Chapter 1
China’s Economic Growth and Innovation in Globalization

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ABSTRACT

The purpose of this chapter is to investigate the potential long-term effects of contemporary globalization on the Chinese economy and innovation in an era of global hypercompetition. Globalization today is basically accepted as the process that removes geographical boundaries and enables the economic integration and interdependence of national economies into the international economy through trade, foreign direct investment, migration, and capital flows. Since productivity remains the critical determinant of long-term national growth and prosperity, the effects of today’s globalism on productivity demands the need for business organizations in particular to sustain a competitive advantage and to remain profitable over time. Based on an integrative literature review, this chapter explores why China must continue to develop its innovation capabilities as well as to provide opportunities for foreign businesses over the long-term via responsible economic development that also benefits the nation’s domestic population.

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INTRODUCTION

The nation with a global blue-water navy is the master of today’s economy - Capt. Earle G. Gardner, Jr. (USN)

The purpose of this chapter is to investigate the potential long-term effects of contemporary globalization on Chinese economic growth and innovation in an era of worldwide hypercompetition. Globalization today is basically accepted as the process that removes geographical boundaries and enables the economic integration and interdependence of national economies into the international economy through trade, foreign direct investment (FDI), migration, and capital flows (Cooper, 2008). Since productivity remains the critical determinant of long-term national economic growth and prosperity in an aging world (McKinsey Global Institute, 2015; Drucker, 2002), the effects of globalism today on productivity demands the need for business organizations to sustain a competitive advantage and to remain profitable over time (Chatterji & Patro, 2014; Teece, 2014; Campbell, Coff, & Kryscynski, 2012; Porter, 1998). Based on an integrative literature review and personal business experience in China during various periods since 1986, this chapter explores why the country should continue to develop its innovation capabilities as well as to provide opportunities for foreign businesses over the long-term for responsible economic development that also benefits the nation’s domestic population – a concern which should not be overlooked in any serious discussion on China (Ren, 2016; Shellekens, 2013).

This chapter is based on a key question: “Can China continue its economic growth and innovativeness developed over the past 30 years for the remainder of this century within the context of global hypercompetition?” China has undoubtedly made serious strides in its economic development since Deng Xiaoping’s market-economy reforms that started in the late 1970s. However, recent events such as the current trade war with the USA or China’s chronic debt problems which have developed over the years, in an attempt to maintain economic growth, underscore structural issues that could collectively inhibit future development in the world’s second largest economy (CIA Factbook, 2018; Bradsher, 2018).

Anderson and Wong (2013) state that competitive advantage in the digital economy of the 21st century focuses on intangible factors including firm strategy and positioning, radical innovation and first mover advantages, organizational ambidexterity, network effects and externalities, transaction cost efficiency, intangible resources and competencies, and relational optimality. Global competition today
Positions of Mobile Phone Brands on University Students' Mind
www.igi-global.com/article/positions-of-mobile-phone-brands-on-university-students-mind/161629?camid=4v1a