Chapter 8
Emerging Dragons: How Do Chinese Companies Expand Overseas?

Man Su, Linda Hui Shi, Meng Zhao, and Kang (Frank) Tan

8.1 Introduction

The global presence of Chinese companies has strengthened since China initiated the "Going Global" strategy in 1999, joined the World Trade Organization (WTO) in 2001 (Agarwal & Wu, 2004), and began to promote the "Belt and Road Initiate" (BRI) in 2013. The overseas expansion of Chinese companies has become a noteworthy dimension to China's integration into the global economy. The rapid internationalization of such companies has also elicited high levels of interest among managers and academics (Hoskisson et al., 2000; Child & Rodrigues, 2005; Alon et al., 2018). The term "dragon" and "dragon multinationals" are often used as metaphors for internationalizing Chinese companies because of their rapid growth and great potential in the future as latecomers from an emerging economy in the Asia-Pacific region (Tran et al., 2013; Mathews, 2017). For instance, Haier Group, a home appliance company that has gained global leadership, is described as a "hidden dragon" (Zeng & Williamson, 2003). Similarly, low-cost companies in cluster markets that have achieved global dominance, such as the Yiwu Commodity Market are referred to as "manufacturing dragons" or "exporting dragons" (Zeng &

M. Su
China University of Geosciences, Beijing, P.R. China

L. H. Shi (✉)
University of Victoria, Victoria, Canada
e-mail: lshi@uvic.ca

M. Zhao
California State University, Carson, CA, USA
e-mail: mzhao@csudh.edu

K. Tan
ACIP Group, Vancouver, BC, Canada
e-mail: frankktan@uvic.ca

T. Wu, N. Bu (eds.), *International Business in the New Asia-Pacific*,
Advances in Theory and Practice of Emerging Markets,
https://doi.org/10.1007/978-3-030-87621-0_8

Williamson, 2007); There has also been a dramatic rise in high-tech "silicon dragons" (Fannin, 2008), such as Baidu, Tencent, and Alibaba, the Internet giants of China. Therefore, we define "emerging dragons" as multinational Chinese companies and brands that have had a strong growth in sales and significant market share in overseas markets over the past two decades (Zeng & Williamson, 2003).

The past two decades has witnessed the acceleration of Chinese companies into the global economy, which is mainly reflected in three main sets of statistics. First, China's outward foreign direct investment (OFDI) has grown substantially. China was the 26th largest global investor in 2002, but became the second largest in 2019, accounting for more than 10% of the world's total OFDI since 2016 (see Fig. 8.1). Second, Chinese companies are actively engaged in foreign trademark registration. According to CompuMark™'s foreign trademark registers (2018), the number of trademark applications by Chinese companies has been on the rise, from 32,059 applications in 2010 to nearly 120,000 in 2017. Third, the number of Chinese companies on the Fortune Global 500 list has surged. China had 124 companies on the Global 500 list in 2019 compared to only 12 in 2001 (Fortune Global 500, n.d.; ChinaPower, n.d.) (see Fig. 8.2).

There are currently no set blueprints for understanding the strategic expansion of Chinese companies into global markets. Compared to their established global counterparts, China's emerging dragons are poorly understood. Systematic research has not kept pace with their rapid global expansion. Doubts about the strength and global influence of Chinese companies are often the dominant narrative. The first

Fig. 8.1 An overview of China's OFDI from 2002 to 2019 (*Source:* MOFCOM, China n.d.; UNCTAD, UN n.d.)

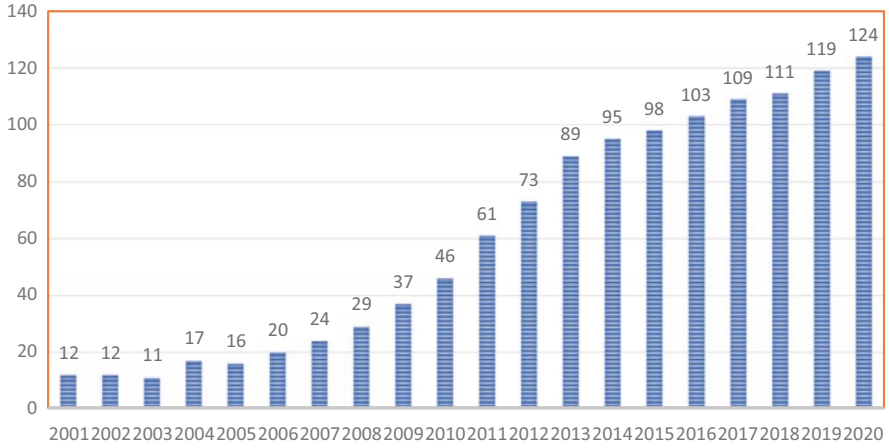

Fig. 8.2 The number of Chinese companies listed on the Fortune Global 500 from 2001 to 2020 (*Source:* Fortune Global 500 n.d.; ChinaPower)

argument of this narrative is that the top Chinese companies on the annual Global 500 list are mostly state-owned enterprises (SOEs) in the banking and energy sectors, and are therefore not an accurate reflection of the real global footprint of Chinese firms. Another argument is that most Chinese companies are low-cost manufacturing exporters propped up by a massive domestic population, export subsidies, and the unique institutional environments they operate in (Elango & Pattnaik, 2007). There is also a widespread view that Chinese companies cannot innovate (Abrami et al., 2014; Peng et al., 2017) even though China was ranked as the 14th most innovative out of 129 economies in the 2019 Global Innovation Index (GII) rankings. Additionally, China was second only to the United States in the number of science and technology clusters (GII, 2019). Evidently, Chinese firms are not what they are traditionally perceived to be.

Obviously, the phenomenon that is the rapid global rise of Chinese companies is still not well understood. More studies are needed to examine the differences in the motivations, expansion paths, capabilities, and competitive advantages of Chinese companies compared to their established counterparts (Guillén & Garcıa-Canal, 2009; Ramamurti, 2009; Bianchi, 2014). This chapter aims to examine the distinctive expansion patterns of Chinese companies and the key features associated with the expansion process based on the analysis of 35 Chinese companies. We will further analyze the uncertainties and challenges that Chinese companies are likely to encounter by applying the *Political, Economic, Social, and Technological* (PEST) perspective. This will contribute to an enhanced understanding of the competitive strategies of Chinese firms as they continue to deepen their global presence, especially in the context of geopolitical tensions between China and the United States, as well as the impact of the COVID-19 pandemic.

8.2 Factors Underlying the Myth of Chinese Companies' Growth

Skepticism has always surrounded the overseas expansion of Chinese firms. The commonly held myth (Luo et al., 2012) is that Chinese companies are export-led and manufacturing-driven. However, China is transforming into a consumer-based economy. Exports, which accounted for 35.4% of China's GDP in 2006, contributed only 17.4% of the country's GDP in 2019. According to China's National Bureau of Statistics, the contribution of China's final consumption expenditure to economic growth rose from 45.3% in 2007 to 76.2% in 2018 (Xinhua News, 2019).

There are three reasons why the myth regarding Chinese economic expansion persists. First, many Chinese firms are assumed to have the advantage of favorable policies and financial subsidies due to their ties to the government. This assumption comes from a poor understanding of the political, institutional, and cultural environment that Chinese companies are cultivated and established in when compared to Fortune 500 corporations that are based in the West. It should also be noted that some private Chinese companies are minority investors in state-owned Chinese enterprises. For example, Alibaba and Tencent, two technological giants that have disrupted the global Internet finance market through their innovative mobile payment applications Alipay and WeChat, have both invested in China Unicom, the telecommunications company owned by the Chinese government (Lee, 2017). Such confusion is frustrating to western firms that are trying to understand the ownership advantages of Chinese firms (Bhaumik et al., 2015).

Second, many Chinese firms lack transparency due to poor disclosure of their financial and shareholding information. The best examples of this are Chinese technology start-ups. With only a few exceptions, most Chinese tech firms are either listed domestically or choose not to go public, partly to avoid the stricter and more detailed disclosure requirements imposed by the United States' Securities and Exchange Commission (SEC) that a listing on the NYSE and NASDAQ would entail. This pattern is likely to remain as the China Securities Regulatory Commission has announced a pilot program to help promising start-ups get listed and allow leading tech firms that have gone public abroad to re-issue shares in Mainland China (Xie, 2020). Due to the uncertainties of this program, it is difficult to assess the likely impacts of such a change for now.

Third, by 2000, not a single Chinese brand was ranked among the world's top 75 brands (Interbrand, 2000; Ramamurti & Williamson, 2019). However, Chinese firms have since made major strides in this regard. In 2014, Huawei was ranked among the Top 100 Best Global Brands, becoming the first Chinese entrant (Interbrand, 2014). In BrandZ™'s, 2019 list of the Top 100 Most Valuable Global Brands, Chinese brands made up 8 of the 10 most valuable Asian brands and took 15 placements in the overall list (BrandZ™, 2019). According to data from the World Intellectual Property Organization (WIPO), utility patent applications from China numbered more than 1.5 million and accounted for 46.4% of global totals in 2018 (WIPO, 2019). However, it takes time for such a rapid transformation to filter

through into mainstream thought and subsequently alter the image of Chinese companies as low-quality exporters.

While these perceptions on the overseas expansions of Chinese firms are not entirely unjustified, a more informative and balanced examination of how "emerging dragons" globally generate competitive advantages is both necessary and imperative. The analysis in this chapter is based on an in-depth investigation of 25 firms from 80 Harvard Business Review Cases covering the overseas expansion of Chinese companies since the 2000s, as well as 10 overseas Chinese companies listed in the Shanghai and Shenzhen Exchange Markets, thus involving a total of 35 companies. The companies included in our analysis draw from a diverse range of sectors, including home electronics, traditional herbal medicines, and dairy products.

8.3 Five Overseas Expansion Types of Chinese Companies

When a company decides to enter the global market, it is because they believe such a move will be advantageous for them (Porter, 2004). In international business (IB) literature, the Uppsala model (Johanson & Vahlne, 1977; Huang & Jarinto, 2015) and eclectic paradigm (Dunning, 1988, 2006) are often used as frameworks for explaining the internationalization process of firms (Wagner, 2020). These IB models are often reflective of the international expansion patterns of multinational firms (MNEs) from developed countries, whose successful internationalization is driven by the three advantages of the Ownership, Location, and Internationalization framework (OLI). However, no single existing IB theory appears to fully explain the internationalization strategy of Chinese companies because Chinese companies seem committed to more holistic strategic considerations regarding their entry mode and post-entry growth. Our in-depth study of 35 international Chinese firms is a starting attempt to understand their unique set of options and choices in order to build the foundation for a more deductive approach to analyzing "emerging dragons."

Five international expansion patterns can be observed from our analysis of the 35 firms. These are: market dominators, export clusters, technology innovators, cultural carriers, and overseas financial investment and supply chain integrators. Table 8.1 outlines the characteristics of these five patterns in terms of their expansion motives, entry modes, market strategy, R&D status, core competence, and competitiveness.

8.3.1 Market Dominators

Market dominators are firms that took the plunge into overseas markets, starting as industry leaders in the domestic market before becoming niche players in cross-border markets and then global brand builders based on developing innovative

Table 8.1 Five patterns of overseas expansion

	Type				
	Type 1	Type 2	Type 3	Type 4	Type 5
Factors	Market dominators	Export clusters	Technology innovators	Culture carriers	Overseas financial investment and supply chain integrators
Expansion motives	Building global brand	Increasing export/ exportation capacity	Becoming global technology leaders	Carrying Chinese cultural heritage forward	Combining overseas assets with Chinese markets
Entry path	Targeting niche markets with a holistic approach including exporting, joint ventures, subsidiaries, etc.	Exporting and original equipment manufacturer (OEM)	Leading industry innovation	Selling traditional Chinese products in the overseas market	Acquiring new business through cross-border mergers and acquisitions
Core competence	Customer-centric innovation and cost-advantage strategy	Cost-effective manufacturing capacity	Patented technology and Talents of Chinese returnees	Cultural-based natural Resources	Financing capitalization
Market strategy	Building global brand awareness	Developing as a cluster brand	Establishing market leadership	Networking overseas Chinese and seeking product agents	Acquiring complementary assets and resources
R&D status	High investment in R&D Collaborative research for Cutting-edge technology	Updating market knowledge about trends and fashions	R&D alliances with universities or research institutes	Focused R&D on resource optimization	Multi-dimensional cooperation with top R&D companies and international talents
Unique capability	Market sensing capability	Networking capability	Innovation capability	Resource-based capability	Acquisition capability
Global competitiveness	Industry leadership	Cluster networking	Government incentives and grants	Uniqueness of Chinese cultural products	Large population of Chinese customers
Pest	Economical, technological, socio-cultural	Socio-cultural, economical	Political, technological	Socio-cultural	Political, economical, technological

Case companies & brands	1. Galanz 2. Gree Electric Appliances 3. Haier Group 4. Hisense 5. Huawei 6. Midea 7. Pearl River Piano	1. Fuyao Auto Glass 2. Langsha Group 3. Semir Group 4. Wenzhou AoKang 5. Wenzhou Red Dragonfly 6. Yiwu Commodity City	1. Alibaba 2. Ant Financial 3. Baidu 4. Lenovo 5. Luxshare Precision 6. Sunway cCommunication 7. Tencent 8. Xiaomi	1. Heborist 2. Jia Duobao 3. Jiangzhong Hou Gu (mushroom) Biscuits 4. Shanghai Tang 5. Shangxia 6. Tianjin Tasly Group 7. Tong Ren Tang 8. Yunnan Baiyao	1. Anbang insurance 2. Beingmate 3. Bright Dairy 4. Fosun Group 5. Geely 6. HNA Group

customer-centric technology in the global arena. The first cohort of market dominators went global during the late 1990s when China was encouraging domestic companies to engage in internationalization. These companies initially focused on product-based niche segments to build and consolidate core competitiveness in international markets via a progressive portfolio of entry modes, such as OEM, exporting, joint ventures, subsidiaries, and M&A, with the goal of becoming well-established global brands. Global leaders, such as Haier Group, Gree Electric Appliances, Galanz, Hisense, Midea, and Pearl River Piano, are good examples of Chinese companies in this category. Due to its quick action after emerging on the global market, Haier Group has been the world's leading producer of refrigerators since 2008. Its global market share has continued to rise, from a share of 10.4% in 2008 to 21.4% in 2018 (Cheaa.com, 2018). In Box 8.1, we provided a mini-case to describe the key competitive advantages of Haier's overseas expansion. Likewise, the goal of Gree Electric Appliances' global expansion is to build its own international brand. Having ranked as the global market leader for air conditioners since 2005, Gree's global market share of residential air conditioners reached 20.6% in 2018 (Gree Website, n.d.).

To achieve their global ambitions, market dominators are characterized by the high priority they give to R&D and customer-oriented disruptive innovation. In the United States niche market, Haier Group pioneered compact refrigerators for college students and inexpensive wine cellars for wine lovers, competing against Whirlpool, Electrolux, Bosch-Siemens, and LG in order to gain market leadership. Its niche and innovative products, known as "the world's first," are in constant launch, such as a cordless "no-tail" TV, a household shoe-washing machine for footwear care and protection, and an "outer-drum-free" zero-cleaning washing machine. These diverse innovations are achievable because of Haier's mantra that R&D resources must go wherever there are customers with needs to be satisfied.

Founded in 1956, Pearl River Piano has attributed its success in global high-end markets to its early adoption of a "global perspective" (Music Trades, 2017; Kumar & Steenkamp, 2013a). Since 1987, the company has focused on inviting international experts to guide it in piano design, manufacturing, and quality control to enhance its technology. As the world's largest piano manufacturer with more that 30% global market share and the best-selling piano brand in more than 120 countries, Pearl River Piano often makes use of its accelerated R&D and state-of-the-art innovation (PianoBuyer, n.d.). For example, it created a set of high-end "Kayserburg" designs in less than 5 months. A similar set of designs would traditionally take years to complete at almost ten times the cost. Similarly, innovation-driven development has allowed Gree Electric Appliances to produce 24 globally leading air-conditioning technological innovations. Gree is also the sole supplier for the main air-conditioning units used in all the terminals and supporting services at Beijing's Daxing International Airport (Gree Website, 2018). Overall, customer-driven innovations help market dominators create competitive advantages by spotting an entirely new market opportunity or by serving a market segment that others have ignored.

Box 8.1 Haier Group: A Leading Market Dominator

Established in 1984, is a leading company in consumer electronics. Haier started its efforts to go global in 1989 by exporting niche products. As one of the earliest internationalized Chinese companies, its expansion has been centered on creating markets and responding to customers' needs. Customer-centered innovation featuring specially designed products is what helps Haier achieve its competitive advantages. Moreover, achieves its quick expansion and consolidation of overseas resources through major international acquisitions, such as the acquisition of Sanyo in Japan (2011), Fisher & Paykel in New Zealand (2012), and GE Appliances in the United States (2016). Importantly, Haier promotes the direct interaction among its global users, makers, and innovation resources. This strategy contributes to the construction and operation of the Haier Open Partnership Ecosystem (HOPE) on the global scale. Interactions among Haier's seven brands (namely, Casarte, Leader, Haier, AQUA, GE Appliances, Fisher & Paykel and CANDY) (Haier Website, n.d.), focus on customer needs, and competitive innovation are the driving forces for Haier Group's and sustainability.

8.3.2 Export Clusters

Export clusters take advantage of geographically concentrated and economically related sectors to achieve national and international export competitiveness through collective actions and network linkages, such as product producers, service providers, suppliers, and universities (Porter, 1990). Export clusters in China win global recognition by exporting mass commodities based on upgrading innovations and the co-location of specialized firms in export-processing zones, most of which are in the Pearl River Delta or the Yangtze River Delta. The Yangtze River Delta is the top cluster for China's advanced manufacturing industry, with 32% of the top 500 companies in China coming from this region (China Daily, 2019).

Generally, a cluster brand is recognized as a cluster that achieves a distinct reputation and position based on its identity and what it does most effectively (Andersson et al., 2013). A cluster that supports a cluster brand is structured in three layers, which consist of the cluster brand, corporate brands, and product brands. At the top of the cluster is the cluster brand, which is a collective brand representing an industry cluster (Tu, 2011). For instance, Semir Group, a Wenzhou-based Garment Co. Ltd. founded in 1996 in the Zhejiang Province, has contributed to the construction of the Wenzhou Apparel cluster with its casual wear for young people and the children's brand "Balabala" (McFarlan et al., 2012). Yueqing, a county-level city under the administration of Wenzhou, is the birthplace of Wenzhou-style garments and the largest production base for garments in the Zhejiang Province. Impressively, two-thirds of China's textile and apparel clusters are in the Zhejiang Province (Guan

et al., 2018). Clusters joining forces along the value chain are a catalyst for the rapid growth and international recognition of Chinese exporting companies. Successful export clusters are those with firms that are effective at building and managing a broad network of linkages both locally and trans-locally to access relevant knowledge and resources (Turkina et al., 2016). In Box 8.2, we described two leading Wenzhou Footwear Cluster Brands, AoKang and Red Dragonfly. They are competent in connecting the supplier cluster in Wenzhou with the customer and design cluster in Italy during their overseas expansion.

Clusters are also defined as "geographic concentrations of industries related by knowledge, skills, inputs, demand, and/or other linkages" (Delgado et al., 2016). The Yiwu China Commodities City is a cluster of more than 88,000 shops, stretching nearly 5 miles; it would take around 13 months to visit all the shops if a buyer were to stay in each shop for at least 3 min (Yiwugo.com n.d.). Christmas-related products in Yiwu, such as sleigh bells, Santa Claus costumes, plastic Christmas trees, and LED Christmas lights, account for about two-thirds of the world's output for Christmas products. The manufacturing clusters of Yiwu have strong production capabilities, being able to respond quickly and exercise great flexibility when confronted with changes in demand. Everything in Yiwu is produced as a one-of-a-kind sample with each item being totally different.

Porter's Diamond Model also sheds light on the interplay among four determinants, which are firm strategy and structure, factor conditions, demand conditions, and supporting industries. This interplay can answer the focal question of why companies from one country or region are able to sustain competitive advantages in a particular industry (Porter, 1990). Porter argues that only advanced factor conditions that one's competitors do not possess will gradually lead to a competitive advantage for a company, while basic factors do not generate competitive advantages because any company can obtain them. Among the companies we study that are classified in this category, these advanced conditions are typically their unique innovation capabilities that come from being part of a network. Export clusters focus on increased innovation and network building. For example, Fuyao Auto Glass (established in 1987), the world's top automotive glass supplier with 25% of the global market share, has been enhanced by its OEM ties with VW, Audi, Bentley, BMW, Chrysler, GM, Ford, Mercedes-Benz, BMW, Audi, GM, Toyota, and other car companies. Fuyao successively established production plants in close geographic proximity to all of VW's major operation sites in China. Similarly, when Fuyao first expanded into the United States in 2014, it set up manufacturing plants in close geographic proximity to major US automotive manufacturers that Fuyao had previously supplied in China (Hertenstein et al., 2017). Also, in 2020, Fuyao spent US $46 million to expand production and R&D at a plant in the United States (Automotive News, 2020), further committing to its existing business network ties and its innovation capabilities.

As described in Table 8.1, export clusters distinguish themselves and achieve competitive advantages through their unique networking capabilities. By gaining competitive advantages through reduced inventory and precision in design and production, it is apparent that sales networking and coordination enable export clusters

to produce and deliver products in a short production cycle without raising costs. Responsiveness to the market and cost-effectiveness are the most important strengths that export clusters possess.

Box 8.2 AoKang and Red Dragonfly: Wenzhou Footwear Cluster Brands

Wenzhou, a coastal port city located in southeast China, has been on the front-line of China's export success. In 2001, the Wenzhou footwear was officially named as "China's footwear capital." Wenzhou had more than 4300 shoe-making-related companies in 2019, accounting for one-eighth of all shoe production worldwide. Their shoes have been exported to more than 160 countries, led by brand names such as KangNai, AoKang, Red Dragonfly, and Spider King. AoKang Shoes Co. Ltd. and Red Dragonfly Footwear Co. Ltd. (set up in 1988 and 1995, respectively) are the two most successful cluster companies listed in the Shanghai Stock Exchange. When exporting overseas, these two companies took the lead in establishing European cluster networks, particularly in Italy. In 2003, AoKang became the cooperative partner of Geox, a leading Italian shoemaking company (China Daily, 2004). In 2008, AoKang formed a partnership with the Italian shoemaking company Valleverde. Red Dragonfly began to build products at a development center in Italy in 2007. Besides, outlets in different countries cluster shoemakers from Wenzhou and strengthen the cluster brand effect of Wenzhou footwear, thus increasing its popularity on a global scale.

8.3.3 Technology Innovators

Technology innovators are mainly young start-ups in the high-tech sector. The past decade has witnessed a boom of Chinese start-ups. According to a Credit Suisse report in 2018, China boasts the second largest number of start-ups worth over a billion dollars, or "unicorns" representing nearly one-third of the world's 326 unicorns (Singh, 2019). With a strong capacity for innovation, technology innovators are mainly concentrated in cities like Beijing, Shanghai, Hangzhou, and Shenzhen, focusing on advanced technologies, including artificial intelligence, self-driving cars, telecommunications, biotechnology, green energy, and robotics.

The rapid expansion of technology innovators lies in three decisive factors. First, their innovation and entrepreneurship are encouraged and supported at the national level. Since the launch of China's top-down national "entrepreneurship and mass innovation" initiative in 2014, technology innovators have had easy access to China's state investment and subsidiary funds (Phelps, 2018). Second, technology innovators invest in R&D and foster joint innovation with key universities, institutions, and laboratories at home and abroad. Third, technology innovators build

patented technology and innovation capabilities as their core competences. In terms of WIPO's Patent Cooperation Treaty (PCT) applications, China became the world's largest applicant, with 58,990 patents filed in 2019, followed by United States with 57,840 applications (WIPO, 2020).

Let's consider the Shenzhen-based Sunway Communication Co. Ltd. as an example of a technology innovator. Founded in 2006, the company is a listed high-tech company, focusing on mobile terminal antennae that can be applied to portable communications equipment such as mobile phones, laptops, and netbooks. As for the core technology on the antenna system, Sunway is committed to patented technology, with the application of 922 patents by the end of 2018. Its financial expenditure on core technology R&D increased from 17.2 million RMB (US$ 2.4 million) in 2011 to 291.1 million RMB (US$ 42.3 million) in 2018 (Sunway Annual Report, 2019). Globally, Sunway has established R&D and sales centers in Sweden, the United States, South Korea, and Japan. Nanjing University, Southeast University, and other important institutions have been Sunway's research partners. Not surprisingly, Sunway came in at 46th place on Forbes' list of the World's Most Innovative Growth Companies in 2017 (Forbes, 2017).

Technology innovators are highlighted by their entrepreneurial orientation and focus on innovation. They enter foreign markets via exporting, licensing, joint venture partnerships, or venture capital investments. Upstart technology companies focus on acquiring overseas talents or partnering with well-known brands to expand their distribution channel. Typical international partners are their suppliers and clients. For example, Lenovo acquired the IBM PC business in 2005. As part of the transaction, Lenovo and IBM entered a broad-based strategic alliance and partnership. Lenovo capitalized on the brand equity and technology of IBM's ThinkPad to quickly develop various new product lines, such as Lenovo Yoga for young professionals seeking fun and innovative products, as well as the Lenovo Z series for small media companies seeking reliable computers of good value. The Lenovo-IBM ThinkPad partnership greatly enhanced Lenovo's brand equity and opened a wide range of distribution channels for the company. Most importantly, Lenovo not only acquired the ThinkPad production line, but also the management talents of IBM, which continues to serve Lenovo.

Generally, high-tech companies evolve into global ones through their reliance on their core technologies and marketing capabilities (Xu et al. 2008). Collaboration with overseas partners also contributes to the strategic horizons of entrepreneurs, helping them develop their businesses in new overseas markets through innovative methods. For example, Ant Financial formed a partnership with bKash, a payment platform in Bangladesh, to co-create a local version of their mobile payment system for Bangladesh (China Daily, 2018). We provide more details regarding Ant Financial's overseas expansion strategy in the following Box 8.3.

Box 8.3 Ant Financial: A Fintech Upstart

Created in 2014, the Hangzhou-headquartered Ant Financial Services Group, formerly known as, has grown into a fintech "unicorn." As one of China's largest online payment platforms, offers a variety of financial services, such as mobile payments, microlending, credit scoring, and wealth management. Ant Financial also leverages cutting-edge technology, including big data, blockchain technology, artificial intelligence, security technology, and cloud computing, to provide accessible finance to small- and medium-sized enterprises (SMEs) and individuals. Notably, Ant Financial chooses to establish partnerships with prospective local firms from target countries when it expands itself overseas. For example, Ant Financial acquired the UK-based currency exchange and payments company WorldFirst in 2019. This strategy of creating localized e-wallets with partners in other countries helps to boost its global expansion. As of March 2020, and its global partners serve 1.3 billion users all around the world on international e-commerce platforms such as AliExpress, Lazada, Daraz, and Tmall Global (Liao, 2020). Ant Financial is committed to integrating into people's lives by providing inclusive financial services in a more secure and sustainable way.

8.3.4 Culture Carriers

Culture carriers are companies with intangible cultural heritage resources that enter the overseas market by communicating the essence of traditional Chinese culture. In the early stages of overseas expansion, culture carriers usually focus on creating two unique competitive advantages. First, they develop their own branded products built on Chinese cultural heritage and beliefs. Some good examples include: Shang Xia, a Chinese fashion brand whose designs convey the idea of yin-yang harmony with the heritage of Chinese design and craftsmanship (Godart et al., 2017); Shanghai Tang, the first global Chinese luxury brand featuring traditional Chinese costumes and classics (Park & Yim, 2007); Herborist, a skin-care brand that relies on the tradition of Chinese women using herbal medicine for skin care and beautification (Zhou & Loo, 2011); Jia Duobao, a herbal tea brand known for incorporating Chinese medicinal herbs to lower harmful levels of internal heat, as based on traditional Chinese medicine (Du et al., 2016); and Jiangzhong Hou Gu (Mushroom) Biscuits, a functional food brand known for products made from a type of mushroom said to maintain the stomach's health, which is based on the traditional Chinese idea that certain foods are linked to the well-being of specific body organs (Chen et al., 2018).

Second, culture carriers take advantage of the overseas Chinese network to gradually establish global brand recognition among mainstream customers. The idea of

using overseas Chinese networks as a beachhead to enter a new market has turned out to be a very viable strategy (Kumar & Steenkamp, 2013b). Overseas Chinese are both the target customers and carriers of traditional Chinese culture in other countries. Given that over 60 million Chinese people live overseas (China Daily, 2017), culture carrier brands have huge potential international markets. Tong Ren Tang, a time-honored traditional Chinese medicine company founded in 1669, is a good example. It has expanded into overseas markets with the ideal that there is a market for Tong Ren Tang wherever there are overseas Chinese. This is reflected in its mission statement, "Where there are health demands, there is a Tong Ren Tang" (Sun, 2017). The rapid expansion of Tong Ren Tang lies in shared cultural references and trust in the effects of traditional Chinese medicine among overseas Chinese, who believe that health depends on the balance and harmony of *qi*, the shape and spirit of the human body that traditional Chinese medicines aim to maintain. Similarly, Tasly Group, a Tianjin-based producer of traditional Chinese medicines, has won global recognition with its philosophy of maintaining health by seeking harmony between humans and nature (Tasly Website n.d.). The underlying strategy of Tong Ren Tang and Tasly Group is the acceptance of traditional Chinese medicine and its cultural identity among overseas Chinese. Guided by Chinese heritage, these culture carriers build a unique brand image and carry the tradition and the essence of Chinese culture worldwide. Tong Ren Tang and Tasly Group have opened numerous and extensive networks of retail outlets in more than 30 countries, including the United States, Singapore, and Australia (Tong Ren Tang Website n.d.; Xinhua News, 2010). With the deepening of the Belt and Road Initiative (BRI), traditional Chinese medicine has become increasingly popular in Central Asia (Xing, 2018). In the following Box 8.4, we describe how Tasly sells the traditional Chinese medicine product to America, Africa, Europe, and Southeast Asia using Chinese culture as a carrier.

Box 8.4 Tasly: A Culture Carrier

The Tianjin-based Tasly Pharmaceutical Group Co. Ltd., founded in, specializes in producing medicines made from traditional Chinese herbs for the treatment of cardiovascular and cerebrovascular diseases, cancers, fevers, and liver ailments (Xinhua News, 2010). Due to the large population of overseas Chinese in Southeast Asia, Tasly began its overseas expansion in countries like Thailand, Indonesia, Singapore, and Malaysia. In Africa, Tasly promotes the concept of by providing training seminars, product trials, and traditional Chinese medicine clinics to the locals, especially the local distributors. distinctive strengths and clinical effectiveness at relatively low cost help to propel Tasly's strong presence in Africa. In the West, Tasly's expansion relies on the increasing recognition and acceptance of the benefits that come with viewing human health and wellness holistically, which forms the core philosophy of (Feng, 2018). Tasly also extends its product range to tea, cosmetics, functional foods, health regimen, and medical rehabilitation. Product innovations that combine herbal medicines with modern pharmaceutical technology also contribute to the expansion of Tasly's export markets, covering many countries in the Americas, Europe, Africa, and Asia (Tasly Website n.d.).

8.3.5 *Overseas Financial Investment and Supply Chain Integrators*

Overseas financial investment and supply chain integrators, which are found in both the manufacturing and service sectors, focus on obtaining complementary assets and resources from overseas companies. This enables backward or forward integration along the supply chain, which is mainly done to satisfy the needs of domestic consumers. These integrators obtain international assets primarily through cross-border mergers and acquisitions (M&A) (Alba et al., 2009). Most integrators are private companies that have undergone dramatic development in the overseas market within the past 5 years. With Mainland China's outbound M&A deals, private-owned enterprises (POEs) have announced that the volume of deals has increased from 145 deals in 2014 to 609 deals in 2016, mainly in the technology, hospitality, entertainment, real estate, and industrial sectors (PwC, 2019). Some of these deals were of very high profile, such as Geely's acquisition of the Swedish firm Volvo, Bright Dairy & Food's acquisition of the New Zealand business Synlait Milk, Fosun Group's acquisition of the French company Club Med, and Beingmate Group's acquisition of a 100% stake in the American organization SpectraCell Laboratories Inc.

For the supply chain integrators, cross-border M&A not only provides access to resources, technology, knowledge, and well-established brands, but also the path to optimizing supply chain management, thus achieving high performances in both the acquired and acquiring firms. The mastery of core competences such as achieving supply chain synergy is a critical component of their success (Herd et al. 2005). More broadly, a company must be able to integrate its processing and marketing capabilities with those of its suppliers and customers at both a strategic and tactical level (Ross, 2015).

Combining China's growth momentum with the global resources and assets of its supply chain is what Fosun Group, one of China's largest private conglomerates, endeavors to achieve while investing overseas. Founded in 1992 as an IT consulting firm, Fosun's overseas expansion started with its investment in Club Med, a French holiday company specializing in high-end tourism. By acquiring an initial 7.1% of Club Med's shares in 2010 and subsequently raising the share to 98% in 2015, Fosun was able to integrate tourism resources to serve China's middle-class consumers and their lifestyles. In just 8 years, China developed into the largest source of customers for Club Med (Fosun Annual Report, 2018). However, "going global as well as heading back home" is not an expansion strategy unique to Fosun Group when it comes to acquisition decisions and post-acquisition integrations. The Shanghai-based company Bright Dairy, one of the largest dairy firms in the Chinese market, integrated its dairy supply chain through the acquisition of the New Zealand dairy company Synlait Milk and through the construction of its own dairy plants in New Zealand. It should be noted that both Fosun and Bright Dairy introduce Chinese consumers and their domestically focused brands to global markets through acquired companies. Complementary capabilities and supply chain excellence created

through M&A will help to accelerate the growth of supply chain integrators. In the following Box 8.5, we list the major overseas acquisitions of Bright Dairy & Food in New Zealand, Australia, Italy, the UK, and Israel.

Box 8.5 Bright Dairy and Food: An Overseas Supply Chain Integrator

Headquartered in Shanghai, Bright Dairy & Food Co. Ltd. is a of Bright Group and a listed company in the Shanghai Stock Exchange. It mainly specializes in the production, processing, and distribution of dairy products. It has diverse investors, including the Chinese state, as well as both foreign and private shareholders. As the third largest dairy company in China by volume, it has been actively engaged in cross-border M&A for prime dairy resources and manufacturing technology. In 2010, succeeded in acquiring a 51% stake in New Zealand's Synlait in the fields of infant formula and milk powder, with a plan to create co-brands with Synlait Milk (Wallace, 2010). In 2011, acquired a 75% stake in the Australian food producer Manassen Foods for the purpose of collaboration in branding and production. Other major acquisitions were as follows: a 60% stake in the British breakfast cereals manufacturer Weetabix in 2012, a 90% stake in the Italian olive oil producer Salov in 2014 (Xinhua News, 2014), and a 70% stake in the Israeli dairy producer Tnuva in 2015 (Shanghai Daily, 2015). Overseas acquisitions have contributed to Bright Dairy's operational along the entire supply chain.

8.4 Pest Challenges and Countermeasures

The five types of expansion patterns are fundamental to the success of Chinese companies and their brands on the global stage. In a highly turbulent global environment, the challenge of international expansion is compounded by external uncertainties, government policies and regulations, international trade regimes, consumer sentiments, and technological breakthroughs. We will evaluate the future of "emerging dragons" by analyzing the Political-Economic-Social-Technological (PEST) situations facing them. Such analysis is especially important for emerging global Chinese firms because during the expansion phase, companies are forced to deal with these external factors far more often (Ho, 2014).

However, the five categories of "emerging dragons" will likely face different external challenges to varying extents. The Type 1 firms, the market dominator "dragons," face greater exposure to economical, technological, and socio-cultural risks than the others. The Type 2 firms, the export cluster "dragons," must stay ahead of socio-cultural trends to create and market highly efficient products. The technology innovator "dragons" (Type 3 firms) will be confronted with political and technological challenges. The Type 4 firms, the cultural carrier "dragons," are especially susceptible to socio-cultural challenges. As for the overseas financial investment and supply chain integrator "dragons" (Type 5 firms), they must be sensitive to political and economic risks from both China and abroad.

8.4.1 Political Factors

Political factors generally refer to the various forms of government intervention and political lobbying activity that can influence an economy. Government policies have long been acknowledged as one of the most important external factors facing firms interested in conducting international business (Boddewyn & Brewer, 1994). In global expansion, overseas Chinese companies encounter political risks from both their home and host governments. Regulatory changes or institutional constraints, including government initiatives, policies, tariffs, actions on taxes, and the global political climate, are all major influencing elements.

Internally, the Chinese government has imposed strict political scrutiny and restrictions on overseas supply chain and financial investment integrators, such as Fosun Group and Anbang Insurance (refer to the Type 5 firms in Table 8.1), especially regarding their overseas investments and financing activities. After 2016, as Chinese policies tightened both domestic scrutiny and the review mechanisms of outbound deals, Fosun, HNA Group, and Anbang had to dispose most of their overseas investments. At the same time, several EU members started to raise the bar for Chinese M&A investors by means of a stricter investment screening system (Zhang & Zhang, 2019; Baker McKenzie, 2018).

Similarly, high-tech innovators (Type 3 in Table 8.1) often encounter policy and regulatory obstacles from both home and host-country governments. For instance, in November 2020, the Chinese government halted the IPO of Ant Financial because the company charged a loan rate of 18%, which is higher than the 15.4% rate imposed by the Chinese government. This IPO termination resulted in the loss of billions of dollars for Ant Financial's initial investors. Externally, Chinese companies' activities abroad are also coming under scrutiny (Black & Morrison, 2019). Ant Financial's attempt to acquire MoneyGram in 2018 was rejected by US authorities (China Daily, 2018), and the US government attempted to add Ant Financial to a trade blacklist purportedly due to national security concerns. The other external obstacle for technology innovators is the US tariffs on Chinese imports. For example, a Baker McKenzie poll surveyed 600 multinational companies around the Asia-Pacific region, including 150 Chinese companies. The results indicated that 93% of Chinese companies were considering moving their supply chains out of China to mitigate the threats posed by trade tariffs (Baker McKenzie, 2019). It is obvious that the US tariffs have influenced the many Chinese tech companies to consider the possibility of moving their supply chains out of China. Also, export clusters that take advantage of China's labor cost, and the Chinese government's financial supports (such as export subsidies) may be more likely to encounter political challenges in host countries.

When expanding overseas, it is inevitable that Chinese companies will be vulnerable to changing policies from both home and host governments. Shifting to alternative locations, reducing exposure to uncertainty, or waiting-and-seeing can all be adopted by Chinese companies when addressing political risks. However, in the long run, it seems that Chinese companies are better off integrating the political

variable into their corporate expansion strategies. Generally, political instability and institutional immaturity in host countries tend to present high levels of risk. Under such circumstances, Chinese companies should adopt comprehensive risk assessment strategies when expanding overseas, such as establishing partnerships and cooperation with host-country industry leaders in respective markets to reduce risks. In addition, host-country policymakers may be influenced by the attitudes of local stakeholders, such as consumers, the media, and communities (Stevenset al. 2015). In this sense, Chinese companies are suggested to promote social corporate responsibilities in their host countries.

8.4.2 Economic Factor

Economic policies and environments generally help to promote the further economic integration of overseas companies into the global market. The economic environment on a greater level is examinable through influencing factors such as interest rates, economic growth, exchange rates, and inflation rates. Among these factors, RMB internationalization makes a big difference in dealing with trading costs and risks, resource allocation, and exchange rate volatility.

The export performance of firms in export clusters (Type 2 in Table 8.1) is greatly impacted by the fluctuation of exchange rates. The depreciation of RMB leads to greater price competitiveness for these firms in overseas markets. For instance, when the Yuan fell by about 2% against the US dollar in 2015 (Investopedia, 2020), most of the export clusters in Yiwu experienced a boost in their exports, while Langsha Group, a world-famous producer of socks, reported that its overseas orders rose by over 30%. Oppositely, when RMB appreciates, Chinese exporters, especially those in export clusters, risk reduced foreign demand and profit margins.

Overseas Chinese companies, therefore, need to be prepared for the possibility of RMB appreciation to avoid the risk of losing their international price competitiveness. To maintain profitability, Chinese companies should promote industrial upgrades in the form of cost and quality innovation. Product upgrades and extensions are one of the most important and effective countermeasures. Some export clusters with labor-intensive manufacturing have chosen to import raw materials or products from factories in Southeast Asian countries to cut costs and to increase competitiveness in the face of China's currency fluctuations.

To deal with tariff barriers in some countries, companies in export clusters can choose to set up overseas factories in countries where labor costs are low. In a globalizing world, the parts and components for a single product can be made in various countries. This interdependency in the world economy can reduce the challenges of trade tariffs and encourage cooperation. Rather than developing a product entirely in China, Chinese firms can focus on assembling complex parts and specializing in core technological development, while letting countries with low labor costs make the less complicated components (Timmer et al. 2013). Thus, global sharing and cooperation can mitigate any risks that Chinese companies may potentially face in overseas expansion.

8.4.3 Social Factors

Social factors such as population growth, age structure, lifestyle changes, and consumer sentiments can impact a company's decisions to expand into a foreign country. Consumers often take the Country of Origin (COO) into account when making purchase decisions. International consumers generally perceive Chinese products as being of low quality, and often associate the "made in China" label with value pricing, unskilled labor, and cheap materials (Kabadayi & Lerman, 2011). In 2007, a series of product recalls from the United States, the European Union, and Australia for toys, toothpaste, and lipstick that were produced in China worsened China's COO image. Chinese companies must battle against negative COO (Stewart, 2007). Fortunately, these perceptions are changing gradually. For example, the strong global presence established by market dominators such as Haier Group, Lenovo, and Geely has helped burnish the image of Chinese brands as being innovative and of high quality. However, most non-ethnic Chinese consumers are still unfamiliar with Chinese brands. Take for example the Shenzhen-based Tencent, which is one of the world's largest social media companies and ranked No. 8 in the BrandZ™ Global Top 100 (2019), and yet it is still largely unknown to international consumers beyond the overseas Chinese population. The key to changing consumer perceptions of Chinese products is by raising brand awareness.

Cultural distance is a major barrier that culture carriers (Type 3 in Table 8.1) are confronted within the process of expansion. When these companies expand to culturally distant countries, they must change their organizational practices in order to adapt to the host country's culture and endeavor to communicate the cultural essence of their products to the host country's customers. Learning from and cooperating with local host-country partners may be an effective means of bridging cultural distance.

For instance, consider the Yunnan Baiyao brand. Developed in 1902 by a practitioner of traditional Chinese medicine, Baiyao is a white powder derived from gingseng and other plant roots found in China's Yunnan province. Because of its curative effects against bleeding, it was popular among soldiers in the Yunnan province and nearby regions during the Second World War. North Vietnamese soldiers also used Yunnan Baiyao as a battlefield remedy for wounds during the Vietnam War (Dharmananda, 2016). Today, the medicine has been made as a powder, a spray, and a capsule, becoming widely used on injured people and animals. This example suggests that sharing the stories behind products can help consumers better understand the effects of traditional Chinese medicine. Therefore, Chinese companies can adopt the strategy of brand storytelling to influence target customers through different social platforms. The challenge is how to engage customers and acquire brand credibility, thus turning a negative COO image into a positive one.

In order to change the attitudes of international customers, Chinese companies should undertake corporate social responsibility and avoid exporting improper behavior to their overseas operations or host countries since inappropriate conduct can result in negative attitudes among the host-country government and public.

When Chinese companies assign personnel overseas, cultural shock and adaptation should be considered, particularly when the cultural distance is of significant size.

8.4.4 Technological Factors

Technological factors refer to technology-related activities, infrastructure, incentives, and paradigms that may affect the external environment of firms. Closing the technology gap at a faster rate is what makes Chinese companies stand out as leaders among their competitors in the global market. A good example is Huawei, which has developed strong R&D capabilities and innovative technology. In 2018, Huawei topped the list in corporate patent applications at the World Intellectual Property Organization with a record number of 5405 published Patent Cooperation Treaty applications (WIPO, 2018). High-tech innovators (Type 3 in Table 8.1) typically take the lead in patented technologies and innovations. For example, in the MIT Technology Review's 2017 list of the World's 50 Smartest Companies, technology innovators such as Tencent, Alibaba, Ant Financial, and Baidu came in at eighth, 41st, 49th, and 50th place for their innovativeness (MIT Technology Review, 2017).

In general, Chinese firms are exceptional at making innovations that combine different existing technologies and at introducing innovative designs and special features customized for specific markets. However, they need to invest more in technological breakthroughs. Another barrier to the continued innovation of Chinese firms is the environment of the intellectual property (IP) system in China.

To address such challenges, talented scientists, engineers, designers, and artists are essential to a company's innovation. Whether or not an enterprise is innovative largely depends on the number and quality of such employees (Liu & Cheng, 2011). To expand overseas, Chinese companies must set up global innovation networks by integrating worldwide expertise and talents. Furthermore, joint innovation with key universities and research institutions is a necessity both at home and abroad. Chinese companies can also establish their own vocational training schools, universities, or research institutes, which will enhance their dynamism and innovativeness. Global innovation capabilities take time to cultivate and accumulate. If technology is made a central part of expansion strategies, Chinese firms and brands will be able to develop into global brands with the help of cutting-edge technologies.

8.5 Conclusion

Prior IB research has focused on the expansion strategies of multinational companies from developed nations, such as the United States and European Union. Relatively less attention has been given to the overseas expansions of multinational companies from emerging economies. We hope our book chapter will inspire future researchers to investigate the expansion strategies of companies from emerging economies.

Rising protectionist sentiments worldwide, as well as the Covid-19 pandemic, have posed great challenges to the extant strategies adopted by "emerging dragons." With high tariffs, cross-border acquisition restrictions, and outright bans on technology exportation increasing, "emerging dragons" will have to alter their strategies or change their focus to adapt to the new, more challenging environments. For example, more and more Chinese companies, like Luxshare Precision, have moved to Vietnam and other neighboring countries to set up new factories and avoid high tariffs (Lee, 2019). Chinese cell phone manufacturers, such as Xiaomi, have collaborated with Foxconn to build joint ventures in India, and sell their products in the South Asian market (GizBot Bureau, 2016). Because Covid-19 is a new phenomenon and we are still observing the strategic moves of "emerging dragons," we are interested in further research to examine the new mechanisms of expansion that "emerging dragons" may use in the post Covid-19 world.

References

Abrami, R., Kirby W. C., & McFarlan, F. W. (March 2014). Why China can't innovate (pp. 107–111). *Harvard Business Review*.

Agarwal, J., & Wu, T. (2004). China's entry to WTO: Global marketing issues, impact, and implications for China. *International Marketing Review, 21*(3), 279–300.

Alba, J., Park, D., &Wang, P. (February 2009). Corporate governance and merger and acquisition (M&a) FDI: Firm-level evidence from Japanese FDI into the US. *Journal of Multinational Financial Management*, 19 (1): 1–11.

Alon, I., Anderson, J., Munim, Z., & Ho, A. (2018). A Review of the internationalization of Chinese enterprises. *Asia Pacific Journal of Management Enterprises, 35*, 573–605. https://doi.org/10.1007/s10490-018-9597-5

Andersson, M., Solitander, A., & Ekman, P. (2013). Cluster branding and marketing. *A handbook on cluster brand management*. Retrieved from https://futureplaceleadership.com/wp-content/uploads/2018/09/ClusterBrandManagement_Handbook_Tendensor.pdf

Automotive News. (2020). *Fuyao investing $46M to expand U.S. factory*. Retrieved from https://www.autonews.com/suppliers/fuyao-investing-46m-expand-us-factory.

Baker McKenzie. (2018). *Rising Tension: Assessing China's FDI Drop in Europe and North America*. Retrieved from https://www.bakermckenzie.com/-/media/files/insight/publications/2018/04/rising_tension_china_fdi.pdf?la=en

Baker McKenzie. (2019). The age of hyper-complexity. *Asia Pacific Business and Legal Macrotrends*. Retrieved from https://www.bakermckenzie.com/-/media/files/insight/publications/2019/04/bm_hypercomplexity.pdf

Bhaumik, S., Driffield, N., & Zhou, Y. (2015). Country specific advantage, firm specific advantage and multinationality—Sources of competitive advantage in emerging markets: Evidence from the electronics industry in China. *International Business Review, 25*(1), 165–176.

Bianchi, C. (2014). Internationalisation of emerging market firms: An exploratory study of Chilean companies. *International Journal of Emerging Markets, 9*(1), 54–78.

Black, J. S., & Morrison, A. J. (2019). Can China avoid a growth crisis? *Harvard Business Review*, The September–October Issue:1–11.

Boddewyn, J. J., & Brewer, T. L. (1994). International-business political behavior: New theoretical directions. *The Academy of Management Review, 19*(1), 119–143.

BrandZ™. (2019). Top 100 most valuable brands in 2019. Retrieved from www.brandz.com.

Cheaa.com. (2018). Retrieved from http://icebox.cheaa.com/2018/0105/525826.shtml

Chen, J., Pun, H., Sun, Y. X., & Lin, X. R. (March 27 2018). Focus brand management: Jiangzhong Hou Gu (mushroom) biscuits. *Harvard Business Review*

Child, J., & Rodrigues, S. B. (2005). The internationalization of Chinese firms: A case for theoretical extension? *Management & Organization Review, 1*, 381–410. https://doi.org/10.1111/j.1740-8784.2005.0020a.x

China Daily. (2004). *Aokang, Geox Team Up for Niche in Int'l Market*. Retrieved from http://www.chinadaily.com.cn/english/doc/2004-10/18/content_383303.htm

China Daily. (2017). *Overseas Chinese can Help Build Belt, Road*. Retrieved from http://www.chinadaily.com.cn/china/2017-06/13/content_29719481.htm

China Daily. (2018). *bKash, Ant Financial Join Hands to Promote Financial Inclusion for Unbanked Bangladeshis*. Retrieved from https://global.chinadaily.com.cn/a/201804/27/WS5ae2b79fadcf651aec7.html

China Daily. (2019). *Yangtze River Delta leads in advanced manufacturing*. Retrieved from http://www.chinadaily.com.cn/a/201909/18/WS5d81a268a310cf3e3556c25a.html

ChinaPower. (n.d.). *How dominant are Chinese companies globally?* Retrieved from https://chinapower.csis.org/chinese-companies-global-500/

CompuMark™. (2018). Retrieved from http://www.compumark.com/wp-content/uploads/dlm_uploads/2018/05/chinese-brands-go-global.pdf

Delgado, M., Porter, M., & Stern, S. (2016). Defining clusters of related industries. *Journal of Economic Geography, 16*(1), 1–38.

Dharmananda, S. (2016). *Yunnan Paiyao uses for injury and surgery; gastro-intestinal, respiratory, and urogenital disorders*. Retrieved from http://www.itmonline.org/articles/yunnan_paiyao/yunnan_paiyao.htm

Du, Y. P., Wu, M., & Chang R. O. (September 15 2016). Jiaduobao: transferring brand associations from Wang Laoji. *Harvard Business Review*

Dunning, J. H. (1988). The eclectic paradigm of international production: A restatement and some possible extensions. *Journal of International Business Studies, 19*, 1–31. https://doi.org/10.1057/palgrave.jibs.8490372

Dunning, J. H. (2006). Towards a new paradigm of development: Implications for the determinants of international business activity. *Transnational Corporations, 15*(1), 173–227.

Elango, B., & Pattnaik, C. (2007). Building capabilities for international operations through networks: A study of Indian firms. *Journal of International Business Studies, 38*, 541–555.

Fannin, R. (2008). *Silicon dragon: How China is winning the tech race*. McGraw-Hill Education.

Feng, C. (2018). *U.S. approval offers shot in the arm to China's traditional medicine*. Retrieved from https://www.caixinglobal.com/2018-01-26/us-approval-offers-shot-in-the-arm-to-chinas-traditional-medicine-101203577.html

Forbes. (2017). *Most innovative growth companies*. Retrieved from https://www.forbes.com/growth-companies/list/.

Fortune Global 500. (n.d.). Retrieved from http://www.fortunechina.com/fortune500/index.htm

Fosun Annual Report. (2018). Retrieved from https://ir.fosun.com/corporate-reports/.

GII. (2019). *Global innovation index 2019*. Retrieved from https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2019/cn.pdf

GizBot Bureau. (2016). Retrieved from https://www.gizbot.com/miscellaneous/news/xiaomi-foxconn-to-set-up-two-more-units-in-india-034306.html

Godart, F., Dubois, D., Henry, B., & Ding, I. (March 29 2017). Shang Xia: Selling high-quality goods "Proudly Made in China". *Harvard Business Review*.

Gree Website. (2018). *Gree CAC wins the Bid for Beijing New Airport*. Retrieved from http://global.gree.com/ywb/presscenter/companynews/20180627/detail-18230.shtml

Gree Website. (n.d.) *Company profile*. Retrieved from http://global.gree.com/ywb/aboutgree/companyintroduction/companyprofile/index.shtml

Guan, Z. J., Xu, Y., Jiang, H., & Jiang, G. G. (2018). International competitiveness of Chinese textile and clothing industry—A diamond model approach. *Journal of Chinese Economic and Foreign Trade Studies, 12*(1), 2–19. https://doi.org/10.1108/JCEFTS-01-2018-0003

Guillén, M., & Garcıa-Canal, E. (2009). The American model of the multinational firm and the new multinationals from emerging economies. *Academy of Management Perspectives, 23*(2), 23–35.

Haier Website (n.d.). *Our brands*. Retrieved from https://www.haier.com/global/haier-ecosystem/.

Herd, T., Saksena A. K., & Steger, T. W. (2005). Delivering merger synergy: A supply chain perspective on achieving high performance. *Accenture*. Retrieved from https://imaa-institute.org/docs/m&a/accenture_03_Delivering_Merger_Synergy-A_Supply_Chain_Perspective_on_Achieving_High_Performance.pdf

Hertenstein, P., Sutherland, D., & Anderson, J. (2017). Internationalization within networks: Exploring the relationship between inward and outward FDI in China's auto components industry. *Asia Pacific Journal of Management, Springer, 34*(1), 69–96.

Ho, J. K. K. (2014). Formulation of a systemic PEST analysis for strategic analysis. *European Academic Research, 2*(5), 6478–6492.

Hoskisson, R., Eden, L., Lau, C., & Wright, M. (2000). Strategy in emerging economies. *Academy of Management Journal, 43*, 249–267. https://doi.org/10.2307/1556394

Huang, D., & Jarinto, K. (2015). Entry mode decision factors contemplated by Chinese consulting firms. *International Business Research, 8*(5). https://doi.org/10.5539/ibr.v8n5p252

Interbrand. (2000). Retrieved from https://www.interbrand.com/best-brands/best-global-brands/2000/ranking/

Interbrand. (2014). Retrieved from https://www.interbrand.com/best-global-brands/huawei/

Investopedia. (2020). *The impact of China devaluing the Yuan in 2015*. Retrieved from https://www.investopedia.com/trading/chinese-devaluation-yuan/

Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm—A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies, 8*(1), 23–32.

Kabadayi, S., & Lerman, D. (2011). Made in China but sold at FAO Schwarz: Country-of-origin effect and trusting beliefs. *International Marketing Review, 28*(1). https://doi.org/10.1108/02651331111107125

Kumar, N. & Steenkamp, J.B. (18 June 2013a). Brand breakout: How emerging brands will go global. Palgrave Macmillan, 2013th ed.

Kumar, N., & Steenkamp, J. B. (2013b). Diaspora marketing. *Harvard business Review*. October 2013 issue.

Lee, C. (2017). *Tencent, Baidu, Alibaba take part in China unicom's mixed-ownership reform*. Retrieved from https://www.zdnet.com/article/tencent-baidu-alibaba-take-part-in-china-unicoms-mixed-ownership-reform/

Lee, C. (2019). *The who's who of the exodus from China*. https://www.eetasia.com/the-whos-who-of-the-exodusfrom-china/

Liao, R. (2020). *Jack Ma's Fintech Giant tops 1.3 billion users globally*. Retrieved from https://techcrunch.com/2020/07/14/ant-alibaba-1-3-billion-users/

Liu, X. L., & Cheng, P. (2011). Is China's indigenous innovation strategy compatible with globalization? *Policy studies* (61). Honolulu: East-West Center.

Luo, R., Hansen, M. T., Ibarra, H., & Peyer, U. (July 2012). Top 50 ranking of China's business leaders exposes common myths. *Harvard Business Review*. Retrieved from https://hbr.org/2012/07/top-50-ranking-of-chinas-busin.

Mathews, J. A. (2017). Dragon multinationals powered by linkage, leverage and learning: A review and development. *Asia Pacific Journal of Management, 34*(4), 769–775. https://doi.org/10.1007/s10490-017-9543-y

McFarlan, F. W., Jiao, J. & Fang, Y. 2012. Zhejiang Semir Garment Co., Ltd. In *SAGE Business Cases*. 2020. doi: https://doi.org/10.4135/9781473962507.

MIT Technology Review. (2017). Retrieved from https://www.technologyreview.com/lists-tr50/what-are-the-50-smartest-companies/

MOFCOM, China. (n.d.). Retrieved from http://english.mofcom.gov.cn/statistic/charts.shtml

Music Trades. (2017). Retrieved from https://rollinsonpianos.co.za/images/publications/Pearlriver2017.pdf

Park, M., & Yim, B. (March 15 2007). Shanghai tang: The first global Chinese luxury brand? *Harvard business Review*.

Peng, M., Ahlstrom, D., Carraher, S., & Shi, W. (2017). History and the debate over intellectual property. *Management and Organization Review, 13*(1), 15–38. https://doi.org/10.1017/mor.2016.53

Phelps, E.. (2018). *Innovation in the times of quality growth*. Retrieved from http://www.chinadaily.com.cn/a/201803/23/WS5ab4348ca3105cdcf6513ae0.html

PianoBuyer. (n.d.). *Pearl River*. Retrieved from https://www.pianobuyer.com/brand/pearl-river/

Porter, M. (1990). The competitive advantage of nations. *Harvard Business Review, 68*, 73–93.

Porter, M. (2004). *Competitive strategy techniques for analyzing industries and competitors*. Free Press.

PwC. (2019). *PwC M&A 2018 Review and 2019 Outlook*. Retrieved from https://www.pwccn.com/en/deals/publications/ma-2018-review-and-2019-outlook.pdf

Ramamurti, R. (2009). What have we learned about emerging-market MNEs? In R. Ramamurti & J. Singh (Eds.), *Emerging multinationals in emerging markets* (pp. 399–426). Cambridge University Press. https://doi.org/10.1017/CBO9780511576485.013

Ramamurti, R., & Williamson, P. (2019). Rivalry between emerging-market MNEs and developed-country MNEs: Capability holes and the race to the future. *Business Horizons, 62*(2), 157–169.

Ross, D. F. (2015). *Distribution planning and control—Managing in the era of supply chain management*. Springer.

Shanghai Daily. (2015). *Bright Food Eyes over 70% in Israeli Firm*. Retrieved from http://www.china.org.cn/business/2015-02/27/content_34901956.htm

Singh, P. (2019). *China creates a unicorn almost every 4 days, but still lags behind US*. Retrieved from https://www.entrepreneur.com/article/331367

Stevens, C. E., Xie, E., & Peng, M. W. (2015). Toward a legitimacy-based view of political risk: The case of Google and yahoo in China. *Strategic Management Journal, 37*(5), 945–963.

Stewart, E. 2007. *China has a history of selling dangerous products to U.S. consumers*. Retrieved from https://www.thestreet.com/opinion/china-has-a-history-of-selling-dangerous-products-to-us-consumers-13063992

Sun, L. (2017). *Tong Ren Tang: Envoy of traditional Chinese medicine*. Retrieved from http://www.chinatoday.com.cn/english/economy/2017-05/05/content_740125.htm.2017-May-5

Sunway Annual Report. (2019). Retrieved from http://static.cninfo.com.cn/finalpage/2020-04-17/1207515389.PDF

Tasly Website. (n.d.). *Global recognition*. Retrieved from http://www.taslyint.com/list-61-1.html; Tasly Worldwide. https://en.tasly.com/list-153-1.html

Timmer, M. P., Los, B., Stehrer, R., & Gaaitzen, J. (2013). Fragmentation, incomes and jobs: An analysis of European competitiveness (October 2013). *Economic Policy, 28*(76), 613–661. https://doi.org/10.1111/1468-0327.12018

Tong Ren Tang Website. (n.d.) *Global network*. Retrieved from https://cm.tongrentang.com/en/article/371.html

Tran, G., Strutton, H., & Taylor, D. (2013). Fighting dragons with dragons: Approaches for negotiating with Chinese partners. *Business Horizons., 56*, 561–572.

Tu, H. B. (2011). Cluster marketing models and strategies: The implications thereof in the Chinese high-tech industry. *International Journal of China Marketing, 1*(2).

Turkina, E., Assche, A. V., & Kali, R. (2016). Structure and evolution of global cluster networks: Evidence from the aerospace industry. *Journal of Economic Geography, 16*(6), 1211–1234. https://doi.org/10.1093/jeg/lbw020

UNCTAD, UN. (n.d.). *World investment report*. Retrieved from https://worldinvestmentreport.unctad.org/

Wagner, C. (2020). Deducing a state-of-the-art presentation of the eclectic paradigm from four decades of development: A systematic literature Review. *Management Review Quarterly, 70*, 51–96. https://doi.org/10.1007/s11301-019-00160-x

Wallace, N. (2010). *Chinese take 51% Synlait stake*. Retrieved from https://www.odt.co.nz/business/chinese-take-51-synlait-stake

World Intellectual Property Organization (WIPO). (2018). *World intellectual property indicators 2018*. Retrieved from https://www.wipo.int/publications/en/details.jsp?id=4369.

World Intellectual Property Organization (WIPO). (2019). *Global innovation index 2019*. Retrieved from https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2019.pdf

World Intellectual Property Organization (WIPO). (2020). *China becomes top filer of international patents in 2019 amid robust growth for WIPO's IP services, treaties and finances*. Retrieved from https://www.wipo.int/pressroom/en/articles/2020/article_0005.html

Xie, J. (2020). *China prepares for return of US-listed companies*. Retrieved from https://www.globaltimes.cn/content/1189459.shtml

Xing, X. J. (2018). *Chinese investors eye Kazakh Market as TCM becomes increasingly popular in central Asia*. Retrieved from https://www.globaltimes.cn/content/1120227.shtml.

Xinhua News. (2010). *China launches industry alliance to promote TCM*. Retrieved from http://www.china.org.cn/business/2010-08/08/content_20660994.htm

Xinhua News. (2014). *China's bright food acquires majority stake in Salov*. Retrieved from http://www.china.org.cn/business/2014-10/07/content_33701083.htm

Xinhua News. (2019). *China's transition to consumer economy makes it more investable: Senior investors*. Retrieved from http://www.xinhuanet.com/english/2019-06/23/c_138165197.htm

Xu, H., Wan, Y. Q., & Pei, D. G. (2008). A study on risk perception and risk identification in the internationalization process of Chinese hi-tech enterprises—A case study of Huawei Technologies. *Frontiers of Business Research in China., 2*, 458–481. https://doi.org/10.1007/s11782-008-0027-2

Yiwugo.com. (n.d.). Retrieved from https://en.yiwugo.com/buyer_entrance.html.

Zeng, M., & Williamson, P. (2003). The hidden dragons. *Harvard Business Review, 81*, 92–99. Retrieved from https://www.researchgate.net/publication/9070705_The_Hidden_Dragons

Zeng, M., & Williamson, P. (2007). *Dragons at your door: How Chinese cost innovation is disrupting global competition*. Harvard Business Review Press.

Zhang, S. H., & Zhang, Y. F. (2019). *EU FDI screening and its impact on Chinese investments*. Retrieved from https://www.dentons.com/en/global-content/publications/2019/february/4/-/media/

Zhou, K., & Loo, G. (June 13 2011). Herborist: A Chinese personal care brand goes abroad. *Harvard Business Review*