

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

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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

Investment in Germany 	Risen Energy GmbH Nürnberg	SF Suntech Deutschland GmbH Frankfurt am Main	Putzmeister Holding GmbH Aichtal	Sumec Europe GmbH Willich	CEM Instruments (Germany) GmbH Bremen
Chinese headquarter 	Risen Energy Co., Ltd. Ningbo	Wuxi Suntech Power Co., Ltd. Wuxi	Sany Heavy Industry Co., Ltd. Changsha	Phono Solar Technology Co., Ltd. Nanjing	Shenzhen Everbest Machinery Industry Co., Ltd. Shanghai
Year of establishment in Germany	2011	2008	2012	2005	2014
FDI entry mode	Wholly owned subsidiary	Wholly owned subsidiary	Acquisition	Wholly owned subsidiary	Wholly owned subsidiary
Turnover in China (USD)	50,000,000	22,000,000	280,000,000	28,000,000	55,000
Core business	Solar technology	Photovoltaic panels	Waste management, efficient processing (machinery)	Solar products and solutions	Measuring instruments and technologies



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