

Helping Chinese Enterprises be Successful in Global Markets

Lu Xiyan

Beijing Jiaotong University, China

INTRODUCTION

Chinese enterprises are developing their global business very quickly and strong national players, such as Haier, HuaWei, TCL, and Pearl River Pianos, are part of this trend. After years of rapid expansion at home and developing an important export business for established overseas producers, these players now have the size, financial strength, and product quality to take on the competition on an international or even global scale. Different from before, when Chinese enterprise was government centered, they are now more driven by economic considerations, such as growing the business overseas and reaping higher profit margins; accessing advanced technology; realizing cost synergies in areas like production, sourcing, and R&D; and creating competitive advantage for the fierce competition in the home market (Wharton, 2005).

Of course, internationalization is good for Chinese enterprises as they can do business in a bigger market, make use of more resources, and so forth. However, they also need to face some new challenges and risks: they need to deal with new employees, customers, suppliers, partners, new rules and policies, new languages, even new day and night times (time zones). In the internationalization process some company have “felt pain” about these problems, especially as most Chinese companies are beginners in this area and need strong and effective tools to help them. Portals might be one of the technological solutions to these problem.

Portals are a new technology that aims to offer a single, uniform point from which all of an enterprise’s data sources can be accessed. The term data source not only encompasses structured data and unstructured data, but also includes the data resulting from specific processes and enterprise applications (Sollicito, 2005). Portal terminology has become very popular and a little bit abused; the word portal means different things to different people. To a typical Chinese business enterprise, portal applications can be mainly classified into three types: enterprise (intranet) portals, e-business (extranet) portals, public or mega (Internet) portals, those three types of portals can help Chinese enterprises to operate successfully in a global market. They can provide integrated data and information for global employees, customers, suppliers, and partners, so that all those parties when they use or visit the company’s information system only need to deal with a single unified interface. This interface is very powerful and can connect

internal and external information resources, and users need not make a great effort to transfer from different application systems. For a global company, these are really helpful and important features.

INTERNATIONALIZATION OF CHINESE ENTERPRISES: CHALLENGES

China started its “open-door” policy just over 20 years ago. At the beginning of their international trade, most Chinese enterprises played a manufacturing role. Now they are not satisfied with “made in China,” and try to be involved in the whole international process, so that the benefits and challenges come in at the same time. The following is an analysis of the challenges (Zhouzhen, 2005).

Internal Challenges

Because Chinese enterprises are newcomers to the global market, they cannot wait for a long time to set up branch companies in different countries. Instead, mostly they will merge or buy a foreign company directly. This means there will be a quite different part in the enterprise, maybe its employee cannot read or write Chinese, some even cannot use English and there are some new problems and challenges the company needs to take into consideration:

- **Communication Challenge:** If, after merger or acquisition, a Chinese enterprise wants the foreign branch to work together with them, the least requirement includes sharing some information, and giving weekly or monthly reports to managers. Some communication work can be done by phone, fax, or post but the most economical and convenient way is by using a computer and network. At first maybe it is just some e-mail: sometimes you find you need content translation and you accept it temporarily; sometimes they have different date formats and time zones and later, when a report (generated by the branch company’s information system) comes in, because of different character sets, it is impossible for you to understand what it means in your computer or system. Maybe you can identify some numbers with difficulty, even

though those number are in a different style. If, from your knowledge base you know it should be in German number style, you can translate it into Chinese style; however, obviously you do not want to do this every time.

- **Integration Challenge:** After merger or acquisition, the company will encompass different information systems. In order to operate efficiently, these systems have to be integrated, but when they try to do this with traditional technologies, they often found it was an impossible mission: different software and hardware and different platforms, and so forth. If all the systems needed to be connected one by one, it sometimes seemed that developing a whole new system would be better. When employees find they have to learn to use new systems and transfer between them, sometimes they will avoid them, or they will have problem in efficiency.
- **Cost Challenge:** After merger or acquisition, a lot of new procedures, processes, and knowledge will be required. This means more travel, training, staffing, and communication. As an international company, travel or training globally will be very expensive, and for the Chinese enterprise, one of the big advantages is that labor force cost is relative low. If they have to hire a lot of international employees, this will create a big problem for finance. Other cost challenges come from long distance telephone, fax, and so forth.
- **Knowledge-Sharing Challenge:** For any international company, one key problem is how to understand international rules, local policy, and other standards quickly. This is especially urgent for Chinese enterprises, and some Chinese companies have paid a price for it (it is a very big loss). One way to learn these policies and rules is by consulting and systematic training, but this will be a costly and time-consuming process.

External Challenges

After internationalization, Chinese enterprises need to maintain and develop customers, work with old or new partners, build up positive brand and image, and do their marketing in global or local markets.

- **Customer Service Challenge:** One main objective for internationalization is getting new markets and customers. Mergers or acquisitions should be helpful on this point; then, after that, if a company wants to keep a customer staying with them longer, high-quality service will be necessary. In a digital economy, good service means providing a customer with timely and transparent information in a form they like; if a customer finds they need to take a lot of effort to input order or

search information on their orders or product delivery status inside one company, or what they will do? Maybe they will think to switch to another company. Other problems include how to determine customer information requirements and provide what they need exactly: how to make a customer feel they are special (VIP) at low cost.

- **Partner Interaction Challenge:** As an international enterprise, communication with old or new partners is a very critical job, with the development of information technology, the depth and width of communication between business partners is expanding a lot. If your partner and you can share useful information efficiently, both parties will benefit a lot from it. But the suppliers and distributors' information requirements generally are diversified: they want to know more about your enterprise in an easy way. Maybe you need to collect data and information from different systems. This will present a big work load if you do it day by day, and even if you do this, you often find your partner is still not satisfied because it is not exactly what they want!
- **Branding and Marketing Challenge:** For many years, Chinese enterprises generally took a manufacturer's role in the global market; then after acquisition, creating their own brand and reputation became an urgent task. They can do such typical things as advertising and attending public events, but in a global market, it is obvious you cannot afford it everywhere and every time. While you may think of the Internet and Web pages, you want to set up a good digital image to do branding and marketing, and you hope whenever a customer needs information, as long as this information is available in your information systems, you can provide it to them. What is more, the visitor also can get timely information automatically, but traditional Web pages cannot do this effectively.

WHAT A PORTAL CAN DO

A portal is a personalized and customized gateway designed for useful and comprehensive access to information, people, and processes. While portals have a rapidly evolving set of features and characteristics, they can be described as personalized and customized user interfaces providing access to both internal and external information. Portal content can include a wide variety of features, information, tools, and communication devices. (Provosts on Portals, 2004)

The features of a portal can help Chinese enterprises to operate in global markets and deal with the challenges discussed.

Portal initiatives have been a major focus for businesses and IT professionals in recent years. Historically, portal

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