

**THE CHINA ENTERPRISES IN HONG KONG:  
A PIONEERING EXPLORATION OF CHINA'S  
GLOBALIZATION PROCESS**

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## **THE CHINA ENTERPRISES IN HONG KONG: A PIONEERING EXPLORATION OF CHINA'S GLOBALIZATION PROCESS**

With global information technology shooting ahead and multinational corporations expanding increasingly, international mobility of merchandise and capitals has been accelerated. The South-North dialogue in politics and East-West amalgamation in culture promote globalization an inevitable tendency of modern economy development.

The Financial Crisis in Southeastern Asia warned us that we cannot avoid and should not ignore the influence of globalization in our economic life, on the contrary, we should consider its impact from a global point of view. If we fail to do this or take a wrong countermeasure at a wrong time, our country may suffer from a catastrophic mistake, and our people may live in a difficult situation.

As a developing country facing fierce competitions in the world, China has only one choice of improving its comprehensive power by establishing a good number of multinational corporations to catch up with the pace of economic development of our age, to stay poverty and backwardness away and to give a full play to the wisdom and intelligence of Chinese people. Out of historical reasons, however, we must face the fact that due to a large population and an unsubstantial base, China's globalization process will objectively take a considerably long time, and a pioneering exploration is necessary. This glorious task of historical significance is laid on the shoulder of the China Enterprises in Hong Kong.

The China Enterprises in Hong Kong, were registered and began to operate in Hong Kong at the end of the 70s and beginning of the 80s as pioneers in the campaign of reform and opening to the outside world. Serving as a bridge linking Hong Kong and the hinterland, and as windows of large-medium sized cities and Ministeries of the central government to the outside world. Generally, they are undertaking finance, trade, construction, manufacturing industries and so on.

**FROM MACRO POINT OF VIEW, THE CHINA ENTERPRISES  
IN HONG KONG ARE FACING THREE CHANCES AFTER  
THE FINANCIAL CRISIS IN SOUTHEASTERN ASIA**

**Hong Kong has withheld the Financial Crisis in Southeastern Asia.** As it is known to all, Hong Kong has gone through the Financial Crisis in Southeastern Asia, it farther raises its image of “One Country, Two System” and “High Autonomy”. Now Hong Kong’s position as an international financial center has been solidified and improved. While many Asian currencies have been devalued in the Financial Crisis, RMB and HK dollar remain stable, which has earned international reputation for China and Hong Kong Special Administration Region, enhancing the enterprises’ economic communication with the outside world and strengthening the confidence of overseas investors.

**China is still keeping its rate of economic continuous growth.** China’s high rate of economic growth offers increasing attraction of the foreign investment enterprises after the Financial Crisis in Southeastern Asia. According to the latest forecast of IMF, following last year’s outstanding slowdown of GDP growth rate compared with the year before last in Thailand, Indonesia, Malaysia, Philippines and Korea, this year will see a further decrease by 3.5%, 4.2%, 1.2%, 1.2% and 3.5% at 0%, 2%, 3.8%, 3.8% and 2.5% in these countries respectively. In China, however, the growth rate of this year is estimated at 8%. So that is why the investors are prone to cast their vote of confidence to China and Hong Kong, which are conducive to the development of the China Enterprises in Hong Kong.

**The time for the overseas investment is ripe.** The large-margin decrease of assets prices in many Asian countries provide the China Enterprises in Hong Kong a low cost for overseas development. Just take a look at the visible fact that the quotation of stock market in these countries has been dropped by 2/3 or even more. In an effort to overcome the recession, these Asian countries have greatly loosened their restrictions on the introduction of foreign investment in the field of industry and trade. Thanks to the geographical and cultural background of Hong Kong, the China Enterprises in Hong Kong should catch the chance of high risk and high returns, carrying out its strategy of a low-cost peretration these countries.

## **FROM MICRO POINT OF VIEW, THE CHINA ENTERPRISES IN HONG KONG ENJOY THREE DISTINCTIVE ADVANTAGES COMPARED WITH DOMESTIC ENTERPRISES**

**Advantage in concept .** As the China Enterprises have been developing in Hong Kong, they have been long divorced from the planned economy for a long time, and accustomed to competition in market economy with a concept of global operation and familiar with international practice.

**Advantage in talents.** The operation and practice in Hong Kong has been fostering numerous talents in technology and management that are geared to international business communication and operation.

**Advantage in information.** The China Enterprises in Hong Kong are comparatively well informed in trend of international market with capability of providing sophisticated products and services which are the adapted to international financial practice. So they possess good knowledges and information of international market.

Therefore, taking the hinterland as a backup force, the China Enterprises in Hong Kong can get involved in the management of a great number of the state-owned enterprises at home through capital investment. The enterprises' experience, no mater good or bad, will provide an invaluable lesson for home enterprises, paving a way to reaching global integration together.

## **HOW SHALL THE CHINA ENTERPRISES IN HONG KONG IMPLEMENT ITS STRATEGY OF GLOABLIZATION**

**Firstly, take inspiration from the traditional oriental culture.** According to the oriental philosophy of management, we shall analyze and solve a problem from an overall and systematic way. At first, we shall observe the global tendency and note the existence of structural business chance, and then analyze the inter-relationship between every section. In my opinion, if the Financial Crisis in Southeastern Asia is unavoidable, it is better to happen earlier than later – earlier breakout is favorable for benign adjustment of economic structure while later breakout may lead to disastrous loss in foam economy.

**Secondly, research the investment market reasonable and select the proper targets.**

As the China Enterprises in Hong Kong plan to put low-cost penetration strategy into practice, a special delegation shall be dispatched to the southeastern Asian countries to select and investigate low-quoted but potential's projects for purchasing, pooling and development. On the one hand we shall find our targets in the international market at a high level by taking our advantages of trade and industry; and on the other hand we shall seek a new developing bud in high technology field with great attention to fostering and recruiting highly qualified talents in technology and management.

**Thirdly, strengthen the China Enterprises by capital operation.** Based in Hong Kong, the China Enterprises shall take full advantage of Hong Kong's position as a financial center in industrial optimization, comprehensive utilization of assets, efficiency by low-cost penetration into new regions and trans-regional capital involvement through re-capitalization and annexation.

**Fourthly, restructure the mechanism of operation and management.** The structures of operation, management, talents and others shall be reformed with reference to western modern management model as well as Chinese traditional management philosophy in Confucianism and Taoism . The rapid development of the China Enterprises in Hong Kong relies on an operation and management system that is integrated with both essences of Chinese and western experience and complies with economic standard in Hong Kong and international market.

**Fifthly, open up multiple financing channels.** Thanks to Hong Kong's position as a window of China, the China Enterprises in Hong Kong can tender both overseas and domestic investment. But lessons have been given by the financial crisis in Southeastern Asia that our action shall be on a solid base of scientific analysis and we shall feel the way with a stable and reasonable financing structure, avoiding involvement of highly risky short term idle fund.

**Lastly, establish a network for international operation.** Moving up to multinational operation, we shall set up our own operating and sales network of high efficiency with strengthened linkage between the head office and regional branches to ensure timely feedback of market information that helps the head office work out general target and overall deployment.