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COMMUNICATING INNOVATION:

AN APPRECIATIVE INQUIRY

INVESTIGATION INTO INNOVATION IN CHINA

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ABSTRACT

The thesis considers that the intersection of creativity, innovation management, and communication are under researched in China. It seeks make a contribution to this area through exploratory research in a range of companies in Wenzhou, a south-east city in Zhejiang province, China. By researching firms across different sectors, and through analysing the companies' experiences of innovation generation and implementation, this thesis offers findings in a range of areas including: the apprehension of successful innovation, innovation and top leadership, and the relationship between innovation and customer value creations. The main findings indicate several aspects of innovation in China. First, Chinese enterprises considered successful innovations as those can bring profitable growth. Second, top leadership drives innovation and has the greatest influence on corporate innovation in Chinese enterprises. Third, although few companies in Wenzhou have created new products, or new markets, an increasing number of customer-oriented innovations occurred in recent years in Chinese enterprises. In addition, investigations on Corporate Social Responsibility (CSR) after the field research, reveals that Chinese state-owned enterprises may be promoting similar ideas in relation to innovation and CSR. To sum up, this research project provided an insight into recent perceptions of innovation, innovation readiness, and innovation achievement by Chinese enterprises in Wenzhou.

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LIST OF ABBREVIATIONS

AI	Appreciative Inquiry
BOS	Blue Ocean Strategy
CSR	Corporate Social Responsibility
FDI	Foreign Direct Investment
FSU	Former Soviet Union
SASAC	State-owned Assets Supervision and Administration Commission of State
VEO	Vice Executive Officer

RESEARCH INTRODUCTION

1.1 PERSONAL EXPERIENCE AND EARLY CHOICE OF TOPIC

Before this thesis settled on innovation as its topic, there was a long story at the back. As a unique product of Chinese culture, it was interesting to experience at first hand the "U-Curve" model (Martin & Nakayama, 2007, p. 309) of adaptation in New Zealand. Even before came to this country, I had started being excited and anticipating what would New Zealand look like and how beautiful it would be – as indeed it always is. As soon as I stepped out of the gate of Auckland airport, the fresh air, green colours, and blue sky jumped into my eyes. It increased the excitement and anticipation without doubt. The first few weeks were fantastic, including the "clean and green" factor, living facilities and environment, university arrangement and so forth.

However, when school started, various reasons caused a level of culture shock and brought me to the bottom of the U curve. Issue of language, social interaction, and accommodation were three main factors in the period of shock and disorientation. Firstly, language barriers caused some problem during the first few weeks of school. For example, I found it very hard to cope with academic English – listening to lectures, doing presentations, and accomplishing academic essays. My language difficulties hampered learning in class, especially as I found lecturers and tutors difficult to understand as they spoke fast and had a distinctive Kiwi or Britishn accent that was different to the accent taught in China. Secondly, the aforementioned language apprehension, and not being able to bond over humour, interfered with my ability to form social relationships. My friendship circle was

limited in friends who were co-nationals. Thirdly, one of the most serious problems that hindered adaptation was the accommodation issues. The unique features of Chinese food also made it hard to get used to the very different food in New Zealand.

After going through the culture shock period, I adapted to this new cultural context gradually. Life went back to the top of the U curve again. Nevertheless, a five-year experience of living in New Zealand has already made me a mixed product of both cultures. When I returned home to the original Chinese cultural context for vacations, the same process of U curve model of adaptation occurred again. This is the so-called the "W-curve theory of adaptation" (Martin & Nakayama, 2007, p. 314). Altogether, both cultures, and their intersections between them that happened to me, have showed an amazing side just as a peacock displays its fine tail feathers. This increased my interest in studying culture dramatically and inspired me to choose a topic that related to culture.

That specific intended topic was the investigation of the relationship between New Zealand corporate culture and Chinese culture. At that stage, the project had three main foci: firstly, it sought to explore the possibility of identifying different corporate cultures in New Zealand organisations compared with New Zealand organisations with a transnational section; secondly, it planned to research how the corporate culture of New Zealand organisations operating in China were, or were not able to transfer their practices effectively to China where a strong, but different culture exists; and thirdly, the main influences of Chinese culture on the working environment of New Zealand organisations operating in China.

What reasons underpinned the choice of this topic and these focii? In effect, the reasons emerged from an effort to understand vital elements of the contemporary environment. Combining my personal experience with a reading of the literature, it was clear that the spread of a western-influenced macro-economic trend across the globe created interest in the role of culture, and interactions between different cultures, in contemporary business. For Chinese people, for instance, a significant stage was reached on 10th December, 2001, when, after 15 years of negotiations, China finally got formal approval to join the World Trade Organisation (China enters WTO fold, 2001). As Liu Linlin, Economic and Commercial Counsellor of the Chinese Embassy in New Zealand, stated six years later: "China has successfully integrated with the world economy and has made great achievements in the economic and trade fields during the past five years" (Speech on China–NZ Business Council, 2007).

The successes of deepening the reform and opening up policy and the rapid development of economy have since been witnessed by the rest of the world (Sull, 2005; Wilson & Keeley, 2007). Outside of China, many western companies, including New Zealand organisations, also see strategic importance in the new era since China entered the WTO, and have started to set up businesses in China to take advantages of opportunities. Carter Holt Harvey, for instance, invested USD130 million to set up forestry and forestry product businesses in Sichuan Province and Hubei Province (Speech on China–NZ Business Council, 2007).

The intersection of these movements was captured when, on 5th April 2006, Chinese Premier Wen Jiabao visited New Zealand to advance the relationship, especially in terms of business, between the two nations. Wen Jiabao's speech

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stated the importance to both countries of establishing a "cooperative relationship of mutual benefit for the 21st century" (Premier Wen Jiabao's visit to New Zealand, 2006). With the increasing number of New Zealand organisations appearing in China, it is necessary for us to think about the culture issues between two countries, which have entirely different political, economic, and cultural backgrounds, and the effectiveness of transferring New Zealand corporate culture to China which maintains a strong national culture.

Alongside the impact of intercultural and inter-nation interaction, other key contemporary issues related to the transferability, or otherwise, of international corporate culture. In the business and management literature, for example, organisational culture has been an important theme for around two decades (McKinnon, Harrison, Chow, & Wu, 2003). Within that theme, other aspects of culture relevant to organisational culture, have become progressively more important for managers, leaders and organisations. This has increased as the practice of business becomes more global and forms a part of an international web of connectedness across many nations and cultures.

From a bottom line perspective, as Smith (1992) observes, organisations that address the question of culture alongside the circumstance of the increasing dominance of multinationals and the globalisation of world market will gain substantial advantages. If, which to some extent is inevitable, corporate culture can be regarded as the "DNA" of an organisation because it impacts on the character, and therefore the core identity, of the organisation, then it becomes vital. Following similar lines to Heraclitus, the Greek philosopher, who once said

"Character is destiny," Ackerman's (2000) book confirms that in business too, *Identity Is Destiny*.

In these terms, corporate culture in China is regarded as a core element of competition for the organisation; and that is matched in the west by terms such as corporate identity (Balmer & Soenen, 1999). Consequently, the corporate culture of New Zealand organisations that seek to operate in China, forms an essential component that impacts on the organisation's survival, as does how that culture interact with Chinese national culture. This can range over a large spectrum from New Zealand transnationals virtually rejecting, or ignoring, Chinese culture in their working environments, or attempting to understand, or perhaps to adapt to the level of integrating with the prevailing local and national culture.

Despite these issues being strongly contemporary, they have a historical dimension. China is a country with a long cultural and national history that stretches from feudal society, through the far-reaching influence of Confucianism, and the Cultural Revolution from mid 1960s to late 1970s and beyond, to its increasing influence as a major economic, political, and social power of the 21st century. Generally, Pang, Roberts, and Sutton (1998) classify seven common cultures that Chinese people share – harmony, time and patience, flexibility, trust and collectivism, implicative communication, unspoken rule of "Guan xi", and the concept of "face." These common cultures embody the unique behaviours, attitudes, belief and value system that help to differentiate China from western countries. Nevertheless, especially now, there is always some kind of relationship between organisational culture and national culture (Nelson & Gopalan, 2003). In other words, organisational cultures of companies are, at least partially, shaped by

the general contours of the national culture of countries. As Hannan and Freeman (1977) observed, the environment only selects organisations whose characteristics match the environment. Others (Hofstede, 1980; Laurent, 1986; Kedia & Bhagat, 1988) have made similar arguments that suggest national culture is likely to override values in organisational culture when conflicts emerge between both of them. As a result, the influence of Chinese culture, and the interaction between New Zealand organisations' cultures and the prevailing Chinese culture, were to be central considerations in the intended study.

1.2 CHANGING DIRECTION

Although the reasons for choosing the topic as an investigation of relationships between New Zealand corporate cultures and Chinese culture was personally felt, and convincing to some extent, certain major difficulties and limitations emerged. Cultures stay the same, but they also change. Culture is the outcome and presentation of the development of organisations, societies, and nations. It is "the commonly-held and relatively stable beliefs, attitudes and values" (Hall, 1995, p. 25). For certain periods of time, culture is stable and conservative. For example, the five-thousand years civilisation in China has forged its own unique cultures. Chinese people have traditional ways of thinking, feeling, and acting. However, as "Change is a constant in human culture" (Herskovits, 1948, p. 635), culture cannot stay static. The Greek philosopher Heraclitus once stated "You cannot step twice into the same river, for other waters are continually flowing in" (cited in Samovar, Porter, & McDaniel, 2007, p. 29). That ancient insight still works for today's situation. Cultures are subject to change due to the "other waters" (means other cultures here) that keep flowing in: "Although culture provides strength and

stability, it is never static . . . . Cultures evolve over time" (Luckmann, 1999, p. 22).

Globalisation has not only contributed to rapid social change in dimensions of world economy, politics, and communications, but also cultures. Imagine the communication technologies people use, the sort of food people eat, or the ways people find entertainment – all of them reveal an increasing global connectivity. One concrete example has been the large numbers of transnationals setting up business in China. Their arrival has brought China new ways of thinking, new value beliefs, new communication technologies, and new dietary habits. Chinese traditions have been challenged by western cultures, especially, in recent times, by American cultures. Therefore, it is pretty difficult to accurately identify and categorise what the current common features of Chinese cultures actually are, as they are in process. Given that difficulty, it would have been even harder to figure out how New Zealand organisations' cultures interact with Chinese culture. On the other hand, because of the dynamic nature of culture, the result of this research project would not retain much valuable in such a period of rapid change. Since I seek to make my research useful, I came to question what was the point of doing the project as originally intended. As a result, despite undertaking much preliminary study, I decided to abandon the topic that related to culture between both countries.

Nevertheless, there is always an alternative in our life. In my heart, I still really hoped to do a topic that relates to culture, because of my Chinese background. Also, as an international student at Waikato University, with approximately five years of study and living experience, I sought to use, and increase, my

understanding of New Zealand and its culture. Then, finding a new topic that was related to culture but not all about culture became the focus of my work.

While discussing the change with my supervisor, there was one moment that both of us thought about the recent international success of a new approach to research called Blue Ocean Strategy (BOS) (Kim & Mauborgne, 2005). The BOS was the topic of my presentation when I was doing the course MCOM 583 (Communication and Leadership). After reading the book, I was attracted to the BOS concept of creating uncontested market space and making the competition irrelevant.

Again, there is an acknowledged personal dimension to this. The most important reason is that it helped me rebuild the relationship with my father. Reflecting of my 24 years experience of living, I had begun to reflect how I am a person who is passive in the communication process, has a lack of confidence in dealing with problems, and also a "good" (that is, well-behaved) son who follows the orders from my father. I was brought up in a family with an authoritarian father who tended to impose his ideas and thoughts into my mind. My father's leadership style has influenced my ability to think independently, especially while facing the situation of making a big decision. Such situations often make me hesitate rather than being decisive. However, since I came to New Zealand and studied in Waikato University, I have become more independent, especially while making decisions. Interestingly, my father has also begun to listen to what I think and why I think it is, although he does not often agree with my ideas.

During this leadership course, I try to communicate with my father in a different way – a more partnership way. Peter Block (cited in DuBrin, 2007, p. 3) stated that, in a partnership, the leader and the group member are connected in a way that the power between them is approximately balanced. A partnership is the opposite of parenting in which the parent/leader take the responsibility for the welfare of child/group members. It is a movement from authoritarian decision making and towards shared decision making. I expected to stop one directional communication with my father who advocates authority; and, rather, endeavored to build a dual directional communication in which information could be exchanged.

Blue Ocean Strategy was the medium that made a leap for the relationship between my father and me. No matter what I learned from the book, I talked the core ideas with him and discussed how it might help our family business. We communicated with each other to find the way to blue oceans. We found that in recent market of porcelain business in China, there were three major competition factors, including designs, quality, and materials. A big problem of porcelain design, for most big domestic companies at the moment, is that their designs are just a two-dimensional picture on the plates, bowls or cups without a specific theme or a story. Therefore, seeing the disadvantage of current market place is significant, because we can step ahead and give our designs life by creating themes. In this case, new themes of the design increase the value of the product as well as customer's value. For instance, based on the romantic story, in which the King of France Napoleon Bonaparte built a rose garden for Josephine to show his love, my father named one of rose series of his designs as "Queen Josephine".

Both of them attracted a large number of couples who plan to get married and regard this theme as the romantic witness of their love.

To better apprehend the porcelain market place and other competitors, my father and I tried to apply the four action frame work and eliminate-reduce-raise-create grid (Kim & Mauborgne, 2005). In my point of view, it was essential for us to reduce the sales of daily-life porcelain, and raise the idea of "gift porcelain". It has become a new phenomenon that people do not only purchase porcelain for daily use, but also regard porcelain as gift, for example, an exquisite tea set. My father agreed to the idea of gift porcelain, but he insisted in keeping the normal sale of daily life porcelain, because the latter factor still dominates the market. No matter whose ideas would work, there were several elements needed to be considered as they would increase the costs, including the material (bone china or other high quality materials), burning technique (need high temperature), the transparency, the thickness, and the health issue (without plumbum and cadmium which are dangerous for human body).

Although the attempt of applying BOS failed in the end, we have seen a much clearer idea of the market and the level of family company in porcelain industry. More importantly, the failure was not an end of communication between my father and me; instead, it was the very start to see the potential of working in a partnership leadership with my father. Fortunately, I saw myself evolving that in that I persisted on my own opinion which was different from my father's viewpoint, and realised that I had a right to say no. I "can lose an argument, but never a voice" (DuBrin, 2007, p.107). For me, it is significant that I have challenged the Chinese traditional leadership which emphasises authority by the

new understanding of more democratic western leadership. For my father, that will also be a challenge that he has to rethink his leadership style, and consider whether he has to adjust or not.

As one of the successful works in the field of strategic innovation, BOS did not only help the communication process between my father and I, it also inspired me to figure out a topic that also related more directly. Finally, the decision was to change to innovation – as a topic that would investigate creativity and innovation in both China and New Zealand.

There were two main reasons for changing the topic to innovation. On the one hand, as an under-researched area in China, innovation has been increasingly important recently. The top leaders of current central government have seen the significance of innovation and emphasised innovation as core to the competitiveness of China. According to President Hu Jintao, "Science and technology are the decisive forces in economic and social development in the world and innovation is a core part of a country's competitiveness" (cited in Carlson & Wilmot, 2006, p. 273).

The new topic also had relevance to New Zealand, which as a member of OECD, has been contributing to innovation for nearly a decade. Through innovation, the country's macroeconomic position remained stable, the unemployment rate kept relatively low, and it contributed to a comparatively open economy (OECD, 2008a). Therefore, it should be a great opportunity to do research on innovation between two nations and develop a valuable work.

On the other hand, as mentioned above, there has been increasing attention on innovation in China, which means that the need for innovation talents will also increase simultaneously. The Chinese Academy of Personnel Science released a book , *Chinese Talent Report 2005*, which listed three major problems concerning highly skilled, and/or highly educated, talent. Firstly, the number of these talents remains low. Secondly, the amount of compound talent reveals a serious shortage. Thirdly, the country is lacking young, highly skilled talent. For instance, among highly skilled talent, such as technicians or senior technicians, there are 40 percent of them who are over 46 years old. Therefore, finding out how to fill the coming talent shortage in China, and thus accelerate indigenous innovation, becomes increasingly important. Talent can be found either from people who gain qualifications in China, or from people who study abroad and then go back.

Interestingly, there is a nickname for all of Chinese international students who return to China – "sea turtles," because they take journeys abroad for further and better education and then come back after finishing studies. David Pierson and Don Lee (2007) published an article named "China draws skilled Chinese back home" in the *Los Angeles Times*, and reported that approximately 50,000 Chinese students who study abroad returned back to China in 2008. The number was 6,000 more than in the year 2007, and double the number than in 2004. There will be more Chinese international students going back to China under the circumstance of business depression after financial crisis in western countries.

One of the most important reasons that China hopes to lure skilled Chinese back is that these people are educated abroad and familiar with western economic systems on the one hand; and they are influenced deeply by Chinese culture on the other

hand. For example, different organisations (banks, universities, and government agencies) – in different cities such as Shanghai, Guangdong and Beijing – interviewed more than 4,400 people for diverse positions in London, Chicago and New York (Pierson & Lee, 2007). The benefit is obvious, the government can utilise them "to help retool its economy and find paths to expansion beyond the cheap exports on which the country has relied for so many years" (Pierson & Lee, 2007), and also to accelerate innovation for sustainable development.

Supported by the encouragement of central government, there will appear more and more education organisations, business enterprises, and social communities seeking people who understand innovation. This is not only because innovation is a significant factor in accelerating national economic growth, but also because it can help organisations solve problems, increase market share, make profit, and survive under the more intense competition of globalisation. Innovation can become part of China's core competitiveness, or part of any organisation's or person's core competitiveness. As one of the 50,000 "sea turtles," I have similar characteristics compared with other Chinese skilled people who return back to China. They might become either working partners or competitors in the future. Changing the topic to innovation and implement this research will enrich my personal understanding of innovation, and meanwhile upgrade my competence as one competitive advantage for future career.

Therefore, there are three main objectives for conducting this research project of innovation. Firstly, it is important to investigate how innovation is apprehended by people who work in both Chinese and New Zealand organisations. Secondly, this research intends to investigate how innovation is generated and implemented

in organisations of the both countries. Thirdly, as mentioned above, it is to increase the researcher's understanding of innovation.

Unfortunately, it proved impossible to collect data from New Zealand organisations. One of the main difficulties was that few New Zealand business organisations agreed to complete questionnaires and do interviews afterwards. A number made provisional agreements with my supervisor but, for various reasons, were unavailable during the time period. Although there were a few questionnaires and no interviews completed by staff at the university, there was only a very limited amount. The total amount was not enough for this research project. The limited data collected from New Zealand organisations also led to problems of data analysis, and comparison or contrast with data collected in China. As a result, the researcher was, reluctantly, forced to drop the New Zealand end and focus exclusively on Chinese organisations. Therefore, the first two original objectives of this research should be altered and focus on investigating how innovation is apprehended, generated and implemented in Chinese organisations.

1.3 SUMMARY

In conclusion, the introduction chapter firstly discussed the reasons of choosing the culture topic in the beginning, including the personal dimension of studying and living in New Zealand and its cultures, the increasing significance of culture and interactions between cultures, and Chinese rapid economic growth and its relationship with New Zealand. Then this chapter moved to discuss the reasons for giving upon the original topic of culture (the dynamic feature of culture), the inspirations of making the topic of innovation as the choice and reasons of doing this topic (including central government's increasing attention on innovation,

benefits of innovation for New Zealand, and the increasing need for innovative talents).

Chapter two discusses some of literatures in the field of innovation – mainly relating to issues like why to innovate, what innovation means and successful innovation frameworks.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Chapter one introduced the researcher's experience of changing the direction from the original topic of culture to the final topic which relate to creativity and innovation. In this chapter, the researcher will review some literatures of innovation, as to explain why innovation has become important in society and business fields, why innovation is important in China, different definitions of innovation, and finally the successful frameworks of innovation.

2.2 BACKGROUND: WHY HAS INNOVATION BECOMES SO IMPORTANT TO CONTEMPORARY BUSINESS AND SOCIETY?

Innovation appears frequently in contemporary discussions across the globe (Carlson & Willmot, 2006; Downes & Mui, 1998; Lafley & Charan, 2008). From social practices to academic researches, from business operations to political policies, innovation shows up across a range of areas. It has crossed over into the public sector (Albury, 2005; Alimo-Metcalfe & Alban-Metcalfe, 2006) and even law (Mankin, 2006) although, as Freidmann (2006) notes, new ideas typically take longer to embed due to the traditional nature of the legal profession.

With the spread, since the same meanings are not shared by all those who use the term, has come some confusion. Accordingly, in discussing, investigating, and considering innovation applications, it becomes necessary to think about what innovation really means and why innovation has almost become an imperative. This thinking was helped by a research project named "The Changing Nature of

Leadership" (Criswell & Martin, 2007), which was conducted by the Centre for Creative Leadership. It listed ten emerging business trends, such as the rise of complex challenges, the innovation revolution, and collaboration nation. Criswell and Martin (2007) went on to argue that three major factors have become challenges of both national and international organisations, including organisational changes, market dynamics and talent shortages.

More significantly for this thesis, when facing these increasingly complex challenges, they note that organisation response normally involve innovation. Organisations such as Apple, Honda, Google or Toyota are only a few of the top firms who are looking for innovation. It seems that innovation is so vital for these organisations. The question is why? Maital and Seshadri (2007) offered us three key reasons to innovate in this global world. The first reason to innovate is for "energizing your existing people and to attract great new ones" (Maital & Seshadri, 2007, p. 31). In every organisation, the basic unit and competitive advantage is people, especially innovative and thoughtful people, who can stimulate, capture and implement new ideas. In China, there is a proverb that says "water flows downwards, people struggle upwards."

On the one hand, in every organisation, the basic unit and competitive advantage is people, especially innovative and thoughtful people, who can stimulate, capture and implement new ideas. Therefore, how organisations treat and utilise existing people or talented people will influence their development in long term. On the other hand, the World Economic Forum's Technology Pioneers released a report in 2009, which mentioned that today's talent for innovation was different from what we understood as individual innovation, such as Leonardo Da Vinci or

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Thomas Edison. Rather, innovation means more about work of teams consisted of talents. Great talents are normally attracted and migrate to successful organisations which hope to allure, encourage and utilise them for greater successes (Maital & Seshadri, 2007). Moreover, one of the hallmarks of modern globalisation in innovation is the "mobility of talent" (World Economic Forum's Technology Pioneers, 2009, p. 9), which plays very important role of helping companies gain accessions to source of foreign innovative talents (World Economic Forum, 2009). So, making people who work inside organisations become innovative and enthusiastic about their jobs, and meanwhile luring new people to join in through innovating are significant.

The second of Maital and Seshadri's (2007) three reasons is to achieve "high, sustained growth and profitability" (p. 38). In today's global world, challenges for organisations such as shrinking market space and talents shortages have increased the intensities of competition. Kim and Mauborgne (2005) offered a new term "red ocean" that they use to represent all the existing industry and known market space. In this red ocean space, companies obey the established competitive rules in their industry filed, and outcompete their rivals in order to attain higher and greater share of existing demand. Once the market space gets overcrowded, the intensified competition will turn the red ocean bloody (i.e., organisations will suffer because of the difficulty of competing profitably in the face of multiple competitors). Therefore, it is necessary for organisations to innovate for new products, new services, and new market space, which Kim and Mauborgne (2005) term "blue ocean" space.

The third reason for innovation is the need to avoid the red ocean space and find blue ocean space that will allow organisations to survive within competition. This is reinforced from another angle by others. Carlson and Wilmot (2006), for example, argue that, under globalisation, an "exponential economy" (p. 25), with rapid and exponential rates of products and services, and improvement in price performance, has emerged as an important development. Some segments of economy such as computers, communication products, transportation tools, and biotechnology have been experiencing exponential economy for decades (Carlson & Wilmot, 2006). This can be simply illustrated just by considering one, now almost ubiquitous communication product. Martin Cooper, a researcher and executive in Motorola, invented the first mobile phone in 1973 (Wikipedia, 2009). It looked like a black brick in the old days. After around three decades, Apple announced and introduced the world its exiting invention of "iphone" in 2007, which is an internet-connected cell phone with multi-functions for communication, work and entertainment (Wikipedia, 2009).

Further support of the third reason and the idea of an exponential economy is the increase in global competitiveness or what Sirkin, Hemerling, and Bhattachaya's (2008) book title usefully characterises as: *Globality: Competing with Everyone from Everywhere for Everything*. Clearly, these kinds of global pressures contribute to the declining length of company lifetimes (Christensen, 2003) as the marketplace can only support a limited number. It is also necessary to factor in the impact of technology. For over a decade, Clayton Christensen (1997; 2002; 2006), in company with others (Christensen, Johnson, & Dann, 2002; Christensen, & Raynor, 1997), has tracked innovation and disruption and the speed of change.

In such conditions of aggressive competition, or what D'Aveni (2004) calls "hypercompetition," as red ocean space, an exponential economy, and globality, it is not likely that organisations lacking innovation will last long in global markets. In effect, innovation has become an "adaptive competence" (Maital & Seshadri, 2007, p. 43) for organisations and their survival, because Darwin's theory of evolution indicates that "failure to adapt can lead to extinction in our world – fast" (Carlson & Wilmot, 2006, p. 35).

2.3 WHY INNOVATION IS IMPORTANT IN CHINA

Discussing "why innovate" in a global scale offered us a big picture that innovation was truly important for organisations, because innovation has become one of the most important issues that is related to organisation competitiveness. Although the above three reasons for innovation has explained general situation of why to innovate in developed and developing countries, there is still a need to discuss why innovation is important in China now.

2.3.1 Vulnerability of Dependence on Foreign Sources

To discuss the question of "why important now", it is necessary to look backward of innovation history in China, especially technology development history. Building on the more recent events charted in chapter one, this section sees it as essential to also look backward to the history of Chinese technology development. This history is regarded as one important factor that influence industrial development and will help us understand the significance of innovation in China currently. Above all, it was from history that the Chinese leadership had realised that the country would be vulnerable if it only relied on foreign sources of technology (Shi, 2000).

Xie and White (2006) estimated that there were four evolutionary stages of Chinese technological development. These four historical stages indicated that Chinese firms had experienced a long period of innovation imitation, although there appeared differences in each stage. The differences were mainly focused on technology strategy. Through all four stages, Chinese technology strategy was a process started from dependence on Former Soviet Union (FSU) (stage 1) to limited strategic dependence (stage 2), then turned to dependence on foreign sources of technology (stages 3-4).

Specifically, features of each stage would be more persuasive and comprehensive for understanding the question. Firstly, the first two stages are from year 1949 - 1960 and 1960-1978 respectively. It is divided based on the relationship between China and FSU. Xie and White (2006) stated "the country's industrial capacity and economy was in shambles" when People's Republic of China was established on October 1, 1949 (p. 232). They further argued that the strategy priority at that time was industrialisation which focused on heavy industries and production capacity. Because of the fine relationship between China and FSU, a large number of technological advisors were sent to China, and Chinese talents were studied or trained in FSU.

Although the strategic emphasis was still on industrialisation during the second stage, China had to reduce strategic dependence when the Sino-Soviet split happened in 1960 (Shi, 2000). The split directly influenced on Chinese economic and industrial development so that a large number of Chinese firms were half or fully held up – contracts were canceled, more than one thousand technology

experts were called back, and equipment importing were called off (Lüthi, 2008). It was the turning point for Chinese leadership to realise that China needed technology developed by herself rather than depending on foreign sources (Zhao, 1995).

However, the reality was harsh in that that China did not have much capacity. As a result, the USSR was replaced by other developed countries, such as America, Japan, France, and Germany, which became sources of technology (Xie & White, 2006). Even the Cultural Revolution did not end this outsourcing of innovation – the total amount of plant and equipment imported (1973-1978) was over US$3 billion after Premier Zhou Enlai carried out the plant import plan in 1973 (Shi, 2000).

Moreover, there has been "serious and continuous debate on China's technology strategy of getting technology by sacrificing its market" (Li-Hua & Simon, 2007). This is the other point indicating the argument of vulnerability. One the one hand, some economists reckon that China's technology strategy, which focused on transfer technologies from multinational corporations, has significance in developing economy and industrial capacity. Xie and White (2006), for example, argue that China began its recovery from being a lagged economy right after Cultural Revolution by Deng Xiaoping's decision to have the 1978 Open Door Policy and further analysed this as "a crucial shift from the emphasis on self-reliance and limiting dependence that dominated the prior stage" (p. 233).

Starting from the third stage, Chinese technological learning has been continuously focused on importing advanced technologies from western

developed countries. One of the significant changes in both stage 3 (1978-1991) and 4 (1991-2001) was that Chinese central government acquired technology via inward foreign direct investment (FDI). Based on the 2007 OECD report, FDI in China increased dramatically (reaching to around 60 billion USD in 2005), even when the Asian financial crisis happened in 1997. In fact, FDI accelerated the process of importing technology; meanwhile it also triggered a number of Chinese firms to upgrade their competitiveness through learning and self-enhancement through technology (Xie & White, 2006).

On the other hand, other commentators (e.g., Li-Hua & Simon, 2007) consider China to have failed in protecting its core technology and market. Most members of China's scientific and technology community, for example, disagreed with the strategy of importing technology, because "China's technical gains from multinational corporations were disappointing" (Cao *et al.*, 2006, p. 41), especially in terms of core technology. The technology-related collaboration between Shanghai Automobile and Volkswagen offers an illustrative example. Although the collaboration between both firms is successful, Shanghai Automobile's aspiration to create its own brand, and its own core technology, were rejected by Volkswagen (Li-Hua & Simon, 2007).

Furthermore, in order to get access to technology, "China had given up some of the policy tools it had used to leverage foreign interest in Chinese investment opportunities" (Cao *et al.*, 2006, p. 41). For example, the Chinese automobile industry, which is portrayed as the mainstay of economy by Chinese government, has, without doubt, made a big contribution to economic growth in China. However, when a huge amount of FDI flows into the automobile sector, Chinese

indigenous manufacturers gradually lose market share. Li-Hua and Simon (2007) argued that most cars made and operating in China were foreign brands; and that the Chinese brand was disappearing. The phenomenon deteriorated further when China entered WTO, which forced "its manufacturers to 'sink and swim' in international market" (Gallagher, n.d.).

Gallagher (n.d.) also argued that FDI in the Chinese automobile industry could be regarded as evidence of the "inverse correlation of domestic skill formation with foreign investment in developing countries: *high* levels of FDI are associated with *low* levels of domestic skill formation" (p. 2). One reason for such inverse correlation is that multinational corporations replace the role of domestic automakers and, relatively, reduce the incentive for indigenous technological innovation. However, it may not be good for the longer-term and sustainable development of the Chinese economy. The car industry is just a typical example that shows the vulnerability of dependence on foreign sources for technology. There are many industrial sectors that have faced similar challenges from multinational corporations. Therefore, indigenous innovation becomes a most important issue in China in order that domestic firms can increase their competitiveness and survive in this global world.

2.3.2 Challenges under Rapid Economic Growth

Vulnerability through dependence on foreign sources of technology is not the only reason for China to accelerate its indigenous innovation. Another reason relates to challenges in sustaining rapid economic growth. Until recently, the Chinese economy has been experiencing a long period of rapid development since the economic reform started in the late 1970s. Indeed China has maintained

remarkable economic growth and development for several decades (Burstein & De Keijzer, 1998; Dodgson & Xue, 2009; OECD, 2007; Naisbitt, 1997). The OECD (2007) report also stated that "economic reforms, including the launch of the 'open door' policy, prepared the ground for the Chinese economy's nearly three decades of extraordinary performance."

Based on the OECD's (2007) review of innovation policy in China, that growth can be observed in three major aspects. Firstly, because of its strong macroeconomic performance, the Chinese economy has become the fourth largest in the world, and, more importantly, the quick expansion of the economy achieved an average growth of around 10% per year in the last fifteen years. Secondly, although the GDP per capita is still low in China, economic growth has increased income per capital and, in the meantime, has helped to reduce poverty levels. Thirdly, China has become a very large trading nation, especially in export trades. As a result, China's economic development and its business re-emergence has transformed herself into a "global manufacturing powerhouse" (Dodgson & Xue, 2009, p. 2), and "an emerging technological superpower" (Wolff, 2007, p. 54). Furthermore, western hegemony in innovation has been challenged by the rise of China and India (Anonymous, 2007; Hughes, 2005; Naisbitt, 1997; Sull, 2005).The successes in economic development have demonstrated that Chinese central government and leadership made the right technology strategies to gain competitiveness during the period of innovation imitation (Ogilvy, Schwartz, & Flower, 2000) .

However, with the impressive results in economic growth, China now faces several challenges which might negatively influence further progress (Fishman,

2006). Regarding science and technology development in China, President Hu made a speech during the Chinese Science and Technology Congress 2006. In it, he pointed out that the overall status of scientific and technological development was way behind advanced levels around the world, and had not fully served economic and social development. He further argued that the major manifestations were 1) the low rate of development of key technologies, 2) an insufficient competence of indigenous innovation, 3) the relatively low core competitiveness of corporates, 4) the low level of technology development in agriculture, 5) an insufficient proportion of high-tech industries in the entire economy, 6) the dependence on foreign sources of key industrial technologies, and 7) the lack of highly skilled or highly educated talents (President Hu, 2006).

The 2007 OECD report listed four major challenges, including the increasing income disparity between the urban and rural areas, the increase of ageing population, high level of imported equipment and technology, and ecological challenges emerge from industrialisation and urbanisation. Although China has become one of the largest exporting countries and has spread "made in China" products all over the world, such export growth has been on the base of cheap labour or low-wage manufacturing. Moreover, a large number of manufacturing equipments and technologies are imported from developed countries like America or Germany (OECD, 2007).

To a large extent, the lack of core indigenous technology and the reliance on the supply of foreign technology has put many Chinese enterprises into passive positions while doing business domestically and internationally. Li-Hua and Simon (2007) argued that after China entered the WTO, Chinese firms which

competed on the basis of low-cost advantages and the command of local market knowledge might lose these advantages when foreign companies, like Coca Cola, set up business in China. If Chinese firms cannot change from imitators into innovators, their competitiveness will weaken and, sooner or later, disappear. Certainly, Chinese economic growth will not be sustainable. In order to better confront current challenges, ensure further progress in economy, and achieve the goal of sustainable development in economy, society, and environment, China has to foster innovation and enlarge investments in science, technology and education. What Wolff (2007) terms "Home-grown innovation" (p. 54), or indigenous innovation, has become utterly important for Chinese organisations, and for China itself.

Fortunately, to make China into an innovator rather than an imitator, the Chinese leadership has realised that innovation is essential to continue China's "economic growth, maintain political stability, support advanced military capabilities, and retain its global trade and geopolitical power" (Wolff, 2007, p. 55). It has embedded these realisations by enacting policies. Early in 1986, the National High-Technology Research and Development Programme (the 863 programme) and the National Basic Research Programme (the 973 programme) were launched (Li-Hua & Simon, 2007). The realisation of the significance of indigenous innovation also can be seen from the promulgation of the 15-year "Medium to Long-term Plan (MLP) for the Development of Science and Technology" (Li-Hua & Simon, 2007, p. 106) in January 2006. Moreover, a 2007 report – entitled "China, the next science superpower?" – amplified the movements that generated the rapid growth in investment and funding of Chinese innovation, including the rising spending on research and development, increasing patents and scientific

output, more multinational R&D centres, and more high-qualified talents (Wilsdon & Keeley, 2007).

2.4 DEFINITION OF INNOVATION

There often exist differences in how people understand innovation and what can be counted as successful innovation. It is vital for this thesis, because what people apprehend as successful innovation will have impact on all other practices they do to achieve innovation. In other words, all of the activities or practices are done on the base of people's apprehension of innovation. It is regarded as one of the significances of this thesis, that to investigate how people of different operational levels in Chinese organisations understand innovation (NB it had been intended to research both New Zealand and Chinese organisations but no New Zealand organisations could be found to allow interviews within the timeframe permitted for submitting the thesis).

So, how is innovation understood and defined? There appear to be various understandings and definitions of innovation. In a broad sense, innovation refers to the action, or process, of innovating, and also something newly introduced such as a new method, idea or product (Merriam Webster Online Dictionary, 2009). On Wikipedia, a similar approach defines innovation as "a new way of doing something" or "incremental, radical, and revolutionary changes in thinking, products, processes, or organizations" (Wikipedia, 2009).

Due to the object of this thesis, which investigates innovation in organisations, it seems important to also understand innovation from an organisational perspective. Kuczmarski (1996) considers that innovation can be understood as a mind set, and

a persuasive attitude, and that, in tandem, these two allow organisations to have a new way to think about business practices and strategies, as well as to see beyond the present into future. Birkinshaw, Hamel and Mol (2008) point out that innovation is the implementation of new management activities (practices, processes, and structures) that present a significantly different approach from the past.

Reinforcing these perspectives, Carlson and Wilmot (2006) argue that there is no doubt that innovation requires creativity, invention, and other components such as new technological breakthroughs, new business models, new production processes, or new creative designs. However, these components cannot be called innovation on their own. Based on their perspective, innovation is "the process of creating and delivering new customer value in the marketplace" (Carlson & Wilmot, p. 6). The CEO of GE, Jeff Immelt's perception of innovation echoed Carlson and Wilmot's (2006) view that "innovation without a customer is nonsense; it's not even innovation" (p. 21) and was backed up by Lafley and Charan's (2008) declaration that real innovation is "the conversion of a new idea into revenues and profits" (p. 21).

However, a large number of people who work in organisations often have different perceptions, or, perhaps, misperceptions, of innovation. Many equate innovation with invention, which is a similar but different concept. Innovation has been regarded as the "one competence needed for the future along with ability to measure the performance thereof" (Amidon, 2003, p. 29). An increasing number of organisations talk about innovation and try to achieve it. Invention, however, "is the first occurrence of an idea for a new product or process, while innovation

is the first attempt to carry it out into practice" (Fagerberg, 2004, p. 4). Amidon (2003) argued that very few people understood the fundamental difference between invention and innovation. He further defined invention down to two perspectives: 1) as a process which is separated from the process of innovation; and 2) as the first stage in the process of innovation. In other words, invention can be seen as the essential process within the whole process of innovation. As well, he concluded that innovation process could be simplified into the 3Cs: knowledge creation, knowledge conversion and knowledge commercialisation. The concept of "knowledge commercialisation" becomes vital because an innovation cannot be fully achieved until there are customer demands for the invention, or the technology, and the service.

Carlson and Wilmot (2006) put forward a similar argument that discussed the importance of distinguishing the fundamental perspective of innovation and invention. Both of them deemed that innovation would only happen when people successfully get the new products, services and techniques that they invented into the marketplace. For instance, Philo Farnsworth's invention of television in 1927 was not an innovation until mass market television broadcasting was created by David Sarnoff in 1939 (Stashower, 2002). This is because Sarnoff innovated a new business model that put all the pieces (e.g., televisions, cameras, broadcasting stations) together to make television as a marketable device valuable for human beings. This demonstrates that inventions can be useless, in social terms – despite intrinsic inventor satisfaction, or appreciation by family and friends – if there is no distribution system (or even if there is an underperforming system that negatively influences the commercialisation process). Consequently, for the thesis, investigating participants' perceptions of innovation becomes truly important

from the beginning of the research. If participants misunderstand innovation as invention, they might lead to entirely different results in the end.

2.5 INNOVATION READINESS

As already mentioned earlier, innovation has considerable currency across academic areas, business fields, and political realms. However, when increasing numbers of people or organisations investigate, discuss, or implement innovation, one important issue has been ignored. That is innovation readiness. Is a person, or an organisation, ready to innovate? Not everyone, nor every organisation, asks this question before moving to the next step. This thesis considers innovation readiness as a vital and under-researched part of innovation. Therefore, questions were designed for the questionnaires to explore notions of innovation readiness.

Innovation is related to many factors of organisations, including leadership, resources, and communication. This thesis will investigate how leadership functions in organisations that intend to make fundamental changes in business: is project leadership strong? Does senior management provide strong, visible support to strategies raised by customer-facing, front-line, and middle management stuff? It also focuses on how communication plays its role in innovation processes: do people communicate well in teams? Do people operate collaboratively with no conflicting agendas? Do people understand the organisation's current business model? Is there an understanding and acceptance of the magnitude of change required? And is there an awareness of the chosen path and anticipation of the challenges ahead? Thirdly, it checks if readiness is embedded in the sources that organisations allocate for innovative projects (including human and financial resources).

2.6 INNOVATION FRAMEWORKS

In the academic world, Birkinshaw, Hamel, and Mol (2008) stated that a great lot of academic research and writing on innovation have been produced by scholars around the world over the past 50 years. The ranges of these academic works are wide and range from technological innovation to process innovation, service innovation and, strategic innovation (i.e., concerned with the understanding of how innovation management links to the organisation's long-term success). This section will discuss two successful frame works of innovation: Blue Ocean Strategy (BOS) and the five disciplines of innovation.

2.6.1 Understanding the Core of BOS and Five Disciplines of Innovation

Chapter one discussed the reasons for choosing innovation as the topic. Among all of those reasons, the most inspiring one was the recent successful and new approach called Blue Ocean Strategy (BOS) (Kim & Mauborgne, 2005). This helped me to rebuild my relationship with my father, improve my communication, and experiment with generating and implementing innovation in China and, it was hoped, New Zealand. The questions still remain as to what BOS is, and why it is important to discuss in this thesis? Both questions will be discussed in the following section.

2.6.1.1 What is BOS?

Briefly, the core idea of BOS is to achieve business successes through creating uncontested market space and making the competition irrelevant. So far, two terms – "BOS" and "blue oceans," have been highly mentioned in this thesis. To understand the essence of BOS, it is essential to perceive the term "blue ocean" in

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the first place. Before the book *Blue Ocean Strategy* was published, there were not unique terms to describe existing and new market space in this fashion. In naming them red oceans and blue oceans, Kim and Mauborgne (2005) offered us simple yet vivid metaphors to understand the differences between the two types of market spaces. The main differences between them are focused on a few key words: market space, competition, and demand. To identify whether a company still competes within red oceans, or has created blue oceans for new profit and opportunities of growth, will depend on different features: red ocean concerns current market space (exploiting existing demand), blue ocean concerns uncontested market space (envisioning and capturing new demand); red ocean concerns charging a low price or having differentiation with a high price, blue ocean concerns charging a high price and still having differentiation; and, finally, red ocean concerns beating the competition, and blue ocean concerns whether it makes the competition irrelevant (Kim & Mauborgne, 2005).

Thinking of creating blue oceans for business and putting it onto the corporate agenda have become an important issue in this global world. Kim and Mauborgne (2005) argued that in order to search for profitable growth, companies had engaged in head-to-head competition for a long time – fighting for competitive advantages, battling over market share, and struggling for differentiation or providing the lowest price. They further pointed out the increasing competitive intensity of today's overcrowded industry, in which the results seem to be bloody – some companies, especially small and newly established ones might drown in a shrinking pool, or be eaten by big fish, and some others have to struggling to survive. Although competition in red oceans will always exist in business (even

today's blue ocean can turn into red ocean in the future), creations of blue oceans can accelerate development.

2.6.1.2 BOS and this Research Project

To illustrate the impact of creating blue oceans, Kim and Mauborgne's (2005) research examined the apparent performance differences between red and blue ocean strategies. In total, after researching 150 blue ocean creations across 30 industries, over a 100 year period, the findings strongly favoured BOS for delivering success: 86 percent of total launches which swam in the red ocean made 62 percent of total revenue and 39 percent of total profit; in contrast, the remaining 14 percent focused on creating blue oceans generated 38 percent of total revenue and an impressive 61 percent of total profit. When those business launches aimed to beat their opponents in familiar limited territory to succeed, the rest of them tried to do business where there is no competitor and/or invent demand (Kim and Mauborgne, 2004).

The statistics above indicated that there were a number of companies had realised the difficulties of making profits while struggling in the red ocean. Rather, through searching for alternatives and creating blue oceans, the resulting economic growth was superior. Although this study collected data globally, there were no clear descriptions of situations about searching for blue oceans in China. Therefore, this thesis investigates whether, and, perhaps, how, firms in that country apply BOS to achieve innovation and economic growth. In this case, within the interview process, participants will be asked the following question: can you give examples of any innovations in your company that created new products, or new markets, or new customers that have no relevant competition?

The above line of questioning will not only investigate the application of BOS in China, but will also investigate whether, or how, participants understand and utilise BOS and its cornerstone (value innovation) for long term development. Kim and Mauborgne (2005) described the cornerstone of BOS as value innovation that "focused on making the competition irrelevant by creating a leap in value for buyers and your company" (p. 12). In order to achieve a leap in value for companies and their buyers, it is essential to break conventional value versus cost trade-offs. This allows the creation of greater value leads to the higher cost or less value at a lower cost.

Maital and Seshadri (2007) offered an example to understand this trade-off choice. They argued that people would only buy a product or service with a set of features they wanted. For instance, in the car industry, features that influence buyer choice contain designs, performance, maintenance, and fuel economy. If customers want to purchase a vehicle with a higher standard of some features (e.g., performance), the price will increase. A car with a super V12 engine must cost much more than one with an ordinary engine. In contrast, for creators of blue oceans, the focus is on pursuing the differentiation and low cost at the same time, rather than making a choice between the two factors. In other words, blue ocean strategy requires companies to drive down the costs and simultaneously drive up value for buyers.

Kim and Mauborgne (2005) illustrated their concept through the case of Cirque du Soleil. The company made a leap in value for customers through analyzing itself and competitors in industry. The traditional features of circus industry focused on animal shows, star performance, multiple show arenas and aisle concession sales.

However, there appeared several challenges for such traditional performance. Firstly, the cost of animal shows was expensive not only because of buying animals, but also related to the cost of training, housing, medical care and transportation. Secondly, the animal protection movement was heated up at that time. Thirdly, the popularity of the circus stars was much less than those movie stars. They were another component of high cost. Additionally, multiple show arenas had the direct impact on the number of performers needed which would again increase the cost. Therefore, Cirque du Soleil eliminated these four elements which achieved the goal of low cost. Instead, they created themes for their shows, refined environment, implemented the strategy of multiple productions, and put new elements such as artistic music and dance into the show. Meanwhile, factors like fun and humour, or thrill and danger had been reduced to some extent. By subtracting, or diminishing, "some features, while augmenting others" (Maital & Seshadri, 2007, p. 225), the uniqueness of their shows (differentiation) was raised, and simultaneously a large amount of adult customers were captured. This case indicates that the essence of value innovation does not mean to choose between differentiation and lower cost. Rather, it focuses on achieving both of them simultaneously.

Data collected from both questionnaires and interviews will show some evidences of BOS application in business. There may appear two major possibilities. On the one hand, if participants have already heard of BOS, the investigation will turn the focus to how deep they understand this approach and apply it for innovations. Will participants simply equalise BOS to new products, new markets, and new customers? Actually, new products may be some upgraded products targeting on one segment market without real market values. And some new business fields

that companies step in besides their core business may become red oceans with intense competitions. Therefore, if companies understand BOS only based on what is new or old, it seems that they misperceive BOS and ignore its essence – the value innovation. One the other hand, if participants have not heard of BOS before, it is important to explain the approach to them briefly, because some of them may have tried to break the conventional value trade-off through applying major tools (four action framework, eliminate-reduce-raise-create grid, and strategy canvas) and create blue oceans without knowing BOS.

2.6.1.3 Five Disciplines of Innovation and this Thesis

Kim and Mauborgne's (2005) value innovation challenged the conventional understanding of trade-off which considered either value or cost can be achieved. The goal of pursuing differentiation and low cost simultaneously can be regarded as the highest level of creating values for both companies and buyers.

Regarding the creation of value for customers, there is another remarkable work exploring innovation in the academic world. That is *Innovation: the five disciplines for creating what customers want* which is conducted by Carlson and Wilmot (2006). To compare with BOS, their work also focused on value and creation of new values for customers. The emphasis is to create what customers want. This apprehension of how to innovate has its similarity with value innovation. That new values created by industrial players should meet the condition which requires the acceptance from customers. In other words, creating values that customers want is the process of pursuing customer needs. Nabil Sakkab (2007) who was senior vice president, corporate research development, at Procter & Gamble, stated innovation today is all about "creating a superior,

holistic experience for the consumer, and that comes from truly understanding what the consumer needs" (p. 59). His idea can be revealed on the company's motto, which is "the consumer is boss" (Nabil Sakkab, 2007, p. 60; Lafley & Charan, 2008) rather than technology or manufacturing.

Innovation will be successful when customer needs are well satisfied, because customers only pay for what they think valuable. In this case, this thesis has to realise the significance of acceptable value creation in the future investigation of innovation in China. How participants in China understand the relationship between value and innovation? What are participants' cognitive of customer needs? Whether and how they innovate through identifying customer needs and/or delivering better value to customers? What customer needs have they satisfied? What customer needs are they satisfying? Through exploring these questions, a clear picture of innovation status in the both countries may embed in data collected.

2.6.1.4 How to Achieve Innovation?

How to create blue oceans and achieve value innovation? Or how to create values customers want? Both approaches provided different methods or tools for achieving successful innovation. Let us start with moving back to BOS. Kim and Mauborgne's (2005) work offers three effective analytical tools for organisations that try to become innovators. The first analytical tool is the "four actions framework," which "reconstructs buyer value elements in crafting a new value curve" (Kim and Mauborgne, 2005, p. 29). As shown in Figure 1 below, someone seeking to generate a Blue Ocean creation should consider four different questions to break the conventional trade-off exists between value and cost. The tool aims to

help figure out factors that can be eliminated, reduced, raised, and created to achieve differentiation and low cost.

The second tool (Figure 2) which is named 'eliminate-reduce-raise-create grid' can be seen as an analytical tool accompanying the four action frame work. As an extended tool, it requires organisations to ask questions in four action frame works as well as to find answers and execute them.

Eliminate	Raise
Which factors can you eliminate that your industry has long competed on? List those here...	Which factors should be raised well above the industry's standard? List those here...
Reduce	**Create**
Which factors should be reduced well below the industry's standard? List those here...	Which factors should be created that the industry has never offered? List those here...

(Figure 1: Four action frame work)

(Figure 2: Eliminate-reduce-raise-create grid)

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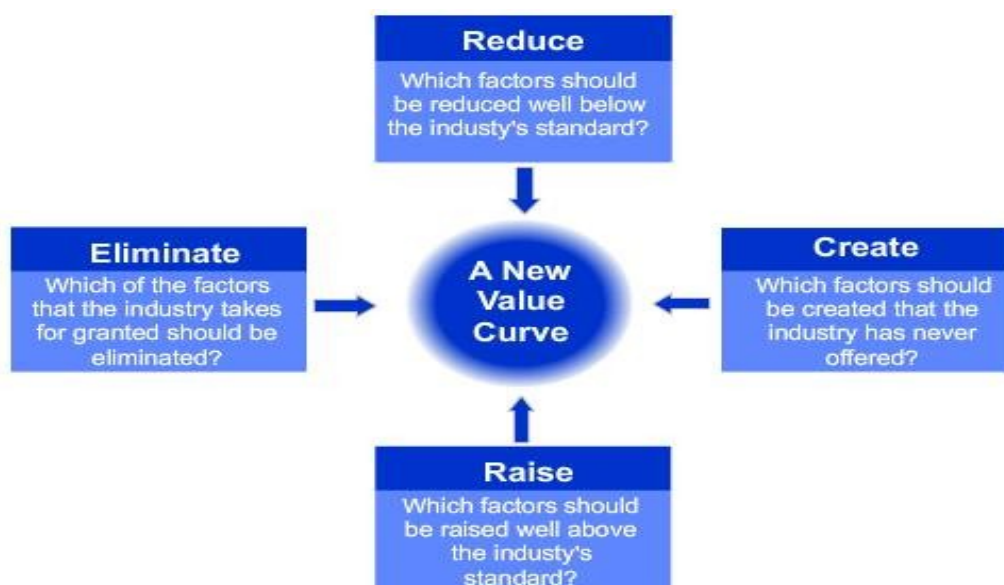
The third analytical tool is the strategy canvas which is "a diagnostic and an action frame work for building a compelling blue ocean strategy" (Kim and Mauborgne, 2005, p. 25). The horizontal axis shows the different competing factors in one particular field, and the vertical axis represents the different level that buyers receive across these competing factors (see Figure 3).
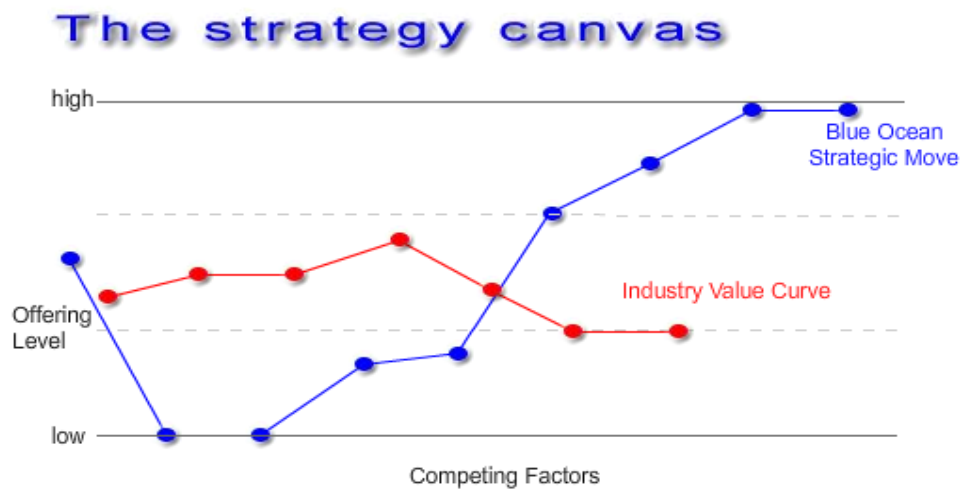
(Figure 3, the strategy canvas)

Once the first two tools are applied by innovators to drop your cost structure and create new demand, then strategy canvas serves two main purposes: it allows companies to draw a clear picture of the current competition factors that one particular industry competes on; secondly, it helps reorient focus from competitors to alternatives and from customers to noncustomers of the industry. Kim and Mauborgne's (2005) representative example is Cirque du Soleil, whose strategic canvas below, figure 4, shows how they are able to charge premium prices, yet reduce costs both in relation to both top, and smaller regional circuses, across key competing factors.

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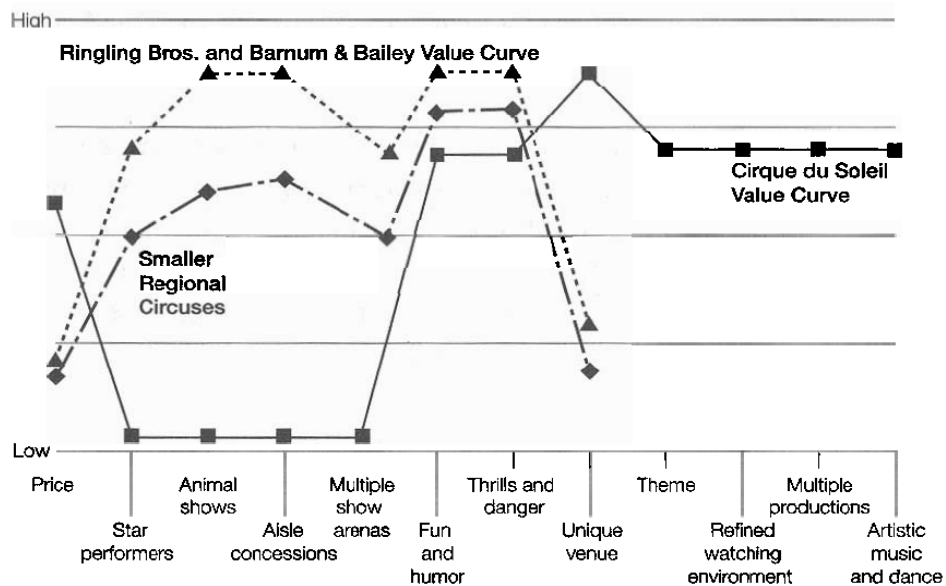
(Figure 4, the strategy canvas of Cirque de Soleil)

In effect, Cirque de Soleil's leap in value can be understood through analysing existing, and previously unconsidered, competition factors. From the figure, it can be found that the shape of value curve of Ringling Bros. and Barnum & Bail is similar to the shape of smaller regional circuses value curve. They were still competing on the conventional competition factors, such as price, star performers, animal shows, thriller and danger and so forth. The difference is embedded in the degree of value created and offered to customers. However, the value curve of Cirque du Soleil reveals significant difference when compared to the two curves above. The previously unconsidered competition factors are created, including theme, refined watching environment, multiple productions, and artistic music and dance. These new factors help to offer their audience different visual and hearing enjoyments, just like theater shows. Meanwhile, through eliminating those highly cost competitions factors (from factor of price to multi show arenas on figure 4), reducing factors that major competitors focus on (fun and humour, and thrills and danger), and raising the factor that is neglected (unique venue), the Cirque du

Soleil successfully decreased the cost, increased the differentiations and created new market space that have irrelevant competition.

2.6.1.5 How to Achieve Value Creation and Customer Value

The tools that Kim and Mauborgne (2005) created intended to achieve value innovation and blue oceans in today's intense competition. The core idea of utilising three main tools is to draw a clear picture of the current competition factors that one particular industry competes on, and help one company reorient their focus from competitors to alternatives and from customers to noncustomers of the industry, through eliminating, reducing, raising, and creating competition factors. Although the efficiency and effectiveness has been demonstrated in Kim and Mauborgne's (2005) work, there is not much interconnection between their tool and this thesis. The intention had been to explore their use, and/or potential with New Zealand organisations but the inability to do the fieldwork thwarted that aspiration. Consequently, within both questionnaire and interview sections, participants were not ask any particular questions related to how they use these tools for innovation in their companies.

In contrast, Carlson and Wilmot (2006) offered their five disciplines to create what customers want and achieve innovation, including important needs, value creation, innovation champions, innovation teams, and organisational alignment. Amongst all of these five disciplines, it was found that discipline No.1, 3, and 5 were more relevant to this thesis. Firstly, the significance of working on important customer and market needs rather than just interesting ones were indicated (Carlson & Wilmot, 2006). It tells us the importance of understanding customers' or consumers' real needs. As Lafley and Charan (2008) argued understanding

customers' reality helped identify meaningful insights which lead to innovation opportunities. Moreover, important customer and market needs which are mainly characterised by markets with large revenues should be given serious consideration in organisation (Carlson & Wilmot, 2006), because it can "bring tremendous innovation resources" (Lafley & Charan, 2008, p. 35) to implement innovation and achieve success. Therefore, to reflect and investigate this idea on this thesis, participants were asked how innovations happened through identifying customer needs and whether companies look for opportunities by existing employees, clients and customers.

Secondly, discipline No. 3 amplifies that every innovation needs a champion who can make innovation happen with his/her passion and skills (Carlson & Wilmot, 2006). This discipline emphasises on how leadership functions in innovation. There are several characteristics that a champion should have. Carlson and Wilmot (2006) argued that a champion should know how inspire teams to work together toward the same terminal through continuous communication. Second, it is champions' job to gather as much information as possible from potential customers to develop better value propositions. Third, a champion needs to understand the importance of gathering support, generating the trust, and influencing people by their passions (Carlson and Wilmot, 2006). Some questions come up on the surface: Do leaders support innovation in corporation? If they do, how do they act as supportive? How do they lead inspire teams toward the same goal? How does communication process between leaders and team members? To look for some findings, every interview participants were required to describe one leadership story of success with innovation.

The fifth discipline of innovation is the team alignment which means that "barriers to success have been eliminated and the organizational support needed for success can be put in place" (Carlson & Wilmot, 2006, p. 238). Similar to Carlson and Wilmot (2006), Kim and Mauborgne (2005) elaborated the necessity of organsational alignment. They argued that company is not only top management or middle management, rather, it is everyone from top to bottom. Innovation is more likely to succeed when everyone in an organisation get aligned and spiritually motivated. It is because when innovation requires tremendous changes within organisations, barriers and hurdles often appear and hinder the whole process.

What are these organisational hurdles? Carlson and Wilmot (2006) argued every innovation faced blockages, and every change confronted resistance. They further listed out behaviours of how people resist making changes, scepticism, FUD factors (fear, uncertainty, and doubt), misperceptions and red herrings (cynicism, passive-aggressive resistance, criticism behind someone's back, and end runs) included. All of these behaviours can destroy innovation ideas, break team relationship, undermine the trust, or even the whole innovation project.

Carlson and Wilmot (2006) discussed the blockages to innovation within teams. In a bigger scale throughout the whole corporation, there are also some obstacles to innovation. Kim and Mauborgne (2005) pointed out four major hurdles when companies tried to explore blue oceans. Firstly, cognitive hurdle means that significance of innovation is not deeply understood by most employees in corporations, such as strategic shift. Secondly, Kim and Mauborgne (2003) argued that how greater the strategic shift is will influence the number of resources

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needed. However, leaders often have to confront the reality of limited resource after removing cognitive hurdle. Thirdly, to have successful innovation, only through alerting employees' cognitive to innovation and telling them how to achieve the goal with limited resource is not enough. Corporations still need to overcome the third hurdle of motivation. How to motivate employees fast and at low cost? Finally, "organizational politics is an inescapable reality of corporate and public life" (Kim & Mauborgne, 2005, p. 165). There are always some people in and out organisations that fear about emerging changes and behave extremely negative, in order to protect their benefits and positions.

Actually, blockages or hurdles to innovation that Carlson and Wilmot (2006) and Kim and Mauborgne (2005) talked about were closely related to organisational communication (Modaff, DeWine, & Butler, 2008), and essential for implementing and executing innovation (Baker, 2002). Would similar situation happen in corporations chosen from China? Therefore, to better apprehend the role of communication in corporate innovations, this thesis designed several questions: did you find any challenges with communication while implementing innovation? Did you make any changes to communicate in the company? Have any observable results emerged from these changes?

2.7 SUMMARY

To sum up, this chapter firstly argued that innovation has become one of the most important weapons for organisations when they confront challenges under gloablisation. Globally, organisations innovate for three major reasons, to energise existing employees and attract more talents, to achieve profitable growth and avoid red oceans, and to survive within intense competition (red oceans,

exponential economy and global competitiveness). Other than these reasons, innovation means more in China. On the one hand, Chinese history of technology development reveals that dependence on foreign sources has made the country vulnerable. On the other hand, various challenges has emerged under rapid economic growth, such as social conflicts between rich and poor, increase of aging population, ecological issues and lack of indigenous innovation.

Various definitions of innovation were then discussed in this chapter. One important focus was to understand the fundamental differences between invention and innovation. Amidon's (2003) concept of 3Cs (knowledge creation, knowledge conversion and knowledge commercialisation) and Carlson and Wilmot's (2006) apprehension of innovation (creation and delivery customer value in the marketplace) explained the essential difference between invention and innovation.

Successful innovation frameworks of Kim and Maubogne's(2005) BOS and Carlson and Wilmots' (2006) five disciplines of customer value creation were also discussed. Not only what they are and how they work were introduced, but also how both of frameworks related to this thesis were explained in this chapter. The next chapter describes methodology applied and method design for this research project.

CHAPTER THREE

RESEARCH METHODOLOGY AND METHOD

3.1 INTRODUCTION

In terms of approach, this thesis combines both quantitative and qualitative methods. It attempts to establish a measure of quantitative data through surveys. However, since innovation, by its nature as something new, involves different perceptions, and, indeed, often means different things to different people, this quantitative approach is supplement by qualitative work.

In line with much qualitative research (Denzin & Lincoln, 2005), the language used to describe indicators in the rating scale used in the stakeholder and employee surveys could be viewed as subjective (Fontana & Frey, 2005). The surveys were aimed at whole organisations to gather a cross section of responses, from junior to senior roles, employees and business owners. This cross section gathered responses from high performers and average employees, so that a view from all employees could be seen, not just those who by nature and ability, as they are more senior, may have more input into innovation activities.

The survey findings have been examined for trends and additional points of view, which were explored in the follow-up interviews. Following Fontana and Frey (2005), the interview demonstrates the use of a qualitative research technique useful to explore and develop views on specific subjects, in this instance being leadership, culture, competitive advantage, and collaboration. The interviews were structured using open ended questions to encourage rich discussion and

conversation. Not all of the questions were asked of each interviewee, due to time constraints.

This involved the collection of data through interviews with people at different levels in each of the firms, which were from very different sectors, investigated. This was essential to provide the perspective from within their particular participation in their particular sector. The data the interviews gathered generated specific insights into not only their level of exposure to innovative thinking in their typical roles, but to how innovation might be inhibited and increased, and how it could add value to their own jobs and organisations. Analysis of the information gathered from the interviews was correlated with ideas from the literature review to identify new issues or evaluate the relevance of existing thinking on process and service innovation.

In setting out on a project that would require consistent participant cooperation and attempt to do no harm, this thesis sought to move away from any approach that would stir negative responses, or feed into any preexisting culture of blame, or suggest that people were not doing their jobs properly. As a result of investigating various approaches, notably action research, it settled on an Appreciative Inquiry, or AI, approach.

3.2 WHAT DOES AI MEAN?

Appreciative Inquiry (AI) was utilised as the fundamental theoretical approach guided the whole process of this research project on innovation in China. AI which is regarded as an alternative to the mainstream problem-solving approach to organisational development was created earlier action by research theorists in

1980s (Cooperrider & Whitney, 2005). Later, David Cooperrider and Suresh Srivastva published the first article to popularise this theory and its practice in 1987 (Whitney & Trosten-Bloom, 2003). Since then, AI has not only gone international, but also studies of AI have grown rapidly, deeply and comprehensively (Bushe & Kassam, 2005).

As a way of approaching the implications of the term, *appreciative inquiry*, one common tactic is to apprehend the meanings of each word separately. Whitney and Trosten-Bloom (2003) define the word "appreciate" as act of recognition and increasing value and to appreciate means:

> to recognise the best in people and the world around us, to perceive
>
> those things which give life, health, vitality, and excellence to living
>
> human system, to affirm past and present strengths , successes, assets,
>
> and potentials, (and) to increase in value, eg. The investment has
>
> appreciated in value. (p. 2)

However, appreciation, recognition, and value are not the only elements of Appreciative Inquiry. The second word, Inquiry, also needs to be examined. According to Whitney and Trosten-Bloom (2003), "Inquiry" refers to the "the acts of exploration and discovery" (p. 3) as well as asking, studying, and investigating unknown, or unfamiliar, areas in our life. Asking questions is vital for individuals and organisations because the process helps people to generate information and direct attention to see things in different ways (Cooperrider & Whitney, 2005). Lewis, Passmore and Cantore (2008) echoed this idea in stating: "questions that direct our attention towards unconsidered, unarticulated, less explored areas of our

organization, team or life can reveal hidden resources, strengths and possibilities"
(p. 2). The implication is that organisations need inquiry to achieve continuous
successes.

More importantly, Appreciative Inquiry should be understood from a holistic
angle. It is argued that when appreciation and inquiry are combined, AI works
more powerfully (Whitney & Trosten-Bloom, 2003). Cooperrider, Whitney, and
Stavros (2003) pull these ideas together in the following practice-oriented
definition:

> Appreciative Inquiry is the cooperative co-evolutionary search for
> the best in people, their organizations, and the world around them.
> It involves the discovery of what gives "life" to a living system
> when it is most effective, alive, and constructively capable in
> economic, ecological, and human terms. AI involves the art and
> practice of asking questions that strengthen a system's capacity to
> apprehend, anticipate, and heighten positive potential. AI
> interventions focus on the speed of imagination and innovation –
> instead of the negative, critical, and spiraling diagnose commonly
> used in organizations. The discovery, dream, design, and destiny
> model links the energy of the positive core to changes never
> thought possible. (p. 3)

This definition implies the key difference of AI from the conventional way of
managing organisations. That is, in Whitney and Trosten-Bloom's (2003)
formulation: AI has moved from the more conventional deficit-based change (of

identifying problems), to positive change (and opening opportunities).

Organisations used to focus on problem analytic methodologies which include

identifying problems, selecting people involved, laying blame, diagnosing causes

and consequences, looking for alternatives, finding the best solution, and

implementing action plans. It signifies that "the basic assumption of problem

solving seems to be that 'organizing-is-a-problem-to-be-solved'" (Afful, 2001, p.

7). However, such problem solving have their limitations – one of which is that

they support a culture of blame, decrease organizational morale, and negatively

influence organization members (Misserschumidt, 2008).

In direct contrast, deficit approaches to organisations are not included in AI – the

focus is not on corporate failure, barriers, or resistance to change. Rather, AI

looks for positives and guides change through appreciating and valuing the best of

what is, envisioning what might be, dialoguing what should be, and innovating

what will be (Cooperrider, Whitney, & Stavros, 2003). In other words, AI,

without denying or ignoring problems, shifts attention away from problems and

towards positive possibilities.

3.3 HOW DOES AI WORK?

How does AI work in practice? To focus on the positive core, the organisation's

effectiveness, and sustainable success, AI theorist and practitioners have

developed different tools and methodologies for process. One of the most famous

tools is the "4-D Cycle" which consists of four phases, "Discovery," "Dream,"

"Design," and "Destiny" (Whitney & Trosten-Bloom, 2003; Bushe & Kassam,

2005; Cooperrider, Whitney, & Stavros, 2003). See Figure 5.

(Figure 5. Appreciative Inquiry 4-D Cycle)

Actually, the first and the "fateful act" (Cooperrider, Whitney, and Stavros, 2003, p. 31) is in the choice of topic. What is asked will set the context for what will happen. Accordingly, AI aims for an affirmative topic in setting up investigation in teams, groups, and organisations. In reversing the process of focusing on what is wrong, AI marks an immediate, and important, difference from conventional problem solving approaches. AI is deliberately designed as a process of positive change that should be fully affirmative (Whitney & Trosten-Bloom, 2003). When identifying a topic, the emphasis has to be on the positive core of organisation. Traditionally, organisation always focused on problems, looked for what was not working, and investigated why things went wrong. AI encourages organisations to think of factors that are relevant to possibilities, opportunities, and successes, as well as effectiveness and faults. So organisations need to understand and focus on what are more wanted, not what are less wanted.

Once these affirmative topics are selected, the 4-D Cycle begins with discovery which refers to understandings and exploration of organisations' main strengths,

resources, and capabilities. This means that organisations direct their "search to understand the 'best of what is" and 'what has been'" (Whitney & Trosten-Bloom, 2003, p. 7) and to appreciate them. During this discovery phase, it is vital that organisations seek to understand the unique factors that bring organisations life and success, such as leadership, internal and external relationship, corporate cultures, values, and so forth. The more factors which have contributed to successes or wins are focused by organisations, the more "the best of what is" can be uncovered.

It then moves to the phase of "Dream" that explores hopes and futures that people think might be possible for organisations. Especially important is that people create visions of the future generated from grounded experience in the past, like organisational history (Cooperrider, Whitney, & Stavros, 2003). Through encouraging people to discuss positive experience and dreams, their behaviours will be oriented towards positive future, and organisational potential will be expanded (Lewis, Passmore, & Cantore, 2008).

Then the design phase requires working out "a set of provocative propositions which are statements describing the ideal organization or 'what should be'" (Whitney & Trosten-Bloom, 2003, p. 9). In other words, organisations need to be concerned with designing effective ongoing activities, which need to be accomplished in order to achieve positive visions, including organisational policies, structures, cultures, social and professional relationship and so on (Misserschumidt, 2008). Finally, in enacting the destiny phase, AI investigations ask organisations to form action teams or groups that can take responsibilities and accomplish "the work needed to realize new dreams and designs for the future"

(Dunlap, 2008, p. 26). AI is about focusing and strengthening the positive feature within all of the organisational system, in order to achieve continuous positive change and sustainable development (Cooperrider, Whitney, & Stavros, 2003).

3.4 AI AND THIS THESIS

Generally, AI is a systematic approach that helps organisations to make changes and transform in a positive and effective way. Ostensibly, the inter-connection between AI and this thesis seems less relevant, as this thesis is not exploring and investigating how organisations in China apply AI for innovations. In fact, there appears close interconnection between the both. On the one hand, the essence of both AI and innovation determines the interconnection. Think carefully of two questions: 1) why do organisations implement AI? and 2) why do organisations implement innovation? In chapter two, main reasons that organisations need to innovate have been discussed – to energise existing employees and attract talents, to sustain and accelerate economic growth, and to survive.

In fact, these are also the same reasons for organisations to implement AI. Put more simply, organisations need changes and innovations to confront increasing internal and external challenges. Whereas AI is one type of organisation development processes that manage and transform organisations from positive angle. The power, the efficiency and effectiveness of AI have been demonstrated by practitioners and theorists (Bushe & Kassam, 2005; Cooperrider & Whitney, 2005; Cooperrider, Whitney, & Stavros, 2003; Whitney & Trosten-Bloom, 2003). Such new methods can be of help for organisational management and transformation. This thesis would go so far as to suggest that the creation and popularisation of AI can be metaphorised as the creation of blue ocean (what

might be) within red oceans (problem solving approach). It is innovation itself, and also provides innovation tools for organisations. The inter-relationship between the essence of both AI and innovation triggered the researcher to utilise AI as the foundation of methodology to accomplish the investigation of innovation in China.

On the other hand, AI was applied as the theoretical basis for designing questions, including open-ended questions in questionnaires and interview questions. How to design questions were according to some of the eight principles created by AI researchers and practitioners. Eight principles include the constructionist principle, the simultaneity principle, the anticipatory principle, the positive principle, the wholeness principle, the enactment principle, and the free choice principle (Whitney & Trosten-Bloom, 2003). All of them are "essential beliefs and values about human organizing and change" (Whitney & Trosten-Bloom, 2003, p. 51) and "serve as the foundation for understanding how Appreciative Inquiry is implemented" (Dunlap, 2008, p. 25).

One of the most relevant principles that guide the process of question designing is the positive principle. It is concerned with how positive questions lead to positive change (Whitney & Trosten-Bloom, 2003). Actually, the positive principle reveals the central idea of AI – to be fully affirmative. Therefore, in both sessions of questionnaire and interviews, this principle directed the researcher to think as positively as possible. The researcher designed questions that emphasised organisations' positive core (business best practices, core competencies, innovations, organisational achievements, product strengths, values, and so on),

instead of focusing on asking participants deficit-based questions (e.g., What went wrong? Who is responsible for this?).

For example, participants were asked to describe their understandings of successful innovations, to give examples of successful innovations, to identify factors relate to successful innovations (leadership, technology, customers needs, Blue Ocean Strategy), and to make suggestions of how to increase stimulation, capture and implementation of innovation. There were no vocabularies of human deficit appeared in those questions. Also, participants were not asked to discuss experience of failure innovations, how things did not work, conflicts between individuals or groups, or organisational crisis.

There is another example that amplifies how the positive principle functions in question designs. In order to investigate the relationship between innovation and communication in Chinese firms, especially regarding whether communication involves in positive or negative ways within innovations, three main questions were designed as follows: 1) Did you find any challenges with communication while implementing innovations? 2) Did you make any changes to communicate in company? 3) Have any observable results emerged from these changes?

Imagine what might have been asked if these questions were designed in conventional deficit-based approach mode. They might be as follows: 1) Did you find any communication problems while implementing innovations? 2) How do you solve these communicating problems? 3) What results were relevant to communication status after the implementation of solutions? From the two different versions of three questions, it can be found that even this thesis tries to

dig information about communication problems, the way of asking questions can be affirmative. The interviews conducted in this investigation have demonstrate that direct people's attention toward positive core help build up harmonious atmosphere within interview process, and also relax participants to share more information and stories. That has increased the value and validity of the data collected.

3.5 COMBINATION OF QUANTITATIVE AND QUALITATIVE METHOD

Paradigm wars between methodologies of quantitative and qualitative research have been one of major debates in academic field for many years (Gage, 1989). There has emerged a great divergence between quantitative and qualitative researchers as two opposing camps. Advocates of quantitative methodologies, such as positivists, deem that quantitative research is the only kind of scientific research. In contrast, advocates of qualitative methodologies, such as interpretivists, consider qualitative researches are significant in the history of methodological traditions. It is stated that "the differences between quantitative and qualitative research have developed into a full-blown debate which has involved scholars and practitioners in a sometimes, almost vindictive polemic" (De Vos, Schrink & Strydom, 1998, p. 15). Some researchers even make their cases in extreme ways. Howe (1988), for example, states categorically, that quantitative and qualitative methodologies cannot, and must not, be mixed in what has been called the *Incompatibility Thesis*.

However, different voices and attitudes exist toward the paradigm war between quantitative and qualitative camp. Kelle (2006) posits that attractions to the debate

have reduced in the past years, because proponents of each side have gotten tired of repeating their arguments over and over again. To expand the scope as well as deepen the insights of research projects, academic researches start applying mixed methods increasingly, which implies the tendency of combining both qualitative and quantitative methods has led to a new era in social research (Tashakkori & Teddie, 2003). This thesis considered the significance of using mixed methods in the project of investigating innovation in China. Therefore, participants were asked to accomplish questionnaires first and face-to-face interviews later.

To better apprehend the essence of both quantitative and qualitative methodologies and better use them in this research project, it is vital to understand them at the paradigm level. First and foremost, paradigm of inquiry refers to the different worldviews, ontology, epistemology, methodology, and axiology included (Guba & Lincoln, 1994). Respectively, each of these paradigms means the views of reality, the views of knowing, the views of inquiry mode, and the views of value (Guba, 1990).

Arguments repeated by advocates from both camps focus on how quantitative and qualitative methods are different, rather than the similarities (Onwuegbuzie & Leech, 2005). In general, there appear five significant differences between the both methodologies (Becker, 1996). Firstly, whether there is only one truth or reality out there to discovered, studied and apprehended become one of focii. Positivists who advocate quantitative method contend that there is a reality (Guba, 1990), whereas critical theorists, constructivists, and participatory researchers who use qualitative methods argue against this point of view (Denzin & Lincoln, 2000; Denzin & Linclon, 2005).

Secondly, some qualitative researchers (e.g., critical theorists, constructivists, posmodernists, and poststructuralists) reject the application of quantitative philosophies. They, instead, seek alternative methods for implementing and evaluating their studies, such as emotionality, political praxis, and so on (Lincoln & Guba, 2000). Thirdly, quantitative and qualitative researchers hold different understandings of individuals' point of view.

Researchers from quantitative camp obey the "main distinguishing characteristics of science research" (Sekaran, 2003, p. 22), which require purposiveness, rigor, testability, precision, objectivity, generalisability, and parsimony (Sekaran, 2003). It is not allowed to involve personal bias and subjectivity. In contrast, researchers from qualitative camp focus on exploring participants' perspectives and experiences through interviews and observations. In addition, "qualitative researchers are more likely to confront and come up against the constraints of the everyday social world" (Denzin & Lincoln, 2000, p.10). Finally, quantitative researchers who sanctify the power of statistics do not concern with the value of the descriptions of social world, whereas qualitative researchers value this kind of data (Denzin & Lincoln, 2000).

The division is not only embedded in how quantitative and qualitative methodologies are differentiated from each other, but also reflect on different schools of thoughts. Within the paradigm wars, three major schools of thoughts have emerged, including purists, situationalists and pragmatists (Rossman & Wilson, 1985). The key difference amongst these three schools of thought is the "extent to which each believes that quantitative and qualitative approaches co-

exist and can be combined" (Onwuegbuzie & Leech, 2005, p. 376). In general, purists and pragmatists are polarised outcomes of paradigm wars, which can be conceptualised as lying on opposite ends, whereas situationalists lies between the previous two thoughts.

Purists are, according to Kelle (2006) typical "old war-horses" (p. 294) who believe that quantitative or qualitative method cannot co-exist, nor can they be combined for research projects. Others agree with this because of their different assumptions and different research nature (ontology, epistemology, and axiology assumptions) (Tashakkori & Teddie, 1998). Put more briefly, quantitative and qualitative researchers apprehend and perceive different on the nature of reality, the nature of knowledge, and the nature of value. So, purists posit that "combinations at the paradigm level are not true combinations, mergers or reconciliations of worldviews" (Sandelowski, 2000, p. 247).

In contrast to purists, pragmatists advocate the integration of quantitative and qualitative methods in a single study, because of each other's inherent strengths and limitations (Creswell, 1995). Pragmatists note that combining the methodologies can help to absorb their strengths and to "compensate for their mutual and overlapping weaknesses" (Johnson & Turner, 2003, p. 299). Finally, situationalists use "mono-method" (Onwuegbuzie & Leech, 2005, p. 376) in research studies and value both methods depending on the specific situations. They deem that the choice of using either quantitative or qualitative method depends more on the nature of research questions, rather than just perspectives of ontology, epistemology and axiology (Rossman & Wilson, 1985).

The researcher of this thesis agrees more with the thoughts of pragmatists and manages to combine the both method in this project. It is clear that questionnaire (quantitative) and semi-structured interview (qualitative) were mixed for the investigation at the technique level, which is the area where combinations occur and the discussion of mixed-method refers to (Sandelowski, 2000). Moreover, according to Greene, Caracelli, and Graham (1989), there are three purposes that mixed-method approaches serve, including triangulation, which ensure corroboration and validity of data, complementary, which explains and elaborates the results of analyses, and development which guide the use of additional sampling and data collection (cited in Sandelowski, 2000).

Three purposes will be embedded in data analysis. Here, it is worthy to note that questionnaire was design first to explore the general situations of innovation in Chinese firms. Then based on the survey data, interview questions were designed to dig out information that was not clearly sought after and might be valuable in capturing the researcher's interest, or providing fresh insights through participant experience and perception. For instance, within the questionnaires, there is a section of open-ended questions. However, all of participants were informed that they could provide simple and brief answers.

As a consequence, at times there may appear interesting but unclear, or unexpected, information. For example, one question asks participants to list three successful innovations in their company. Many participants from one high-tech material company mentioned a project named "management system optimisation". What is it? How does it work? How it relates to innovation? To answer these questions, in the interview session, participants from this company were asked to

elaborate this management system optimising project and tell stories. Therefore, the data collected from interviews can help to complement survey data. Furthermore, although quantitative and qualitative methods were use in this thesis, the researcher placed more emphasis on interview data and its value rather than data collected from questionnaires.

3.6 RESEARCH METHOD

The research involved participants completing questionnaires and responding in semi-structured personal (one-on-one) interviews based on an appreciative inquiry approach. As this thesis was designed to investigate innovations of firms across different sectors in China, therefore, the primary data was consisted of a set of questionnaires and interviews.

Questionnaires consisted of six sections, including innovation readiness, motivation & capability of people, idea generation, collaboration mechanisms, implementation of ideas, and open-ended questions. Interview questions centered on several factors that related to innovation, for example, perceptions of innovation, technologies, customers' needs, blue oceans, leadership and so forth. The questionnaires averaged 25 minutes; interviews lasted from 30 minutes to 60 minutes. Both questionnaire and interview questions can be found in the appendix.

Data was collected on the basis of both questionnaires and semi-structured interviews in China. Firstly, seven companies that all located in Wenzhou city and ranged from different industries (clothes manufacturing, shoe manufacturing, high-tech plastic material, lockers, etc.) were chosen to accomplish questionnaires. Questionnaires were sent to these companies by email. Amongst all of these

companies, six are private enterprises, and one is state-owned company. Moreover, although there are at least middle size corporations, the sizes of these companies also differentiate from each other – employees numbers are from 180 to more than 4000, and the production value made in 2007 were from 60 million RMB to 2 billion RMB. In total, there were 43 participants completed questionnaires. In each company, there were two participants at least chosen from different tiers of corporations, including 15 top managers, 14 middle managers and 14 low-lever employees.

Interviews started after collecting and analysing data from questionnaires, because semi-structured interviews could produce rich data and provide flexibility for interviewer to further probe about unexpected responses. With interviewees' information sheet and consent form, interviews were tape recorded for later transcription and analysis. And interviews were predominantly in Mandarin and Wenzhou dialects, due to the regional factor in China. The intended amount of participants was 14 – to choose two participants who completed questionnaires in each firm. However, the final amount of participants was up to only 9, because a large number of questionnaire participants refused to take face to face interviews. These nine interviewees work for three organisations of different industries, including joint-venture beer-making company, private high-tech material enterprise, and private shoe-making machinery enterprise. They work in different tiers in corporations from top to bottom, 3 top managers, 2 middle managers, 4 low-lever employees included.

3.7 SUMMARY

This chapter discussed the fundamental theory of method which was AI for the research project. It associated with researcher's purpose of investigating the positive core of organisations and research design. The interrelationship between AI and this thesis is embedded in two facets: 1) AI can be regarded as innovation itself because of purposes of applying AI; 2) AI's guiding principles direct the design of questions in both questionnaire and interview, especially the positive principle.

Besides AI, the essence of both quantitative and qualitative research methods was discussed in this chapter, including their differences, different schools of thoughts, and the relationship with this thesis. Two methods were associated with the research instrument selection and procedure of data collection. Generally, there appeared five major differences between the two paradigms (Becker, 1996), and three main schools of thoughts – purists, situationalists, and pragmatists (Rossman & Wilson, 1985) within academic fields. This thesis agreed with what pragmatists suggested, and integrated the both methods together for comprehensive data collection.

The next chapter discusses the results generated from questionnaires.

CHAPTER FOUR

QUESTIONNAIRE RESULTS AND DISCUSSION

4.1 INTRODUCTION

The methods of investigation, because they contain both questionnaires and semi-structured interviews, shape the analysing of data collected in China. Accordingly, this chapter, and the next, discuss what has been found in the form of two sets of results: Chapter 4 will look at the questionnaires and chapter five examines the face-to-face interviews.

4.2 RESULTS OF QUESTIONNAIRES

The questionnaire was designed on the basis of Appreciative Inquiry in order to investigate organisations from a positive angle. To provide a holistic view on innovation, the questionnaire was divided into 6 sections: innovation readiness, innovation people, ideation, collaboration mechanisms, idea pipeline, and open-ended questions. In each section, there are several statements designed to collect information of innovation. All items in section 1 to 5 used 5-points responses – from "Strongly agree" to "Strongly disagree." In the sixth section of open-ended questions, participants were required to offer short answers. Due to the different factors of innovation in each section, the results of questionnaire will be analysed separately from section 1 to 6.

4.2.1 Results of Section 1

Section 1 investigates whether organisations have prepared themselves to innovate in an exponential economy and globalised world where innovation is increasingly a core competence. The section begins with an examination of how

participants think about the significance of innovation readiness and their current performance. 41 participants (more than 95 per cent) deemed that it was important for organisations to be ready for innovations. It is known that questionnaires were taken by participants from different tiers of organisations, so, would the results be different from top tier to grass-root employees? Actually, no matter which tier participants belong to, the result appeared to be the same. Among those who showed agreement to this statement, there were 15 top managers, 13 middle managers, and 13 lower-level employees respectively.

On the other hand, although only two participants were not sure, and none of them disagreed, with the importance of innovation, the result of their current performance was varied. 27 participants (around 63%) thought their organisation's performance in this area was commendable, 14 (around 33%) participants were not sure about it, and 2 (around 4%) participants disagreed. It is notable that participants from the state-owned company and large-size private enterprises seemed to be satisfied with their organisation's performance. Those who were not sure, or disagreed, were almost all from middle-size private enterprises – mainly from the high-tech material company and the shoe-making machinery company.

The eight statements that focus on innovation readiness were designed according to the different influencing factors. These addressed issues such as how to deal with opportunities, how to treat new ideas, how to organise project leadership, and how to disseminate information. Each statement was analysed separately by looking at different numbers, mainly including the number of people who respond

to the 5-point scale and the number of people who came from different tiers of organisations.

If this is examined in more detail, statement one, for example, is about opportunities and how organisations, and their employees, see them. The results reveal that amongst the 43 participants, 6 people strongly agreed, 25 people agreed, 9 of them were not sure, and only three disagreed with this statement. In general, 31 participants (around 70 per cent) deemed that their organisations give serious consideration towards opportunities. This was said to be true, no matter how small at first glance the opportunities appear to be. Moreover, the findings seem to cut across hierarchies since, within those 31 participants who showed agreement to this statement, there were 13 top managers, 10 middle managers, and 8 lower-level employees. Moreover, few people – 3 participants – did not agree with this statement, and it is noticeable that none of them were top managers.

The results of participant responses to all of the 8 statements reflect their view on the result of their current performance. Firstly, it can be found that the percentage of people who think their organisations have achieved these eight statements in section 1 is almost higher than half and ranges from 49 per cent to 77 per cent. Secondly, the percentage of participants who are not sure about their performance on each statement ranges from 14 per cent to 44 per cent. Thirdly, the percentage of participants who show disagreement ranges from 2 per cent to 7 per cent.

4.2.2 Results of Section 2

Section 2 investigates the people involved in innovation. It looks at individual motivation and capability, innovation teams, and organisations. Therefore, four statements are about rewards for innovation, status of informal networks and processes, response to change, and organisational culture. First of all, two questions are addressed: 1) How do participants view the importance of this section? and 2) How do they comment on their performance?

The results, which show that no one denies an overall high score in this section, are important for their organisations. 38 out of 43 participants (around 88 per cent), which included 13 top managers, 12 middle managers, and 13 low-level employees, gave their assent. The rest of the five participants were unsure. These numbers indicate that people who come from different tiers of organisations are in substantial agreement with the importance of the above four aspects. Moreover, the results of their current performance show that more than half of participants (30/43) think their organisations do well in this area.

On a less positive note, ten were not sure about their performance and three disagreed on their current performance. However, the data on participant choice of "unsure" does not reveal any clear difference between organisation sizes. Among the ten participants, half of them came from large-size firms and the rest half came from middle-size firms. The one clustering factor of possible significance, was that those three participants who did not approve of their organisation's performance were all from middle-size private enterprises.

Basically, according to the results of how participants respond to each statement, the findings show a high rate of agreement and a low rate of disagreement, or unsure, with the first and last statement. While responding to the second and the third statement, the number of people who were unsure or disagree increased (see table 1 on the next page). 80 per cent of participants considered that their organisations acknowledged successful innovations and that the organisational culture helped them to work collaboratively. One obvious different is that the number of participants not sure about the second statement– up to fifteen – is high. Among these fifteen participants, there are 7 top managers, 4 middle managers, and 4 lower-level managers. Another high rate of unsure appears when participants respond to the third statement – up to eleven (including 4 top managers, 3 middle managers, and 4 lower-level employees). To some extent, the results of each statement reflect the result of organisations' current performance in section 2.

Table 1 Results of section 2

	Top managers	Middle managers	Lower-level employees	Total
Rewards for innovation – organisation shares the fruits of successes and learns from failure				
Strongly agree	6	3	3	12
Agree	6	7	9	22
Unsure	3	3	1	7
Disagree			1	1
Strongly disagree		1		1
Status of informal networks and processes - Informal communities are where most of our key innovations get their start and we have lots of routes, both formal and informal, to get new projects off the ground				
Strongly agree	1		1	2
Agree	7	9	7	23
Unsure	7	4	4	15
Disagree		1	2	3

Strongly disagree				
Response to change - We depend on each person in our organisation to be ready for change, and for us as an organisation to benefit from change				
Strongly agree	1	3		4
Agree	9	6	9	24
Unsure	4	3	4	11
Disagree	1	1	1	3
Strongly disagree		1		
Organisational culture - We have lots of tough discussions across the organisation but we have basic belief, a common vision and values, and strong, organic communities that keep us working together				
Strongly agree	6	5	4	15
Agree	6	6	7	19
Unsure	2	2	2	6
Disagree	1	1	1	3
Strongly disagree				

(Note: words in italic represent the survey items in section 2. And numbers represent the number of people who belong to different tiers of organisation and choose from 5-point scale.)

4.2.3 Results of Section 3

Section 3 investigates the process of generating ideas, and the quality and quantity of ideas. This section contains eight items that relate to ideation (e.g., creative people, detecting opportunities for innovation, adopting best ideas, standard process of identifying opportunities, capabilities and market related ideas). In general, there are 41 participants (95 per cent) who deem that good performance in this section is important for their organisations.

Again, this seems to be true across different levels of hierarchy. In the data, participants from different tiers of organisations almost have the same recognition. Amongst these 41 people, there are 15 top managers, 13 middle managers and 14

lower-level employees. Only two participants are not sure about the importance of ideation of innovation in organisations. Moreover, participants' opinions of their organisation's current performance cluster into two sets of majority answers and one set of minority answers. 23 participants (53 per cent) deem that their current performance in this area is commendable. In contrast to these people, 18 participants (42 per cent) have not figured out whether or not their organisations perform well. In addition, there are also 2 participants showing disagreement to this statement (one disagrees and the other one strongly disagrees).

By and large, how participants evaluate their organisation's performance was embedded in responses to each statement. Firstly, the percentage of participants who show agreement with the statements ranges from 51 per cent to 91 per cent. 51 per cent represent the statement that has had the least agreement. Half of participants (22 people) agreed that they have more than one formal way to bring innovation ideas forward and make them happen. Amongst the rest of the 21 participants, 17 are not sure, and 4 disagree. 91 per cent represent the statement that has been most agreed. 39 participants deem that their organisations, even if it means they must adapt and re-envision them from other industries, are getting innovations from everywhere. Secondly, the percentage of participants who responded "unsure" to each statement ranged from 10 per cent to 40 per cent. If all of the eight percentages of "unsure" are added and divided into 8, the mean percentage is 27 per cent, which is lower than the 42 per cent. But it still reflects the overall performance to some extent. Thirdly, the percentage of participants' responds of disagreement ranges from 2 per cent to 16 per cent.

Furthermore, the data indicates that some middle-size private enterprises do not have a good performance in this area. Based on the responses to each statement, and overall performance, it appears that most of participants who express disagreement come from two middle-size private enterprises – the high-tech material company and shoe-making machinery company. For example, one lower-level employee who works in this high-tech material company did not think their performance is commendable and expressed disagreement with four statements. Another middle manager in this company responded "Strongly disagree" to their current performance, and disagreed with seven statements of this section. It is revealing that the single exception was agreement with the third statement, which investigated whether organisations got innovation from everywhere.

4.2.4 Results of Section 4

Section 4 focuses on how organisations use collaboration systems for collecting and inputting external ideas. There are seven statements in this section, mainly including business partnerships, partnership management policy, forums for ideas and opportunities for actions, and the ratio of internal to external projects. The data shows that a high percentage of participants consider collaboration mechanisms in innovation to be important. 40 participants (93 per cent) responded that an overall score in section 4 is important for their organisations. Only three of them expressed uncertainty.

Moreover, this goes right across the organisation. The results of participant who belong to different tiers of organisation and show agreement with this statement tend to be even (including 13 top managers, 14 middle managers and 13 lower-level employees). This indicates that the importance of collaboration mechanism

in innovation has become an area of consensuses among the organisations who participated in this research. Then, regarding their current performance, how would participants respond? The data reveals that 31 participants (72 per cent) consider their performance in this area is commendable, 11 participants are not sure, and only 1 participant disagrees. These numbers transmitted the message that, by and large, the participation organisations saw themselves as participating perform well in this area.

Following up on this consensus, the researcher looked through results of participant responses to each statement that relates to collaboration mechanisms. Basically, the percentage of participants who agree with each statement (except the result of the last statement which investigates the ratio of internal to external projects), ranges from 58 per cent to 91 per cent. That is to say that less than half of people (17) deem that their organisations have achieved the desired equality between internal to external projects.

However, the results of the first six statements reflect participant responses to the overall performance. Secondly, although only one participant disagrees with his/her organisation's current performance, there appears much more disagreement with some of the statements. For instance, when participants were asked about the forums for ideas, and opportunities for actions provided by organisations that include their people, clients, researchers, suppliers and even competitors, 3 of them disagreed and 3 of them strongly disagreed. And when they responded to the last statement, 5 of them expressed disagreement. Interestingly, these participants almost all come from middle-size private enterprises.

Thirdly, in each section, there is an item that calculates the total score of participant choices. If scores of participants from different tiers are added and then divided, there will be three means. In this section, the three means are 27 (top managers), 26.3 (middle managers), and 26.4 (lower-level employees). This result echoes the number of participants who come from different tiers and respond to their current performance – 12 top managers, 8 middle managers, and 11 lower-level employees. Therefore, participants' understandings and recognitions of collaboration mechanisms in their organisations do not differ from top to bottom.

4.2.5 Results of Section 5

This section looks into the efficiency and effectiveness of the implementation of ideas. Nine statements were designed for investigation purposes: viewing innovation risk, funding innovation, enabling innovation, idea management, intellectual property management, knowledge management, project portfolio management, budgeting management, and customer interface management. Regarding the statements, both of importance and current performance, the data does not reveal any obvious differences among participants from the top to the bottom of organisations.

Firstly, there are 40 participants (93 per cent) who deemed that the ideas pipeline, which influences idea implementations, is significant for their organisations. Only three of them express uncertainty. Among those 40 people, there are 14 top managers, 14 middle managers, and 12 lower-level employees. Secondly, from the top to bottom, the results of three means of total scores are 33, 32.7 and 31.9 respectively. These correspond with the results of participant responses to their

current performance. Among 30 participants (70 per cent) who think their organisations perform commendably, there are 13 top managers, 10 middle managers, and 7 lower-level employees.

The result of organisations' current performance can mostly be reflected in the results of participants' responses to each statement, with the exception of the first statement that investigates how organisations view innovation risk. This statement says that if the possible benefits are high enough, organisations will bet the company. However, the data shows that there are few, only three participants, who express their agreement with such a high risk. Of these three, two come from a large-size private enterprise , which does couture business, and one comes from a large-size state-owned company. Amongst the rest of the forty participants, nineteen of them are not sure, and twenty one of them disagree with it. It indicates that organisations who participated in this research place organisational survival above high risk commitment to innovation.

4.2.6 Results of Section 6

Section 6 investigates participant understandings of innovation and its relative factors. There are seven open-ended questions. These focus on participants' apprehension of successful innovations, the sources of successful innovation, the relationship between innovation and technology, customer needs, blue ocean approaches, and participants' suggestions for stimulating, capturing, and implementing innovation.

Participants' understanding tends to confirm the literature in that what can be counted as successful innovations appear to be varied. Among the total 43

participants, there are seven of them who either did not answer, or who replied "do not know." Answers from the rest of the 36 participants can mainly be classified into three categories. Firstly, a large number of participants deemed that successful innovation should help organisations develop and make profits. Words or phrases that were most mentioned were "development," "profits," "economic benefits," "sustainable development," and "cost savings." For example, one of top managers offered his perception of successful innovation as follows: "I think successful innovations in our organisation should accord with two conditions – on the one hand, it helps the organisation to achieve and keep sustainable development, and on the other hand, it brings the company considerable profits." Along similar lines, another respondent, a lower-level employee, asserted that "innovations that advance organisational development and make profits are successful."

Secondly, the data indicates that participant understanding of successful innovation is highly related to the key word "new." Many participants considered that if innovations can help organisations develop new and popular products, which enlarge market space and attract more customers, they can be counted as successes. Others also refer to new projects, new market strategies, new management system, new techniques, new equipment, or new technologies. Thirdly, other participants defined successful innovations as those that could improve work efficiency and effectiveness, as well as productivity. They thought the improvement of internal work efficiency and productivity would be beneficial for organisational adaptation in this global world. This group can be captured in the following words of one top manager from a lock-making company:

"successful corporation innovation should help organisations to adapt well in this fast-changing world."

There is also confirmation of the literature defining innovation as outcome and profit directed. In general, across organisational hierarchies, from most top managers through to "grass root" employees, there is an almost identical understanding that profits or economic benefits is one of the most important standards for successful innovation. Other than the three major categories of definition summarised from the practices, there are some minority differences appearing in the data collected. These are worthy of comment and should not be ignored.

It can, for example, be found that top managers relate successful innovation to profits, new products, competitiveness, work efficiency, or organisational adaptations. However, some middle managers or lower-level employees see this question from different angles. Firstly, besides the factors previously mentioned, one middle manager who works for a large-size private shoe-making enterprise pointed out the interconnection between the organisation's internal harmonious working environment and innovation. Secondly, two middle managers, who come from a private shoe-making enterprise and a state-owned company respectively, accentuated the significance of corporate image when innovations were involved. Both of them considered successful innovation was "helpful for enhancing corporate reputation, intangible capital, and competitiveness."

Thirdly, a lower-level employee stated that "[successful innovation should be of help for] making more profits for organisations, making more benefits for

employees, and making more values for society." His/her understanding needs to be paid attention to, because it highlights the increasing recognition of the importance of employees and corporate social responsibility.

Data collected by questionnaires does not only show the various understanding of successful innovations, but also reveals where successful innovations come from. Seven participants did not answer this question. Among the rest of the participant response, there emerged three major categories of answers. The first group, which comprised most of the top managers, and part of the middle managers and lower-level employees, identified top leaders and their insights of innovations as the main source of innovation. Key words or phrases that surfaced frequently included: "top leaders' insight," "top managers' wisdom," "leaders' ideas," or "top leadership."

The second group, at the same time as suggesting leaders as the major source of innovation initiation, had some participants who deemed that employees were another major source for innovations. They attributed this to employees because of their collective knowledge. For instance, one top manager stated that successful innovation in his/her company came from "the combination of leaders and employees." Another lower-level employee thought it came from "both top managers' decision-making and employees' active participation."

The third group, contained several participants who made connections between successful innovation and the development of technology. It is important to remember that all of the seven companies chosen belonged to different sections of Chinese industry (e.g., shoes, locks, high-tech materials, shoe-making machines).

To what extent did technology level influence their competitiveness and market status? For example, one top manager responded that it was from "advancement of techniques and technologies."

Other than the major categories of answers, there is one specific answer that needs to be particularly noted. One top manager considered that successful innovation in his/her company came from "customer needs." Similarly, one lower-level employee stated "our company has a well developed research system which helps us to innovate on the basis of market needs." Although only two participants made their opinion on customer/market needs, the researcher draws attention to it because of its agreement with current thinking in the west, where a number of scholars, such as Carlson and Wilmot (2006), see innovation as being about creating what customers want.

This aligns with the focus of this section on investigating relationships between innovation and customer needs. Participants were asked to briefly describe innovations in their company that came from identifying customer needs, and/or delivering better value to customers. Unfortunately, but perhaps revealingly (in terms of it being absent, or very low, on their organisational agenda), there were 14 participants who did not respond to this question. Among the rest of the 29 participants, 19 of them deemed that innovations, which came from identifying customer needs, are highly related to development of products. However, most of them just offered general answers such as "development of new products and up-date of existing products," or "developing new products on the basis of customer needs," or even more simple like "product innovation." Only a few of these 19

participants exemplified the responses with specific products and then only "briefly."

Examples offered by participants from different industries also appeared to be different and, in some cases hard to classify as innovation. For instance, one middle manager pointed out that one of foundations for producing beer was customer feedback on taste. Another middle manager, who works in a lock company, stated "the coded locks that have lights satisfy the customer needs of unlocking during the night . . . and are suitable for bicycles or motorcycles." Another lower-level employee, who came from a valve-making company, indicated that forged valve products were taking the place of other valves in Wenzhou.

That category immediately above was the dominant category of answer. There was an interestingly different answer provided by employees in one private enterprise which produces high-tech materials. Four participants from this company mentioned a particular innovation which related to marketing and service models. The VEO stated as follows "our company help[ed] customers to solve their technological problems and reduce their production cost and the "Technological Marketing Model" help[ed] us to develop products that suit [specific customer needs]." Three other participants referred to either marketing model innovation, or optimisation of marketing. Then, what is it exactly? How does this special model work? Unfortunately, on the basis of data collected through questionnaires, it is difficult to learn further information about it.

In this section, participants were also asked to give examples of innovations in their company that created new products, or new markets, or new customers that have no relevant competition. However, the results are not as good as hoped. On the one hand, nearly half of participants (21) did not answer this question. Moreover, among the rest of the 22 participants, most of them tried to provide ambiguous answers. There appear two forms of such ambiguity. Firstly, answers that are non-relevant to the question, or too vague and general to be of much use. An example is one middle manager's response that it would be important to "pay more attention to fashions around the world, lead the market and step up on every front." Another example, would be the top manager who stated that it was "important to do research on market and customer needs, and the frontier of technologies in industry," because he thought it would enable them to develop and create new market, new products, and new customers. However, his opinion is closely relevant to why it is significant to do that research, but not how innovation happens through creating, for example, blue ocean strategies. Secondly, answers provided are frequently "conventional" and/or "deferential as well as "short" and "brief" and do not contain credible examples. Typical responses along those lines include: "management innovation," "corporate culture innovation," "corporate image and reputation."

On the other hand, only three participants gave examples that were relevant to this question, and one of them provided an example that did not belong to his/her company, which makes leather shoes. This participant considered that the change of windows system – from a simple personal working system to a family media centre – helped Microsoft to enlarge market space and gain new customers. To some extent, this answer is half relevant and half non-relevant. It is relevant

because through some further research we may find out details of Microsoft's creation of blue ocean; it is non-relevant to the thesis because this is not an example related to the shoe-making industry. The remaining two participant responses offered the following three examples: an "Electrical Execution device," which enhanced the company's technological dominant status, a "100% sealed underground ball valve," which was the only project that been industrialised in China, and utilisation of raw material for beer production to develop non-alcohol products.

Finally, participants were required to offer suggestions that would increase the stimulation, capture, and implementation of innovation. Seven participants gave up on this question. Among the rest, 36 participants, there emerged three major categories of answers. Firstly, to establish an acknowledgement system is highly recommended by 25 participants (58 per cent). Words or phrases like "acknowledgement" and "acknowledgement system" were the most seen throughout the questionnaires. For instance, one top manager who worked for the high-tech material company stated that "establishing the acknowledgement system for innovators would help stimulate and implement innovation." Other participants also indicated that rewarding innovators could be in forms of bonus, honours, and promotion.

The second major participant category came from those who deemed that support from leaders could not be separated from the whole innovation process. For example, one of the top managers mentioned that "leaders should encourage various innovative ideas and actions, including those with tangible and intangible benefits." Another lower-level employee also considered that top managers

needed to pay more attention to innovation by encouraging, supporting and guiding innovations. The third category concerned cultivating an innovation culture for continuous innovation. While describing the same idea, the different phrases included similar terms: "innovation culture," "corporate innovative culture," and "corporate dynamics." For instance, one top manager thought it was vital for his company to create an innovation platform, a good working environment, and to stimulate innovative dynamics.

4.3 LIMITATION OF SURVEY DATA

Analysing all 43 questionnaires, there emerge three main limitations of the survey data collected in China, in terms of influencing the validity and value of this project. In addition to the common challenge of such perception-based research being deferential in hierarchical organisations, or self-interested, or over-subjective, it can be see that some participants did not take this research project seriously and did not attempt to complete sections requiring an investment of time. It was, for example, common that many participants did not answer open-ended questions in the sixth section. Participants who gave up on responding to these questions range from at least 7 to 21 at most. Due to the limited number of participants, the more questions that are not given answers, the more invalidity of data will increase.

Secondly, quite a lot of answers are non-relevant to questions. The unexpected result of the question that relates to the creation of blue oceans is a good example. While it may yield the useful information that blue ocean is not known much in China, it does not give enough data to usefully explore if there are alternative methods. Actually, offering non-relevant answers was a common phenomenon

among participants in filling out the last section. For example, a middle manager provided the following answer when he/she responded to the question which required them to describe any successful innovations that came from new technologies: "technology innovation refers to development of new products, and application of new techniques and technologies. It can increase organisation's economical benefits and enhance organizational competitiveness." However, the answer just shows his/her understanding of technology innovation rather than giving any examples.

Besides the above situation, there is another situation that some of the participants misunderstand the questions, especially the three questions which relate to sources of innovation, technology, and customer needs. Common answers are "I can" and "I can't," because they thought questions were asking them whether they could identify or describe what were asked.

Thirdly, even if participants responded relevantly to questions, many of their answers were too short or brief to provide very useful results or credible information. For example, when they were asked to identify successful innovations that came from new technology, answers such as "products," "new products," development of products," or "product innovation" appeared frequently in the questionnaires. However, few of participants provided examples to support their points of view. Therefore, due to these three main limitations above, all of seven questions were put in the interviews as complementation and re-exploration.

CHAPTER FIVE

INTERVIEW RESULTS AND DISCUSSION

5.1 RESULTS OF INTERVIEWS

This section discusses the results of the interviews. The results are divided into several categories on the basis of factors that relate to successful innovation: participants' understandings of successful innovation, innovation sources, leadership, customer needs, creation of blue oceans, and stimulating continuous innovation.

5.1.1 Apprehension of Successful Innovation

From the outset, it was interesting that, despite some confusion in the literature, participants had a relatively unanimous understanding of what counted as successful innovation in their own organisations. For most of the participants, in line with Carlson and Wilmot's (2006) description of the essence of innovation as "the process of creating and delivering new customer value in the marketplace" (p. 6), it was clear that successful innovation had to help their organisations make profits. The Vice Executive Officer (VEO) of the high-tech material company described his apprehension of successful innovation unambiguously: "innovation is about having new ideas, learning from others, and applying them on the base of company's situation in order to develop and make profits." Another middle manager stated that, in the first place, "successful innovation has to bring economic benefits for the company." To a large extent, statistics supporting that perspective are needed to show the feasibility of innovative projects to top leasers. This is one of the main findings embedded in interview data, and it corroborates the same findings that emerged from section 6 of the questionnaire, in which

financial results were one of the most important benchmarks by which organisations evaluated their innovations.

There were some different voices that extended this bottom line approach. Interviewee No.2, a middle manager of the beer-making company described his different understanding. He thought that the definition of success was not only judged by how much money could be made through innovations, but also through the "social benefits," by he meant positive outcomes for the people involved, in a form of Corporate Social Responsibility (CSR). Although he did not explain his opinion further, his idea needs to be paid attention to with caution and not simply translated into recent western explanations, such as Asongu's (2007) argument that CSR related to innovation identification, and exploitation, of the companies' competitive advantage closely and Manning's (2004) view that: "Being socially and environmentally conscious is key to success, even survival, in today's competitive business climate" (p.9). The next section will further discuss interrelationships between innovation and CSR.

Combining both survey and interview data, this thesis deemed that successful innovation could be defined as follows: it means that through generating and implementing new ideas, through organisations creating something "new" (products, markets, or customers), improving work efficiency and productivity, and establishing a harmonious working environment and dynamics, or perform corporate social responsibilities, in order to make profits, to accelerate economic growth, and to achieve sustainable development for the long term. It is worth noting that this definition is constructed on the basis of participants' experiences and actual organizational practices, rather than on understandings of what

innovation is from the literature. In other words, this is a practitioner-oriented definition. Moreover, within this definition "making profit" should be understood as the necessary, but not sufficient, condition for estimating innovations. It simply means that innovations won't be regarded as successes until this particular condition of satisfying companies' conventional bottom line is met.

For instance, the VEO of the high-tech material company considered that the innovative project named "Management System Optimization" had been successful because this project had helped to increase production value to 20 per cent in the whole financial year of 2008, and, moreover, would bring continued financial returns. In the words of this VEO, "although the project of management system optimization has been started for only a year, last year's increase is more than the total increase of the past three years."

This relates back to the discussion of why to innovate in the second chapter. Briefly, in order to energise existing employees, to attract more talent, to sustain profits, and to survive, all organisations need to innovate. And that includes Chinese organisations. The findings indicate that, increasingly, Chinese organisations have realised the significance of innovation in business, started to learn innovation knowledge, and have tried to generate and implement innovations in their organisations. The increase has been particularly encouraged by the dissemination of, and support for, innovation from the Chinese government in recent years.

5.1.2 Sources of Successful Innovation

Participants' description of the origins of successful innovation also accord with one of the main categories of answers within the survey data. That category concerns leadership. Interviewees deemed that top managers or leaders were the mainspring for innovations in their organisations. As interviewee No.1, the CEO of the beer-making company, concluded for his organisation: "the corporate culture in a state owned company made the situation that innovation actions happened among high level managers. Middle and lower-level employees seldom took innovation actions." His opinion was reinforced by interviewee No.8, the VEO of the high-tech material company, who considered top managers were the "main force of innovation" in his company. He further stated "middle managers and normal employees demonstrate a lack of innovation notion in their daily work."

Adding further support to leadership as a strong source of successful innovation in Chinese enterprises, the data shows that the frequency of innovation action among middle managers, and lower-level employees, is much lower than among top leadership. Nevertheless, the initiations created and implemented by middle managers or lower-level employees were still described during interviews. As interviewee No. 6 explained, "employees or middle managers spontaneously initiate some innovative ideas. For example, one of our employees created and led an innovative project which became a 'torch item' of high and new technology in China" (NB: In 1988, the State Council of the People's Republic of China carried out a plan under the name of the "China Torch Programme" to develop high technologies and new technologies and accelerate economic growth. A torch item

indicates a specific project that is ratified by Torch Centre, which is affiliated to the Ministry of Science and Technology).

There are two major reasons that can explain why top leaders are the main source of innovation. On the one hand, leaders' characteristics determine their influence on innovation. The results of the research conducted by Kouzes and Posner from early 1980s to mid of 1990s showed that the top four characteristics of leader included being honest, forward-looking, inspiring and competent (Kouzes and Posner, 1997). There are also some other characteristics, for example, fair-minded, supportive, broad-minded, intelligent, imaginative and so forth.

Fundamentally, innovation is closely related to different forms of newness that can help to satisfy purposes of organisational innovation, such as new ideas, new methods, new applications, new processes, and new strategies. All of the characteristics of admired leaders found by Kouzes and Posner (1997) are of help for achieving innovations in organisations. As the highest level of leaders, top managers indeed have some of these traits that enable them to manage organisations today and tomorrow. For instance, some of these characteristics imply that leaders need to think differently in order to increase organisations competitive advantage within intense competitions and this is beginning to move innovation into the category of a core leadership competence. As Chowdhury (2004) stated, "there is tremendous competition for everything, and the only way you can compete is to do something different or do something common differently" (p. 11). A good example would be the effective leadership of Apple by Steve Jobs, who is widely credited with much of the company's achievements.

On the other hand, responsibility of top leaders can be regarded as another factor that influences innovation. Top leaders have the responsibility to operate organisations in the benefits of all stakeholders, which means that they do not only have to maximise profits for shareholders, but also need to consider employees, customer, business partners, government and environment as their concerns. Therefore, responsibility is the driving force for top leaders to think of organisational destination and sustainable development. Also, responsibility determines the operational authorities and roles of top leaders in organisations. Generally, there are nine roles identified by Mintzberg and other researchers, including "figurehead, spokesperson, negotiator, coach and motivator, team builder, team player, technical problem solver, entrepreneur, and strategic planner (cited in DuBrin, 2007, pp. 13-15). Innovation is an effective "weapon" that enables top leaders to satisfy the interests of all stakeholders in today's global economic environment. These nine leadership roles bring top leaders higher authorities and more powers to allocate and integrate resources, and make changes in organisations.

The finding of the significant influence of top leaders accords with previous literature on innovation and leadership. It is argued that top managers have great impact on innovation, corporate development, and organisational survival (Howell & Avolio, 1993; Kisfalvi & Pitcher, 2003). Research conducted by West *et al.* (2003) on leadership clarity and team innovation pointed out how top managers could have a positive influence on corporate creativity and innovation. Similarly, Elenkov and Manev (2005) demonstrated that "leadership explains a significant amount of the variance in top management influence on product/market and organisational innovations, respectively" (p. 392). Consider the following

example: without Steve Jobs, there might not be a strong comeback into the computer and entertainment industry, with the expansion of domestic and international business driven by the ipod, the iphone, and Pixar films. According to Apple Reports Second Quarter Results 2009, they have achieved the best quarter revenue and earnings in Apple History. The financial results for the second quarter that ended on March 28, 2009, the company's revenue and net quarterly profit has reached to $8.16 billion and $1.21 billion respectively. This is an approximately 9% increase in revenue and 15% increase in net profit. Moreover, 46 per cent of the quarter's revenue is international sales.

5.1.3 Patterns in Innovation

Interview data also reveals the differences of innovation fields from top leaders to those in the lowest part of the organisational hierarchy. On the one hand, top leaders are closely related to strategic innovations and management innovations. Usually, they are concerned to see the big pictures, to consider organisations' future development, and to make strategic plans (or to improve management systems). For example, interviewee No. 1, the CEO, introduced his idea of targeting customers with high level consumptions in the following way: "we found that economy and consumption level in China had been growing fast … there are some requirements for diverse and high level consumptions. So we decided . . . [on] targeting [with specific series of beers] the different needs of high level consumption customers."

Regarding management innovation, interviewee No. 8, the VEO, stated his main job at the moment was "about establishing and optimising a management system." In effect, this meant the discovery of the most suitable management system for

this high-tech material company. On the other hand, it appears that middle managers or lower-level employees are more related to product or technology innovations. When macro goals are set by top leaders, middle managers and lower-level employees are encouraged to be creative and innovative to achieve them. For instance, in the joint-venture beer company, after the CEO declared to target on consumers with high level consumption capacity, a new product named "480 Pilsen" was developed by the R & D department. The development of this new product was achieved on the basis of new techniques and technology innovation. "The traditional production process of beer making uses filter tank in our equipments," interviewee No. 2 stated, "now the box filter press crushes malt completely, this helps to increase the utilization rate of raw material and also improve the wort quality." As a result, in the words of interviewee No. 3, while the traditional Pilsen brewage technique is combined with this technology innovation, "480 Pilsen's colour becomes lighter, and it tastes bitter, but not sweet."

5.1.4 Innovation, Leaders, and Communication

5.1.4.1 Support from Top Leaders

Since participants considered that top leaders were the mainspring of innovation in their companies, a key question arises: what do top leaders do to achieve successful innovation? Interviewees observed that it was important for leaders to support, motivate, and encourage employees during innovation processes. Interviewee No. 4 shared her story of establishing a section that could supervise and investigate the state-owned assets and daily work of every department. As she

described it, "our CEO provided time and resources to actively encourage our people to get it started."

Along similar lines of making resources available for innovation, interviewee No. 7, a technician of the high-tech material company described how, when the R & D department was developing an electric PPO material that could be used on cars, they met the problem of raw materials. Neither imported, nor domestic, black carbon were suitable for this new product. So they decided to use carbon nano-tube instead, but it cost more than the other two. However, their top leaders encouraged them to focus on product development rather than production cost.

Other empirical evidence from research confirms the importance of top leaders' support for innovation practices. Kuczmarski (1996) pointed out the top leaders as the essential force of innovation, "without top management support for and belief in innovation, you'll end up like Sisyphus, the king of Corinth, who was doomed to continuously push a boulder up to the top of a steep hill, only to watch it roll back down again" (p. 62). To put his idea more simply, innovation is driven by top leaders and won't succeed without top leader support for and involvement in innovation. Thinking of the story told by the VEO of high-tech material, the management innovation project named "Management System Optimisation" would not be implemented if the female boss still operated the company in her old ways, which were power centered. The fact, once again, demonstrates that her change has allowed and led the company into a high-growth trajectory.

5.1.4.2 Communication of Top Leaders

Interviewees indicated that top manager communication competence would also influence innovation implementation in organisations. Based on his knowledge of state-owned enterprises, interviewee No. 1, the CEO, pointed out that one of key factors that affected innovation success rate was communication. He deemed that explanations of both the reasons for, and the importance of, making changes were necessary": "In China, especially in a state-owned company, it is crucial to tell them reasons for what you are going to do, and then ask them to do what are required. Otherwise, employees may not accomplish their tasks actively and responsibly."

Again this finds external confirmation: "Organisations are networks of people who communicate with each other" (van Riel & Fombrun, 2007, p. 13). Therefore, communication can be regarded as the bridge that connect every facet of organisations, such as people from different tiers, various layers of management, business partners, and government. Innovation will not be successful if there is no effective communication established internally and externally, horizontally and vertically, and formally and informally. It has been discussed above that top leaders drive innovation. Thus, the communication competences of top leaders directly influence how successful they drive innovation, especially when challenges of innovation emerge.

Interviewee No. 5 who works in this state-owned company mentioned that there was an art to how leaders communicate with people who did not understand the significance and benefits of innovation. As he observed some resistance inside the company, he described finding "that some employees or workers get united and

disagree with innovative plans if their interests are threatened." Obviously, considerable explanation would be necessary in such situations.

Participants also raised the challenges with communication that emerged during the process of innovation implementation. Interviewee No. 1, the VEO, argued that three main attitudes emerged when people confront innovation, or, in his words: "1/3 part of people understand the significance of innovation and show support, 1/3 part of people start supporting innovation after listening to leaders' explanation, the last 1/3 part are afraid of innovation and act to resist." Innovations lead to changes, and changes lead to people's anxiety inside organisations. People who are influenced by changes can often react unpredictably, which can cause negative impacts on innovations.

Thus, the challenge mainly focuses on how leaders communicate with those resistant people and make them understand why, what, and how to innovate. A common reason for resistance is that people did not yet see their places in the innovation, the need for change, their potential valuable contributions, and how their threatened interests (position shift, or wage arrangement) will be dealt with. Therefore, top leaders have to explain what challenges organisations currently confront, why organisations need change, how employees contribute to changes. Moreover, make resistant people understand they are part of innovations and what they can be benefited from innovations. If explanations from top leaders do not work, the next job is to figure out why people still behave resistant and what difficulties that they are reluctant to mention. The CEO deemed that communication work should not only focus on explanations, but also listening to resistant people and understand why they acted in particular ways. As the CEO

noted, this could sometime require a degree of flexibility on the part of themselves as leaders: "At times, some people would have different requirements. If these requirements are reasonable, I would accept them in order to remove obstacles."

There is also research that suggests a link between corporate communication and innovation. Mai and Akerson (2003) suggested, "the communication work begins not with top-down talk, but with top-down listening" (p. 147). So, communication means top leaders have to listen to them, their difficulties, or their requirements. Carlson and Wilmot (2006) had the same suggestion for innovation champions to overcome blockages to innovation. Based on Kim and Mauborgne's (2005) research on organisational hurdles that hinder innovations, the lack of awareness of the significance of innovation can be seen as the cognitive hurdle. An effective way suggest by Kim and Mauborgne (2005) to overcome the cognitive hurdle is to put key managers face-to-face with problems and customers so that they can see the reality rather than just hear problems. In other words, from their perspectivem explanation involves making people see and experience current organization challenges first hand, rather than just making people hear problems from top leaders.

Nor is this merely a matter of vertical communication. The data shows that communication between top leaders is as vital as communication from top to bottom. In the high-tech material company, the one who hoped to make the change, but did not know how to do it, was, in fact, the big boss. Interviewee No. 8 the VEO shared his own story of launching the management innovation project named "management system optimization." He recollected that when he first

came to this company, the big boss centralised power around herself, because she thought she herself was the management system and the corporate regulator.

Some obvious negative actions that followed, included overthrowing regulations she enacted, treating employees based on financial status, and supervising executions of regulations depending on her mood. As the VEO observed, this was not an isolated individual but "a common phenomenon of many private enterprises in China. . . [where] many bosses administrate their companies like emperors." Therefore, the first thing he had to sort out was how to communicate with her and to change her mind. On the one hand, she needed to understand that she couldn't take care of every detail when company grew bigger. On the other hand, it was important for her to realise employees were the most precious capital. They were working partners rather than modern slaves. Moreover, her "autocratic" way of management would lead to trust issues. Communication was the only way to let her understand the disadvantages of the old management system and the advantages of management innovation. Finally, the VEO succeeded in amending the boss' behaviour and implementing his "Management System Optimization" project.

5.1.5 Innovation and Customer Needs

Interview data has shown that a large number of Chinese organisations take customer needs or values into consideration when they intend to innovate. Participants discussed how customer needs should be regarded as an important factor for organisational innovations. Again these participants explicitly link Wilmot and Carlson's (2006) focus on innovation as "the process of creating and

delivering new customer value in the marketplace" (p. 6) through finding out what customers want, or, in the case of innovation, might want.

Think about why interviewee No.1 (CEO) was determined to carry out the strategy move of targeting consumers with high consumption capacity? The CEO explained that he had seen the potential of the market in Wenzhou, especially consumers with high consumption capacity, and their desires. He thought that, with the fast growth of economy in Wenzhou, the consumption capacity was getting close to that of some of the largest cities in the world. In the words of this CEO, "the distance between high and low consumption here is now enlarging. So I think group of high consumption will have more and different requirements for our products … because these people have more chances to go abroad and taste different beer in foreign countries." As a result, 480 Pilsen was the product his organisation developed with new customer values to satisfy these new customer needs in Wenzhou.

The CEO's decision of targeting on customers with high-level consumption capability reveals his choice of what important market needs would be. It is what Carlson and Wilmot (2006) suggested as the first discipline for creating customer values – important customer and market needs. By "Important customer and market needs," it means companies have to investigate and figure out what kind of customer or market needs have huge potential profits and have not been fulfilled. A very good example offered by Carlson and Wilmot (2006) is the use of new printing technology on RFID tags which would worth hundreds million dollars per year, rather than greeting cards with a few million dollars each year.

Through his own observation and market research done by McKinsey & Company, the CEO deemed that there were large number of customers in Wenzhou had high capability of consumption. Requirements and needs of this group of people have not been filled. Therefore, he considered this as important unmet needs and shifted the company's strategic direction. Although it is impossible to learn whether his decision will lead this company to a new level in beer industry, it is the truth that economic growth in Wenzhou maintains a stable increase and consumption capability also keep increasing. Jin and Wang (2008) demonstrated Wenzhou's rapid economic development and increasing consumption level in the book named

Economy and Society of Wenzhou Analysis and Forecast. It can be found in their study that the total amount of social consumption maintains 19.5% increase in 2008, which is the biggest amplitude since 2001. Even after the financial crisis happened in 2008, cases of restraining consumptions have not occurred yet. Moreover, the study revealed that the level of per capita consumption in Wenzhou had become the top in Zhejiang province, and consumption capability and potential seemed to be huge.

In this beer-making company, from top to bottom, the significance of understanding customers has been realised to some extent. Other than the CEO's strategic move, middle managers and lower-level employees see customer needs from a relatively smaller angle. Some participants, for example, deemed that healthy issues were highly relevant to beer products. Interviewee No. 3, a middle manager expressed his opinion on 480 Pilsen as having a "lower degree of malt dust which satisfies a general request of the increasing number of customers." Besides this new product, interviewee No. 5 described another product named

"Draft Beer," which was also developed for customers who require for low degree of malt dust. As he stated, "Our R & D centre increased the fermentation degree so as to reduce the degree of malt sugar. And "Draft Beer" has become one of our famous products."

The detailed information collected from interviews in this beer-making company has enhanced what has been found from the survey results, which showed innovations that came from identifying customer needs was highly related to product development. In the results of survey, it was found that innovations such as service or marketing model could be generated from identifying customer needs. So far, two questions emerged while analysing questionnaires have not been answered. First, what is "Technological Marketing Model"? The second one is how does this model work? Actually, it is essential to understand how this model is relevant to customer needs?

The traditional way that this high-tech material company used to market technology was to introduce new product to their customers through salesmen. However, the VEO pointed out that not every product was popular in the market. Therefore, the risk increases if sales of new product do not match up to expectations. To decrease such risk to their business, the VEO changed the marketing strategy and developed the "Technological Marketing Model." As the VEO described it, this model means that "the first thing we have to do is to communicate with customers and gather information of their needs. Then we develop new products that fit their requirements and put on production."

According to his account, they invite customers to come and visit them, then the company listens to what they really want. There are two advantages of this strategy. On the one hand, the company can learn more about their customers, what they need, and their criticisms on products. On the basis of such learning, R & D department can develop new products, or up-grade existing products, on the basis of real customer needs. For example, the VEO mentioned that they had discovered how increasing number of customer required high temperature resistant plastic. With this knowledge, they went ahead and developed a new high-tech material that could be utilised under 300 degrees centigrade whereas normal materials could only bear 70-80 degrees centigrade.

In addition, the strategy enabled this company to sell more existing products. As the VEO stated, "we understand technologies better than customers, but customers know more about the application of technologies." Therefore, what they do is to help customers choose the suitable materials when they are developing new products. The model has helped the company to understand more potential areas for the applications of existing products, and improve the R & D department by giving it more focused development ideas. As a result, the sales of existing products will increase and the situation of developing products – with multi-functions that customers seldom use – will be avoided. It will further lead to the decrease of production cost and a resulting increase of profit. As the VEO stated with pride: "This is an innovation that has changed our passive mode of product promotion to an active mode of participating in the phase of customers' product development ... [and] we've found a lot of new market needs."

The importance of Carson and Wilmot's (2006) stress on identifying customer needs before innovation is also confirmed by interviewee No.9, the boss of the shoe-making machinery enterprise: "I have to emphasise that we do not develop new technologies or new products blindly. It is absolutely important to do research on market and customers. Their needs will influence what we are going to develop." It is reassuring that, in relating back to what was found in the survey data, that there is both a convergence of finding, and some complementary results. This helps to support the use of both quantitative and qualitative methods.

Interviews do not only reveal the external customer needs, but also internal customer needs. This research has also found that internal customer needs have been paid more attention to by top leaders in Chinese organisations. The description of interviewee No. 3 reflects Carlson and Wilmot's (2006) idea of important internal customer needs. They deemed that creating new customer value meant to be focusing on providing the best value to internal customers so that they can create values to organisations' external customers. This middle manager mentioned that top leaders had realised the significance of corporate health issues in the beer-making company. The CEO decided to establish a particular office to manage employees' health issues. The implementation of this idea involved hiring doctors from the Second Affiliated Hospital of Wenzhou Medical College, lecturing employees and workers at production line, and completing physical examinations. Moreover, even the families of workers on production lines can get help from this health office. In a mid-level, hands-on version of a corporate social responsibility initiative the middle manager explains how if "we solve healthy problems of front line workers and their families, work efficiency can be improved." Expressing satisfaction about a non-profit oriented innovation, which

nonetheless delivered increased workplace efficiency, this middle manager explained how "this project was a successful innovation in my opinion, because it was people oriented."

A simple story told by the VEO when he implemented the management system optimization project offers a good example for understanding how the issue of addressing internal customer needs influences the provision of external customer needs. The VEO mentioned that there were conflicts between the accounts department and people who applied for reimbursement. In this high-tech material company, the process of reimbursement of business trips was seen as fee administration by account department. Therefore, strict, even unreasonable, regulations were set for administration. For instance, employees were not allowed to take a taxi on their business trip. So, instead of taxi, bus or tricycle were chosen as the transport vehicles. However, the regulation reduced work efficiency as it extended working hours, and caused days of delay. If people who were sent out for different business purposes always had to worry about how to meet the regulations and could not, therefore, accomplish tasks as efficiently and promptly as possible, the company might lose much more than the savings on expenses. Moreover, quarrels occurred every time when people apply for reimbursement, because people had to explain how money was expended during the trip. Finally, this regulation and other unreasonable ones were altered. As a result, costs of business trip were reduced and work efficiency was increased. This is one simple example of how to provide value to internal customers. However, Chowdhury (2004) argued that many companies still do not have enough recognition of internal customers and their needs. He further stated, "a good rule

of thumb (a twist on the Golden Rule): treat your co-workers and employees as you'd have them treat your customers" (p. 460).

5.1.6 Innovation and Blue Ocean Theory

Two key findings emerged around interviewing all of nine participants who come from three different companies. The first finding concerned interviewees' disagreement with what they were asking. They deemed that competition was always there in industries involved, and there were hardly any innovations that created new products, or new markets, or new customers that have no relevant competition.

Taking the beer-making company as example, the CEO observed how it was "difficult for our company in the beer industry because we have to make beer, [and] beer is the only product that we have." To translate this into Kim and Mauborgne's blue ocean strategy language, he did not think that their company were able to create uncontested market space and make the competition irrelevant. One thing he thought that they could do and had been doing was to fight the competition, which means that they are still struggling in the red oceans. He further argued that his idea of targeting customers with high level capacity of consumption was a strategic innovation that planned to avoid competitions from bigger companies like Budweiser or Qingdao beer, or smaller local companies such as Nanxijing or Xin'ao.

Many of the interviewees in this beer company held the same opinion as the CEO. As interviewee No. 4 observed, "we are willing to design one type of product that reduces the cost and increases the value. However, the macro economical

environment in China does not allow us to do that." By the "macro economical environment," she meant the increased price of commodities, the new enacted labour law, and the financial crisis. From another angle, interviewee No. 5 thought that the mature, transparent, and widely-known sets of techniques for making beer caused the intense competition and caused considerable difficulties in creating irrelevant competition.

The second finding concerns the participant reaction to this question. On the whole, they avoided sharing their understanding and providing experience in relation to it. Interviewee No. 8, the VEO, directly avoid discussing innovations that related to Blue Ocean Strategy by talking about company's core competitiveness. The VEO, who works in the high-tech material company, summed up his thoughts as follows:

> I think a company which can survive and develop must has its
> own core competitiveness. For instance, Panasonics, Sony and
> Sanyo are three big corporations in Japan. Each of them has its
> features. Panasonics is famous for their service. Sony succeeds
> by their technologies. And Sanyo sells products of low price.
> (the VEO)

This observation accords with what was found in the survey data where participants did not respond direction and/or offered ambiguous answers.

However, while it can be argued that the VEO's answer of corporate core competitiveness is irrelevant to the creation of blue oceans, there were two

participants who did offer examples during interviews. Interviewee No. 3, the middle manager of the beer-making company, thought their new investment of a soft drink made of Hijiki was an attempt of making competition irrelevant (NB according to Wikipedia (2009), Hijiki is a brown sea vegetable growing wild on rocky coastlines around Japan, Korea, and China. The nutrition of Hijiki contains dietary fiber and minerals, such as iron, Ca, and Mg). Similarly, interviewee No. 6, a lower-level employee of the high-tech material company, mentioned there was a product called A2F4 that none of other competitors have developed so far. The problem emerged here is that both of their answers are too brief to analyse the relationship between those products and blue ocean creation. It did also give rise to the thought that the upper level managers may be seeking to protect corporate confidentiality.

In all, there appeared three main findings of participants' responses, including disagreement with the possibility of irrelevant competition, providing irrelevant answers, and providing ambiguous answers. This indicates the low level awareness of the cornerstone of BOS in Wenzhou's enterprises. In other words, regarding how to achieve value innovation has not been deeply understood.

In fact, the first Chinese copy of the book *Blue Ocean Strategy* was published in May, 2005. Ji (2008), the academic assistant of the book's authors Kim and Mauborgne, observed that the idea of creating blue oceans has been highly praised all around the world since the publication of the book. And in China, "blue ocean" and "red ocean" had become popular terms among enterprises, government, and media. There have appeared some successful cases of applying BOS for corporate innovation. For example, Law (2009) analysed how Air Asian has made success

through broking the conventional business model and redefining customer values after the 9/11 which was considered the hardest time for air companies. Their successful blue ocean creation came from a strategy shift – from creating luxury service and speed to satisfying customer needs of economy and convenient. Therefore, it is notable that this thesis only pointed out the low awareness of BOS in Wenzhou's enterprises rather than Chinese enterprises in a bigger scale.

Participants' disagreement with BOS's core idea of creating uncontested market space and making the competition irrelevant through value innovation is the most obvious evidence for supporting the argument of low level of understandings of BOS. A common response to the term "irrelevant competition" was that companies could not avoid competition in their own industry. The word "avoid" implies the misunderstanding of what BOS means. Kim and Mauborgne (2005) argued that red ocean and blue ocean both matter in business practices. Organisations have been familiar with how to compete in red oceans for long time. However, regarding blue ocean, it is a under-researched area which can help organisations to create new opportunities and profit. Therefore, it is necessary to study the strategic logic behind blue ocean creation (Kim & Mauborgne, 2005). Ji (2008) deemed that when competitions became bloody, there were always some companies exploring opportunities beyond red ocean, and generating industry reform. From the history of the development of different industries, it can be found that BOS is a phenomenon and a theoretical frame work that was deduced and named from corporate practices by Kim and Mauborgne. Therefore, creation of blue ocean did not mean the avoidance of competition, rather it could be apprehended as an essential process of business practices and market development

that strongly emphasizes the need for relentless seeking of innovation at a strategic as well as a local level.

Actually, companies that participated in this research project are at least middle size enterprises that still sustain stable profitable growth while competing in their own industries. It indicates that their current business strategies are still capable to making profits. If competition get more intense, and the space of development and profit shrink in the future, how to sustain high performance as well as find the source of profitable growth will become urgent affairs for these companies. If they understand the essence of BOS, they will find that BOS is a theory developed for companies that struggle in red ocean space and hope to make change. If they do understand BOS, they would know that creation of blue ocean space is not to avoid competition. Rather, it suggests companies exceeding competition through sufficiently understand competition situation and competition factors of the known market.

5.1.7 Stimulating Continuous Innovation

Survey data revealed two major results of ways that would increase the stimulation, capture, and implementation of innovation in their companies. These included establishing an acknowledgement system and support for innovation from top leadership. This section discusses the key findings from interviews. Participants discussed their suggestions and understandings on the basis of the real situations in their organisations. Firstly, a large number of participants deemed that establishing innovation system is important for continuous innovation in organisations. As interviewee No. 4, who has a master's degree stated, "I think the most crucial thing is to systemise innovation." The reason she

offered was that the personal transfer of top managers in state-owned enterprise would negatively influence innovations. Different top leaders have their own management style and various understanding of innovations. Therefore, if a newly arrived leader denies the previous innovation processes, middle managers and lower-level employees will need to change their ways of working. If there were a high frequency of personal transfers of top leaders, it is hard to imagine how an organisation can keep innovating and making profits from innovation.

Regarding this question, interviewee No. 8, the VEO, did not only suggest systemising innovation, but also pointed out three important recommendations based on his own experience of working in private enterprise. The first thing he mentioned was to change the boss's recognition of innovation: "Otherwise you cannot do anything such as management system optimization, technology innovation, making new strategic plans, and so forth … [The boss should] have desire to innovate. This implies the importance of support, which corresponds with the results of surveys, for innovation from top leadership.

A second recommendation was to create an innovation platform, which would allow everyone in the company could express their potential. A third recommendation was that organisations should take one step at a time and be patient while innovating, rather than being over ambitious, and expecting positive changes from innovation too quickly. He described his company's history of innovation attempts in the following terms: "this company has spent 2 million RMB for consultation … however, it did not bring a qualitative leap." He deemed that his idea of "Management system optimization" was a management innovation

that enabled the company to establish a suitable system for long-term development.

Participants discussed one crucial part of systemising innovation as the setting up of an acknowledgement system. The most suggested form of acknowledgement was a one-off bonus for innovators with successful innovations. Interviewee No. 9, the Boss of the shoe-making machinery company, shared his idea of offering the bonus, "usually the bonus is two or three times of the added price of product." What he meant is that if one product's price can increase from 1 RMB to 2.5 RMB through innovation, the innovator can get 3 or 4.5 RMB as the bonus hypothetically. Another form was generated by the high-tech material company, of which innovators could get part of money from gross profit of the project in which he or she participated.

Other than financial acknowledgement, social encouragement was also suggested. As the interviewee No. 3 stated, "employees in our company think much of honor which represents their values to this organization. Money is just one aspect." Similarly, the high-tech material company has two innovation awards for innovators as social encouragement.

One of the most effective forms for demonstrating top leaders' support and encouragement is to establish an acknowledge system in organisation which can reward innovators materially and spiritually. This finding accords with Lafley and Charan's (2008) perception on what counts as effective innovation leader. They argued that if innovators with successful innovations could be recognised and rewarded publicly, "pride in achievement" (p. 278) and positive corporate

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dynamics would be created. Positive recognition of successful innovations does not only encourage individual's achievement, but also inspire and motivate the rest people inside company to think and behave more creatively and innovatively. Thus, corporate culture for innovation will be generated and grow gradually through day-to-day work. Evidence also reflects from literature and highlights the significance of recognition and rewards of employee performance for innovation (Parker, McAdams, & Zielinski, 2000). Eisenberger and Cameron (1996) explained that it would be helpful for continuous innovation if material rewards should be in line with leaders' support and recognition. Amabile (1988, 2004) considered rewards as extrinsic motivation that triggers effective generation and implementation of ideas. As de Jong and Den Hartog (2007) stated, "Leaders should be keen to recognise innovative contributions" (p. 54). Their research also revealed the positive effects of financial reward that focuses on employees' accomplishments. Similarly, Nijhof *et al.* (2002) argued that it was more important for top leaders to learn to listen to his/her subordinates' new ideas with patient rather than making employees to convince them with their innovative ideas.

5.2 LIMITATION OF INTERVIEWS IN CHINA

There were several limitations of the interviews that took place in China that will be discussed in this section. Firstly, the number of participants who agreed to be interviewed was limited to only nine; although there were 45 participants who completed questionnaires. The limitation of the amount of total participants directly impacted on the number of participants who came from different tiers of corporations. From the top to the bottom, there are 3 top managers, 2 middle managers and 4 lower-level employees. Therefore, due to the small sample size of

nine participants, results and findings should be treated with caution. And the small sample size becomes problematic, because these nine participants are chosen from three corporations in three different industries in one city (Wenzhou), including the beer industry, the plastic material industry, and the shoe-making machinery industry respectively. As a result, the results should not be used to generalise other corporations in these three industries and other industries, or other regions, in China.

Secondly, the time available to do interviews in China was not optimal for a number of reasons. The first was perennial, in that it was close to the Chinese spring festival based on traditional Chinese calendar. Every corporation in Wenzhou was extremely busy at this time that they have to finish their job before Chinese New Year's Eve. Therefore, some participants showed impatience while answering questions, and could be said to be offering answers politically. No matter how hard the interviewer tried to dig for examples or stories during interview process, for example, these participants either avoided answering particular question or giving excuses for not to share their experiences. For example, interviewee No.2, a middle manager of the beer-making company, who was just transferred back to the parent company, used this as his excuse for not giving answers.

The second factor was the economic downturn, which was not predicted when the research started but which had already begun to impact on Chinese industry during the time of the interviews. As a result, the participants' mindsets were more geared to coping with reduced production, falling orders, and cutting costs, than with innovation for expanding markets.

The above factors are not the only reasons for limitation of not sharing stories or experiences. Another two possible factors may explain this limitation. On the one hand, it was truly hard to develop a trusting relationship between interviewer and interviewee in the first interview. Although all participants have read the information sheet and signed the consent form, they may still be afraid of providing confidential information accidentally. On the other hand, there was an interesting phenomenon that all of nine participants only agreed to take interviews during working time (8am – 5pm) rather than leisure time. So, they had to deal with their own job and probably thought about other working issues when they were interviewed. These are all factors that could have impacted on the validity of the data collected that should be borne in mind while considering it.

In addition, all of the participants refused to be interviewed for a second round, which mainly focused on communication in innovation, except two top managers – CEO of Jinkeda Group Ltd. and VEO of Juner new-tech material Ltd. As a result, the information gathered could only be represented by voices from the top tier of two of the companies. Of course, due to the small sample size, any valid generalisation is impossible, and the findings can be suggestive at best. Finally, all participants' responses had to be translated into English before being transcribed; therefore, it has to be taken into account that their intended message may be slightly different from those received.

5.3 SUMMARY

This chapter adds the interview results to the results from the questionnaires in chapter 4. Seen from the results of the first five sections in questionnaires, there appear three main findings. First, from top tier to bottom, participants in each

organization participated have relatively consensus recognition of those statements. Second, participants express consensus and positive responses to the importance of each section, although there reveal different results of their performance in each section. Third, it can be found that participants' responses to each statement in different sections can reflect their responses to current performance in each section. The results of section 6 should be analysed together with the results of interviews, because all of open-ended questions were put into interview questions.

In general, data reveals results concluded from different factors that relate to successful innovation – apprehension of successful innovation, sources of innovation, leadership, communication, customer needs, BOS, and stimulating continuous innovation. There are different finding on the basis of these factors. The results show three major purposes of mixed-methods approach - triangulation, complementary, and development – outlined by Greene, Caracelli, and Graham (1989). I hope that the interview data both corroborates and enhances the survey data, and also explains and elaborates the results of questionnaires.

The next chapter presents a conclusion of this research project, as well as providing recommendations and possibilities of future research on the basis of findings concluded.

CHAPTER SIX

CONCLUSIONS

6.1 INTRODUCTION

This chapter is set out to provide an overview of this research project. It is divided into four sections: a brief summary of this research, implications generated from findings, and recommendations for further research, and a conclusion. After several false starts, including the inability to find New Zealand organisations willing to participate in the project, this research set out to investigate the intersection of creativity, innovation management, and communication in Chinese enterprises.

The increasing attention on and encouragement for indigenous innovation in China indicate the increasing needs of innovative talents. The later fact reveals that China is currently lack of highly educated, highly skilled, or compound talents. Thus, the researcher sees this research project of innovation as an opportunity to enhance his personal understanding and innovation competence for his future career and for helping his country. Therefore, three main objectives for conducting this research project of innovation were formulated as follows:

1) The first objective was to investigate how innovation is apprehended by people who work in Chinese organizations.

2) The second objective was to investigate how innovation is generated and implemented in Chinese organizations.

3) The third objective was to increase the researcher's understanding of innovation.

6.2 RESEARCH SUMMARY

Chapter one presented a brief background of the reasons for changing the directions of topic, from corporate culture perspectives to corporate creativity and innovation. Generally, this chapter explains why the research chose culture as original topic, why gave upon the topic of culture, and why finally selected the topic of culture. Further, the research objectives were described.

Chapter two has presented an overview of literatures that are relevant to innovation. Due to the research target are Chinese enterprises, this chapter discussed why to innovate from the global angle and why innovation becomes important in China from a more specific angle. Further, relevant literature and theories were discussed in relation to diverse definitions of innovation and successful innovation frameworks like five disciplines of innovation (Carlson & Wilmot, 2006) and BOS (Kim & Mauborgne, 2005).

Chapter three addressed the methodology that was applied in research instrument design and data collections for this research. AI was taken as the fundamental methodology to investigate innovation status in Chinese enterprises from entirely positive perspectives. The theory background of quantitative and qualitative methods were discussed in this chapter, including differences between two paradigms and different schools of thoughts emerged in history. This research applied both of quantitative and qualitative methods. Using the mixed-methods for data collection was because it can be of help to 1) develop interview questions on the basis of survey data, 2) corroborate and ensure the validity of survey data through interview data, and 3) explain and elaborate the results of surveys by

interview data. Moreover, the method of data collection was also described in this chapter.

Chapter four presented the results and discussion of questionnaires conducted in China. Questionnaires mainly investigated five aspects including innovation readiness, innovation people, idea generations, collaboration mechanisms and idea implementation, in order to have a holistic view on how Chinese enterprises consider the significance of innovation and their current performance. Due to three major limitation of questionnaire emerged in this research; seven open-ended questions were put into interview questions for further and deeper data collection.

Chapter five presented the results and discussion of interviews completed in Chinese enterprises. Interview data revealed results generated from different factors in relation to successful innovation. Top leadership plays the core role in organisational innovation in Chinese enterprises. Their minds and behaviours have impacts on subordinates' understanding, generation and implementation of innovation, as well as organisations' continuous innovation. The results again reflected the advantages of using the both quantitative and qualitative methods in this research.

6.3 POST-FIELD RESEARCH REFLECTION ON CSR AND INNOVATION

One of the aspects that the researcher did not expected to find until interviewee No.2 raised up is the relationship between successful corporate innovation and CSR in Chinese enterprises. It leads the researcher to consider how innovation is

interconnected with CSR. Therefore, it is necessary to have an overview of what CSR means for organisations through a literature review.

In western business, the concept of CSR has been around for more than thirty years (MacMillan, 2004), and has more recently emerged as "a global trend incorporating business corporations, states, international organisations and civil society organizations" (Sahlin-Andersson, 2006, p. 595). Terms such as social responsibility, stakeholder management, corporate citizenship, and corporate sustainability have become buzzwords in international development discourse (Utting, 2005). These buzzwords represent different perspectives in approaching CSR. Despite the appearance of diverse frameworks of CSR (Swanson, 1995; Solomon, 1993; Freeman & Evans, 1990; Lozano, 2002; Zadek, 2001), CSR can be expressed briefly in accordance with Vilanova et al. (2009) as "the voluntary integration of social and environmental concerns into business operations and into their interaction with stakeholders" (p. 58).

CSR can be understood as the concept that organisations take the interests of both shareholders and stakeholders into account within corporate operations. Van Dijken (2007) argued that the schism between "shareholder capitalism" and "stakeholder capitalism" had emerged with the emergence of CSR. The former refers to organisations operating almost solely to the benefit of shareholders. In contrast, latter term put emphasis on the benefits of different stakeholders, including shareholders, employees, consumers, business partners, media, government, local community, and natural environment (Neville et al., 2005). Asongu (2007) echoed those sentiments in relation to sustainability, which

requires organisations to consider not only profits but also long-term social and environmental consequences, and so is closely related to CSR.

Globally, CSR has become increasingly important because of frequent media reports on corporate abuses, such as labour conditions, environmental damages, and corruption, which have too often resulted in a "'race to the bottom' in search for lower labour costs and lower environmental standards" (Van Dijken, 2007, p. 143). There are a slew of examples: Monsanto was accused of using child labour (Venkateswarlu, 2004); British Petroleum's on-land oil spill in Alaska brought them under investigation from the Environmental Protection Agency (Foley, 2006a; 2006b; 2006c); and the Enron scandal shocked the world. All of these negative events helped to make companies aware of the need for developing a more positive image and turned many of them towards realising the importance of CSR.

Then how is innovation interconnected with CSR? Innovation is often demanded when organizations confront challenges, face unsolved problems, try to expand the market, or plan for maintain profitable growth. Meanwhile, CSR cannot be ignored and should be well performed for corporate reputations. Since innovation and CSR are increasingly needed in organizations, why cannot both of them be integrated? Actually, Kanter (1999) observed that start from the late 1990s in America, there appeared some leading companies began to shift their attention to the social sector which had been neglected for long time, such as "public schools, welfare-to-work programmes, and the inner city" (p. 124). She further argued that the social sector was usually viewed as social problems by business enterprises, however, those leading companies had changed their understanding and

considered social problems as economic problems, because they realised that their business was stimulated when they tried to solve social problems. Moreover, she found that a number of companies had exceeded organizational behaviours of doing good, rather, they had moved from CSR to "corporate social innovation" (CSI) (p. 124), as they had seen social issues as opportunities to generate new ideas, identify unmet needs and create new market. By CSI, she meant that companies produce innovations that took both of business and CSR activities into consideration, and treated them equally. In this case, innovation can be those researches and development projects that are stimulated and conducted on the basis of CSR purposes.

Relating back to this thesis, although the initial purpose was not to investigate how Chinese enterprises implement CSR oriented innovations, the data still reveals relevant evidence. Even if interviewees were not asked particular questions in relation to CSI, interviewee No.3 from the state-owned beer making company still shared a story of their CEO's initiative of establishing health office. It suggests how, even without explicit knowledge of CSR, or any question in the questionnaire, the leaders in this beer-company had realised the importance of employees (one type of stakeholders) and initiating some innovations from stakeholder perspective to ensure work efficiency, and might be said to be creating a kind of corporate social creativity. Hockerts and Morsing (n.d.) concluded two schools of thought discussing both innovation and CSR, including "innovations aiming at social improvements" and "environmental innovation" (p. 14). Clearly, the first school of thought focuses on innovations with social purposes, the second one emphasises environmental protection.

According to Hockerts and Morsing's (n.d.) summary of different schools of thoughts, the beer company initiative could be classified as social innovations that aimed at specific social improvement – the health issue. If the above example is seen to be based on the stakeholder management approach, the innovation of establishing health office is the process of operating in the benefit of employees, which can also help enhance the long-term development of the company.

There is no other evidence of CSR appearing from private enterprises. It does not mean private enterprises have not seen the importance of CSR or started corporate social innovation, especially since neither the questionnaire nor the interviews were designed to elicit response on it. However, the limited data indicates the dissemination of knowledge of innovation and CSR seems wider and deeper in state-owned enterprises. State-owned enterprises are more likely the pioneers in the movement of innovation and CSR.

China has become a vital part of global development and a link of global industry chain, since its entry into WTO. The global trend of the CSR movement has influenced China and Chinese organisations, particularly as the global community starts paying increasing attention on how Chinese organisations implement CSR. It has also been experienced elsewhere that more CSR issues come up to the surface with rapid economic growth. For instance, considerable damage, including water pollution and air pollution, to the environment has emerged to the extent that the resulting ecological challenge is one of the biggest challenges for China.

This was reinforced by Jenkins (2008) statement that "China overtook the United States as the planet's largest emitter of carbon dioxide" (p. 492) in 2007. Abuse of

labour issues also happen in China. Inside the Supplier Responsibility 2009 Progress Report disclosed by Apple, the issue of bad labour practices in its original equipment manufacturer was reported. Of all 83 facilities in China, "at 23 facilities … workers had been paid less than minimum wage for regular working hours [and] instances of pay calculations that resulted in underpayment of overtime wages at 45 facilities" (Supplier Responsibility 2009 Progress Report, p. 9).

Actually, Chinese top leaders have realised that CSR is becoming one of crucial issues in relation to Chinese economic and social development as well as its image presented to the world. During China's Central Economic Work Conference 2007, President Hu clearly brought forward the strategic request of guiding organisations to establish ideas of modern management and undertaking social responsibilities and suggested state-owned enterprises behaving as role models (Wang & Kang, 2009). To respond, the advocates of President Hu, the State-owned Assets Supervision and Administration Commission of State Council (SASAC), issued a document entitled "Instructing opinions about state-owned enterprises fulfilling social responsibility" on January 4, 2008 (CCTV, 2008, Jan 4). In this instructing document the SASAC accentuates how state-owned enterprises must take CSR into account because their implementation of CSR is: 1) the concrete actions of implementing scientific development concept; 2) the common request from the society for state-owned enterprises; 3) the best choice to achieve sustainable development of state-owned enterprises, and 4) is the need for state-owned enterprises to improve influence in global markets (People, 2008, Jan 4).

Moreover, the central government also advocates and encourages indigenous innovation in Chinese organizations. Therefore, it is the responsibility and mission for state-owned enterprises to implement innovation and CSR. So, corporate social innovation happens when these enterprises innovate on the basis of CSR purposes, just like the state-owned beer making enterprise in this research.

6.4 IMPLICATIONS OF THE RESEARCH

Globalisation has been sweeping the world for decades. It presents not only opportunities but also challenges for Chinese enterprises. One of the conventional advantages of Chinese enterprises is the low cost of production. This has already associated the label "Made in China" with cheap products. However, entering WTO means that China opens its market to the world, which directly increases the amount of foreign enterprises launching business in China and the intensity of competition in domestic market. Moreover, the economic environment for business is also changing: the price of raw material, land and labour is increasing in China; the movement of CSR has influenced China and made increasing number of enterprises to perform CSR in business; and the central government has been altering policies of macro control to maintaining economic growth. Meanwhile, it can be observed that the growth of world economy has slow down, and the demand from foreign countries has been reducing. All of the above factors imply that Chinese enterprises are losing the conventional advantage. The era of achieving rapid economic growth through low production cost and high demand from foreign is going to the end.

Another major challenge for Chinese enterprises is that globalisation has directly or indirectly decreased the cycle time of innovation and the reduced the life time

of successful innovations. This indicates that how to improve the capability of innovation has become main issue for Chinese enterprise that hope to achieve profitable growth and survive. The capability of innovation will influence the status of enterprises within the intense competition. Therefore, Chinese enterprises have to prepare for challenges and find their own paths toward successful innovation.

Since the finding in relation to leadership indicates that top leadership is the core of innovation in Chinese enterprises and their communication competence has significant influence on innovation, what does corporate top leaders should be aware of when they involve in innovation?

First of all, the innovation mind of top leaders in Chinese enterprises is the key to opening the door of corporate innovation. The world economy in the 21st century has the knowledge economy and economical globalisation as two major features. Knowledge has become the most important factor that drives capital accumulation, economic growth, and societal development. As mentioned above, that competition has turn to bloody (in Blue Ocean terms) in the Chinese domestic market when China enters into WTO. Therefore, the root competitive advantage for Chinese enterprises is not low production cost any more. Rather, knowledge, learning ability, and management ideas that companies have should be seen as the root resources for confronting challenges. Therefore, the innovation ideation is one of requirements and essential capabilities for top leaders in Chinese enterprises in the era of knowledge economy.

This special key of innovation minds mainly require top leaders to focus on three facets. First, it is important for top leaders to understand the value of knowledge, require themselves to learn endlessly (the meaning of customers, leadership, corporate communications and other factors in relation to successful innovation), and improve learning abilities continuously. With the development of human civilisation, the width and depth of knowledge has been extending, including different kinds of knowledge in corporation operations. The "brain" is replacing "physical force" and becoming the major factor that impact on corporate development. There are increasing number of companies that rely on their "brain" and knowledge to create values and profits.

Regarding innovation knowledge, BOS is one of the leading theories of strategic innovation. This research has found that no matter state-owned or private enterprises in Wenzhou are not familiar with BOS, even though this theory has been discussed and disseminated in the business field in China since 2005. The researcher deemed that Kim and Mauborgne's (2005) BOS has provided Chinese enterprises a special conceptual system (blue and red ocean, and value innovation), principles of generating and implementing BOS, and a set of highly operable analytic tools (Four action frame work, Eliminate-reduce-raise-create grid, the strategy canvas). Similarly, the five disciplines for creating what customers want (Carlson & Wilmot, 2006) is another successful framework that might be benefit Wenzhou enterprises. Although this research has found that customer needs have been take into account to an extent for corporate innovation, this framework provides a systematical theory of identifying important customer and market needs, creating new customer values by tools like value proposition, Watering Hole discussions, and understanding innovation champions, innovation team and

team alignment. Therefore, the BOS and five disciplines might be of particular benefit for enterprises that participated in this research and confront various challenges while competing in red oceans.

As a result, enterprises in Wenzhou should first focus on learning the theory in innovation, and understand the cornerstone of BOS (the value innovation) and essence of five disciplines. On the other hand, it is necessary to attempt to apply BOS or five disciplines for value creations based on companies' own situations. For instance, a large number of Wenzhou enterprises still choose either low cost or differentiation as their solutions to obtain competitive advantage, but BOS offers higher possibilities for them to achieve both simultaneously. Even if the attempt might fail, companies can learn from their failures and see clearer about their competitive advantages and weaknesses.

Second, it is important for Chinese corporate top leaders to take CSR into account and integrate it in corporate innovation. The Chinese state-owned enterprises have a different tradition in CSR. It is argued that from 1949 to 1978 state-owned enterprises were not only taking the social responsibilities determined by its nature, but also taking other social functions such as employment issues, education for employees' children, and medical and old-age care issues (Shen, Liu, & Zhou, 2008). However, the open door policy and reform in China started in 1978 made most state-owned enterprises to alter their focus on making profitable growth and ignore their social responsibilities (Shen, Liu, & Zhou, 2008). With the movement of CSR in western countries started in 1990s' and after China's entry into WTO, Chinese state-owned enterprises have to re-focus on what they ignored – CSR issues, for public image, competitive advantage and enhancement

of profit (Huang & Yu, 2006). For Chinese private enterprises, the development of CSR is still at the initial stage. Po Keung Ip (2009) pointed out that in the business sector some level of awareness of CSR started to emerge in 1990s, and the wider spread of CSR in the society began in 2002. Therefore, top leaders need to think of managing companies in the benefits of stakeholders through innovation.

Third, only top leaders having the passion and mind of innovation is not enough. It is important to inspire, motivate and encourage employees to realise the significance of knowledge and study for purposes. A good leader with innovative mind still cannot achieve successful innovation without his subordinates, especially those highly educated or skilled talents. Therefore, it implies that top leaders should understand the importance of cultivating innovative teams for confronting various challenges and achieving corporate goals as part of a wider innovation culture. Teams should have enthusiasms and innovative minds, understand customers and their real needs, and attend to global trends of development, such as economy, politics, sciences, environment, especially the trends that are relevant to their own business. If this is the case, innovation will happen constantly; and companies will be benefited and in the front rank in this global competition.

Other than the innovation minds of top leaders, their behaviour should be considered as another key to achieve continuous innovation in Chinese enterprises. It is important for them to cultivate innovation culture in their companies, and understand to apply diverse methods to improve everyone's apprehension of innovation, enhance employees' courage of innovation, and increase innovation practices. The findings show the significance of support for innovation from top

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leaders. Therefore, the researcher concluded that top leaders should be aware of two facets that influence corporate continuous innovation. On the one hand, only the top leaders have innovation minds is not enough. A more important responsibility that top leaders should take is to inspire every single person in the company to understand innovation, take the risks, use their innovative minds to consider the situations, to confront challenges and see corporate futures. Innovation would not happen if leaders and their subordinates do not have innovation minds. In other words, an innovation mind is the precondition for an innovative initiative, and an innovation culture.

On the other hand, to establish an innovation system is crucial for Chinese enterprises. The innovation system can be consisted of an acknowledgement mechanism, a talent utilization mechanism and a feedback mechanism, which are benefit for corporate innovation. Top leaders need to pay more attention to talents that have innovation minds and capabilities, use them in the right place, support their work and recognise them publicly. This is especially applicable to people who achieve significant innovations – they should be acknowledged with tangible and intangible rewards (sometimes including big prizes). Implementing an innovation system along these line, an innovation culture will be built gradually. The establishment of culture for innovation will be of help for continuous innovation generation and implementation, which will lead to long-term development for Chinese enterprises.

6.5 FURTHER RESEARCH

This research has revealed several findings in regard to different factors that relate to innovation. However, limitations emerged from the processes of questionnaires and interviews that lead to some further research possibilities.

One aspect that the researcher did not expected to find was the interrelationship between innovation and CSR, because this was not the original purpose. However, there was still evidence, albeit small, that showed the practice of corporate social innovation in state-owned enterprises in China. Therefore, how Chinese organizations generate and implement CSR oriented innovations can be an area for further research. If this is the case, this preliminary research suggests there would be differences between state-owned enterprises and private enterprises in China, because of their different natures and historical background.

Another aspect, that seems obvious in retrospect, is the possible limits of regionalisation in China. The central government and wider Chinese business sometimes displays an awareness, for example, of CSR and of Blue Ocean Strategy, that is not in evidence in the region studied. This would suggest significant regional differences may exist across the country and implementable ideas may not spread effectively as a result.

As this research revealed the limited awareness and understanding BOS, another worthy area for further research involves the investigation of applications of BOS by Chinese enterprises. A study of this nature would help to investigate to what extend that the theory is disseminated among Chinese enterprises, the status of

understanding and application of BOS, and whether Chinese enterprises can generate indigenous innovation through applying BOS (failed or succeed).

6.6 CONCLUSION

This research has provided an insight into into current situations of innovation disclosure by Chinese enterprises in Wenzhou. This is regarded as a relatively under-explored area in the literature so far. The research showed that the apprehension of successful innovation is highly related to profitable growth. Top leadership is one of the most important factors that influences and drives innovation in Chinese enterprises. Customer needs have been integrated into corporate innovation in recent years, although there are few enterprises have achieved creating uncontested market space and making the competition irrelevant. This research suggests that top leaders is the core of innovation and is related to every innovation factor in Chinese enterprises. Top leaders need to have innovation minds which is the key to unlock corporate innovation, and behave as innovative leaders which is another key to achieving continuous innovation.

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Figure 1: Four action frame work

Eliminate	Raise
Which factors can you eliminate that your industry has long competed on? **List those here...**	Which factors should be raised well above the industry's standard? **List those here...**
Reduce	Create
Which factors should be reduced well below the industry's standard? **List those here...**	Which factors should be created that the industry has never offered? **List those here...**

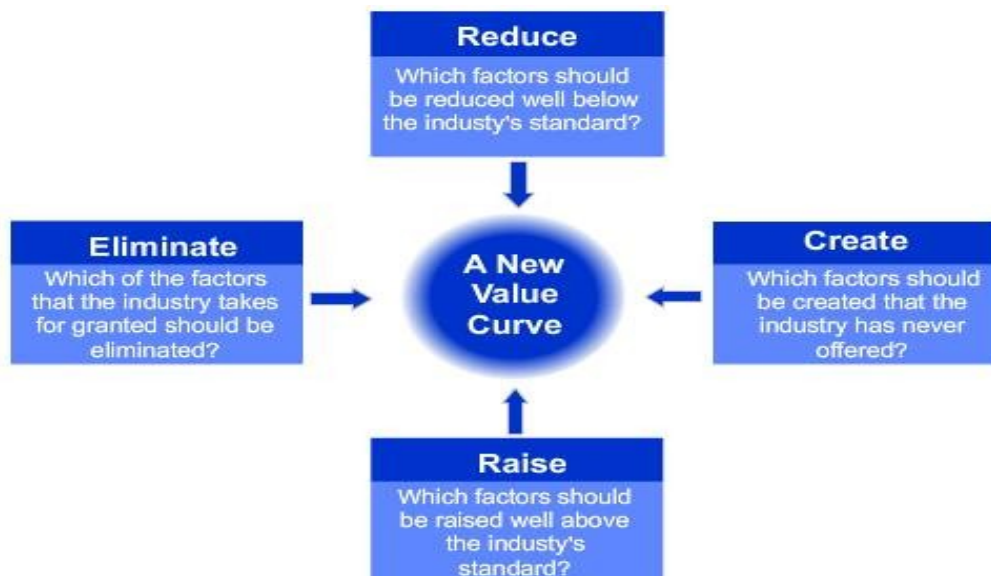**Figure 2: Eliminate-reduce-raise-create grid**
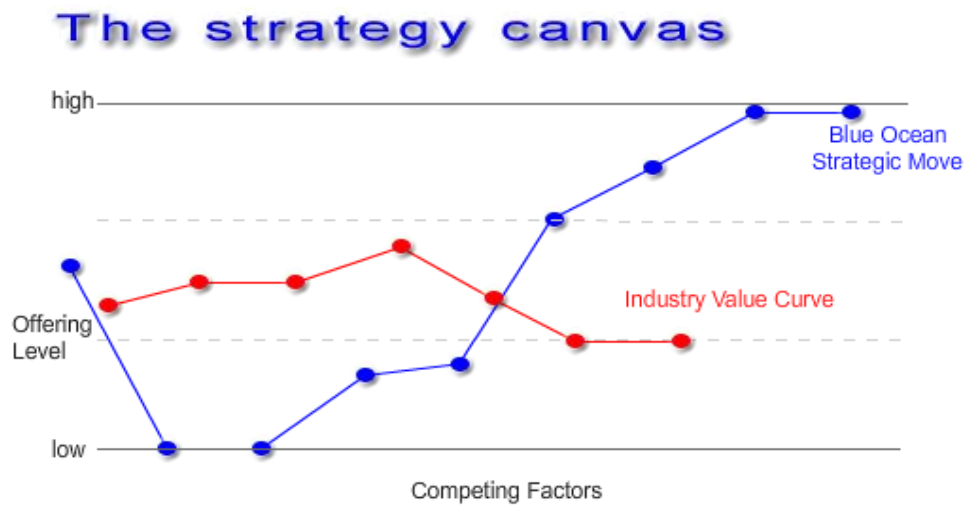
Figure 3: The strategy canvas

Figure 4: the strategy canvas of Cirque de Soleil

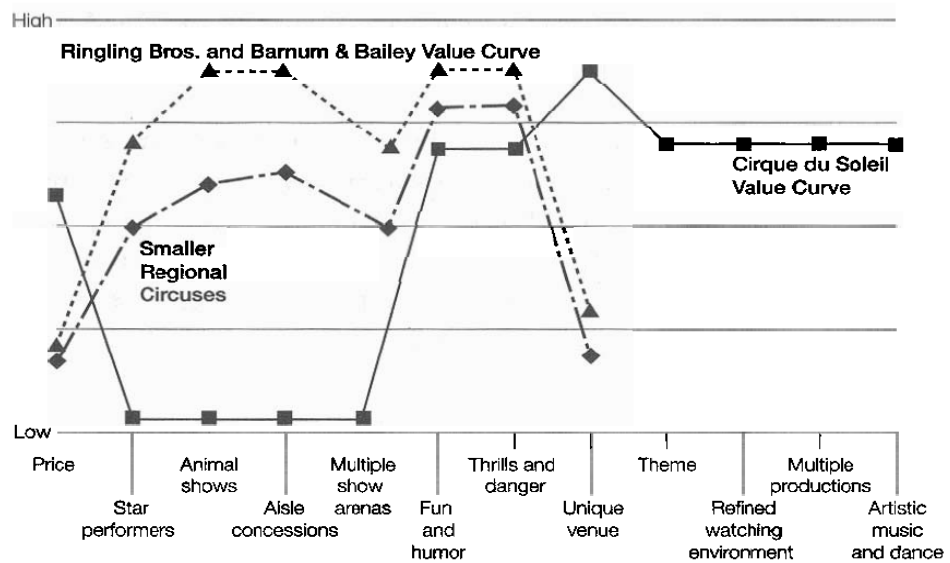**Figure 5: Appreciative Inquiry 4-D Cycle**

Table 1 Results of section 2

	Top managers	Middle managers	Lower-level employees	Total
Rewards for innovation – organisation shares the fruits of successes and learns from failure				
Strongly agree	6	3	3	12
Agree	6	7	9	22
Unsure	3	3	1	7
Disagree			1	1
Strongly disagree		1		1
Status of informal networks and processes - Informal communities are where most of our key innovations get their start and we have lots of routes, both formal and informal, to get new projects off the ground				
Strongly agree	1		1	2
Agree	7	9	7	23
Unsure	7	4	4	15
Disagree		1	2	3
Strongly disagree				
Response to change - We depend on each person in our organisation to be ready for change, and for us as an organisation to benefit from change				
Strongly agree	1	3		4
Agree	9	6	9	24
Unsure	4	3	4	11
Disagree	1	1	1	3
Strongly disagree		1		
Organisational culture - We have lots of tough discussions across the organisation but we have basic belief, a common vision and values, and strong, organic communities that keep us working together				
Strongly agree	6	5	4	15
Agree	6	6	7	19
Unsure	2	2	2	6
Disagree	1	1	1	3
Strongly disagree				

(Note: words in italic represent the survey items in section 2. And numbers represent the number of people who belong to different tiers of organisation and choose from 5-point scale.)

PARTICIPANT INFORMATION SHEET

Communicating innovation: An appreciative inquiry investigation into creativity and innovation in China and New Zealand

Researcher: Xinli Xu and David Mckie

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Communicating innovation: An appreciative inquiry investigation into creativity and innovation in China and New Zealand

Overview

The purpose of this sheet is to inform prospective participants of my major research project about the detail of the research and their possible participation. I am undertaking this project to complete a thesis to meet the requirements of a Master of Management Studies (MMS) from the University of Waikato.

This project will be exploring the role of communication as a key intersecting practice in creativity and innovation management. To be more specific, it will explore the commonalities and differences in innovative practices in the both China and New Zealand, through a series of appreciative inquiries about what the innovators themselves see as core to the successful generation and implementation of ideas in their companies. It will examine a range of recent research in the innovation literature in the light of current communication theory and practice to see how they align, and how they might align more effectively.

Who's responsible?

I am the principal researcher. My telephone number is 0210597956. I can also be contacted on email at xx56@students.waikato.ac.nz

I have one supervisor for this project, He is:

Supervisor: Dr David McKie - Waikato University.
Phone: (07) 838-4197.
Email: dmckie@waikato.ac.nz
Postal address: Waikato Management School.
                    University of Waikato.
                    Private Bag 3105.
                    Hamilton.

What's the research study about?

Recent years, the intersection of innovation management and communication are more widely under researched. The importance of its practical and theoretical possibilities have been explored and developed. This paper will examine a range of recent literatures which provides confirmation of the potential applying communication theory and practice of innovation processes, including Johansson's (2004) *The Medici Effect: Breakthrough Insights at the Intersection of Ideas, Concepts and Cultures*; Moskowitz and Gofman's (2007) *Selling Blue Elephants: How to Make Great Products That People Want BEFORE They Even Know They Want Them*; and Carlson, and Wilmot's (2006). *Innovation: The Five Disciplines for Creating What Customers Want* and so forth. This paper will then explore the commonalities and differences of innovation practices in both China and New Zealand through appreciative inquiries about the companies' experiences of innovation generation and implementation.

What will you have to do and how long will it take?

As a participant, you will be asked to complete a short questionnaire that will take around 10 to 15 minutes. Once you have had an opportunity to review this information, and, if you are willing to meet with me, I will arrange, at a time and location agreeable to you, to meet for a follow-up interview in which fuller responses to the topics of the questionnaire will be discussed. That would be expected to take a maximum of one hour and may include any suggestions for

improving innovation that you are willing to share. With your permission, these meetings will be recorded to ensure that your views are recorded accurately.

Draft content of research findings resulting from your contributions will be periodically emailed to you for your consent to be used within the final paper. These are not expected to take more than a total of an hour. Please note that you will be asked to consider the risk of being identified and the acceptability of any threat to you or anyone else as a result of the use of material before consenting to its use.

What will happen to the information collected?
Data use.
The data provided by you will be used to analyse the commonalities and differences in innovation practices in two countries.

Data access.
- Only my supervisor (Waikato University) and I will have access to raw information collected from you.
- Staff and external examiners of the Waikato School of Management required in the grading of this project will have access to the final dissertation when it is submitted for marking.
- No information provided by you will be made available to anyone else without your written approval.
- You will have access to research data provided by you.
  When a final draft is ready, a copy (including all findings) will be sent to you for final approval. Only previously approved information will be used in this copy.
- Interpretation of the overall data, after it has been collected and collated in a way that protects the anonymity of participants, may be used for delivery at scholarly conferences and publication in academic journals.
  All data collected (paper based, recorded, and electronic) will be destroyed at the completion of this research project.
Data storage.
- I will be responsible for collating, handling and storing all research data.
- The forms of data to come from participants will be paper-based and electronic recordings of interviews.
- All electronic information will be securely stored on the researchers' laptop that requires a password to logon. Back up copies will be stored in the researcher's private University of Waikato electronic student folders. Access to this information also requires a password. I will be the only person with access to these passwords.
- Paper-based information such as notes from interviews will be kept at my home. This will be locked in a safe cabinet apart from when I work with them.
- Personal information collected will only be used for the purposes of this research project.

The process for consent and withdrawal
After I have clearly explained the contents of this information sheet and answered any questions you may have about the research project and your participation, you will be asked to sign a consent form. This consent form notes that detail of the

research project has been explained to you, including your role and rights as a participant.

You may withdraw at any time during this project by giving me either verbal or written notice. If you choose to withdraw, you retain the right to withdraw the use of data provided by you for the purposes of this project.

Risks and benefits to participants

The benefits for you are intangible but may include an increased awareness of innovation practices. The Appreciative Inquiry approach is based on open questions and is designed to create positive responses so risks of creating a negative change for participants or their organisations are not anticipated. If you have any concerns whatever about risks, please do not hesitate to contact me.

Privacy and Confidentiality

A description of your background, experience and current work situation will be provided in the final document. If you wish to remain anonymous, you will be allocated an alias. Apart from instances of direct contact with you, the alias will be used in all notes, drafts; and the final copy of the dissertation. Only information approved for use by you will be used. The purpose of these actions is to provide you with as much confidentiality as is practicable. Again, I request that, if you have any concerns whatever about risks, please do not hesitate to contact me.

Declaration to participants

If you take part in the study, you have the right to:

- Withdraw from the project at any time.
- Refuse the use of any information supplied by you for project purposes, whether you have withdrawn or not.
- Receive a copy of all information referring to data provided by you for your consent before use in the final dissertation paper.
- Access all information provided by you for the project.

Waikato Management School
Te Raupapa

THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

Communicating innovation: An appreciative inquiry investigation into creativity and innovation in China and New Zealand

Consent Form for Participants

I have read the **Information Sheet for Participants** for this study and have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I also understand that I am free to withdraw from the study at any time, or to decline to answer any particular questions in the study. I agree to provide information to the researcher under the conditions of confidentiality set out on the **Information Sheet**.

I agree to participate in this study under the conditions set out in the **Information Sheet** form.

Signed: _____

Name: _____

Date: _____

Researcher's name and contact information:
Researcher: Xinli Xu
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Postal address: 36 Mansel Avenue, Hillcrest, Hamilton

Supervisor's Name and contact information:
Supervisor: Dr David McKie - Waikato University.
Phone: (07) 838-4197.
Email: dmckie@waikato.ac.nz
Postal address: Waikato Management School.
                   University of Waikato.
                   Private Bag 3105. Hamilton.

Survey instrument

Company Innovation Snapshot			DM/VM/XX	**Waikato Management School Research**		
Research Project on Innovation in China and New Zealand						
DIMENSIONS	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
INNOVATION READINESS					
Opportunities, no matter how small at first glance, are always given serious consideration	5	4	3	2	1
New ideas are encouraged – business planning, budgets and reviews for new ideas are different from those for existing projects.	5	4	3	2	1
Connections between "green-field" projects and mainstream organisation are very good – people operate collaboratively with no conflicting agendas.	5	4	3	2	1
Project leadership is strong, communication is good, and opportunities to enhance teamwork are often explored.	5	4	3	2	1
The organisation's current business model has been explicitly described and is clearly understood in the organisation	5	4	3	2	1
There is an understanding and acceptance of the magnitude of change required and an awareness of the chosen path and anticipation of the challenges ahead.	5	4	3	2	1
To maximise new opportunities, the organisation uses an iterative approach – tackling the unknown in small increments and learning from experience as it moves forward.	5	4	3	2	1
Senior management provides strong, visible support to emergent strategies raised by customer-facing, front-line, and middle management staff	5	4	3	2	1

TOTAL SECTION 1					
An overall high score in this section is important for my organisation	5	4	3	2	1
Our current performance in this area is commendable	5	4	3	2	1

Please share, if willing, copies of procedures, templates, processess that you are currently using in this area

PEOPLE - MOTIVATION & CAPABILITY OF INDIVIDUALS, TEAMS, AND ORGANISATION					
Rewards for innovation - organisation shares the fruits of successes and learns from failures	5	4	3	2	1
Status of informal networks and processes - Informal communities are where most of our key innovations get their start and we have lots of routes, both formal and informal, to get new projects off the ground	5	4	3	2	1
Response to change - We depend on each person in our organisation to be ready for change, and for us as an organisation to benefit from change	5	4	3	2	1
Organisational culture - We have lots of tough discussions across the organisation but we have basic belief, a common vision and values, and strong, organic communities that keep us working together	5	4	3	2	1
TOTAL SECTION 2					
An overall high score in this section is important for my organisation	5	4	3	2	1
Our current performance in this area is commendable	5	4	3	2	1

Please share if possible, copies of procedures, templates, processess that you are currently using in this area

DIMENSIONS	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
IDEATION - QUALITY & QUANTITY AND PROCESS FOR IDEAS GENERATION					
Creative people - Our people are always looking for the big opportunity and everyone (even our clients or customers) are innovators	5	4	3	2	1

Detecting opportunities for innovation - We not only want the best we can come up with, we want the best innovations possible, so we provide forums for ideas and opportunities for action that include our people, clients, researchers, suppliers, and even competitors	5	4	3	2	1
We believe in getting our innovations from everywhere, even if it means we must adapt and re-envision them from other industries	5	4	3	2	1
Our innovations include adopting the best ideas in our industry	5	4	3	2	1
We have a standard process in place to identify opportunities for improvement, select them, develop them, and introduce them to our offerings	5	4	3	2	1
We have more than one formal way to bring innovation ideas forward and make them happen	5	4	3	2	1
We look far and wide for good ideas and are particularly driven by innovation successes that are related to our capabilities and our market	5	4	3	2	1
We always make sure there is some extra time and opportunity for experimentation	5	4	3	2	1
TOTAL SECTION 3					
An overall high score in this section is important for my organisation	5	4	3	2	1
Our current performance in this area is commendable	5	4	3	2	1

Please share if possible, copies of procedures, templates, processess that you are currently using in this area

COLLABORATION MECHANISMS FOR COLLECTING AND INPUTTING EXTERNAL IDEAS					
We have a number of identified strategic business partnerships	5	4	3	2	1
We have a partnership management policy	5	4	3	2	1
We have evidence of strong network contacts	5	4	3	2	1
Our organisation's capabilities have increased through partnering	5	4	3	2	1
We have a number of technology platforms (both	5	4	3	2	1

products/services) involving external partners					
We provide forums for ideas and opportunities for action that include our people, clients, researchers, suppliers, and even competitors	5	4	3	2	1
The ratio of internal to external projects in our project portfolio is almost even	5	4	3	2	1
TOTAL SECTION 4					
An overall high score in this section is important for my organisation	5	4	3	2	1
Our current performance in this area is commendable	5	4	3	2	1

Please share if possible, copies of procedures, templates, processess that you are currently using in this area

DIMENSIONS	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
IDEAS PIPELINE - THE EFFICIENCY & EFFECTIVENESS OF IMPLEMENTATION OF IDEAS					
Viewing innovation risk - If the possible benefits are high enough, we will bet the company	5	4	3	2	1
Funding innovation - We dedicate all the resources that are needed to ensure the success of our high-impact innovation projects	5	4	3	2	1
Enabling innovation - We provide time and resources to actively encourage our people to get new things started, then provide ample opportunities for them to move things along informally, before they are finally introduced into formal pathways	5	4	3	2	1
Idea Management - There is a formalised corporate innovation policy and formalised idea management process	5	4	3	2	1
Intellectual property management - we have a formalised patent portfolio management strategy	5	4	3	2	1
Knowledge management - we have formal systems for knowledge capture, sharing, consulting, and stewardship	5	4	3	2	1
Project/Program portfolio management - we have clear selection and stage gate criteria defined & communicated and milestones are	5	4	3	2	1

defined & tracked					
Budgeting process - our budgets are aligned to our business needs and there is a cost tracking system in place	5	4	3	2	1
Customer Interface Management - We have the processes in place to test our new products & services with lead customers	5	4	3	2	1
TOTAL SECTION 5					
An overall high score in this section is important for my organisation	5	4	3	2	1
Our current performance in this area is commendable	5	4	3	2	1

Please suggest below how the company could increase innovation:					
What percentage of creativity do think you access when not at work?	0-20%	21-40%	41-60%	61-80%	81-100%
What percentage of creativity do think you access when at work?	0-20%	21-40%	41-60%	61-80%	81-100%
What do you think counts as successful innovation in your company?					
Please list three successful innovation in your company in the past year:					

Can you identify specific where any successful innovations came from?

Can you describe any successful innovations that came from new technologies?

Can you briefly describe any innovations in your company that came from identifying customer needs and/or delivering better value to customers?

Can you give examples of any innovations in your company that created new products, or new markets, or new customers that have no relevant competition?

Please suggest any ways that would increase the stimulation, capture, and implementation of innovation in your company?

Interview questions – first round

1. What do you think counts as successful innovation in your company?

2. Please list three successful innovations in your company in the past year.

3. Can you identify specific where any successful innovations came from?

4. Where is the most creative/innovation actions in your company?

5. Can you describe any successful innovations that came from new technologies?

6. Can you briefly describe any innovations in your company that came from identifying customer needs and/or delivering better value to customers?

7. What customer needs are you satisfying?

8. Can you give examples of any innovations in your company that created new products, or new markets, or new customers that have no relevant competition?

9. Do you see innovation as the core competitiveness of your company?

10. Can you describe one leadership story of success with innovation?

11. Please suggest any ways that would increase the stimulation, capture, and implementation of innovation in your company.

Interview questions – second round

1. Did you find any challenges with communication?

2. Did you make any changes to communicating in the company?

3. Have any observable results emerged from these changes?

4. What are communication channels in this company? How do they work?

5. Is there a feedback mechanism in this company to supervise communication and implementation status of innovation projects?

6. Is it two-way communication or one-way communication in this company?

7. Have you seen communication involved in helping, or hindering, how

   innovation happens?