

Intercultural Aspects in the Internationalization Strategy of Chinese Enterprises and its Influence on Chinese Foreign Direct Investment (FDI)

For nearly three decades now has China been able to attract large amounts of investment from all over the world. Today it belongs to the top host countries of foreign direct investment. In recent years, the Chinese government has additionally been trying to encourage investment of Chinese enterprises abroad in order to push their "going global 走出去" and thus contributing to China's establishment as an international economic power. An increasing number of Chinese enterprises have already set out on the road to becoming transnational corporations as did their Western counterparts earlier. Whereas Western companies have gathered some experience in regard to intercultural problems and start to pay more attention to culture-sensitive issues, many Chinese enterprises find it difficult to cope with cultural differences abroad. The influence of intercultural problems on business activities has been highlighted in Western academic and business circles in recent years. An increasing number of consulting firms offer those so-called intercultural management trainings in order to prepare managers for doing business abroad. Handbooks and guidebooks on how to behave within different cultural settings have been mushrooming. Since the late 1990s the issue of intercultural aspects in management has gradually caught the attention of the Western academy as well with a growing number of publications in this area. Recently, Chinese scholars have also started to adopt the conception of intercultural management in their research. Chinese language publications on this issue have increased substantially in the past few years. It is interesting to note that these largely consist of summaries of Western theories on intercultural management, or are simply translations of Western works in this field. The discourse on intercultural management still lacks the Chinese characteristics, which are usually integrated when taking on Western theories, as it was the case with corporate culture, for example. But do intercultural issues really have any influence on business activities abroad? There have been eleven cases of Chinese M&A in Germany since 2001, for example. None of these has been reported to be a success or failure merely due to intercultural aspects. Some of the factors influencing investment projects of Chinese enterprises abroad, which are referred to in related reports and analyzes, certainly are related to culture such as management style or corporate culture. There are also factors related to the specific political or economic background of the country of origin and the host country of investment. Up to now there has been no empirical evidence that intercultural management has any influence on the performance of an enterprise in its internationalization process either. Even though intercultural management has been highlighted as necessary part of transnational operations in the West and, recently, in China as well, cultural aspects involved in this approach represent only one aspect of a much more complex and complicated process. My thesis therefore adopts a three-fold approach to analyze the internationalization process of Chinese enterprises, comprising intercultural as well as economic and political factors.