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GUEST EDITORIAL

Innovation in China

This special issue on innovation in China is based on selected papers presented at the European Academy of Management (EURAM) conferences in 2010 and 2011. It follows the first collection of papers, chosen from papers presented at the EURAM conferences in Lubljana in 2008 and Liverpool in 2009 (Assimakopoulos, 2010). This special issue of *Prometheus* brings together five research papers that discuss empirical findings across multiple levels of analysis and organisational contexts, spanning industrial sectors, large state-owned enterprises, start-ups and high technology clusters in developed and less developed regions throughout mainland China. The research methodologies for acquiring empirical data vary from quantitative surveys to exploratory case studies based solely on semi-structured interviews and qualitative data. All this empirical research was presented and critically discussed in early draft form in the EURAM conferences in Rome in 2010 and Tallinn in 2011. Further rounds of peer review and empirical analysis resulted in the final form of this set of papers in the summer of 2011 for publication here.

The first two papers of this special issue raise a set of macro level questions central to the debate on whether Chinese firms are innovative or imitative. They focus on such topics as indigenous *shanzhai* innovation, and cost-driven strategic innovation in large privately-owned and publicly-owned enterprises. Goxe considers the notion of Chinese values based on Confucianism serving indigenous innovation to be mere rhetoric. The notion serves political agendas, but has little to do with innovation itself. He illustrates his argument through the rise and fall of innovation in a range of applications, such as mobile hand sets. Zheng and Wang tackle head on the critical question of the degree to which large Chinese firms are innovative or imitative. They focus on two case studies of large enterprises from the energy production and digital data security sectors, finding that if Chinese firms do show innovative behaviour, it is still predominantly focused on strategic cost cutting. There is little interest in long-term, blue sky research. These exploratory cases illustrate the value of Goxe's idea that Chinese indigenous innovation lacks the indigenous knowledge needed for substantive innovation, and is often no more then rhetoric.

The next two papers explore this point by focussing on trade and technology transfer. Millman, Li and Chi have surveyed over one thousand firms in several high technology sectors to test how trade activities, namely technology imports and product exports, affect the indigenous innovation and R & D investment decisions of firms in Zhejiang province. Their findings indicate that technology imports and product exports do not have a clear impact on firm R & D investments. Only when they split embodied and disembodied technology and products do they find that disembodied, knowledge-based technology imports (specifically, intellectual property rights) have a positive impact on firm R & D. The policy recommendations of their

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research are that the Chinese government should encourage high technology firms to import such disembodied technology.

Ying investigates the role of intermediaries (private and government agencies, and web-based marketplaces) in cross-national technology transfer and patent transactions between Europe's technology providers and China's recipients in a variety of industrial sectors. Such intermediaries play a key role as bridging organizations for European technology providers, expanding the network of recipients, reducing transaction costs and interpreting Chinese legal and culture systems. Ying puts forward a typology of intermediaries, and in adopting a resource-based view of competencies, sheds light on what competencies and what intermediaries are most effective in successful technology transfer.

Liu, Woywode and Xing explore the synergies between formal regional institutions and the informal influences of *guanxi* relations between entrepreneurs and local government officials in high technology parks, one in Shanghai and one in the less developed Wuxi region. They put forward a conceptual model that embraces the intellectual property rights environment, the venture capital market, local government policies and informal *guanxi* relations at both local and international levels. In the Wuxi case, the target audience is overseas and returnee entrepreneurs. At the Zizhou high technology park in Shanghai, the target is less well-defined. They conclude that only at Wuxi is government policy instrumental in attracting Chinese returnees and start-ups from abroad, and the technology they bring with them. In both science parks, though, they find an essential complementarity between formal and informal mechanisms in facilitating innovation.

Reference

Assimakopoulos, D. (2010) 'Special Issue on Innovation in Chinese Firms', *Journal of Knowledge-based Innovation in China,* 2, 1, pp.5–141.

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