“The Stage and Patterns of Internationalization of Chinese-Owned Firms: A Value Chain Internationalization Framework Approach” (in English)

Dr. Roberto Curci
Associate Professor of Finance
Eugene Ratliff Endowed Chair of Finance
College of Business
Butler University

Abstract

This study uses the Value Chain Internationalization Framework to analyze the stage and patterns of internationalization of Chinese Small and Medium Size Enterprises (SMEs). The framework classifies organizations into four categories (domestically focused, upstream integrated, downstream integrated, and more advanced or fully integrated) based on whether or not firms actually engage in overseas upstream and downstream value chain activities. We argue framework categories are associated with different degrees of internationalization (DOI): domestically focused firms (C1) showcase the lowest degree of internationalization; upstream-integrated (C2) and downstream-integrated (C3) are deemed to have an intermediate degree of internationalization; and more advanced or fully integrated firms (C4) are associated with the highest degree of internationalization. We propose and test a set of hypotheses to test whether these relationships hold true. When we compare firms, across categories 2, 3, and 4, in terms of managers’ mean responses to degree of internationalization's indicators such as firm performance, firm structure, and attitudes; we find statistical significant differences among these three categories. Specifically, C4 firms appear to generate better performance, and have different corporate structures and managerial attitudes towards internationalization. When we compare firms classified in intermediate categories (C2 and C3) against those in the more fully integrated category (C4), we find there are more and stronger statistical significant differences on performance for paired comparison between categories 3 and 4 than for those between categories 2 and 4. Lastly, firms may move from being domestically focused, to being partially-integrated (upstream-integrated or downstream integrated), to being more fully integrated (C4) through at least the following two paths: Market Seeking Path (Start in C1, move to C3, and advance to C4) or the Efficiency Seeking Path (Start in C1, move to C2, and advance to C4). We find that market seekers perform better than efficiency seekers in all performance indicators, firms following an efficiency seeking path appear to have more complex international structures and a significantly higher level of international sourcing, and firms following a market seeking path appear to be more strongly motivated by government incentives and preferential treatment and they attach more importance to constant innovation.

Date: 14 December 2011 (Wednesday)
Time: 4:30pm – 5:30pm
Venue: MBG11, Patrick Lee Wan Keung Academic Building

Biography


ALL ARE WELCOME
Enquiries: 26167164 (Wing)/26167047 (Kit)