

Strategies and Motivations for Chinese Enterprises to Go Global and Become Multinationals

-- Haier as an Example

Zhaoyi Ma^{1, a}

¹Jiao Zhou No.4 Middle School, Qingdao, Shandong, 266300, China

^amzy092685@outlook.com

Abstract: With the deepening process of economic globalization, Chinese companies have gradually stepped into the international market and become the typical representatives of multinational enterprises. This thesis aims to explore the strategies and motives of Chinese companies going global, and takes Haier Group as a case study to analyze the operation strategies of its international development in a more profound way. To provide those multinational corporations that want to enter foreign countries with their successful experience, and to provide suggestions for the internationalization operation and management of China's local enterprises.

Keywords: Haier; Multinational enterprise; Strategy.

1. Introduction

Transnational corporations (TNCs) promote the formation and development of the global industrial chain and make a significant contribution to international trade. However, the capital flows and trade differentials it creates can trigger economic and trade frictions between countries[1]. In some cases, trade friction between countries is not only because of economic factors, but also because of some deep political factors, such as the confrontation between two powerful countries. With the accelerated integration of the world economy and the growing prosperity of foreign trade, Chinese foreign trade companies are facing unprecedented opportunities and challenges[2]. China is also the world's largest consumer and producer country, and is gradually changing from the original cheap production mode to the internationalized business mode. Haier Group, as a typical representative of Chinese enterprises going global, provides us with a valuable case study opportunity.

2. Introduction to the Haier Group

Haier Group, a Chinese home appliance brand, was founded on December 26, 1984 in Qingdao. Under the guidance of Zhang Ruimin, after 35 years of entrepreneurship and innovation from an insolvent, on the verge of bankruptcy of the collective factories to become the world's No. 1 brand of white goods in Qingdao. In order to adapt to the development trend of this era, Haier Company has gone through three stages of development, namely, going out, going in and going up, from the domestic to the world. The case of Haier Company fully meets the overall needs of a single case analysis. Compared with multiple cases, the study of Haier's single case is able to focus more on the analysis of the focus, which in turn leads to a more detailed and deeper study of the sample case. Taking Haier and other MNCs as an example, we argue that Chinese firms' MNC strategic decisions are closely related to their industrial status, management level, risk tolerance, international experience and corporate culture, which in turn determine Chinese firms'

MNC strategic decisions. Therefore, in the process of implementing internationalization, it is necessary to make purposeful strategy selection, that is, to make corresponding strategy selection according to its own resource status. After a comprehensive and systematic research and analysis, this paper summarizes a series of new, new construction, cooperation and M&A three types of international development strategies with their own characteristics and Chinese characteristics, and systematically analyzes the implementation conditions that should be available for enterprises to carry out strategic choices of multinational operations. It also systematically analyzes the implementation conditions for enterprises to carry out transnational operations. It puts forward a set of effective reference models for strategic choices for Chinese enterprises to better carry out transnational operations successfully.

3. Strategic Analysis of Haier Group to Become a Multinational Enterprise

3.1. International market development strategy

3.1.1. "Hard before easy" strategy

Before entering the international market, enterprises must formulate their own internationalization strategy, so that they can have a stronger ability to survive and gain a chance of survival in such a competitive international market[3]. Many multinational enterprises are adopting the strategy of simultaneous and step-by-step when they just contact the international market, but Haier has adopted the strategy of "difficult first, easy later" at the beginning of its involvement in the world, which is quite creative. Haier company from the beginning to target the United States, Europe and the United States and other advanced countries with high market demand and high barriers to entry. In the cruel competition and test in the United States, the company's production technology and management experience have been greatly improved and honed, thus promoting the company's production technology and market competitiveness. After the great achievements in

Europe, the United States and other developed countries, their business in developing countries has become easier, and it has been a breeze to build factories and production in the developing countries afterward.

3.1.2. Localization strategy

Haier has always believed that "There is no such thing as an off-season market, only off-season thinking." Since the needs of customers are different in different countries around the world, it is necessary to divide the market of customers and provide them with more required goods. In the localization strategy, it is necessary to determine the development strategy of the enterprise based on the laws and regulations, customs and religious beliefs of the host country, so as to obtain a wider market in the host country. Haier's localization strategy of "Trinity" and "Three Integration" not only avoids the harsh tariff barriers in developed countries, but also makes use of local factory equipment, skilled workers and advanced technology, and also makes use of the local staff's knowledge of their own country's laws, culture, customs and other aspects. We can also utilize the local staff's understanding of their own country's laws, culture, and customs to achieve our own country's goals. In the company's localization strategy, we can ensure that the goods they need can be delivered to the customers in the shortest possible time and provide perfect service to the customers. In this way, we consolidate the position of our company in the minds of our foreign customers and improve our credibility and reputation in the world.

3.2. Internationalized branding strategy

Now and in the future, the competition in the commodity market is no longer limited to the commodity itself, but more embodied in the trademark. Investors should be able to fully understand and pay attention to the importance of establishing a product brand, knowing that an enterprise to gain a foothold in the vast international market, in addition to having solid technology, but also have a brand that can represent their products and services. For a company, a good company image is an intangible advantage. At the beginning of its growth, Haier has attached great importance to building its own brand, not only always aware of the needs of customers, to bring more satisfaction to customers, but also to provide better service to customers, and constantly deepen the customer's feelings and improve customer loyalty. Haier has been committed to building its own brand while expanding overseas markets, and today, the company's products are firmly rooted in the minds of customers at home and abroad for their excellent quality and service.

3.3. Alliance strategies

The so-called "strategic alliance" means that two or more enterprises reach a common strategic purpose through various equity and non-equity means on the basis of common risk-bearing and benefit-sharing. Haier Group has adopted a brave strategy in developing the international market by cooperating with many internationally influential companies in exchange for the existing market resources, which not only strengthens the company itself, but also expands the company's business scope to the international level. There are three ways in which the Company has formed strategic alliances with other companies. First, Haier has entered into various forms of technological cooperation with companies such as Metz of Germany and Philips of the Netherlands. Second, it has allied itself with Sanyo, a large Japanese

household appliance company, to utilize the sales network of Sanyo Electric to make the transition from loss to profit. Ultimately, with Haier as the core, and with the NBA as a strategic partner, a dual market effect was created to further expand its influence among the new generation of Chinese consumers.

4. Motivation for the Haier Group to Become a Multinational Enterprise

In the early 90's, Haier has established its position in China's market and achieved a certain market share in China's household appliances, but Zhang Ruimin, the founder of Haier, did not slacken off, and he clearly realized that, compared with its foreign counterparts, the scale of Haier is still too small to be comparable with large foreign companies, and that Haier has to implement the comprehensive In order to survive for a long time, Haier must fully implement the internationalization strategy and realize the rapid growth of the enterprise. In today's context of economic globalization, there is no longer any difference between domestic and international, they are all international markets, and competitors are no longer just in the same industry at home, but in the same industry internationally.

Zhang Ruimin said about the internationalization strategy pursued by Haier: "From the outside of the enterprise, some large multinational companies, especially household appliances, are now coming to China not just to sell, but more to take root. In the past, we compared the entry of foreign enterprises into China to the coming of the wolf, but now it is not the wolf that has come, but the wolf pack! With so many large and powerful multinational companies, we have no choice but to focus on improving the quality of our business. China's business is growing at a fast pace. Opportunity plays a big role in this. Now our rival has become a multinational enterprise, but they are not coming at you, but at the Chinese market. From the previous "Dance with the wolves" to the present "Win with the wolves"! All people work together to get more market, to get more development.

Since 1998, Haier has begun an all-round internationalization strategy to "realize one-third of domestic production for domestic sales, one-third of domestic production for foreign sales, and one-third of foreign production for foreign sales", and to make full use of the global market resources to complete the leap from "Haier's internationalization to the internationalization of Haier". Haier".

5. Haier Group Development Inspiration

5.1. Enhancing awareness

In the future, it will be a battle of brands among all companies. A company that wants to grow in the long run and to gain a foothold in the world has to build its brand. To successfully create a global brand, it must gain a high reputation and recognition in the global market. Haier has been able to achieve what it has today by building an international brand, from building a local, international, and gradually entering the top 500 companies. Therefore, our company must establish its own brand awareness when venturing abroad. First, they must gain access to internationalization, and second, they must create a brand name with global influence by building customer loyalty,

developing innovative technology, and establishing an international management system. China has increasingly become a global manufacturing center for household appliances. Therefore, as a globalized household appliance company, it must grasp this great opportunity, be innovative, and strive to promote Chinese household appliance products abroad and to the world.

5.2. Upgrading industry standards

Nowadays, the household appliances industry is like a spring in the sky, with new life and new forces emerging, and modern technology has allowed the industry to be rapidly renewed. In the world, many small and medium-sized companies are forced to wait and see what industry norms are in place due to the injustice of "monopoly". However, in order to be more competitive in the world, companies must take the initiative to participate in the development of international standards for their own industries. Therefore, to gain a foothold in the world, they must make full use of their own power and actively participate in the standardization work worldwide. Although in the country, many home appliance companies have a thin base and do not master the core technology, so they have been excluded from the development of industry standards, but today, with the rapid development of China's economy, compared with that year,

there has been a big change. Our company should keep pace with the times, grasp the opportunity for development, and continue to research and develop core technologies in this field, and gradually become a national and even global industrial technology leader.

6. Conclusion

After more than 30 years of struggle, Haier Group has made domestic products go out of the country and into the world, and has blossomed on the global stage. Meanwhile, under the current economic situation, the company must make good development strategy of foreign investment and seek wider development opportunities in order to gain a long-term foothold in the international arena.

References

- [1] Bi, Y. (2022) Analysis of localization strategy of multinational corporations. *National Circulation Economy*, 10:16-19.
- [2] Geng, Y. (2021) Exploration of Chinese enterprises' multinational operation strategy under the background of "Belt and Road". *Investment and Entrepreneurship*, 32(20):141-144.
- [3] Deng, Z. (2018) The strategic choice of Chinese enterprises' multinational operation. *Agricultural Staff*, 24:279.