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Studies on the New Trends of Multinational Corporation Strategic Alliance and Influence to China

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Abstract

Along with the development of economic globalization and the intense of international competition day by day, Multinational corporation according to the comparison superiority which different host country in the talented, technical strength as well as in the scientific research infrastructure, arranges the scientific research organization in global, it promote various countries to cooperate and exchange in high-tech domain (BAI, 2008). Meanwhile the Multinational corporation adjustment or establishment investment strategy to China, invested to Chinese market massively, its business strategy and organizational form presented the new tendency -- Multinational corporation strategic alliance. The transnational strategic alliance changed traditional "antagonism" competition which took the competitor vanishing as the goal (GAO, 2000). The paper has analyzed that Multinational corporation strategic alliance's new trend and influence to Chinese economy, proposed the Chinese Enterprise's counter measures.

Key words: Multinational corporations; Strategic alliance; Investment strategy; Cooperation; Competition

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INTRODUCTION

Strategic Alliance refers to two or more transnational corporations in order to achieve an importance common goal and establishing partnerships. There are two main types of transnational strategic alliances: League of equity and non-equity joint ventures, equity joint ventures refers to international joint ventures, non-equity Alliance Is called the International Cooperative Alliance. Multinational corporation strategic alliance is a "combined competition", refers to two or more multinational corporations on the international competition, and take on strategic measures in order to overcome the other competitors, which included investment, research and development, production, marketing, also include knowledge creation and exchange and communicate all kinds of information. Although multinational strategic alliance began in the 1960 of the 20th century, it is extensively developed in the last 20 years. With the rapid development of science and technology and accelerate the process of economic globalization, and the development of non-zero-sum game theory, provides scientific theoretical models for multinational strategic alliance, makes the establishment of strategic alliances are not only using more and more generally by multinational corporations, and strategic alliances continued to develop in depth.

1. THE NEW TREND OF MULTINATIONAL CORPORATION STRATEGIC ALLIANCE

1.1 From the Product Alliance Developed Knowledge Alliance Which Take the Technical Collaboration as Primary

Multinational corporation strategic alliance mainly revolved the product to carry on alliance at early time, therefore it is usually called the product alliance, its goal is to reduce the investment expenses and investment risk, perhaps to reduce the threat of the product competitor (ZHAO & GE, 2002). The product alliance is quite pure, obtains some product or widespread sales extant product is the profitable target which alliance all quarters pursue.

Along with science and technology rapid development, modern technology comprehensive and complexity cause Multinational corporation research and development more and more difficult, therefore Multinational corporation's strategic alliance more displays knowledge alliance which take the technology development and research results sharing as the characteristic, from strategically maintains technological innovation ability and technical leading status becomes the priority target which alliance all quarters pursue (DU & LIU, 2002). For example, strategic alliance growth rapidly which the Multinational corporation in the new area of technology (new material, information technology, bio-engineering technology) concludes, from 526 in 1980 to 4512 in 1993, raised 8.6 times during 12 years. In 1994, Multinational corporation only in US and the American Federation Chemical industry Research institute, Department of Energy, national standards and Technical research institute sign's R&D cooperative agreement achieved 1646 (YUAN, 2001).

1.2 From Supplementary Alliance Which Strong and Weak Union Development to Competition Alliance which Strong and Strong Cooperation

The product alliance and enters when the new market as the reduction capital spending reduces the risk the method, manifests for the strong and the weak union supplementary alliance. If before the mid-90s sets up in China in 167,000 Foreign invested company, some 64% are the Joint venture, 15% are the Cooperative enterprise, the joint capital (cooperation) the outside majority is the strength strong Multinational corporation, these Multinational corporations through the joint capital, the cooperation, enter the Chinese market successfully (WANG, 2004). Along with technological innovation's acceleration as well as the Multinational corporation global market competition's aggravating, changed the partner strength contrast relations, the new alliance mainly carries on between the strength strong greatly Multinational corporation, between each other enters the hall cooperation in the alliance domain, but still maintained outside the agreement domain as well as in the enterprise activities overall trend is competing the antithetical couplet relations. For example IBM Corporation in the 80s's alliance mostly quite close product alliance, but to the 90s, IBM to compete needs to pursue the top level alliance form, it forms an alliance with the Siemens is a strong alliance model (CHEN & DONG, 2004). Both sides concentrate in the alliance interior in the knowledge and the technical innovation, and in the design, the manufacture as well as the computer chip test aspect obtains with works together as colleagues the new technology, but in develops outside the chip, both sides still maintained the competitor the relations.

1.3 From Linear Alliance Chain Development for Three-Dimensional Alliance Network

The tradition's Multinational corporation strategic alliance is that linear alliance which the Multinational corporation establish according to own value chain activity needs, when there are own resources request (for example, cost of investment), it carries on alliance to the value chain upstream activities; When there are requirement for sells product and expands market, it uses the downstream link's alliance; When Multinational corporation want to resist the main competitor, it uses crosswise alliance with the other company (HAO, 2009). Along with global competition aggravating, Multinational corporation strategic alliance has formed the intriguing alliance network, namely all alliance quarters regarding some side (alliance center) which have leading influence periphery, according to the respective core specialty, as well as locates the three-dimensional network which research and development or production operation's different link forms. The alliance partner has not only included the Multinational corporations, moreover also has simultaneously included the university, the development facility and so on, and even other alliances. The alliance goal does not limit to the sole product or the product line, but concentrates in the knowledge creation. Alliance network chief feature is that through alliance network to share information, realizes ability supplementary, provides the strategic flexibility, promotion knowledge creation (CHEN, 2009). At present, each large-scale Multinational corporation has gathered a large quantities of partner in own periphery. The South Korean Daewoo automobile group once had established more than 100 strategic alliances with more than 40 country's different profession enterprises; General Motor Company has successively established the new cooperation with Fuji, Honda, Feiyate, Ford, Daimler Chrysler and as well as Sony, thus causes its product and the service object to expand to the global scale.

1.4 From "Hard Restraint" Entity Alliance Development to "Soft Restraint" Hypothesized Alliance

So-called hypothesized alliance is refers alliance relations which does not involve the property rights and the legal binding force, each other depends on each other mutually (LIU, 2009). The hypothesized alliance has changed the entity alliance mainly depending on stockholder rights and cooperative agreement and so on contract restraints which has legally binding, what maintenance hypothesized alliance is depending on the profession legal system, and to intellectual property rights' control as well as to the product or technical standard realizes, through these "soft restraint" to coordinate product and service of all alliance quarters. For example, Microsoft is controlling the computer operation system standard by DOS and

WINDOWS, causes the global similar factory to obey it, thus has formed hypothesized alliance which take it as the central.

2. MULTINATIONAL CORPORATION STRATEGIC ALLIANCE INFLUENCE TO CHINA

2.1 Transnational Strategic Alliance is an Efficient Path Which Realizes Research and Development Internationalization

Knowledge flowing between the enterprise take the level bidirectional or the multi-direction flowing as a characteristic, not only pursue scale efficiency, moreover also stressed that obtains the economical cooperative. In the strategic alliance, in certain functions, between the enterprise cooperates frequently, in another some functions, they mutual competitive sometimes (DU, 2008). Multinational corporations may obtains the new knowledge through establishment transnational strategic alliance, simultaneously fuses its and own core competitiveness, achieves the strategic cooperation sublimation (YAN & YAN, 1999). Specially Multinational corporation that high technology and new technology has the advantage status, not only may exchange superiority essential factors mutually which each other has patented technology through the transnational strategic alliance, enhances the innovation product technology content, thus enlarges other related enterprise's technical imitation cost and the difficulty, extension innovation product life cycle. Moreover can share the new product development cost and risk as well as enters market and so on to reach the unanimous agreement together, enhances the technological innovation success ratio, causes to form an alliance both sides to be able to obtain 1+1>2 investment effect finally. At present the world 500 greatly Multinational corporations, more than 200 to invest to China, this forces Chinese Government and the enterprise cannot but carefully examine and research the deals with policy. In a sense, this has provided the advantageous condition for Chinese economy participation globalization advancement and further advanced Multinational corporation's economic and technical cooperations and exchange.

2.2 The Transnational Strategic Alliance Establishing New Technical Barrier for China Participated in the Internationalization Advancement

At present, the transnational enterprise which forms an alliance mostly is international monopoly oligarch that occupies the dominant status in the global profession competition. In order to control to the technology, the Multinational corporations only transfer newest technology to own Branch office of whole world, but transfer obsolete technology to Chinese Enterprise by permit way, thus achieves to involve Chinese market goal (XIANG, 2001). Therefore, Chinese government proposed "trades technology by market" introduction foreign capital policy, but the foreign merchant adopts blockade manner to the key technologies, to China investment majority is by provides the machinery equipment as the Joint venture stockholder's rights form, and introduces the majority of technologies are the labor-intensive form, but also some part is the capital technology-intensive transformation technology (machinery equipment), the scale is low ,especially the soft technology (high technology and new technology) level is low, causes the technology which China introduces always fall behind generally for 10~15 years compare with the world advanced level. At the same time, this kind of transnational strategic alliance, although does not mutually transfer technology, but shares the technology, but it enhanced the international technical monopoly degree, causes China to be more difficult to obtain the vanguard technology through the non-stockholder's rights arrangement.

2.3 Enlightenment of Transnational Strategic Alliance to Chinese Enterprise

The present stage, Chinese Enterprise and the foreign Multinational corporations' alliance form mainly pauses low stage of Joint capital. The foreign Multinational corporation uses its comparison superiority in aspect and so on technology and marketing skill, achieves to enter the Chinese market goal by the supplementary form, this kind alliance take the knowledge uniflow as characteristic, is the inevitable result which both sides imbalanced in the business capacity. Therefore, after Chinese Enterprise with foreign multinational corporation unites successfully, should focus to transform to transnational strategic alliance which has the strategic sense high-level shape from the preliminary shape cooperation, namely creates the competitive advantage diligently, from unidirectional technical, fund buying in to change the bidirectional and multi-direction knowledge and technological exchange gradually, from imbalanced business capacity and management resources to change the balanced transnational strategic alliance form, this is action strategy which the Chinese Enterprise enhances own competitive power, participation international market competition.

3. COUNTERMEASURES OF CHINESE ENTERPRISE DEALS WITH THE MULTINATIONAL CORPORATION STRATEGIC ALLIANCE

China is occupying the economical high speed development time, during introduction foreign capital, more and more domestic enterprises and overseas Multinational corporations unites. South Korean telecommunication giant -- South Korea corresponds with Chinese telecommunication (Hong Kong) Limited company reaches the strategic alliance agreement, cooperation develops between China and South Korea's interconnection mesh wire cable, development many kinds of international digital data service, and is engaged in the market marketing jointly. Meanwhile, Chinese Enterprise also stepped out the union first step, from the preliminary shape's cooperation to strategic alliance transformation which the high-level shape, take sharpens the enterprise core business capacity diligently as the characteristic. China Shenzhen business net with ChineseTrade Network, Fresh Idea Network announced: they will unit national electrical appliances enterprise, they will set up the biggest "the electrical appliances profession buyer alliance B2B on-line market, provides the entire process purchase service for everywhere electrical appliances enterprise" (ZHANG, 2001). The Chinese biggest refrigeration enterprise KeLong group and the national biggest washer production enterprise ---Whistling Swan group signed the strategic alliance agreement, both sides will carry on the broad cooperation in the electronic commerce and so on many domains (DU & YANG, 2001). Although Chinese Multinational corporations' strategic alliance has made certain progress, but compares with the international large-scale Multinational corporations, regardless in the scale and form has the big disparity. Therefore, Chinese Enterprise should pay attention to the following several points when Chinese Enterprise carries on the strategic alliance.

3.1 Speeds Up the Advance in Technology and High Technology and New Technology Industrialization Process

The international competition has entered competition time which the technical product competition and take the knowledge as the foundation economy (i.e. knowledge economy) (Han, 2000). But looked from Chinese industry present trend, it is facing austere trend of "the high-tech industrial production urgent, the low technological industry was still pivotal", therefore, on the one hand ,Chinese Enterprise must continue to display Chinese intelligence, the labor force and the geographical superiority, development industry which work crowded and technology unifies, on the other hand, must focus on international high tech market, development industry which finance crowded and technical crowded unifies (LU, 2009). Therefore, the government must strengthen macroeconomic regulation and control and guidance, formulates policies which drive high technology and new technology industrial development and management method which venture capital company operates forms newly machine-made and new system of the multiplex fund support, this is the effective procedure which guarantees that the high technology and new technology industry quality whole advancement (WANG & WANG, 2000).

3.2 Speeds Up the Reshuffle of Enterprises, Cultivates Chinese Enterprise Core Competitiveness

The reshuffle of the enterprises cannot limit merely to the property right limits and separating government administration from enterprise management, but must reconstruct new management construction from the world economics competition angle and formulate the new competition strategy (GENG & ZHANG, 2008). The reshuffle of the enterprises should take the strategic target to locate in as soon as possible to raise the core competitiveness ,but do not urge by the short-term benefit. In a sense, the competitive power essential factor's reorganization process is that between the enterprise through survival of the fittest to establish new competitive advantage, and make the core competitiveness grows strong process. after enterprise completing the exterior reorganization, especially must pay attention on the enterprise interior competitive power essential factor effective conformity, enables the latent competitive advantage to display fully.

3.3 Implementation Strategic Alliance Interior Effective Management

One of superiority which sets up strategic alliance, is that through forms an alliance to simplify transaction process, reduces the transaction cost (LIANG, 2003). Therefore, when sets up and implementation strategic alliance, should control cost. Establishes the highly effective alliance management information system, it has compatibility and flexibility, can aim at different information from different national and local alliance member to carry on meta-synthesis, when the alliance operation process, it can aim at the member enterprise to make the corresponding adjustment fast (ZENG, 1999).

3.4 Implementation Technological Innovation

Chinese Enterprise must change the technological innovation mechanism, composition strategic alliance, by mainly research and development depending on the parent company to change research and development internationalization, carries out the comprehensive international technical collaboration. At the same time, sets up R&D center in the overseas, according to comparison superiority of talented person, scientific research and infrastructure to arrange research and development operation in global, full use local knowledge resources; On the other hand, between the Multinational corporation uses the mutual superiority, altogether braves dangers and sharing income, achieves the common strategic target.

3.5 Training Technique Talented Person and Managerial Talent

Modern business competition is competes for talented person's competition, is the enterprise system's competition (WANG, 1994). These earthshaking

Multinational corporation's successful experience is unique, but it has one spot is common, namely the enterprise must have environment which attraction and training talented person. From fostering the talent aspect, General Electric Company "360 degrees appraisals" may use for reference for Chinese Enterprise. Its method is that each staffs must accept omnify-directional appraisal from their boss, colleague, subordinate as well as customer. The appraisal standard is whether to defer to company's values conduct in the routine work.

In summary, because the contemporary science and technology and Multinational corporation's rapidly expand, urges economic globalization development. Facing the intense international competition (HUANG & WANG, 2006), Chinese Enterprise must create the competitive advantage, from Introduction unidirectional technical and fund to change to bidirectional and multi-direction knowledge flowing gradually; From the business capacity and management resources are imbalanced to change to balanced strategic alliance form (ZHOU, 2006). Whether realizes this transformation key to be decided by Chinese Enterprise establish explicit organization study intention in the union, and expands own core business capacity, thus promotion enterprise's competitive power. Otherwise, Chinese Enterprise may excessive depend on the foreign capital in cooperates with the overseas Multinational corporation, thus loses the long-term competitive advantage.

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