





The Evolution of China and Its Rising Multinationals. Introduction


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The Evolution of China and Its Rising Multinationals. Introduction

Abstract

The emergence of Chinese companies as key players in the global economy underscores China's transformation into a global powerhouse. Through large sample analyses, case studies, and literature surveys, this special issue aims to enhance our understanding of this phenomenon, focusing on various aspects of the internationalization of Chinese firms over the past two decades and exploring their success as well as the challenges they face moving forward.

Keywords: Emerging economies, Chinese multinationals, Internationalization, globalization, Foreign Direct Investment, global business, Mergers and Acquisitions, Greenfield, State Owned Enterprises, innovation, green innovation, Angel Yeast, Resource-based view (RBV), cluster internationalization, horizontal competition, vertical coordination, fsQCA, technological upgrading, growth predictions

L'evolució de la Xina i les seves multinacionals en ascens. Introducció

Resum

L'aparició de les empreses xineses com a actors clau en l'economia global posa de manifest la transformació de la Xina en una potència mundial. Mitjançant anàlisis de mostres grans, estudis de casos i enquestes bibliogràfiques, aquest número especial pretén millorar la nostra comprensió d'aquest fenomen, centrant-nos en diversos aspectes de la internacionalització de les empreses xineses durant les últimes dues dècades i explorant el seu èxit, així com els reptes que s'enfronten. avançant.

Paraules clau: Economies emergents, multinacionals xineses, internacionalització, globalització, inversió estrangera directa, negoci global, fusions i adquisicions, greenfield, empreses estatals, innovació, innovació verda, llevat d'angel, visió basada en recursos (RBV), internacionalització de clústers, competència horitzontal, coordinació vertical, fsQCA, actualització tecnològica, prediccions de creixement

La evolución de China y de sus multinacionales en ascenso. Introducción

Resumen

El surgimiento de empresas chinas como actores clave en la economía global subraya la transformación de China en una potencia global. A través de grandes análisis de muestras, estudios de casos y estudios de literatura, este número especial pretende mejorar nuestra comprensión de este fenómeno, centrándose en varios aspectos de la internacionalización de las empresas chinas durante las últimas dos décadas y explorando su éxito, así como los desafíos que enfrentan. avanzando.

Palabras clave: Economías emergentes, multinacionales chinas, internacionalización, globalización, inversión extranjera directa, negocios globales, fusiones y adquisiciones, Greenfield, empresas estatales, innovación, innovación verde, Angel Yeast, visión basada en recursos (RBV), internacionalización de clusters, competencia horizontal, coordinación vertical, fsQCA, actualización tecnológica, predicciones de crecimiento

中国的演进及其跨国企业的崛起：介绍

摘要

中国企业在全球经济中作为关键参与者崭露头角，突显了中国向世界强国的迈进。本期专辑综合运用大样本分析、案例研究与文献调查，聚焦于过去二十年中国企业国际化的各个方面，探究了中国企业在国际化道路上所取得的成绩以及未来面临的多重挑战，旨在深化我们对中国跨国企业崛起这一现象的理解。

关键词：新兴经济体，中国跨国企业，国际化，全球化，外国直接投资，全球商务，兼并收购，绿地投资，国有企业，创新，绿色创新，安琪酵母，资源基础观，集群国际化，横向竞争，纵向协调，模糊集定性比较分析，技术升级，增长预测

The rise of China in the global economy is one of the defining features of the early decades of the twenty-first century and the ascent of its multinationals is a vivid illustration of this evolution. With their rapid expansion and increasing influence in many sectors across the world, Chinese multinationals underscore the transformation of China into a global powerhouse, ranked as the second largest economy in the world on a nominal Gross Domestic Product basis. Through strategic investments, mergers, and acquisitions, they are redefining the dynamics of international trade and investment.

The rise of Chinese multinationals has challenged traditional Foreign Direct Investment (FDI) theories by demonstrating new patterns of investment reflecting China's unique economic and political context. Books and papers have been published on the characteristics and strategies of these enterprises and the role of their home country, as well as on the need to reassess existing theoretical frameworks to better capture the complexities of the contemporary FDI landscape. The present Special Issue aims to contribute to a better understanding of the phenomenon and illustrates the profound shift in the global economy currently taking place. It shows how far Chinese multinationals have gone in global business, underscoring among others the wide spread of their global expansion and how Chinese firms have disrupted the global competitive landscape.

The five papers in this special issue focus on the topic of Chinese firms' internationalization, including (1) an overall view of the phenomenon (2) the technological upgrading of State-Owned Chinese enterprises through Outward Foreign Direct Investment (OFDI) (3) the process of internationalization of a Chinese firm, from a start-up to a world-class

manufacturer, (4) the internationalization of Chinese township industrial clusters and (5) a review of scholars' predictions regarding the growth of Chinese multinationals and the extent to which empirical research corroborate them.

As for the methodology, the papers in this special issue use normative and diversified method, including (1) empirical studies for large sample statistics; (2) Fuzzy Set Qualitative Comparative Analysis (fsQCA), with data on 34 township industrial clusters in Suzhou city; (3) a longitudinal case study for three stages: 1986-2000, 2000-2010, and 2010 till present; (4) a systematic literature review, analyzing 51 core papers from 2011-2022 and (5) a review of the literature on Chinese Multinationals growth predictions over the last 30 years.

As for the sample, the five papers in this special issue use divergent and representative samples for Chinese multinationals, including (1) an overall longitudinal view of Chinese companies in Fortune Global 500 and billionaire companies by revenues; (2) a case study of a Chinese start-up; (3) 51 papers for Chinese state-owned enterprises with outward foreign direct investment; (4) 34 township industrial clusters in Suzhou city, China; and (5) a series of academic publications on the global expansion of Chinese firms.

The following summary describes the papers in more detail.

The first paper, a research note, "Chinese Multinationals Gaining Global Dominance" by Lourdes Casanova and Anne Miroux (Cornell University) revolves around the growth of Chinese firms since the turn of the century. It expands upon the research on Chinese multinational corporations conducted by Casanova and Miroux since 2015 and published in the Emerging Markets Institute reports, as well as their book *The Era of Chinese*

Multinationals (Elsevier Academic Press, 2020). Its primary objective is to examine the development of Chinese multinational corporations during the past 20 years, including their revenue growth, global expansion, and advancements in Research and Development (R&D) and innovation. The paper looks at their ascent in global business, the causes of their growth, and the ways in which they have altered the nature of global competition. The rise of Chinese firms is due to a combination of factors. The first is the growth of the Chinese economy that has allowed Chinese companies to take advantage of this tremendous creation of wealth. The second one is the continuous support of the government, combined with fierce competition from local and global competitors leading to the survival of the fittest. The third is the long-term approach adopted by Chinese firms, which sacrifices short-term profits and allows short-term mistakes and failures from which to learn. Chinese firms have been competing systematically on lower prices, a strategy that could be sustained thanks to low labor costs (albeit higher than before) and very efficient and well-integrated local value chains. They have also put increased emphasis on R&D, resulting in innovations that, at first, were incremental but have become disruptive. Adding innovation to their portfolio of competitive advantages, Chinese multinationals have emerged as fierce competitors in a variety of industries all over the world. Since the late 2010s, however, the global environment has become much less propitious to their global expansion, marked by a surge in trade and investment barriers. It remains to be seen how Chinese Multinationals will navigate this new environment.

Stressing the challenges faced by many emerging companies to gain long-term competitive advantages and achieve sustainable development, the second paper “Green

innovation drives globalization: a longitudinal case study of Angel Yeast’s evolution from a start-up to a world-class manufacturer” by Xueyuan Liu, Yan Yu, Gexuan Song (Wuhan University), and Xiaolan Fu (University of Oxford) focuses on how firms can leverage green innovation strategies to address such challenges. To this end, the paper examines the green innovation behavior of Angel Yeast, a Chinese firm that has become one of the top yeast producers in the world. The paper adopts the resource-based view (RBV) as its theoretical foundation, combining it with a longitudinal approach, to examine the unique resources that Angel Yeast possessed at different stages of development and analyze how it used them for green innovation. It examines the development history of Angel Yeas from the startup period (1986-2000), to the growth (2000-2010) and the maturity (2010-present) periods, and explores how the company has leveraged green innovation during these different phases to turn into a world-class manufacturer. It uses in-depth interviews, on-site observations, internal company documents and archives, and secondary data sources. While longitudinal studies usually only focus on the impact of one or two green innovation strategies on corporate performance or competitiveness, the paper analyzes the multiple strategies used by Angel Yeast over the course of its development and stresses their synergistic effects. Finally, the paper proposes a theoretical framework to help companies understand how they can rely on green innovation at different stages to achieve sustainable development and ultimately become an internationally competitive green enterprise.

The third paper “The impact of OFDI on technological upgrading of Chinese SOEs: A survey of the literature” by Mengchen Suo and Xiaolan Fu (Oxford University) examines the

impact of political ties on the technological upgrading of state-owned enterprises (SOEs) through OFDI. It is based on a systematic literature review and the thematic analysis of 51 papers over 2011-2022. It first reviews the literature addressing the impact of OFDI on the technological upgrading of firms in emerging countries, and then focuses on the case of Chinese SOEs. It examines three distinct topics. It analyzes how political ties influence Chinese SOEs' technological upgrading through OFDI. Second, it shows that the impact of political ties on the motivations and resources of SOEs differs depending on the types of ownership, which has implications for their OFDI strategies and innovation capabilities. Third, it explores how existing studies investigate the influence of subnational institutions on the OFDI and innovation capabilities of SOEs and how such influences interact with political ties. The paper concludes with policy recommendations and suggestions for SOE managers.

The fourth paper "Internationalization of Clusters: A Qualitative Comparative Analysis (QCA) of Township Industrial Clusters" by Qian Lu, Feifei Huang, Liangding Jia (Nanjing University), and Chuang Kai (Jiangsu Financial Leasing Company) focuses on the factors that affect the internationalization of clusters. The authors stress the role of clusters in the rise of MNEs from emerging markets, arguing that emerging economies leverage the agglomeration effect of clusters to catch up with their global competitors. Their aim is to examine why some clusters have a greater level of internationalization than others, and which configuration of factors promotes cluster internationalization. For emerging economies, such internationalization, viewed as a catchup strategy and an engine of growth, is of great importance. The authors explore the question from two key dimensions: knowledge types (architectural and competent) and relational

(vertical coordination and horizontal competition within clusters) using data from 34 township clusters in China and applying the Fuzzy Set Qualitative Comparative Analysis (fsQCA) method. They conclude that cluster internationalization is the result of a combination of factors and identify several combinations to help clusters design strategies that could enhance their internationalization level.

The fifth paper "The Growth of Chinese Multinationals" by Mike W. Peng (University of Texas at Dallas) examines the predictions about the growth of Chinese firms made since 1996 by Peng and Heath, and Rugman and Li. The author compares those predictions with the empirical studies of Casanova and Miroux in the past decade. While Casanova and Miroux's findings do not support earlier predictions, they do support more recent ones.

The papers in this special issue **contribute** to frontier and mainstream **theories** on topics such as (1) the influence of political ties and subnational institutions on State Owned Enterprises (SOEs)' performance 2) the resource-based view (RBV), and its application to firms leveraging their unique resources at different stages of development to achieve sustained competitive advantage 3) the knowledge and relational dimension of clusters and their impact in the internationalization of clusters.

We cannot discuss the rise of China's economy without studying its rising multinationals over the past 25 years as the success of both is intertwined. This special issue aims to shed light on the evolution of Chinese companies, highlighting their successes and the challenges they face moving forward.