

**Middle East Technical University (METU), Ankara**  
**Dept. of Business Administration**

**Internationalization Strategies of Chinese Enterprises**

**Guest Lecture by Prof. Dr. Ulrike Reisach**

**Tuesday May 8<sup>th</sup>, 13:15-15:00: BA5102 Strategic Management MBA class**

*Abstract*

*The motives for the worldwide expansion strategy of Chinese companies are both entrepreneurial and political in nature: Their goal is to improve China's position in the world market in order to preserve and create jobs in China – and help ensure a stable and continuous development. At the same time, China wants to secure key resources for the country over the long term. As a result, more than half of China's acquisitions abroad used to be sources of commodities like oil or metals. In recent years, China's investment interest has moved from natural resources toward developed economy assets such as brands, technology and distribution channels. The build-up of real foreign capital through the acquisition of companies is highly welcome in China in view of the country's foreign currency reserves of roughly \$ 3.2 billion (at the end of 2011). This investment capital serves as a supplement or alternative to the further accumulation of foreign currency reserves in U.S. treasury bonds. Motives for company expansion and acquisitions are thus the desire for international diversification and the strategy of spreading risks through investing in Europe, the Middle East, South America and Africa.*

*Chinese companies are pushing into foreign markets as a consequence of the country's integration into the global market. China strengthened the competitiveness of its own industries in the course of joining the WTO in 2001 and has acquired the requisite know-how for moving onto the playing field of world's industrial giants. By means of its own efforts as well as through the massive influx of foreign direct investment. In recent years, China has boosted its investments in research and development at above-average rates, and has rigorously learned, adapted and copied from the West. With its extremely selective educational system and the huge number of students studying abroad and returning to the homeland, China has created the conditions necessary for a worldwide expansion strategy.*

*The central government first followed the strategy propagated in 2001, called "Zou Chu Qu" or "swarm out". This policy was embraced by the declared goal to build up globally known brands along with 500 middle-sized companies and 5,000 smaller multinationals. These figures include both state-owned and private Chinese companies. The Chinese Government's objective that 50 of the 500 biggest companies worldwide will be based in China has almost been achieved. For Chinese companies, internationalization is not only the most practical way to gain Western know-how. They acquired patents and technologies as well as management, process, system and strategic expertise. Many Chinese companies have large production capacities which are not fully utilized, and thus eagerly welcome new markets in the West. However, entering the markets of industrial countries also requires internationally known brands and global production and distribution networks. In the past, many acquisitions and partnerships thus primarily served as a strategy to gain brand rights as well as useful sales, marketing and service structures. But several big frontrunners among Chinese enterprises know how to lead Western companies. The lecture shows how Chinese investors are becoming more and more successful on Western markets.*

Prof. Dr. **Ulrike Reisach** is a full-time professor at the Neu-Ulm University of Applied Sciences, Bavaria/Germany. With a Ph.D. from Ludwig-Maximilian's-University of Munich and several academic awards, she has been working as an analyst and expert on international business strategies for leading international banks and industries for 20 years. During this time she has published her analyses and experience in 10 books and several articles on international management, corporate communications and corporate culture. As Director of Siemens Corporate Communication and Government Affairs she accomplished numerous projects in the USA and Asia. Her research interests include the management styles and internationalization strategies of global companies as well as corporate culture, governance and communication. For publications please refer to: [www.ulrike-reisach.de/en/](http://www.ulrike-reisach.de/en/)