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Hau L. Lee

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## Introduction to the Special Issue on Value Chain Innovations in Developing Economies

Hau L. Lee<sup>a</sup>

<sup>a</sup> Graduate School of Business, Stanford University, Stanford, California 94305

Contact: [haulee@stanford.edu](mailto:haulee@stanford.edu) (HLL)

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As the world becomes more globalized, the value chains of most companies span over many continents, and increasingly, developing economies constitute important parts of the supply side of these value chains. The supply could be in the form of sourcing of natural resources and materials, or manufacturing operations in which these economies provide low cost of labor. Over time, as some of these economies mature in their knowledge and experience in manufacturing, progress made in education, and the advances of new information technologies, these economies may have developed their design and innovation capabilities. As a result, the supply can also be in the form of intellectual capital. Similarly, these economies are becoming sources of demand, as even the bottom of the pyramid has huge demand needs and so they can be potentially big markets. Many such economies have seen their middle class grow, which also have created increasing market demands. Global companies have invested to innovate in their value chains to leverage the potential values of developing economies as both sources of supply and demand.

Although they form parts of the global value chains, many of these economies still face challenges of extreme poverty. According to the World Bank, 10% of the world's population, that is, 736 million, still lived on less than \$1.90 a day in 2015.<sup>1</sup> Hence, innovations in the value chains of these developing economies, while benefiting global enterprises, can also play a role in the alleviation of poverty. The *Manufacturing and Service Operations Management (M&SOM)* community has started conducting research, often grounded on industry practice or local real conditions, on such innovations. This special issue of *M&SOM* is to highlight some of the research on how value chain innovations can make a difference in developing economies, and to hopefully stimulate more impactful research on this topic.

A value chain is a network of suppliers, suppliers' suppliers, producers, distributors, third-party service providers, channels, customers, and customers'

customers, which together provide products or services from end to end. It is also possible for a value chain to operate in more than one country, with stakeholders like governments, competitors, nonprofit governmental organizations, and peer companies all being a part of the ecosystem that could affect the success of a value chain. For entrepreneurs or innovators to be able to successfully build or scale up their businesses, being able to run your value chain effectively is critical. It is gratifying that a large number of our colleagues have worked on different ways that the value chain can be innovated in order to create values to members of the value chain, many of which are in developing economies.

In this introduction, I do not list and describe each paper in this special issue. Instead, I have highlighted the scope and coverage. First, the geographic coverage is quite expansive, as the papers are grounded on problems arising in Africa, India, Argentina, China, Brazil, Turkey, or general global problems in most of the developing nations. Second, the innovations include collaborations and knowledge sharing, information provision to work teams or to farmers, contract designs involving multiple players in the value chain (and, in particular, farmers), product innovations, retail structure, design of the value chain, such as sourcing strategy and vertical integration, selling to highly cash-constrained consumers, re-engineering the financial flows through mobile money and supply chain orchestration, and finally, work condition improvements to benefit the welfare of factory workers. Third, the research made use of analytical modeling, empirical analysis, and field-base case studies.

This collection is a sample of our community's emerging research that advances our knowledge on how to use innovations, technologies, and entrepreneurship for value chain innovations in developing economies. Some of these innovations directly serve the needs and improve the livelihood of the people in developing economies. Some show how we could

develop opportunities and improve the means by which developing economies increase their ability to create higher economic values by serving the global markets.

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associate editors and reviewers also contributed greatly in the review and revision of the papers.

### Endnote

<sup>1</sup>World Bank (2018) Decline of global extreme poverty continues but has slowed: World Bank. Accessed January 17, 2019, <https://www.worldbank.org/en/news/press-release/2018/09/19/decline-of-global-extreme-poverty-continues-but-has-slowed-world-bank>.