GVC research by linking institutional frameworks and trade governance to innovation outcomes. It also provides actionable insights for policymakers: developing economies should invest in digital infrastructure and participate in global rule-making to capture the benefits of digital trade, while avoiding overdependence on external governance regimes.

Song et al. (2026): Dynamic capability and control over GVC core activities

This longitudinal case study investigates how an emerging market firm can progressively gain control over core GVC activities. Using the example of Ninestar in the printer industry, the authors combine dynamic capabilities theory with GVC upgrading frameworks to develop a process model of strategic evolution.

Drawing on interviews, archival data and internal records, the study identifies three stages of capability development: adapting to overcome external pressures, expanding into proprietary technology and global networks and transforming through acquisitions to cover the entire value chain. Each stage reflects an evolution of dynamic capabilities – adapting, expanding and transforming – that enable the firm to move from peripheral to core GVC positions.

The paper contributes to international business by showing how emerging market firms can evolve from dependent suppliers into orchestrators of GVC activities. It underscores the importance of dynamic capabilities in both vertical and horizontal upgrading, offering lessons for firms seeking technological sovereignty and strategic autonomy in global markets.

Tang et al. (2026): Performance feedback, CEO incentives, and GVC R&D engagement

This article addresses how domestic performance feedback affects firms' decisions to engage in R&D within global value chains. Building on the behavioral theory of the firm, the authors propose that negative performance feedback motivates firms to pursue international R&D as a corrective mechanism, while positive feedback dampens this motivation. Principal-agent theory further suggests that CEO incentive structures condition how firms respond to feedback.

Using panel data from Chinese listed firms between 2007 and 2022, the study uses fixed-effects models and instrumental variables. Findings show that firms receiving negative performance feedback significantly increase their GVC-related R&D, while positive feedback reduces such efforts. Moreover, CEO long-term incentives, such as stock options, amplify the responsiveness to negative feedback, whereas short-term incentives weaken it.

The study contributes to understanding the microfoundations of GVC upgrading by showing how managerial cognition and governance shape international R&D engagement. It also provides practical implications: boards should design incentive systems that encourage long-term innovation strategies, enabling firms to use GVC participation as a platform for upgrading rather than retreating under pressure.

Wu et al. (2026): GVC participation and green technology innovation capacity

This paper investigates whether deeper participation in GVCs stimulates green technology innovation in emerging economy firms. Building on theories of learning-by-exporting, absorptive capacity and environmental upgrading, the authors argue that GVC integration not only promotes traditional economic upgrading but also acts as a catalyst for environmental innovation.

Drawing on a large panel of more than 31,000 Chinese firms, the study uses a PSM-DID approach to assess the causal relationship between GVC participation and green innovation, measured by patent applications and grants. The findings show that firms more engaged in GVCs are significantly more likely to develop green technologies. This effect is driven by exposure to demanding international standards, opportunities for cleaner production processes and access to developed markets. The impact is particularly strong among state-owned and resource- or capital-intensive enterprises.

By extending the GVC literature from economic to environmental upgrading, the study highlights the dual role of international linkages in fostering both competitiveness and sustainability. It demonstrates that GVCs are not just channels for profit but also important platforms for diffusing eco-innovation across borders. For managers and policymakers, the results suggest that active participation in GVCs can serve as a pathway to align economic growth with environmental responsibility.

Zhao et al. (2026): AI adoption and GVC upgrading of hidden champions

This study examines how artificial intelligence (AI) adoption enables “hidden champions” from emerging economies to reposition themselves in GVCs. Hidden champions often dominate niche global markets yet face challenges of low visibility, resource constraints and risks of remaining locked in downstream, low-value activities. Building on theories of capability upgrading and leapfrog development, the authors propose that AI acts as a transformative capability that facilitates upstream movement into design, R&D and branding.

Using a panel data set of Chinese listed firms, the study uses fixed-effects models to estimate the impact of AI adoption on GVC upgrading. The results reveal that firms investing in AI are more likely to shift into higher-value activities, with the effect strongest in labor-intensive and high-tech industries, and in regions with better digital infrastructure. The study also shows that firms with stronger absorptive capacity and prior export experience benefit disproportionately from AI investment.

The paper contributes to international business and GVC research by reframing AI as a strategic enabler of upgrading, rather than merely a productivity-enhancing tool. It highlights the agency of emerging market firms in shaping their GVC roles and provides policy implications suggesting that targeted support for digital infrastructure can accelerate upgrading trajectories.

Conclusion: reframing GVCs through entrepreneurship and innovation

Overall, these eight contributions in this Special Issue collectively illustrate how entrepreneurship and innovation are reshaping the structure and dynamics of GVCs, with China serving as a central context for theory development and empirical exploration.

First, at the firm level, five papers highlight how digital technologies enable upgrading within GVCs. *Zhao et al. (2026)* showed that AI adoption empowers hidden champions to escape low-end lock-in and move upstream into design and R&D. *Huang et al. (2026)* similarly demonstrated that AI orientation strengthens international performance by deepening GVC collaborations, while *Chang et al. (2026)* revealed that digital transformation improves outward foreign direct investment efficiency, though only up to a point. *Tang et al. (2026)* complemented these insights by showing how firms’ internal governance – through performance feedback and CEO incentives – shapes their engagement in international R&D, underscoring the behavioral foundations of upgrading. *Song et al.* trace the longitudinal evolution of Ninestar, illustrating how dynamic capabilities enable an emerging market firm to transition from a peripheral supplier to a global orchestrator of core GVC activities.

Second, at the industry and organizational level, the contributions shed light on new sources of competitiveness. *Wu et al. (2026)* demonstrate that GVC participation can catalyze green innovation in Chinese firms, extending the upgrading literature from economic to environmental outcomes. *Dai et al. (2026)* add a microfoundational dimension, showing that leadership styles – specifically positive humor – can foster intrapreneurship, a capability crucial for firms competing in globally connected industries.

Third, at the institutional and country level, one study broadens the lens to policies and governance structures. [Shi et al. \(2026\)](#) analyzed how deeper digital trade rules influence national GVC positioning, finding that while such rules enhance upgrading for developed countries, they present risks of compliance burdens for emerging economies.

Together, these studies in this Special Issue advances scholarship by showing that entrepreneurship and innovation are central to the ongoing transformation of GVCs. Across the eight studies, several common themes emerge:

- *Digital technologies* such as AI and blockchain are not only tools for efficiency but also strategic enablers of upgrading and global repositioning.
- *Green and sustainable innovation* is becoming an integral dimension of upgrading, extending the GVC literature beyond economic outcomes.
- *Microfoundations and governance* matter: leadership styles, incentives and firm behavior shape how opportunities in GVCs are pursued.
- *Institutions and global rules* condition the possibilities for upgrading, raising new challenges for emerging economies that must balance compliance with autonomy.

Looking forward, as technological disruptions, geopolitical shifts and sustainability imperatives continue to reshape global trade, entrepreneurs and firms must develop new capabilities to remain competitive in the next era of globalization. This issue provides rich empirical insights and theoretical frameworks to help scholars, policymakers and business leaders understand the future of entrepreneurship and innovation in GVCs.

By situating entrepreneurship and innovation at the heart of GVC research, this Special Issue provides theoretical depth and practical insights into how firms, industries and countries can navigate an era of geopolitical uncertainty, technological disruption and sustainability imperatives. It points toward a new phase of globalization – one defined less by cost efficiency and more by entrepreneurial capacity, technological sophistication and sustainable value creation.

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