

# Competing Through Innovation: A Chinese Experience

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**Abstract.** Management scholars in general and strategic management scholars in particular have long highlighted the importance of engaging in innovation in company competitiveness. The notions of innovation and competitiveness as well as the interplays between them are really not new. In fact, ever-increasing importance of these topics is reflected in a large collection of research studies in the area and in the daily coverage of both successful and unsuccessful companies in popular business press. However, most of these studies tend to focus on Western companies and contexts. In particular, it appears that past literature in the areas of innovation and company competitiveness and popular business press have paid relatively less attention to the challenges that Chinese firms face when competing in global markets. Given the seemingly increasing importance of Chinese firms in the world markets, this study presents an empirical study showing how Chinese firms increase their competitiveness through innovation. Addressing this important research gap in the literature, this study adds to Western literature and highlights how Chinese firms compete, and as a result, offers practical implications to both Chinese firms that are looking for ways to improve their competitiveness as well as Western firms that are in search of ways to compete with their Chinese counterparts. The results of the empirical study with Chinese firms suggest that Chinese firms indeed perform well with regard to several dimensions of innovation. They engage in both incremental and radical innovation and exhibit a substantial financial performance. However, the results also show that not all companies enjoy this type of success since success depends on companies' strategies as well as a wide range of adjustments and investments that they need to make in their operations.