

Nation no longer a 'wasteland' for entrepreneurs

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China's Xiaomi Redmi 2 smartphones are displayed to the media during their launch in Sao Paulo, Brazil, June 30, 2015. [Photo/Agencies]

Rising generation of business leaders creates value-added solutions

People unfamiliar with recent developments within China generally believe that the nation lacks innovation capabilities as well as the infrastructure to support entrepreneurship. The stereotypical view, often fueled by Western media, portrays China as an "innovation desert" full of copycat companies that make shanzhai (fake) products.

They describe a China that lacks innovativeness due to an inadequate system of intellectual property protection, a rote-learning educational system that stifles creativity and a business landscape dominated by State-owned enterprises.

This perception is based on China's history, but it does not reflect current realities. Worse, it fails to recognize the emerging wave of innovation from China.

Understanding innovation in the context of contemporary China requires a broader definition of innovation, beyond the classic product or technology-centric view espoused by Western management theory. We suggest a broader interpretation of innovation that includes solutions that offer added value to customers or businesses, which may be manifested in a variety of forms, but are not limited to low-cost disruptions or technological breakthroughs.

To better understand this broader view of innovation, we should look deeper into examples coming from China.

Three layers of innovation

In our view, there are three essential layers of innovation: people, organization and market.

At the core are people. Large corporations often find it difficult to maintain the same level of creativity and freedom, both of which are conducive to the innovation process, as exists within startups. In China, a growing culture of mass entrepreneurship and relevant favorable policies are emerging. As a result, we are witnessing rapid growth in startups, which serve as the breeding ground for creative entrepreneurial minds.

Inspired by successful examples of private entrepreneurs, a "why-not-me" mentality motivates aspiring young entrepreneurs to create solutions that deliver value. This new breed of young entrepreneurs are adept at identifying new and creative ways to add value to consumers' lives within a volatile and sometimes sub-optimal environment.

Among the entrepreneurs who were born in the 1980s and 90s, there is a strong sense of entrepreneurial zeal and optimism ignited by recent successful examples of Alibaba Group Holding Ltd's Jack Ma, Xiaomi Inc's Lei Jun, Tencent Holdings Ltd's Pony Ma and many others.

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