CHINESE OFDI TO GERMANY IN THE ENVIRONMENTAL INDUSTRIES: A MULTIPLE-CASE STUDY

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China and Europe's Partnership for a more Sustainable World
(Book presentation with Emerald)

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Agenda

- Purpose and Theoretical background
- Methods and companies’ profile
- Findings and Conclusion
Purpose and Theoretical background

Purpose

• Chinese OFDI to Germany

• Prevailing motivations, strategic intent, location choices, entry modes (Buckley et al., 2007; Kolstad and Wiig, 2012)

• Industry level: environmental, RE (Wang, 2012)

Theoretical background

• Chinese firms’ global expansion, IB (Alon et al., 2012; Deng, 2012)

• Chinese firms’ integration in Europe (Curran, 2015)
# Methods and companies’ profiles

**Multiple case study - Descriptive analysis (Eisenhardt 1989; Yin, 2003, 2013)**

**Data collection: fieldwork Spring/Summer 2015**

<table>
<thead>
<tr>
<th>Investment in Germany</th>
<th>Risen Energy GmbH Nürnberg</th>
<th>SF Suntech Deutschland GmbH Frankfurt am Main</th>
<th>Putzmeister Holding GmbH Aichtal</th>
<th>Sumec Europe GmbH Willich</th>
<th>CEM Instruments (Germany) GmbH Bremen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year of establishment in Germany</strong></td>
<td>2011</td>
<td>2008</td>
<td>2012</td>
<td>2005</td>
<td>2014</td>
</tr>
<tr>
<td><strong>FDI entry mode</strong></td>
<td>Wholly owned subsidiary</td>
<td>Wholly owned subsidiary</td>
<td>Acquisition</td>
<td>Wholly owned subsidiary</td>
<td>Wholly owned subsidiary</td>
</tr>
<tr>
<td><strong>Turnover in China (USD)</strong></td>
<td>50,000,000</td>
<td>22,000,000</td>
<td>280,000,000</td>
<td>28,000,000</td>
<td>55,000</td>
</tr>
<tr>
<td><strong>Core business</strong></td>
<td>Solar technology</td>
<td>Photovoltaic panels</td>
<td>Waste management, efficient processing (machinery)</td>
<td>Solar products and solutions</td>
<td>Measuring instruments and technologies</td>
</tr>
</tbody>
</table>
Findings and Conclusion: environmental sector

Industry-specific results: from China to Germany

- Market-seeking, strategic asset-seeking:
  - to improve production process through skill and know-how acquisition (traditional motives) (Amighini et al., 2011)
- Labor cost and fiscal incentives (not relevant motives)
- Entry mode choices:
  - driven by legal factors and previous contact > Greenfield prevail
### Findings and Conclusion: environmental sector

#### Company-specific results

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<tr>
<td>Motivations for choosing Germany</td>
<td>1) Local market access 2) Existing contacts</td>
<td>1) Local market access 2) Benefiting from public incentives</td>
<td>1) Key technologies and brands</td>
<td>1) Local market access 2) Know-how and technologies</td>
<td>1) Local market access 2) Key technologies and brands</td>
</tr>
<tr>
<td>Entry mode choices motivations</td>
<td>1) Political and economic factors 2) Previous experience and legal factors</td>
<td>1) Existing contacts and previous experience</td>
<td>1) Previous experience 2) Presence of existing contacts</td>
<td>1) Legal issues and institutional maturity of Germany</td>
<td>1) Reducing costs for internal coordination 2) Legal and economic factors</td>
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