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Case Study: Changing Skills and Creativity in Business Innovation Strategy – the example of Lumin Group

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Abstract:

I. Object

China is changing: its natural resources are diminishing as the economy grows, and WTO membership has led the country to progressively diversify its industrial sectors and activities. Innovation is therefore key to China's competitiveness and prosperity. On a macro-economic level, government innovation policies focus on creating or improving innovation-friendly environments. Micro-economically speaking, Chinese businesses must also improve their own capacity for innovation. Key questions emerge when studying business innovation – what role does innovation play in a business growth strategy? How do companies use their experience in this field to develop a fully-fledged innovation strategy? When establishing a framework for innovation, what features are important for Chinese businesses? This paper attempts to answer these questions through a case study of one company's innovation process.

II. Theory

Most foreign research on innovation focuses on the introduction of technology in a developing country through to the emergence of innovation capacity. The creativity of Chinese companies however is often neglected in these studies, as is the way these companies structure the innovation process. In general, research on innovation in China adopts a sector or macro-economic approach, examining public innovation policy and sector-wide breakthroughs, rather than taking an in-depth, long-term look at innovation mechanisms within Chinese firms. Moreover, business innovation research is often haphazard, fragmented and out of touch with the real business environment. These problems have made it difficult to understand how creativity works in Chinese businesses.

III. Research Outline

The Luming Group case study was conducted as follows: the object of the study was clearly defined, preliminary and extensive interviews were conducted, and data were analysed. We then narrowed down the scope of our research and drew our conclusions. Three different sources of

information formed the basis of our study – sector-related data, follow-up studies, and extensive interviews.

IV. Conclusions

1. Business innovation strategy is a concept that changes both over time and through the various stages of its development.

2. Innovation strategy is primarily a process of accumulation in which creativity stimulates innovation and vice-versa.

3. An essential element of innovation, absorption capacity, relies on a firm's long-term investment in a diverse range of know-how.

4. The forecasting skills and commitment to innovation of a company's management exist independently of that company's development. These factors trigger and steer the innovation process that is "sponsored" and "organised" by managers, who also spread innovative ideas.

5. Chinese businesses need to make certain efforts to avoid bottlenecks and pursue innovation. To do so, progress in other areas is also necessary: institution-building in industry, improvements in basic research and human resources training, as well as government support through technology-oriented policies.

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