

Editorial Notes

Transforming Business in the Asian Century: Trends, Challenges and Opportunities

Asia is reshaping the contemporary business landscape. Digitalisation, institutional change, sustainability pressures, new forms of work and deeper international integration are altering how organisations compete, govern and create value. Yet transformation is not defined by change alone. Its consequences depend on how effectively organisations and institutions develop the capabilities to manage it.

This special issue, “Transforming Business in the Asian Century: Trends, Challenges and Opportunities,” brings together eleven papers from Malaysia, China, Indonesia, Sri Lanka, Vietnam and other Asian economies. Collectively, they show that technology, capital and policy create opportunities, but their value depends on trust, governance, leadership, organisational capability and strategic adaptation.

Governance, Trust and Digital Transformation

The first set of papers shows that institutional and technological transformation must be accompanied by effective governance.

Mohammed Saleh Ali Al-Maghrebi, Noor Sharoja Sapiei and Mazni Abdullah, in “*The Mediating Impact of Trust on the Role of Power towards Tax Compliance: Empirical Evidence from Malaysia*,” demonstrate that coercive power promotes enforced tax compliance, while legitimate power encourages voluntary compliance through trust. Their study makes an important distinction: enforcement can secure compliance, but institutional legitimacy is required to sustain it.

In “*Fraud Prevention in Flux: Are Traditional Methods Holding Their Ground in the Digital Age? Evidence From an Emerging Economy*,” **Kaushalya Silva and Roshan Ajward** show that Sri Lankan listed companies continue to rely more heavily on traditional fraud-prevention mechanisms than advanced technological tools. The result exposes a widening concern for emerging economies: fraud is becoming more technologically sophisticated while organisational responses remain comparatively conventional.

This implementation challenge is reinforced by **Ravinder Kaur Harminder Singh, Dayana Jalaludin and Suhaily Shahimi** in *“CAATTs Adoption in Malaysian Big 4 Audit Firms.”* Their findings show that effective use of audit technology depends not simply on adoption but on system reliability, task fit, training, auditor competence, organisational support and client readiness. Digital transformation therefore succeeds only when technological investment is matched by organisational capacity.

Technology can also produce changing effects over time. **Dong Wang, Arpah Abu Bakar and Edie Erman Che Johari**, in *“The Nonlinear Impact of Fintech on Credit Risk in Chinese Commercial Banks,”* identify an inverted U-shaped relationship between Fintech development and credit risk. Early stages of digitalisation may increase risk, while more mature digital capabilities improve monitoring and risk control. The implication is significant: technological transformation is not inherently beneficial; its value depends on the stage and quality of implementation.

A similar principle emerges in human resource management. **Guan Shanxin, Suhana Mohezar and Tey Lian Seng**, in *“Hiring with Algorithms: What Makes Human Resource Personnel Adopt Artificial Intelligence Recruitment in China?”*, find that perceived value, performance expectations, social influence and facilitating conditions shape the adoption of AI recruitment. Technology must therefore be understood not simply as a technical system but as an organisational change process requiring user acceptance, support and capability.

Together, these studies shift the discussion from whether organisations should digitalise to how digital transformation should be governed and embedded.

People, Leadership and Organisational Capability

Transformation ultimately depends on people.

Hesti Widiанти and Olivia Fachrunnisa, in *“The Role of Personal and Organisational Resources to Improve Remote Work Performance: Perspective of Job Demand-Resource Model,”* show that knowledge, training and modelling leadership strengthen remote-work efficacy. Yet digital capability can weaken the relationship between efficacy and performance. More technology or more digital capability is

therefore not automatically better; resources must be aligned with employee needs and organisational conditions.

Leadership is equally important to innovation. **Samia Batool, Xuedong Liang, Nadia Rehman, Wanting Fu, Muhammad Zeeshan Fareed and Ahmad Hassan Khalid**, in *"The Interplay Between Management Control Systems and Innovation: The Moderating Influence of Transformational Leadership,"* show that belief systems and interactive control systems strengthen innovation capability and performance, particularly when supported by transformational leadership. Their study demonstrates that management control need not suppress innovation. Properly designed and led, it can enable learning, dialogue and strategic renewal.

These papers reinforce a broader lesson: organisations do not transform through technology or systems alone. Transformation is realised through leadership, learning and human capability.

Sustainability as Capability and Governance

Sustainability is another defining feature of the Asian business landscape, but the papers in this issue move beyond sustainability as aspiration.

Zarina Zakaria, Zamzulaila Zakaria and Laurence Ferry, in *"Governing Sustainability in Emerging Times: Institutional Work and Practice Dynamics in Two Southeast Asian Cities,"* examine sustainability transformation in Putrajaya and Surabaya. Their study shows that sustainable development depends on how priorities are interpreted, institutionalised and governed through leadership, participation and accountability. Sustainability is therefore not merely a policy commitment; it is an ongoing institutional process.

At the firm level, **Norbani Che-Ha, Hendy Mustiko Aji, Sulaiman Oreshile and Izlin Ismail**, in *"How Green Organizational Culture Translates into Business Performance: The Mediating Roles of Business and Technology Driven Eco Innovative Capabilities,"* show how environmental values become business outcomes. Their findings distinguish between business-driven and technology-driven eco-innovative capabilities, demonstrating that different capabilities generate different forms of performance.

The message across both studies is clear: sustainability creates value when intentions are translated into capabilities, routines and accountable action.

Strategy, Ownership and Internationalisation

The final papers examine how firms adapt strategically to their origins and external environments.

Elaine Yen Nee Oon, Jaideep Prabhu and Kulwant Singh, in *“Multiple Founding Imprints and Firm Internationalisation,”* demonstrate that family ownership, economic shocks and institutional conditions at founding continue to influence firms’ internationalisation. These effects are not fixed; they evolve as firms mature. Organisational history therefore constrains strategy, but it can also be reinterpreted and adapted.

In *“How Does Foreign Ownership Affect Firm Performance? The Mediating Role of Corporate Risk-Taking in Vietnamese Firms,”* **Thi Hong Van Hoang and Thi Thu Tran** show that foreign ownership enhances firm performance through corporate risk-taking. Foreign investment thus brings more than capital. It can change governance, strategic behaviour and managerial willingness to pursue opportunities.

Together, these studies show that Asian firms do not enter periods of transformation without history or institutional constraints. Their responses are shaped by ownership, founding conditions and the environments in which they operate.

The larger message

Across the eleven papers, one conclusion stands out:

Transformation Creates Possibilities; Capabilities Determine Outcomes.

Technology can raise efficiency but also introduce risk. Institutional power can enforce compliance, but trust sustains it. Management controls can constrain, but they can also enable innovation. Green culture can support sustainability, but only when converted into

capability. Foreign capital can enhance performance, but its impact depends on how it changes governance and strategic behaviour.

A second conclusion is equally important: context matters. Evidence from Malaysia, China, Indonesia, Sri Lanka, Vietnam and other Asian economies demonstrates that transformation unfolds differently across institutional and organisational settings. Asia should therefore be treated not simply as a setting in which existing theories are tested, but as a context capable of refining and extending our understanding of business transformation.

The Asian century will not be defined only by the region's economic scale. It will be defined by the ability of its organisations and institutions to manage technological change, strengthen governance, build human and organisational capabilities, pursue sustainability and compete across increasingly interconnected markets.

The eleven papers in this special issue capture different dimensions of that agenda. Together, they show that the central challenge facing Asian business is no longer simply how to respond to change, but how to convert change into enduring economic, organisational and societal value.

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Happy Reading

Professor Dr Norbani Che Ha – Lead Guest Editor
Dr Amrul Asraf Mohd Any – Guest Editor