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A Theoretical Framework on the Peculiarity of Doing Business in China—An Extensive Review on HBSP China Business Cases

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Abstract

After reviewing 397 Asia-Pacific Region business cases studies, published by Harvard Business School Publishing (HBSP) from 2005 to 2013, and by comparing the 166 China cases and the 231 non-China cases, this paper proposes a theoretical framework, namely, the peculiarity of doing business in China. Despite their great contribution in fulfilling the urgent need for China case studies in business education, and revealing the pivotal role of business and government relationship as the vital challenge of doing business in China, however, the mechanism of how this relationship has been leveraged as a peculiar and decisive competitive advantage for indigenous business (inferior resources) to outperform those FDIs (superior resources) in China, has remained as an unanswered, or not even been acknowledged question. The combination of the three identified cognitive weaknesses has been the prevailed barrier, hindering Western scholars to acknowledge the peculiarity of doing business in China and to understand China politically-dominated and culturally-oriented business environment, and consequently, leading to the stereotyped application of Western framework of management in perceiving, observing and interpreting pseudo-socialist business environment and behaviors in China, in which, business is by nature NOT market-oriented like in those Western countries. The fact being ignored is that, the combination of government and Guanxi Network constitutes the backbone of business environment, in which, what you can do depends on who you know, is the core determinant of organizational and individual behaviors, supporting and protecting the peculiarly structured chain-of-beneficiaries in China. Lastly, given the lag between business education and practice, the proposed framework may timely serve to enrich the paradigm of international business management.

Keywords

peculiarity of doing business in China, business and government relationship, business environment and behaviors, indigenous business, foreign direct investors, chain-of-beneficiaries

1. Introduction

Some scholars, after examining the major ups and downs in the course of China short history of modernization and economic reformation, such as the change of political and economic systems, the development of capitalism, internationalization and governance, concluded that: understanding the dispelling of Chinese history determines the understanding of the peculiarity of doing business in China (Kirby & Crow, 2007; Koll, 2008). This paper is motivated to rationalize *why* and *how* the peculiarity of doing business in China has been identified as the decisive business advantage of the indigenous businesses that are not only steadily growing and expanding, but also consistently outperforming those FDIs with absolutely advanced resources (i.e., finance, technology, market, brands and savvy of management).

Of the reviewed 397 Asia-Pacific region business case studies, published at Harvard Business School (HBS) from 2005 to 2013, 166 are China cases (42%), and 231 are non-China cases (58%, not at the interest of this paper), indicating a heavily weighted role of China business development in the entire Asia-Pacific region (See Table 1).

Table 1. 166 China Business Cases vs. 231 Non-China Cases from 2005 to 2013

Year	Total Cases	China Cases	Ratio (%)	Non-China Cases	Ratio (%)
2013	32	10	31%	22	69%
2012	53	25	47%	28	53%
2011	60	28	47%	32	53%
2010	65	32	49%	33	51%
2009	58	16	28%	42	72%
2008	66	23	35%	43	65%
2007	36	19	53%	17	47%
2006	16	10	63%	6	38%
2005	11	3	27%	8	73%
Total	397	166	42%	231	58%

According to HBS editors' classification, the 166 China business cases are grouped into 13 thematic subjects, 72% of which are concentrated on General management, business and government relations, strategy, organizational behavior and finance. Based upon Pareto's 80-20 principle, these five subjects may represent the main stream of research interests (See Table 2).

Table 2. Distribution of Thematic Subject of the 166 China Business Cases from 2005 to 2013

Year / Thematic Subjects	2013	2012	2011	2010	2009	2008	2007	2006	2005	Total	Ratio (%)
General Management	0	7	4	9	7	10	3	0	0	40	24%
Business & Government Relations	2	5	4	3	3	4	2	2	0	25	15%
Strategy	1	2	3	5	0	2	2	2	3	20	12%
Organizational Behavior	2	2	4	4	1	2	2	1	0	18	11%
Finance	2	4	3	3	2	0	1	1	0	16	10%
Entrepreneurship	0	0	2	2	2	1	2	1	0	10	6%
Operations	0	1	2	1	1	3	0	1	0	9	5%
Marketing	0	2	0	2	1	0	3	0	0	8	5%
Accounting	3	0	1	0	0	0	0	1	0	5	3%
International Business	0	1	2	2	0	0	0	0	0	5	3%
Social Enterprise	0	2	0	0	0	2	0	0	0	4	2%
Negotiation	0	0	0	1	0	2	0	1	0	4	2%

Human Resource Management	0	0	1	1	0	0	0	0	0	2	1%
Total	10	26	26	33	17	26	15	10	3	166	100%
Ratio %	6%	16%	16%	20%	10%	16%	9%	6%	2%	100%	

Some research findings indicated either implicitly or explicitly that, there exists a lagged cognition, between the rapidly evolved modern China business environment and behaviors and the peculiarly synthesized ideological force of historically ingrained feudal- and/or pseudo-feudal-political, social and cultural systems, influencing the evolutionary trajectory of the nation's economic reformation during the past 30 years (Chen & Samant, 2008; Chua & Lau, 2013; George & Kindred, 2013; Sebenius & Qian, 2008; Wathieu, Wang, & Samant, 2007). What these scholars have been emphasizing is the totalitarianism and omnipresent intervention of China government on business development. Seemingly, these scholars have sensed the pivotal role of China government in building the peculiarity of doing business in China. However, purely relying on the theory of business and government relationship (a discipline well-formulated based upon the context of Western political, cultural and economical system) to analyze China business behaviors, is a misapplication and distortion. The absolute role of China government in forming business environment and behaviors must be understood and obeyed, otherwise failure is inevitable—is the rule of thumb of doing business in China. Such role of government has neither been discussed, nor explained, by far, in the paradigm of Western framework of management.

Business, as a form of social behaviors, ought to be interpreted in a specific social context. Especially in the context of today's increasingly globalized international business environment and diversified business behaviors, establishing a systematic framework to interpret and rationalize the peculiarity of doing business in China is significantly far-reaching and indisputably necessitated, in order to provide guidelines for business researchers and executives to learn the intrinsic mechanism of China way of doing business, and to theorize the intrinsic mechanism of how China indigenous business has outperformed those FDIs. Figure 1 (below), on the one hand, shows an evolutionary roadmap of how China has evolved from one of the world poorest economies, to one of the world economic leaders. On the other hand, it reflects the limitations of those 166 China case studies, for only documenting what happened (observations), but not yet explaining why and how it happened, due to their theoretical limitations inherited from the Western framework of management (See Figure 1).

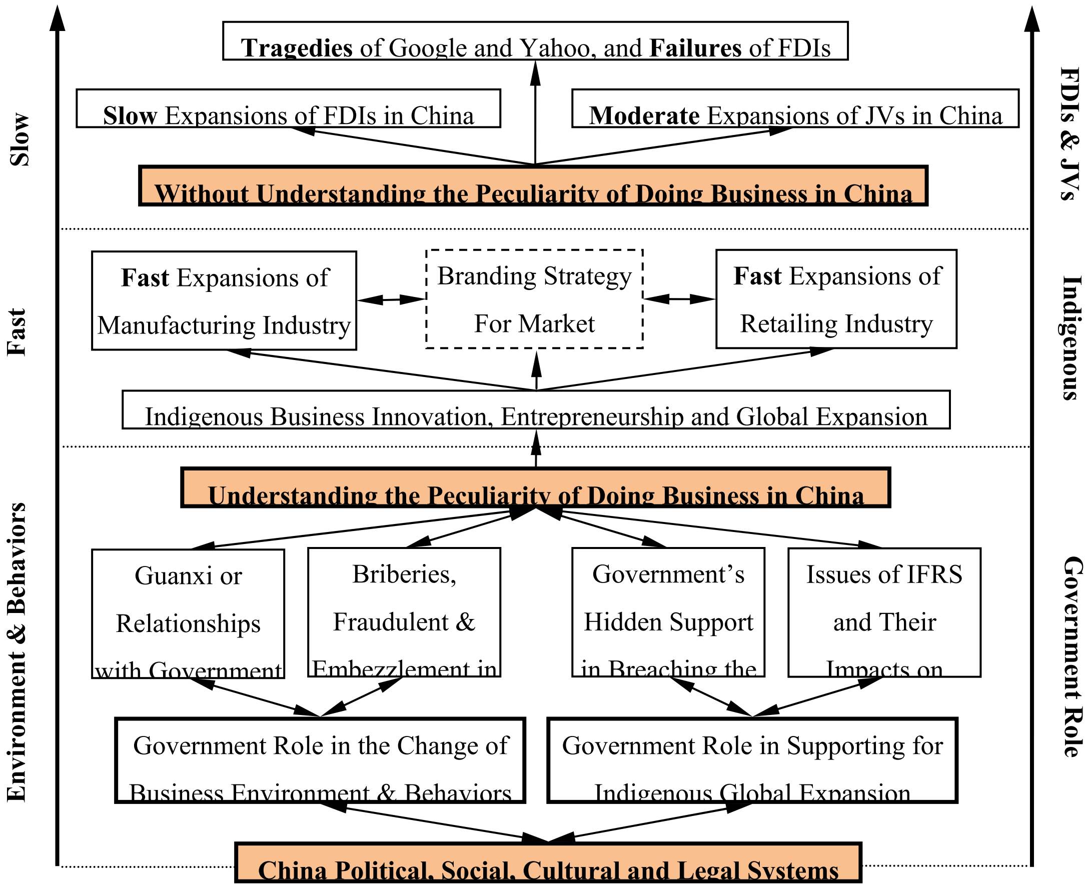

Figure 1. The Intrinsic Mechanism of Doing Business in China

2. Summary of the 166 China Business Cases

The 13 subjects of the 166 China business cases categorized by HBS (See Table 2) may be re-organized into 9 schools of thought, to showcase their respective endeavors in exploring the peculiarity of doing business in China and in examining how this peculiarity has propelled China business expansion and globalization (See Table 3).

Table 3. The 9 Aspects of The Peculiarity of Doing Business in China

Approaches	Main Ideas and Their Authors
Business and Government Relation	Business and government relation is fundamentally a decisive factor for corporate resources obtaining, planning and positioning (Retsinas et al., 2011) and for corporate privatization (Vietor & Galef, 2006). Government policies or regulations convey the ultimate command for business strategies and executions (Abrami & Manty, 2010; Marquis et al., 2011; McFarlan et al., 2008; Musacchio, 2011; Nohria, Mayo, & Benson, 2006; Sato, Jaeker, & Solanki, 2011); determine corporate competitive advantages and entrepreneurial risk control and venture capital management (Abrami et al., 2012; Christopher & Dai, 2010; Gompers et al., 2010; Kirby & Manty, 2012; Kirby et al., 2007; Kirby et al., 2012; Macomber et al., 2011; McFarlan et al., 2007; Musacchio et al., 2010;

	Koll, 2008; Vietor & Galef, 2007; Wulf, 2010); provide guidelines for corporate governance (Kirby et al., 2013; Paine & Donovan, 2009; Pozen, Armbrust, & Zhang, 2009; Ramanna et al., 2009; Roscini & Donovan, 2013); provide solutions for corporate crisis management, conflict management and business ethics management (Abrami & Ajambo, 2008; Abrami & Zhang, 2008; Baron, 2010; Brett, Pilcher, & Sell, 2011; Chua et al., 2010; Koll, 2009; Paine, 2007; Quelch, 2010; Quelch & Jocz, 2010; Sucher & Baer, 2009).
Social Network or Guanxi Network	Network resource or Guanxi Network (personal relationships) is a decisive factor for corporate to establish and sustain competitive advantages (Chen & Wu, 2009; Kirby et al., 2009; Ramanna et al., 2009), to ensure and optimize the flow of value chain (Bell & Sesia, 2009). The scope of Guanxi Network determines the source of entrepreneurial opportunity (Lassiter et al., 2008), and the outcome of negotiation and business contract (Eccles et al., 2011; Grogan & Brett, 2006; Paine, 2007; Paine & Sesia, 2008).
Cross Culture Management	Cross cultural relation has emerged as a major challenge of corporate globalization (Bell & Shelman, 2013; Kirby et al., 2013; Reinhardt, Yamazaki, & Donovan, 2013), a pre-condition for corporate customer relationship management (Abrami & Koch-Weser, 2012), and especially, a challenging barrier for FDIs to win business contracts (Chen et al., 2008; Sebenius & Qian, 2008; Sebenius et al., 2008).
Organizational Behaviors (OB) & Human Resource Management (HRM)	OB and HRM are factors not only influential for corporate globalization strategy, but also vital for corporate localization strategy (Applegate, Kerr, & Lane, 2011; Bell & Shelman, 2010; Bower et al., 2010; Eccles, Serafeim, & Cheng, 2011). Challenging factors include but not limited to corporate global governance (Oberholzer-Gee & Wulf, 2009), venture capital development (Kirby et al., 2009), and organizational learning and communication (Eccles et al., 2010). From HRM perspective, talent management and leadership development are counted as the most challenging issues encountered in corporate globalization and localization (Bower et al., 2010; Siegel, 2008).
Accounting Management and Corporate Ethical Issues	Accounting management has evolved as a key barrier impeding corporate transparency, performance management and assessment (Brochet & Misztal, 2013; Hawkins, Lobb, & Sesia, 2011; Ramanna & Donovan, 2012; Simons & Chapman, 2013), resulting in organizational ethical misbehaviors (Eccles et al., 2011), such as corporate crimes and corruptions (Healy & Wong, 2013).
Entry Barriers	Along with the rise of China economy (especially after joining the WTO), the landscape of China business environment has been changing, in a speed faster than ever (Vietor & Galef, 2006), escalating the threshold of the entry barrier for FDIs to expand their business in China (Applegate et al., 2011; Garvin & Dai, 2012; Goldberg et al., 2012).

Merger and Acquisition (M&A)	On the macro-level, M&A as a government advocated economic reformation and globalization policy has become an emerging expansion model across industries, for corporate to gain financial and market competitive advantages, rapidly mushroomed throughout China (Abrami & Zhang, 2007; Campbell & Kazan, 2008; Hagiu & Lo, 2008; Jin et al., 2008; Kirby et al., 2008; Khanna & Choudhury, 2007; Segel et al., 2006). On the micro-level, M&A has also become the major tactical approach for corporate to integrate and swell business resources needed for global expansion and competition (Bell & Shelman, 2013; Bower & Donovan, 2011; George & Kindred, 2013; Herzlinger & Kindred, 2012; Iyer & Donovan, 2012; Jin et al., 2006; Lal et al., 2012; McFarlan et al., 2012).
Knowledge, Technology and Innovation	Innovation is an effective approach for corporate globalization (Abrami et al., 2008) and for product market penetration (Cespedes, 2008; McFarlan et al., 2008). However, Knowledge management has become one of the most hard-to-deal business challenges for FDIs to achieve their anticipated strategic growth (i.e., ROIs) from their intellectual capital investment, due to the rampant and unscrupulous imitations, copycats and even fakes in China (Alcácer & Herman, 2012; Iyer & Donovan, 2012; Shih, 2010; Shih & Dai, 2010; Shih & Wang, 2010).
Product Management	Product management (planning, branding, positioning and pricing) is a decisive factor for corporate global marketing strategy (Wathieu et al., 2007). Product management determines corporate global market expansion (Abrami et al., 2007; Khanna et al., 2011; Quelch & Labatt-Randle, 2007; Siegel et al., 2011), global supply chain management (McFarlan et al., 2007), such as logistics and plant location decisions (Bell & Shelman, 2005; Ghamawat, Hout, & Siegel, 2005; Hamermesh & Zhou, 2005).

Table 3 indicates that, the overall role of China government since 1978, through the executions of policies and regulations, in leading the nation's economic reformation, in catalyzing industrial revolution and evolution, business expansion and globalization, and in incubating Chinese way of entrepreneurship, is fruitful and indelible. Business and government relationship and Guanxi Network are the two infrastructural factors and/or the two pre-conditions of doing business in China. These two factors constitute the thematic mainstream of the 166 China business cases, in which, the authors, despite their criticism and accusation, directly or indirectly, on the role of government as a barrier, discounting FDIs' advantages, failed to uncover and explain the intrinsic mechanism of how these two factors have functioned, in propelling and boosting indigenous business expansion and globalization, and consequently resulting in indigenous outperforming FDIs in China, in terms of annual growth rate, expansion speed, sales volume and market size, just to name a few (See Table 3).

Except for accusing the China government for abetting or conniving the rampant and unscrupulous imitation activities, which has severely ruined FDIs' competitive advantages, and hindered them to harvest their ROIs from intellectual capital input, none of the 166 China business cases discussed the weakness of FDIs in terms of their Knowledge and Technology Management. Despite their findings on corporate unethical, corruptive and criminal behaviors such as Bribery, Embezzlement and various forms of Fraudulence in China, none of the 166 China business cases explained the role of government as the source of business misconducts, resulting in FDIs' frustration in the face of some peculiar challenges in business management, such as cross cultural management, organizational behavior and human resource management. One typical example is that "*What you can do depends on who you know*" is by no means an exaggerated expression. Instead, it refers to the impact of Guanxi Network, an unwritten but deeply rooted rule of doing business in China, wherein, cronyism overrules the equality of opportunity and competition (See Table 3).

By offering policy support, subsidies, tax exemption or reduction and preferable foreign exchange rate to encourage and incentivize export business, the government has played a decisive role, in driving indigenous business expansion and enabling affordable "Made in China" products prevailed internationally by disrupting global market pricing system. Despite the small mark-up profit per unit sale, the aggregate and accumulated marginal contribution accumulated from the low end of value chain, eventually made China economy ranked the 2nd of the world—all would not be possible if without the guidance of government policies and regulations. However, the mechanism of how government policies and regulations been transformed into indigenous business competitive advantages, still remains as a question to be explored. For example, the policy of industrial resources integration and/or consolidation has stirred up a nationwide mergers and acquisitions (M & As), becoming a mushroomed expansion model for corporate to gain competitive advantages, and leading to the incubation of a number of Chinese conglomerates. Majority of scholars one-sidedly adhered that, M & A is an effective and efficient strategy for indigenous businesses to consolidate resources including technologies, in order to reposition their business in global market. Ironically, none of the 166 China business cases revealed that this government-advocated M & A policy has double motivations. On the one hand, the policy has functioned as a domestic industry protection policy, encouraging and facilitating indigenous business across industries to compete with those FDIs. On the other hand, this policy intended to enlarge indigenous business capacity, and enable them capable of using FDIs as stepping stones, and absorbing FDIs' advanced technologies and management systems—this may serve to explain the mechanism of "Made in China" products outperforming those FDIs' internationally branded products in China market—a market that price is everything. To this end, this paper argues that, the swell of China business expansion, from both scale and scope, is deeply rooted in, and mainly resulted from government policy of peculiar way of Chinese socialism initiated by Mr. Deng (1992), rather than the outcomes of business operations guided by the Western framework of management (See Table 3).

Table 3, although summarizes the contribution of those 166 China business cases, but exposes their authors' cognitive limitations in understanding the peculiar way of doing business in China. To this end, this paper contends that, the 166 China business cases only reflect their authors' observation and/or perception on what happened, nevertheless, how and why remains to be explored.

3. Research Objective

This paper endeavors to make sense that, the peculiarity of doing business in China ought to be recognized and explained, and that, understanding the roles of government and cultural traditions is the core determinant in understanding the peculiarity of doing business in China. More broadly, understanding the gap between developed and developing economies' ways of doing business, in today's rapidly globalized and diversified business environment, is an imperative challenge, far beyond the theoretical reach of Western framework of management. Motivated in this line of logic, this paper proposes a theoretical framework, namely, the peculiarity of doing business in China, and argues that, such a framework may help rationalize the intrinsic mechanism of doing business in China, and explain "why and how" those FDIs with superior advantages of finance, technology, management skills and experiences, market recognition and brand reputation, just to name a few, have failed in competing with their China indigenous counterparts. Such a framework may also help conceptualize the mechanism and its developmental trajectory of the peculiarity of doing business in an emerging business environment, meanwhile, contribute to the development of the theoretical platform of globalization and international business management.

4. Theoretical Framework of the Peculiarity of Doing Business in China

The combination of government and culturally entrenched Guanxi network constituted the theoretical essence of the peculiarity of doing business in China, in which, the role of government must be weighed objectively and dialectically. In a sense, the government has been acting like an invisible but omnipresent hand, intervening, interfering and controlling the ways of doing business and simultaneously, creating barriers for FDIs to enter and operate their business, and crippling FDIs' competitive advantages (See Figure 2).

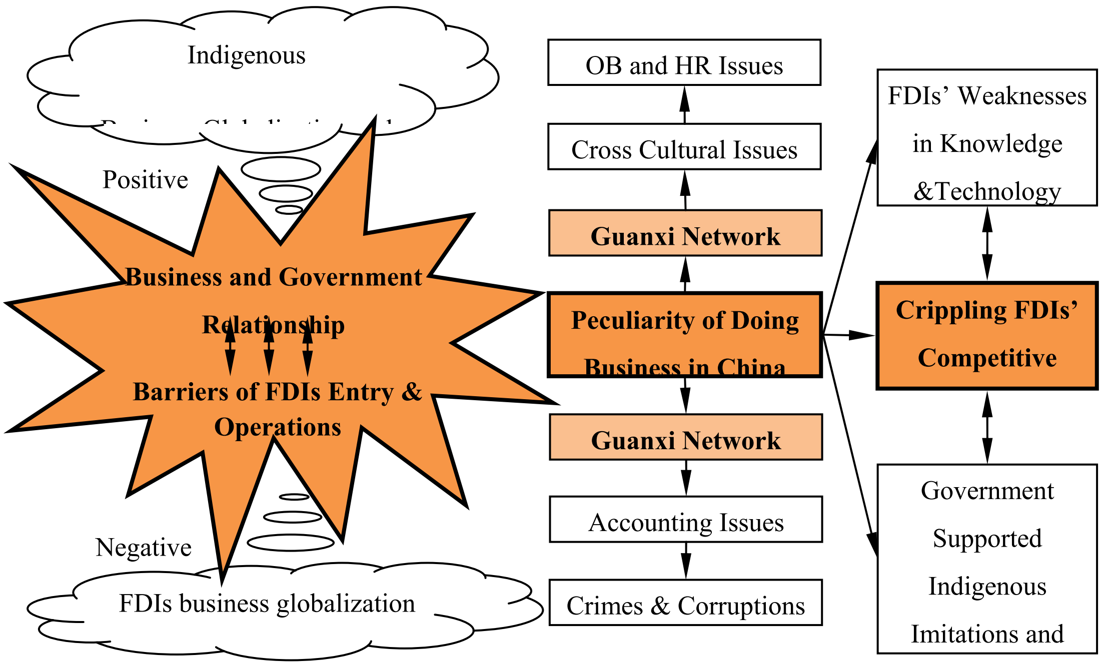

Figure 2. Theoretical Framework of the Peculiarity of Doing Business in China

Pros and cons are the inseparable, eternal and opposite forces in crystallizing the true knowledge and, the wholeness is always greater, than the sum of pieces. The peculiarity of doing business in China may be considered as a framework, distilled and crystallized from the review of the 166 China business cases, and may be used to explain that, using market-oriented Western business rationalism to interpret business behaviors in China, in which, business environment is politically-oriented, is a pervasive academic epidemics, leading those Western scholars to misidentifying, misjudging, and ignoring the peculiarity of doing business in China, in which, the real competitor of those FDIs is the government, rather than their business rivals. Lacking knowledge on this peculiarity is the root cause, hindering those Western scholars to objectively examine, evaluate and interpret the nature of doing business in China (See Figure 2).

5. Evidences Supporting the Framework of the Peculiarity of Doing Business in China

Some scholars pointed out that the peculiarity of political and cultural system is the top challenge of doing business in China (Chua & Lau, 2013; George & Kindred, 2013; Sebenius & Qian, 2008); China government has been protective and supportive to the state-owned enterprises (SOEs) in competing with FDIs (Herzlinger & Kindred, 2012; Jin et al., 2006; Macomber, Carr, & Zhao, 2011); FDIs are frequently troubled in making the right decisions, due to the unstable, inconsistent and unfathomable government policies (Kirby & Donovan, 2010; Kirby, McFarlan, & Manty, 2007). Some scholars, implicitly or explicitly, deemed cultural gap as a common barrier for FDIs to expand their business in China. For example, command-and-do, as a historically inherited culture in China, was found to be a barrier for FDIs to implement their organizational changes in China, wherein, the front-line employees were not allowed to exercise decision-making authority (Campbell & Kazan, 2008). There exists often-hidden but veto power of stakeholders' interests, if not being satisfied, according to some scholars, it will be too difficult (if not impossible) especially for FDIs to gain necessary support to deal with some key issues such as equity, management control, territory, and exclusivity (Sebenius, Chen, & Samant, 2008). Taking advantage of Chinese desperate demand for technologies and playing hard balls to force Chinese to compromise in negotiating a joint venture business contract (Sebenius & Qian, 2008)—is a commonly committed decision-mistake of those Western executives (George & Kindred, 2013), since business interests especially for those SOEs, may not be the priority of those Chinese negotiators' hidden-interests. Early in 2008, some scholars criticized that, the prejudice or arrogance of "Western superior to Eastern" has been the mind-set impeding those Western executives to recognize the critical and decisive role of Chinese culture in business (Sebenius & Qian, 2008). Finally, until 2013, some scholars openly acknowledged the drawbacks/limitations of using Western Framework of Management in explaining the politically and culturally entrenched Chinese way of doing business (Chua & Lau, 2013).

Maintaining Guanxi (personal relationship) with government is an unwritten but pervasive and encyclical rule of doing business in China (McFarlan, Kirby, & Manty, 2007). Guanxi is built, maintained and strengthened through gift-giving (Chua, Chen, & Kwan, 2010), or briberies (Healy & Wong, 2013). Guanxi is a necessary condition to avoid customers' switch-over or suppliers' bypass behaviors (Khaire et al., 2010) in the context of cronyism-oriented Chinese culture. Embezzlement and tax fraudulence are commonly adopted accounting techniques, financially supporting and maintaining business relationship or Guanxi network with government (Chua, Chen, & Kwan, 2010; Healy & Wong, 2013). Without government support, business behaviors such as ignoring public complaints, and rampantly raping consumers' right by the means of imposing king terms, would have no room to survive for one day (Note 3).

The government connivance or "let go" attitude, through the policy of advancing indigenous technological capabilities, has bred and nurtured the mass infringement of IPR such as imitations, copycats and unscrupulous pirates of foreign technologies (Zhao, 2014). Some scholars implicitly indicated that if without government default support for IPR infringement (Abrami & Manty, 2010; Alcácer & Herman, 2012; Khanna & Choudhury, 2007; Shih et al., 2011), then, the "cost-saving advantage" of "Made in China" products may not massively come this far … our success is a proof of government savvy leadership and righteousness of its policy … why do China companies have to comply with IFRS, rather than those FDIs adjust, adapt and conform to Chinese accounting system, since businesses are operated inside China?” (Note 4). By vetoing the adoption of IFRS, the government has provided protection for indigenous businesses, especially those SOEs, from disclosing their hidden accounting practices such as cash-flows (Eccles et al., 2011; Healy & Wong, 2013; Ramanna & Donovan, 2012; Ramanna, Donovan, & Dai, 2009; Ramanna, Yu, & Donovan, 2011). This government anti-IFRS policy has functioned as a key barrier, impeding corporate performance and transparency assessment (See Table 3).

5.1 Evidences of Government Policies/Regulations in Driving Business Expansion and Globalization

“To Get Rich Is Glorious”, “Allowing a Few To Become Rich”, “Regardless of White Cat or Black Cat, Only Those Able To Capture Rats Are Good Cats”, these policies, launched by Deng Xiaoping (the successor of Mao Zedong), have been debated in hindsight, as the most successful but controversial economic policies (Vietor & Galef, 2006) in the history of modern China. Unfortunately or ironically, these policies have been distorted and transformed into business motto in China—do whatever takes to make money. Given that “Obey and Follow” is an entrenched Chinese cultural and social behaviors, which has enabled China government to play and maintain a pseudo-feudalistic rulers’ role, standing behind the business battles, acting as an omnipotent hand holding absolute power to influence and control Chinese mindset and business behaviors. Put simply, without understanding the role of government, no business would survive in China. This is why this paper argues that the authors of those 166 business cases were only capable of observing what happened, but not capable of explaining why and how things happened; and that the Western framework of management is not a theoretical fit in explaining the way of doing business in China. In addition, the nature of nationalism and domestic industry protectionism is ubiquitous, regardless of developing or developed countries. Nevertheless, the cross-cultural barrier is a country-specific business challenge, varied and diversified, from country to country, or region to region (Abrami & Koch-Weser, 2012). For example, the government anti-Japanese attitude has triggered a nationwide boycott of Japanese products in China. The government policy of “promoting indigenous innovation” has led to a nationwide discrimination against foreign energy technologies such as wind, solar, electric batteries for vehicles, nuclear power, and even carbon capture and sequestration (Vietor, 2012).

Some scholars relied on some longitudinal data and concluded that, understanding the dynamic role of China government in promoting its business expansion and globalization, is essentially the key to understand the dynamic nature of China business momentum over time (Abrami & Zhang, 2007). Table 4 summarizes the pros and cons of China government policies and regulations and their roles in leading the past 30 years’ economic reformation, and their impacts on the change of both domestic and global business landscape (See Table 4).

Table 4. The Impacts of Government Policies on Business Expansion and Globalization

The Impact of Industrial Reformation Policy	In catalyzing industrial reformation, the role of government may be explained from positive reaction of stock market, or, from the launch and execution of a series of industrial reformation policies (Jin et al., 2006). These policies have facilitated the consolidation of fragmented state assets, strengthened corporate competitive advantages, and gradually, incubated a number of Chinese global conglomerates (Macomber, Carr, & Zhao, 2011), such as: 1) China National Building Materials Group Corporation (CNBM), the leading construction material company in China (Bower & Donovan, 2011);

	2) China Ocean Shipping Company (COSCO), the leading logistic company (Marquis, Yin, & Yang, 2011); 3) Baosteel, the leading steel maker (Abrami & Koch-Weser, 2011; Paine & Donovan, 2009); 4) Shanghai Pharmaceuticals (SPH) the leading pharmaceutical producer (Herzlinger & Kindred, 2012), just to name a few.
Policy Controlled Industries	Due to the nature of China politically oriented economy, the government has maintained strict control over a number of industries such as energy, news media, advertising, and telecommunication and finance. Some scholars found that these policy-oriented industries are more risky-and-opportunity-driven than other industries in China, and interestingly, firms and their shareholders within these industries are either SOEs, or with absolute majority ownership vested in the government, therefore, these firms must be capable of grappling with and adapting to the change of policies and regulations (Kirby et al., 2010), in order to secure long-term business contracts with government (Koll, 2009; Sebenius, & Qian, 2010), establish the best strategy to follow and capture the emerging business opportunities, and meanwhile, avoid potential risks that may occur as the result of changes of policies and regulations (Hardymon & Leamon, 2010; Retsinas, Hu, & Xu, 2011; Retsinas et al., 2010; Segel & Khaire, 2012). Some scholars found that the government of China has been acting as an invisible hand in supporting the expansion and globalization of these policy-oriented industries (Herzlinger & Kindred, 2012; Jin et al., 2006, A, B; Macomber, Carr, & Zhao, 2011): 1) In energy industry, firms are mandated to globally exploit conventional energy sources, and simultaneously develop alternative energies, in order to meet the energy consumption need of China, the world's second-largest consumer of energy (McFarlan, Baroutas, & Manty, 2008; Vietor & Galef, 2007). Sinopec for example, one of China three oil tycoons (together with Petro China and CNOOC), was financially empowered or authorized by government to engage in the "equity oil" purchasing strategy, which is an aggressive strategy dedicated to acquire equity interests from oil producing nations such as Sudan, Angola, and Iran, despite that global oil market is fungible (Vietor & Galef, 2007). Similarly, China National Offshore Oil Company (CNOOC), founded in 1982, and by 2010, the company has expanded 556 times in size in less than 30 years, with profits grown 2600 times (Bower, Dai, & Chen, 2010); 2) In news media and advertising industries, firms such as newspapers, publishers, radio stations, TV stations and cable TV companies, are government agencies by nature, and solely controlled by government. What can be or cannot be published or broadcasted is determined by government, rather than public interests or market demands; Telecommunication is another highly regulated industry monopolized by China Telecom, China Mobile, and China Netcom—all have expanded or metamorphosed as global giants in terms of their respective GDP growth, company size and number of users (Abrami et al., 2007; McFarlan et al., 2008, B). In finance, investment, insurance and banking industries, government monetary policies such as

	dollar-yuan exchange rates and interest rates have functioned as the traffic lights, directing corporate business operations, therefore, firms must be able to establish a sterilized system, in order to adapt to the change of policies, and to ensure and maintain the cost saving advantages or competitiveness of export businesses (Musacchio, 2011).
The Impact of Financial Reformation Policy	In reforming financial system, since 2007, the government has engaged in evaluating and upgrading some key financial components as part of striving efforts to meet the evolving needs of global competition (Jin & Huo, 2008): 1) The government-led financial reformation, particularly in venture capital/private equity sector, has made an indelible contribution in boosting the tide of entrepreneurship in China (Gompers et al., 2010; Jin, Yi, & Jiang, 2010); It was implied that, if the government had not adopted and executed an aggressive monetary policy, China could not have successfully weathered the negative impact of 2008 financial crisis (Comin & Vietor, 2010).

Table 4 illustrates evidences that the rise of China economy is indisputably attributed to the indelible contribution of government, by launching of policies and regulations to incentivize indigenous business expansions and globalization. However, given the nature of China politically oriented economic system along with "Obey and Follow" as its cultural and behavioral heritage, how the notions of entrepreneurship and innovation have been cultivated and prevailed in such a country, still remains as an unanswered question (Kirby, Donovan, & Manty, 2012). Additionally, given the government strict control and frequent intervention, what would be the best strategy for small business entrepreneurs (most likely those POEs) to survive, thrive, and meanwhile, compete with their counterparts, namely, SOEs, in those emerging but increasingly regulated industries, is another widely concerned question (Garvin & Dai, 2012; Kirby & Manty, 2012; Kirby, Chen, & Wong, 2009; Kirby, McFarlan, & Manty, 2009).

5.2 Evidences of Government-Entrepreneurship in Driving Business Expansion and Globalization

The government, acting as an incubator of entrepreneurship, has stirred up nationwide entrepreneurial waves one after another, leading to the prosperity of indigenous entrepreneurial business, large or small, across industries (Jin et al., 2011; Lerner & Wong, 2011). The leadership of government in cultivating, promoting and stimulating entrepreneurship is fruitful and multi-faceted. For example, the government-led entrepreneurial cities such as Shenzhen and Kunshan, were built on the land of suburban countryside, and then, transformed into the richest and most attractive cities to FDIs in less than 20 years (Kirby et al., 2013). Making Chongqing one of the world biggest cities in less than 10 years, was another example of government-led entrepreneurial model (dubbed the Chongqing Model), aiming at stimulating economic development in Southwest region of China (Rithmire, 2012; Segel et al., 2006). In addition to building entrepreneurial cities, there have been hundreds of industrial parks initiated by the government for the purposes of attracting FDIs and achieving the benefits of industrial clusters (Eccles, Serafeim, & Cheng, 2011; Eccles et al., 2011). Some scholars contend that the rapidly mushroomed entrepreneurship in China is driven by the government dual-mission policy of global expansion. To those developing countries (i.e., South East Asia, Latin America and Africa), the government aims at purchasing their resources, to meet the soaring need of domestic industries; to those developed countries (i.e., Europe and North America), the goal of government is to absorb their advanced technologies (Abrami & Ajambo, 2008).

Entrepreneurship and innovation are inter-acting and inter-dependent natural twins, mutually indispensable. Entrepreneurship would be impossible if without the spirit of Innovation, and vice versa. Most importantly, business environment, both internal and external, determines the development of innovation and entrepreneurship. Despite the risks involved may differ respectively, however, the government policy of subsidizing export business, has created an incentive environment stimulating indigenous entrepreneurs to go global (See Table 5).

Table 5. Government-Led Entrepreneurship in Leading Business Expansion and Globalization

Policy of CSR Initiatives and Entrepreneurship	The role of government in advocating and promoting Corporate Social Responsibility (CSR) has triggered a wave of managerial entrepreneurship and technological innovation in China, meanwhile, cultivated public awareness and corporate commitment to social well-being and environmental sustainability (Abrami & Zhang, 2008; Christopher & Dai, 2010; Daemmrich, Reinhardt, & Shelman, 2008; Marquis, Dai, & Yin, 2012; Marquis, Villa, & Yin, 2012). The globally increasing demand for green technologies and products has unexceptionally stimulated a wave of entrepreneurship in green business, supported by government incentive policies and subsidies, to pursue carbon credits by reducing nitrogen fertilizer usage, greenhouse gas emissions, and simultaneously, enhancing resource efficiency such as water consumption and so forth, in order to reduce, or least, slow down the volicity of environment deterioration and climate change (Daemmrich, Reinhardt, & Shelman, 2008). Simply, the effort of government CSR initiative has created numerous entrepreneurial opportunities, for both startups and incumbents across industries. For example: 1) China Greentech Initiative (CGTI), an green technology startup, has established a dual mission of profit-making and social value creation, dedicated to embed and transform this dual mission into corporate business operations (Marquis, Dai, & Yin, 2012); 2) Reversed Build-Operate-Transfer (BOT) model is a management innovation model initiated by Semiconductor Manufacturing International Corporation (SMIC) to bundle CSR with the government desire for building industrial clusters. By contracting with government agencies to build a new semiconductor fab, SMIC expanded its business scale without confronting large capital outlays (Shih, 2009). Traditionally, BOT model requires developers to build, operate and then, transfer the business project (i.e., subways or airports) to government for operation. In contrast, the SMIC "Reversed BOT" model started by government funding for a capital-intensive fab and then, transfer it to SMIC for operation. Most importantly, the "Reversed BOT" model enforced SMIC (by contract) to comply with CSR requirements, and ensured SMIC with minimum financial risk, in an industry that, capital cost is the major driver of product cost (Shih, 2009); 3) A-B-C-D Model is a CSR oriented management innovation model

	implemented by a rapidly growing startup law firm in China's burgeoning legal services market (Eccles & Zhang, 2009). This A-B-C-D Model was tested and proved as an incentive compensation system in stimulating professional enthusiasm, enhancing the capabilities of team work, and improving organizational CSR performance (Eccles & Zhang, 2012); 4) Tsing Capital, a China cleantech investment pioneer, which launched a management philosophy of "Doing Well by Doing Good" as its business mission, resulting in an innovation of a proprietary system to monitor, supervise and control its business impacts on society and environment (Christopher & Dai, 2010); 5) By taking advantage of government subsidies for CSR and globalization (export), dozens of Chinese companies have emerged and become the global entrepreneurs in various industries. China Ocean Shipping Company (COSCO), for example, is one of the most competitive Chinese companies by adopting sustainable initiative in the logistic industry (Marquis, Yin, & Yang, 2011). Baosteel, a top Chinese steelmaker, is the first Chinese outbound investor, established a joint venture project in Brazil with Vale do Rio Doce, the world leading Brazilian Iron Mining Company (Abrami & Koch-Weser, 2011). Many of Chinese emerging tigers have been listed by fortune 500, such as China Netcom (Abrami et al., 2007, A; McFarlan et al., 2008, B), China Telecom, China Mobile in telecommunication industry; China Petro, Sinopec in oil industry, just to name a few.
Policy of Commercializing Education and Entrepreneurship	The role of government in incubating entrepreneurship and innovation is one of the most noteworthy economic and industrial phenomena (Applegate et al., 2011; Cole & Xu, 2011; Kirby et al., 2009; Marquis & Bhattacharya, 2011; Quelch, Velamuri, & Liu, 2010). Even in the domain of education, an ideological field being deemed as the "holy-land" of Chinese communism, there have emerged quite a few entrepreneurs, established their well-recognized institutions for higher education reputed both domestically and internationally: 1) China Europe International Business School (CEIBS), a 15-year-old non-government funded higher education institute, was ranked world top 8th and Asian No.1 by the 2009 Financial Times Global MBA Rankings – for the first time in history that a China-based education program being ranked as the world's top 10 (Quelch, Velamuri & Liu, 2010); 2) Xi'an International University (XAIU), one of the few privately invested institutes of higher education, is another successful entrepreneurship in education, founded in 1992, in response to the increasingly emerged demand from those students, who failed to test into public schools (Kirby et al., 2009); 3) Despite that the government policy of commercializing education has created entrepreneurial opportunities in education industry, however, quality of education has gradually drawn public attention (Applegate et al.,

	2011; Cole & Xu, 2011).
Policy of Technological Innovation and Entrepreneurship	The government policy of Technological innovation may be considered as a key driver in boosting indigenous entrepreneurship and business expansion, by applying and implementing IT-driven business model: 1) China Merchants Bank (CMB), founded in 1987, has created its competitive advantages by pioneering an innovative IT-system to push out and promote its "all-in-one" credit card, which integrates a suite of financial products to boost its personal banking services. As a result of this IT-application, by 2006 (20 years since its founding), CMB was ranked the 2nd among China's commercial banks in terms of total assets, with over 5 million credit cards users, accounting for one-third of the Chinese credit card market—such a success positioned CMB's leadership in personal banking and credit card business in China (McFarlan et al., 2006).
nventional Market Expansion as an Entrepreneurial Approach for Globalization	"Unconventional Market Expansion" may be the most noteworthy entrepreneurial approach for Chinese companies to achieve their global market expansion. Unlike the conventional expansion, starting by penetrating into low end market first, and then high end, the unconventional market expansion strategy takes the opposite way by invading into developed markets first, and then the developing ones (Abrami & Zhang, 2011; McFarlan et al., 2008; Pozen & Yang, 2011). Such an expansion strategy is extremely risky, given that Chinese companies do not possess technological and managerial advantages, therefore, without government support, companies like Suntech (Vietor, 2009), SANY (Lal et al., 2012), Haier (Khanna, Palepu, & Andrews, 2011), Wanxiang (McFarlan et al., 2008) and Ping An (Pozen & Yang, 2011)—would NEVER take such risks: 1) Suntech, a Chinese manufacturer of photovoltaic cells and solar panels, and the third largest solar company in the world, by taking the advantages of government subsidies for renewable energies and export business, boldly penetrated into European and U.S. markets, and then, successfully completing its market shift back into home market, China (Vietor, 2009). It is the unconventional market expansion strategy that has enabled Suntech to become a global entrepreneur; 2) SANY group, an internationally well-known entrepreneur, started from a small welding material factory founded in 1989, and then transformed into one of the world's largest construction equipment manufacturers with 21 sales and marketing companies worldwide—all has happened in only about 20 years, largely due to the adoption of unconventional market expansion strategy (Lal et al., 2012); 1) (Haier's success is largely a result of adopting the unconventional market expansion, starting by U.S. market first, then, to European and other market places (Khanna, Palepu, & Andrews, 2011); 2) Wanxiang Group, a small company headquartered in Hangzhou,

	launched its operations into U.S. market in 1994, and gradually expanded its business through a number of acquisitions of distressed U.S. companies holding advanced technologies, and eventually transformed into a global conglomerate in the auto parts industry worldwide (McFarlan et al., 2008); 3) Ping An, the China's second largest life insurer and financial institution, in pursuing its ambition of transforming into a global financial conglomerate, invested 24 billion RMB (roughly 3.4 billion U.S. dollars) for the acquisition of Fortis, a large European bank failed to survive the 2008 global financial crisis (Pozen & Yang, 2011); 4) The most controversial but successful example of unconventional market expansion is the G' Five International Inc., originally a small family owned mobile phone-case manufacturer in Hunan province, metamorphosed into the second largest mobile phone provider (next to Nokia) in India, and having its products sold in more than 20 countries around the world. G' Five has learnt and accumulated experiences and financial capabilities from overseas' market, and decided to move back into China in 2003, to compete for smart phone market (Zhao, 2014).

Despite that the positive role of government-led entrepreneurship in propelling business expansion and globalization (See Table 4 and Table 5) is the thematic mainstream of 166 China business cases, many scholars still remain in their dubious standpoints.

5.3 The Impact of China Government on Business Environment and Behavior

Previous studies have found that government intervention in the economy and business environment can affect the competitiveness of the firms (Riasi, 2015; Riasi & Amiri-Aghdaie, 2013). Internationally, the government-led business expansion has exacerbated the volatilities of those resource-dependent and commodity-based economies. Some scholars acutely pointed out that these economies have been unknowingly victimized by China's insatiable appetite for their prized natural resources (Abrami & Koch-Weser, 2011; Alfaro & Kim, 2009; Jin, Preble, & Sesia, 2012; Khanna, Musacchio, & Pinho, 2010; Musacchio, Khanna, & Bernhardson, 2010). Resource-dependent economies (i.e. Angola and Russia), are likely to breed a non-diversified business environment, in which, intractable problems might be incurred, such as shortage of cashflow due to the delayed account payable, government involved corruptions and so forth (Abdelal & Tarontsi, 2012; Musacchio, Werker, & Schlefer, 2010). The soaring consumption of iron ore in China has changed the structure of global steel manufacturing industry, shifting from a Japanese dominated industry to a Chinese dominated industry (Musacchio, Khanna, & Bernhardson, 2010). This role shift has worsened the already fierce competition between Australia and Brazil (the two major global suppliers of coal and iron ore), and eventually led to the change of pricing system of global mining industry (Khanna, Musacchio, & Pinho, 2010). Domestically, the government-led business expansion has also generated some severe impacts on business environment and behavior (See Table 6).

Table 6. The Negative Role of Government on Business Environment and Behavior

Issues of Industrial Reformation	In promoting industrialization, the government has been converting the land usage from agricultural to non-agricultural, and consequently, resulting in a series of economic, social, and human right issues, in the meanwhile, triggering a variety of

	issues of the rampant urbanization (Iyer & Donovan, 2012): 1) The government has been shaking its communist muscles, by initiating a series of civil and economical projects, some of which have caused irreversible impacts, putting the nation at risks of cultural damage and economic waste. For example, the project of Three Gorges Dam exhausted the nation's financial savings, only brought about negligible returns from its hydro-electricity power generation. The negative impacts of the project on natural environment (Yangtze River), culture and livelihood of local people remain in question, only to be answered by history; 2) In a political campaign against Shanghai, the city government of Chongqing in 2000, decided to invest in a commercial real estate project, Chongqing Tiandi, to compete with the landmark Xintiandi in Shanghai. However, whether this debt-driven project was a fit to Chongqing in terms of timing, income level, purchasing power and market demand—has been a to-be-answered question (Segel et al., 2006).
Issues of Corporate Governance	Corporate governance is one of the most challenging issues faced by Chinese indigenous firms in their business expansion due to the government intervention (Abrami et al., 2007, A; McFarlan et al., 2008; Paine & Donovan, 2009): 1) China Netcom, one of the three SOEs in China telecom industry, was mandated to meet the listing requirements of Hong Kong stock market and New York Stock Exchange. One of the requirements enforced China Netcom to comply with international corporate governance standards in order to convince its investors to understand that the company was a truly modernized corporation, in spite of frequent intervention from government holding majority of ownership (Abrami et al., 2007, A; McFarlan et al., 2008, B); Baosteel Group was the first SOE, selected by government to take part in a pilot project of corporate governance reformation. The restructured board of directors was dominated by outsiders, and scrutinized by diversified investors including its subsidiaries as well as by China government and public media. Thus, the board was faced with challenges of potential cannibalism competition among the four publicly listed steel-producing subsidiaries within the Group, in addition to government intervention (Paine & Donovan, 2009).
Issues of Business Expansion Strategy	Although, unconventional market expansion is a successful entrepreneurial strategy in driving indigenous business global expansion (See Table 5), however, this strategy might not be an optimal entrepreneurial strategy for certain business (ex: internet ventures) to adopt in China (Lassiter, Chen, & Wong, 2008): Given the market size, rapidly increasing competition and drastically changing internet market landscape, and in particular, the government strict control over internet business in China, conventional market expansion strategy might be a better option for China internet startups to firstly take political and cultural advantages, secondly, learn and accumulate experiences, and then, expand to international markets (Lassiter, Chen, & Wong, 2008).
Issues of Legal System	Until 2005 (five years after the entry to WTO), although the diversified product brands have increased consumers' choices, escalated the competition between indigenous and foreign brands in China consumer market, and consequently,

	changed consumers' purchasing tastes or preferences due to the increased income level along with increased purchasing power (Abrami et al., 2007), however, legal and institutional problems have emerged as barriers in measuring business performances (Vietor & Galef, 2006): Although, the government has passed a series of legislations in 2006 in response to the fast changing business environment (Paine & Sesia, 2008), however, issues such as IPR, labors' right and consumer's right, still remain as unsolved legal barriers (Shih, 2010; Shih, Chien, & Wang, 2010; Shih & Dai, 2010).

The evidences illustrated in Table 4, Table 5 and Table 6 may be used to explain the peculiarity of business environment and the way of doing business in China. The rules of doing business in China differ from the rules in those FDIs' home country. Unlike those Western economies pursuing the free market and fair competition, in China, the rule-maker is the government rather than the market, and the priority of government, regardless of economic costs, is to prove the righteousness of its economic policy, namely, the peculiar way of Chinese socialism, which has fundamentally overruled the validity of using Western framework of management to explain China business environment and behaviors. To this end, understanding the role of government is the pre-condition of understanding the peculiarity of doing business in China (Note 5).

6. Drivers of China Business Expansion: Manufacturing, Retailing, Branding

The rise of China economy may be attributed to manufacturing industry (supported by the low cost of labor force), retailing industry (supported by the size of consuming market), and the branding strategy for cheap price. They are the three driving forces, enabling "Made in China" products to survive and prevail, both domestically and internationally—all would not be possible, if without the support of government.

6.1 The Policy-led Expansion and Transformation of China Manufacturing Industry

The expansion of China manufacturing industry is, largely resulted from the combination of government incentive policy in subsidizing export business, labor-intensive, cheap raw materials, and imitation technique—together, they reduced the manufacturing cost to the minimum level (Zhao, 2014). A group of scholars have reported directly or indirectly that, the government-led economic transformation, from production-dominated to a service-and-consumption-oriented economy, has led to a transformational trend of China manufacturing industry, from cost advantage of imitation to competitive advantage of innovation (See Table 7).

Table 7. The Government-Led Transformation in China Manufacturing Industry

The Government-Led Economic Transition	The policy transformation from production oriented economy to service and consumption oriented economy, has been the driving force, propelling the transformation of business operations of China manufacturing industry (Abrami, Shaffer, & Zhang, 2012; McFarlan et al., 2007): 1) Transforming the mindset of Chinese manufacturers, from the traditionally volume driven and continuous flow of manufacturing process, to the job shop structure customized to manufacturing services, is a revolutionary transformation, which may involve not only the rearrangement of manufacturing lines, but also the change of corporate culture and operation

	(Shih & Cheng, 2011), in order to moderate the worldwide campaign against the quality issue of "Made in China" products. 2) The event of three major recalls executed by Mattel in 2007 against the "Made in China" toys for using lead paint, was discussed as a business case of victimizing consumers' health and safety (Wei-Skillern, Marciano, & Passy, 2008). Such a notorious example seemingly reflected the tradeoffs of price, quality and corporate social responsibility. To a deeper level, it was an example implying the imperative need of China economy and manufacturing industry transformation.
The Transformation from Imitation to Innovation	From imitation to innovation has been depicted as a transformational path of China manufacturing industry (Zhao, 2014). Purchasing the ownership of advanced technologies may be defined as the transitional mechanism for China manufacturing industry to evolve from imitation to innovation. The soaring economy has not only changed the overall China business environment, but also enhanced the public awareness of IPR. Indigenous firms have gradually become capable of collaborating rather than imitating or stealing technologies from FDIs to fill their needs for technology. Accordingly, knowledge management and technological transfer become newly emerged business management challenges (Shih & Wang, 2010). For example: 1) Delta Electronics, the world's largest manufacturer of power switch supplies, decided to foray into China market in order to take advantage of its low technological capability but high purchasing power. However, a decision dilemma emerged, when Delta Electronics was asked to transfer the ownership of its key intellectual property to a potential China indigenous partner as a condition of doing business (Shih & Wang, 2010); 2) BYD Co., Ltd., originally was a privately owned indigenous and the largest rechargeable batteries producer in China. By acquiring Qinchuan Auto, a declining and distressful SOE car manufacturer, BYD has created a mystery in transforming its business, from a successful but notorious imitator in battery industry, to a well-known innovator in China automobile industry. Such a transformation was largely attributed to abandoning its previous strategies of labor intensive operation and technological imitation (Huckman & MacCormack, 2006);
Debates on the Impacts of Imitation	The issue of imitation has been debated as a paradoxical topic on China manufacturing industry. Pros and Cons have been, and will be continuing their respective roles to enrich this theoretical battle field: 1) It is the FDIs' modular technologies, resulting in the massively emerged imitators in China, namely the "army of ants" (Shih, Chien, & Wang, 2010), or "Shanzhai"—the Chinese way of entrepreneurship (Zhao, 2014). Modular technology has facilitated imitators to learn, absorb and uncover the original design through the use of reverse engineering technique (Shih & Dai, 2010). To this end, modular technology is an evolutionary force propelling imitators to evolve;

	2) Imitation may likely to incur the infringement of IPR (Shih, 2010), and to cripple or discount those FDIs' competitive advantages (Shih, Chien, & Wang, 2010; Shih & Dai, 2010). However, solely picking on the negative impacts of imitation, and ignoring the weakness of FDIs' capability in knowledge management such as preventing their intellectual properties from leakage, is a well-known but not well-addressed issue in the previous research (Zhao, 2014).

Table 7 indicates that, although China manufacturing industry has been the leading driver of China economic development and global expansion, however, it is difficult, if not impossible, to sustain the momentum of China manufacturing industry in today's technology-driven global business environment (Huckman & McCormack, 2006). Additionally, given the shrunken cost-profit ratio due to the market competition, the business advantages of China manufacturing industry and its imitation-based "Made in China" products, have been and will be continuously and irreversibly diluted (Zhao, 2014). Therefore, the government policy of economic transformation, from production to service, from imitation to innovation, is critically pivotal.

6.2 The Policy-Led Expansion and Transformation of China Retailing Industry

In addition to cheap price, low marginal profit and the size of market (given the size of China population), the expansion of China retailing industry may be attributed to three business operations, namely, financial operations (i.e., going public), strategic operations (i.e., merger & acquisition), and adoptions of various business models, such as supply chain relationship, franchised family stores or convenient stores, and incentive market promotions (See Table 8).

Table 8. The Need for China Retailing Industry Transformation

Financial Operations	Financial instruments such as public listing have been an effective approach for Chinese large retailers to pursue their goal of corporate expansion. For example: 1) Comparing to many high-growth retailers' desperate for cash inflow, Gome, has only moderate financing needs, owing to its successful management of trade credits gained from suppliers and banks (Jin & Liao, 2007); 2) Given that China was then undergoing market deregulation and industrial consolidation, understanding the motivation of Gome's decision to go public, considering the timing, costs, feasibility and risks that may involve, is the key to understand how Gome has expanded as the largest electronics retailer in China in less than 20 years (Jin et al., 2007).
Strategic Operations	Taking advantages of China market deregulation and industrial consolidation, retailers such as Gome and Suning in the household electronic appliance retailing sector, have experienced phenomenal growth, but slowly losing momentum, due to the increasingly intensified market competition and aggregated risks (Jin & Liao, 2007): 1) To reduce or avoid competitive pressures, retailers, large or small, have chosen and adopted merger and acquisition as their optimal practice, in order to strengthen advantages, minimize risks and ensure the growth of scale, resulting from the overall increased total number of stores' operations. However, when measured by per-square-meter' sales, this strategy did not, as anticipated, help improve business performances (McFarlan, Kirby, & Abrami, 2007).

Business Models	The increasing number of foreign retailers (ex: Wal-Mart, Carrefour and many others) flocked into China's fast-growing retailing market, in conjunction with the increasingly diversified consumers' preferences, has intensified the competition (Pisano & Adams, 2009), resulting in the emergence of business models: 1) Maintaining a large pool of suppliers became an effective way of supply chain management to avoid a situation of over-reliant on one or two suppliers, and simultaneously, created business competitiveness in China retailing market, in which, demand outgrows supply (Deshpandé & Dai, 2012); 2) Product mix (i.e., bundled products to promote the sales), renegotiating the relationship with suppliers, are most commonly adopted business models in China retailing market to build strategic competitiveness and maximize profitability (McFarlan, Kirby, & Abrami, 2007); 3) Beijing Hualian, China's fifth largest retailer, pushed out its "Family Store" model, targeting at the nation's growing middle class younger consumers with more fashionable tastes. The success of its pilot store enabled Beijing Hualian decided to quickly roll out its Family Store throughout China (Bell & Shelman, 2005).

Table 8 indicates that, the government policy of market deregulation and industrial consolidation has been the behind-scene driver, propelling the expansion of China retailing industry.

6.3 Branding Strategy as a Catalyzer for China Business Expansion and Transformation

Brand management not only facilitated the business expansion throughout the value chain, but also encouraged and promoted the innovation and entrepreneurship of China indigenous businesses (Quelch & Labatt-Randle, 2007; Reinhardt, Yamazaki, & Donovan, 2013; Shih & Dai, 2011; Wathieu, Wang, & Samant, 2007). Some scholars have complimented that brand management determines the supply chain management, and controls the value flow from suppliers (manufacturers) through retailers and to consumers in China (Abrami et al., 2007; Deighton et al., 2010; Ghamawat, Hout, & Siegel, 2005; Jin & Liao, 2007; Khanna, Palepu, & Andrews, 2011; McFarlan et al., 2008; Paine, 2007). Simply put, brand management has been a driving force propelling China business expansion and transformation (See Table 9).

Table 9. From Branding Strategy to See China Business Expansion and Transformation

R&D and Innovation Oriented Branding Strategy for Expansion	It is predicted that after the expiration of five-year protection period since China's entry to WTO, foreign brands were bound to change the competitive landscape of China consumer market (Jin & Liao, 2007). However, many questions have aroused and remained to be explored. On the one hand, foreign brand providers cannot afford to ignore China as a huge market, what branding strategy would help them to invade and compete in China market still remains as a decision challenge (Pisano & Adams, 2009). On the other hand, domestic brand providers have been struggling to explore the best branding strategy in order to reinvigorate their brands in response to the increasingly sophisticated Chinese consumer market, the varied consumer tastes and preferences, the diversified consumer segments and the exponentially enhanced purchasing power of Chinese consumers, in addition to the increased foreign brands

	available in the market (Abrami et al., 2007). For example: 1) In 2005, Colgate-Palmolive Company (CP) was struggling to decide what would be the best branding strategy, to launch its newly branded toothpaste (Colgate Max Fresh) in China, even after CMF had gained a record share in U.S. market (Quelch & Labatt-Randle, 2007);. 2) The Inner Mongolia Yili Group, the biggest dairy manufacturer in China, relying on R&D and innovation as its corporate strategy to make the company one of the top 20 enterprises in world dairy industry by 2010, and shifting China from a country not accustomed to dairy consumption, to a country where demand will outpace supply, has earned its reputation for its global expansion, through directly and aggressively competing with those foreign brands. Yili Group betted on its branding strategy for global expansion, and honored as the dairy supplier for 2008 Olympic Games in Beijing (McFarlan et al., 2008).
Pricing, Product Diversification and Value Chain System as Branding Strategies for Expansion	There have been a number of successful examples of China indigenous brands' global expansion resulted from adopting the right marketing strategy. Haier is a well-known example of successful branding strategy for global market expansion (Ghamawat, Hout, & Siegel, 2005; Khanna, Palepu ,& Andrews, 2011; Paine, 2007); 2) The success of Haier, the first Chinese indigenous brand entering the United States, was attributed, in large measure, to its pricing strategy, enabling Haier being honored by Financial Times as one of Asia's most admired companies (Ghamawat, HoutM, & Siegel, 2005); 3) The success of Haier was attributed to the combination of its entrepreneurial spirit for global market expansion, its adoption of product diversification, specifically tailored for targeted markets, and its unconventional market expansion strategy—firstly entering the developed markets (United States and European countries) as a niche player, and then, venturing into the emerging markets such as Middle East and neighboring Asian countries (Khanna, Palepu, & Andrews, 2011); 4) The success of Haier should be attributed to establishing and implementing a new value chain system, throughout its entire supply chain (Paine, 2007). There have been a number of failed examples of market expansion resulted from adopting the wrong branding strategy:
Failed Branding Strategies for Expansion	1) Dongfeng Passenger Vehicle Company, a SOE in China automobile manufacturing industry, established several joint ventures with Japanese automakers, in an attempt to promote the sales using foreign brands, failed to reach its products maturity, due to the political tension between the Japanese and Chinese governments (Reinhardt, Yamazaki, & Donovan, 2013). In response, Dongfeng started its foray into selling vehicles under its own brand, but failed again due to the fiercely increased competition in automobile market. In explaining why both branding strategies had failed to save Dongfeng from market competition, some scholars suggested that,

	as an underprivileged latecomer, Dongfeng should have firstly adopted an aggressive strategy to enhance its technological capability, and then, to launch its own brand (Shih & Dai, 2011); 2) Another failed example of branding strategy is "Li Ning", a leading sporting goods company in China, adopting a celebrity's name as its products' brand to compete with those well-known brands like Nike and Adidas. Although an aggressive and successful branding strategy in a few first tier cities, where competition take place at a very conceptual level, however, using an oriental name "Li Ning" as the company's branding theme is controversial, especially for overseas market promotion (Wathieu, Wang, & Samant, 2007).

Table 7, 8 and 9 indicate, either implicitly or explicitly that, the combination of cost-saving and mass production of manufacturing industry and small marginal profit of retailing industry, has been the basis supporting the overall branding strategy for "Made in China" products, conquering global market shelves, by attracting mass population at the bottom of the pyramid. Simply put, cheap-price has been the branding strategy and competitive advantage enabled China indigenous manufacturers and retailers to outperform those FDIs, especially in aspects of the pace and speed of business expansion. However, given the interdependent relationship between brand and quality, some scholars concluded that the momentum of "Made in China" products might be temporary or short-lived, if quality remains unimproved (Deighton et al., 2010).

7. Why and How Indigenous Business Outperformed FDIs in China?

Despite a sharp contrast between indigenous and FDIs in terms of their respective technological, financial, managerial capabilities and brand reputation, "why and how" China indigenous business outperformed FDIs has been a question, not been reasonably explained, or perhaps, not even been acknowledged. Answering this question may help understand the competitive mechanism in the context of China politically-oriented business environment (See Table 10).

Table 10. Why and How Indigenous Business Outperformed FDIs in China?

The Double-Sided Roles of Government as A Pitfall Trapping FDIs	FDIs' naivety and/or ignorance on the roles of China government and the politically and culturally oriented business environment may explain the FDIs' inferior competitiveness in China: 1) The size of China market and its low-cost of business operations, have been the fundamental motivation for FDIs to invest in China (Bell & Shelman, 2010; Sato, Jaeger, & Reda, 2011), and to bet on China as a market to propel their global expansion (Abrami et al., 2008). However, 2) The role of government is double-sided. On the one hand, the government has launched a series of favorable policies to attract FDIs. On the other hand, the government has been holding a "let go" attitude encouraging indigenous business to imitate/copycat FDIs' advanced technologies, particularly in those high-tech sectors such as solar energy (Abrami, Shaffer, & Zhang, 2012) and semiconductor manufacturing (Chen, Kirby, & Wong, 2008).

Dilemmas of FDIs' Localization Strategy	Localization is the main barrier preventing FDIs from exercising their business strengths and competitiveness in China. Although Joint Venture is a widely applied localization strategy for the majority of FDIs to leverage the cost saving advantages in their business operations (Abrami, et al., 2008; Bell & Shelman, 2010; Sato, Jaeker, & Reda, 2011). However, given the political and cultural peculiarities, some scholars argued that localization is an unavoidable and dilemmatic challenge for FDIs in China (Applegate, Kerr & Lane, 2011; Palepu & Misztal, 2012; Trumbull, Corsi, & Farri, 2010). Pros and cons have contributed their respective arguments, including but not limited to: 1) KFC, the most successful FDIs in implementing its localization strategy (ex.: adjusting its food cuisine appealing for Chinese taste and hiring Chinese managers), has expanded itself the largest foreign restaurant by far in mainland China, with averaging one new restaurant opening per day for the past five years. By 2010, KFC has operated over 3,600 restaurants in 650 cities with over 250,000 Chinese employees. Many of them are college graduates in their first jobs. Some scholars predicted that the size of KFC in China will be twice of its U.S. business within five years, and that localization strategy, when applied properly, may facilitate FDIs' expansion faster in China than in their home country (Bell & Shelman, 2010). Another successful example of localization strategy is the rapid expansion of ABB (a Swiss engineering company) in China. By implementing "In China, For China" localization strategy, specifically tailored for China business environment, such as adjusting its business operations to produce and provide affordable products and services, ABB has gained its competitive advantages in China market (Trumbull, Corsi, & Farri, 2010); 2) Nevertheless, localization is not an easy strategy for FDIs to adopt and implement in China, given the unpredictable and frequent change of business environment intervened by government policies and regulations (Groysberg, Nohria, & Herman, 2009; Groysberg et al., 2009). For example, the Chubb Corporation, a leading multinational insurance company headquartered in the U.S., spent over 20 years (1979-2000) assessing and researching China insurance market, still failed to realize the anticipated profits, due to its limited capability of capturing the emerging business opportunities, resulting from the change of policies and regulations in a timely manner (Jin, Chen, & Sesia, 2008). 1) From the perspective of business model, some scholars questioned that, should Novozymes, an innovation driven FDI, adjust its strategy to a low-cost, low profit margin, and volume-driven model, in order to compete with indigenous rivals, and sustain its industrial leadership position in China? Or, should Novozymes continue its technological innovation model only focusing on high-margin segment, in the fast growing, yet increasingly competitive China market (Palepu & Misztal, 2012)? 2) From the perspectives of human resource management and organizational

	behavior, establishing a criteria of searching, selecting and hiring local talents, possessing social and cultural backgrounds and network resource (Guanxi), and capable of managing issues (i.e., people management, communication, coordination, leadership transition and control, is the most dilemmatic and challenging barrier that those FDIs have encountered in China, a politically and culturally entrenched business environment (Eccles, Edmondson, & Chu, 2010; Gardner, 2010; Hardymon, Lerner, & Leamon, 2010; Isenberg & Spence, 2007, A, B). However, hiring foreign executives who do not understand Chinese culture is likely to result in severe damages on corporate business operations in China (Wathieu, Wang, & Samant, 2007). Most critically, hiring local talents with technological and managerial skills is decisive for FDIs to implement localization strategy in China, in order to better understand how to compete and sustain stakeholders' interest (Eccles, Edmondson & Chu, 2010; Hardymon, Lerner, & Leamon, 2010). Furthermore, establishing a localized organizational culture and atmosphere may play an irreplaceable role in attracting and retaining local talents with modest pay (Marquis et al., 2012).

Table 10 provides evidences supporting a theoretical hypothesis: the double-sided or paradoxical role of China government has been a barrier, not only abetting/conniving the unfair competition between indigenous business and FDIs, but also hindering FDIs to implement their localization strategy. Such role of government may be the core reason, not only explaining why and how indigenous business outperformed FDIs, but is also explaining the tragedies of those FDIs in China internet industry. Empirical research is needed to validate this hypothesis.

7.1 From the Tragedies of Google and Yahoo to View the Failure of FDIs in China Internet Industry

The phenomenal growth and expansion of China internet industry may be described as a legendary. The expansion speed of indigenous Internet and its derived e-business, is the third indigenous industry (in addition to manufacturing and retailing industries discussed earlier), far outpaced those FDIs in China. Even though internet is utterly a foreign technology, however the failure of FDIs in China internet industry may be used as the most peculiar but ironic example to reflect the paradoxical roles of China government—using FDIs as the stepping stones to develop and expand indigenous internet business, and meanwhile, creating an unfair competition between indigenous and FDIs, by enforcing a censorship system to monitor internet activities and contents, especially the user-generated content (Lassiter, Chen & Wong, 2008; Pozen, Armbrust, & Zhang, 2009). To this end, the tragedies of Google and Yahoo may be used to explain the consequences of misjudging or underestimating the role of government in China (See Table 11).

Table 11. From the Tragedies of Google and Yahoo to View the Failure of FDIs in China

Tragedy of Google	The tragedy of Google was doomed, when Google agreed, during the first negotiation in 2006 between Google and Chinese government, to allow China government to censor/monitor its search engine (Grogan & Brett, 2006; Quelch, 2010): 1) Google failed to understand the paradoxical role of China government, is the root cause resulting in the compromise of its free access to information policy and its

	business motto of "Don't Be Evil" (Baron, 2010), and eventually, leading to its tragic withdraw from China market. The government of China was, on the one hand, attracted to Google's cutting-edge technology; while on the other hand, intimidated by the potential threat that Google's open access to information policy may undermine its politically oriented social and economic system (Brett, Pilcher, & Sell, 2011).
Tragedy of Yahoo	The tragedy of Yahoo was triggered by the infringement of China government on human right, hacking into Yahoo email system, stealing personal information, arresting and imprisoning a journalist, who documented the massacre of hundreds of students, during a sit-in protest and hunger strike on June 4th, 1989, a peaceful campaign aiming at democratization and anti-corruption at Tian-An-Men Square, the heart of capital city of China, Beijing (Sucher & Baer, 2009): 2) The CEO (Jerry Yang) was summoned and accused by U.S. government for violating the right of freedom of speech such as selling out its user account to China government (Sucher & Baer, 2009). Consequently, Yahoo fell into a series of organizational chaos, such as frequent change of CEOs, resulting in a rapid corporate devaluation and the down-turn of corporate business (Palepu et al., 2011), in addition to a huge financial loss directly resulted from transferring its email service to an indigenous email service provider.
Comparison of the Two Tragedies	1) The difference of the two tragedies is that, Google encountered frequent cyber attack launched by China government, and that Yahoo was purely a victim/scapegoat of China government infringement of human right; 2) The commonality of the two tragedies is that, both Google and Yahoo have misunderstood and/or misjudged the nature of China government, to which, safeguarding stakeholder' interests and protecting consumers' right have never been truly considered as the priority, and, compromising its political control on mass media communication platform, has never been a possibility in the history of P.R. China.

Table 11 indicates that, scholars involved in the research on Google and Yahoo have ignored a fundamental fact that, the information industry in China is, by nature, not an open market for competition, regardless of indigenous or FDIs. Some scholars even naively claimed that it was Google's choice to decide whether or not to exit China (Baron, 2010; Quelch, 2010). These scholars refused to acknowledge a fact that, both Google and Yahoo were trapped in a business pitfall set by the government of China. Except for abandoning their investment, there was no other-way-out, just like an old Chinese saying "one careless move ruins the entire game" (一招不慎满盘皆输). In a sense, it is reasonable to assume that the tragedies of Google and Yahoo were rooted in their decision-mistakes, such as misjudging or ignoring the role of government, compromising business ethics, and lacking an exit plan prior to entering China. Financially, both Google and Yahoo lost their short- and longer-term interests from their respective investment (perhaps more, given the potential market opportunities). Technologically, they were both used as the transitional stepping-stones, or, incubators of China indigenous internet startups.

7.2 FDIs—The Stepping Stones or Incubators of China Internet Industry

It is indisputable that Google and Yahoo had greatly contributed to the rapidly emerged and exponentially expanded China internet and e-Business industry (Wulf, 2010). To a certain extent, FDIs especially those in high-tech-sectors, have been naively and unknowingly used as stepping-stones, or, incubators of China indigenous entrepreneurs (See Table 12).

Table 12. FDIs as the Stepping Stones or Incubators of China Internet Industry

FDIs as Incubators	The Offspring in China
Google and Yahoo	Both Google and Yahoo paved the groundwork for the development of China internet search and email system: 1) Google gave birth to Baidu, which was founded in 2000 and rapidly evolved as the most phenomenal Chinese indigenous search engine and internet entrepreneurial giant, outperformed and replaced Google' position in China emerging internet industry, by the means of adopting, adjusting or localizing Google's entrepreneurial idea and business model (Foster et al., 2009); 2) Some scholars doubted whether Baidu was able to survive in the competition against Google, and sustain its leading position in China (Chen & Wu, 2009). Given that internet is a platform-mediated network business heavily relying on creating critical mass and network externality, These scholars have, naively and arrogantly, ignored a basic fact that, the traffic volume of Baidu in 2009 had already tripled Google and Yahoo (Chen & Wu, 2009), indicating that the market demand for Baidu has far-exceeded the need for Google and Yahoo in China.
eBay and Amazon	eBay and Amazon functioned as the mother board in terms of business ideas and operations model, guiding the development of China e-business such as Alibaba's Taobao: 1) Alibaba's Taobao is a hard-to-believe successful example of a China indigenous entrepreneurial upstart, achieving its success, by adopting diversification strategy and transforming its business model from B2B (Alibaba.com) to B2C and C2C (Taobao.com), from "free of charge" model, to "the winner takes all" model, leading Alibaba's Taobao to be crowned as the king of e-business, outperformed eBay and Amazon in China e-Business market, measured by their respective profit size and internet traffic (Oberholzer-Gee & Wulf, 2009).
YouTube	YouTube laid the protocol for the development of China online entertaining business. Youku and LeTV are the copycats of YouTube's entrepreneurial idea and operations model, resulting in the rapid development and expansion of China online entertaining business.
Priceline and Craigslist	Priceline's business idea and operations model gave birth to Xiecheng among many others, boosting online ticketing services in China. Similarly, Craigslist is the mother-board of 58Tongcheng, providing real-estate market services in China.

Table 12 is a shortlist of those FDIs as stepping-stones or incubators of indigenous upstarts in China internet and e-business industry. Majority of FDIs (if not all) have failed, more or less, from the perspective of their respective ROIs in China. Those FDIs such as eBay, Amazon and YouTube, did not suffer as Google and Yahoo suffered, mostly because they did not touch China government political nerve, namely, information system.

8. Conclusion, Discussion, Suggestion and Recommendation

Despite the indisputable efforts of those 166 China business case studies in disclosing China business environment and behaviors, and in filling the urgent need for teaching materials in business education, however, the role of China government in guiding and controlling its economic reformation, and the influence of historically ingrained China culture on its business mindset and behaviors, still remain to be explored.

Accordingly, the first conclusion of this paper is that, the government has been purposefully providing favorable policies to support indigenous business, and simultaneously, discounting or crippling the competitive advantages of those FDIs in China. Such role of government is the core component of the theoretical framework proposed in this paper, namely, the peculiarity of doing business in China (See Table 4, 5, 6 and 7). This framework may provide, at least a direction, to explain "why and how" those FDIs failed to be as competitive as those indigenous businesses in China (See Table 8, 9, 10, 11 and 12). To this end, the second conclusion of this paper is that, the real competitor of those FDIs in China is the government, rather than those indigenous business rivals. Following this line of reasoning, the third conclusion is that, the failures of FDIs in competing with indigenous business in China may be attributed to their naivety and/or ignorance on the peculiarity of doing business in China. The fourth conclusion is that, the combination of: (1) the pre-occupied prejudice of "Western superior to Eastern"; (2) lacking knowledge on the mechanism of doing business in China; and (3) using Western framework of management to interpret China Business Cases—constitute the three weaknesses impeding the authors of those 166 China business cases to recognize the peculiarity of doing business in China (See Table 13).

Table 13. The Three Weaknesses of the 166 China Business Case Studies and Their Implications

Weakness	Implications
Prejudice as: The First Weakness	The prejudice of "Western superior to Eastern" is a cognitive barrier hindering the authors of those 166 China business cases in recognizing the peculiarity of doing business in China: 1) On the one hand, the century-long superiority of Western economic development and endeavors in business research and education, have accumulated knowledge, experiences and know-how of doing business, and provided seemingly sufficient credentials for those Western scholars to worship the Western framework of management as the bible of doing business, meanwhile, ignore the necessity of acknowledging the peculiarity of doing business in China; 2) On the other hand, the rise of Asian Tigers, African Lions and Golden BRICKS has already shaken the century-long Western dominated global economy from bottom up (Zhao, 2014). Asia has been evolving from a region of mass consumption to a region of mass production. Especially the country like China, topped the 2nd of global economy, has been in a transition from a labor intensive manufacturing economy at the lower end of value chain, creeping toward a higher position of global value chain. Therefore, examining and evaluating the dynamically evolved and diversified China business environment and behaviors, through the prejudiced lens

	of "Western superior to Eastern", is in breach of the law of science. After all, Western is superior to Eastern is over, and their collaboration is an irreversible trend (Barkema et al., 2011).
Lacking Knowledge as: The Second Weakness	Given the short history of China economic reformation, the authors of those 166 China business cases had no choices other than employing the existing dogmas of Western framework of management, to explain the rapidly emerged and dynamically evolving China business environment and behavior. Hence, nondescript and/or distortion seem to be inevitable: 1) The 166 China business cases are presented the same way as those 231 non-China business cases, in terms of style, format, subjects and learning objectives—a set of requirements pre-defined by the publisher (HBS), and imposed on authors to comply. Otherwise, manuscripts may not to be accepted. Such bookishness might force the authors to compromise their scientific objectivity and creativity, in order to cater for the publisher's authoritative requirements; 2) No business can survive if without a good relationship with government, seems to be the ultimate and absolute rule of doing business in China, in which, government policy is the lighting tower of business strategies and operations. Maintaining a good relationship with government may provide preemptive information vitally decisive for corporations to build timely sensitive business strategies, and to capture timely sensitive business opportunities. A senior policy advisor of China government commented that, the intricacy and complexity of policy-oriented business environment in China is not only a challenge to foreigners, but also a challenge to majority of Chinese indigenous scholars, who must to regretfully and apologetically acknowledge their limitations in understanding and explaining the rapidly emerged but dynamically evolving business environment and behaviors in China (Note 6); 3) In China, the diffusion of policy is a process of top-down deformation and distortion from state level to regional levels, by various means such as perfunctory, alternatives and/or specially authorized "exceptions"—this is, by default, the peculiar mechanism of China political system (上有政策，下有对策, namely: always the measures to counter the policies). Understanding this mechanism is not only a sufficient prerequisite to understand how policies have been raped through the bureaucratic process, by those privileged people through their Guandao (官道)—a special channel connecting to government, recently been rephrased as: the chain of benefits (LiYiLian 利益链), but also a necessary prerequisite to understand the peculiarity of China politically (policies) and culturally (personal network) oriented business environment and behaviors—this is the core of peculiarity of doing business in China.
Misapplication as The Third Weakness	Applying Western framework of management in observing and explaining China business environment and Guanxi Networks oriented business behaviors, is the third prevalent weakness of the 166 China business case studies: 1) Firstly, China indigenous companies, both SOEs and POEs, must execute their business decisions and operations in strict compliance with government policies and regulations, rather than complying with the market oriented Western framework of management. The degree of freedom of business operations is determined

	by policies and Guanxi Network with government system, in which, *what you can do depends on who you know*—is the rule of doing business; 2) Secondly, most (if not all) of decision-makers of China indigenous companies do not possess the knowledge and experience of Western framework of business management. Therefore, examining and evaluating their decision-behaviors through the lens of Western framework, is a groundlessly farfetched, nondescript, or a distorted pseudo-identification.

The three prevalent weaknesses (See Table 13) may serve as hypothesis for future research to verify. The theoretical framework of the peculiarity of doing business in China may help, or at least, provide hints to rationalize the significantly far-reaching question: why and how the majority of those FDIs (if not all), possessing resource superiority and technology ascendancy, have failed in competing with their business rivals (China indigenous) during the past thirty years, in terms of size and speed of their respective business growth and market expansion. Answers to this question may enrich the existing framework of international business management, and provide advices instrumental for future MNCs to cope with other developing economies, with similar business environment and behaviors like in China (Foster et al., 2009). To this end, this paper particularly emphasizes the importance of recognizing peculiarity of doing business in China, in which, the relationship between business and government is far more complicated than that of relationship in Western societies.

8.1 Discussions, Suggestions and Recommendations

Given China's politically-centered social and economic system, the success of China indigenous businesses during the past 30 years-although might not be the direct result of government genuinely plotted plan-ought to be indisputably attributed to the leadership of government, despite its limited knowledge and experiences in economic development. Such a success would not be possible if without government-led entrepreneurial endeavors, in venturing, experimenting and capitalizing business opportunities emerged from the waves of globalization. In a sense, such a success may be described as an entrepreneurial result of "Fumbling stones to cross river" (摸索着石头过河). Unfortunately, entrepreneurship is only a minor subject (6%) among the 13 disciplines discussed in the 166 China cases (See Table 2). Future researches may need to jump out of traditionally Western dominated box, and delve into the search for factors and components constituting the entrepreneurial development in China, in order to provide information, not only theoretically meaningful in guiding the development of business education, but also practically applicable in leading emerging economies to pursue their catch-up.

From cognitive perspective, Western scholars, regardless of how inadvertent, have been reluctant to acknowledge their limitations, in understanding the peculiarity of doing business in China. Instead, they have been arrogantly endeavoring to promote the application of Western framework of management, in interpreting the business environment and behaviors in China. To this end, an increasing number of Chinese intellectuals have been arguing that, such a prejudiced and conquering-oriented mindset may be the barrier, blocking Western scholars' cognitive approach to the intrinsic role of government in forming the peculiarity of doing business in China, and meanwhile, preventing them from learning the constantly emerging, evolving and diversifying ways of doing business in China. Some Chinese scholars criticized that, such a prejudiced mindset has been a negative force, confining those Western scholars' creativity, and tarnishing the holy foundation of science. To these Chinese scholars, Globalization is not Americanization or Westernization, or Colonization!

Instead, globalization means to ecologically optimize the polarized global environment, and to economically stimulate, incentivize and enhance the well-beings of all nations (Note 7). Therefore, cultivating a globalized mindset should be taken as the first priority and perhaps, the ultimate solution for both practitioners and researchers to tackle and/or overcome the three prevalent weaknesses discussed in this paper, and reinvigorate the current business research and education.

From business operations perspective, some scholars argued directly or indirectly that, localization is the key for FDIs to survive in China. Creating a win-win situation by establishing a localized supply chain by partnering with indigenous business, such as payment transaction (banking), customer service (tracking orders), and logistics (transporting and delivering), is vital for FDIs to avoid government direct intervention (Hardymon & Leamon, 2007), and meanwhile, to gain necessary support from government, through local partners' Guanxi Network.

From business education perspective, lacking qualified scholars capable of writing and teaching China business case studies, seems to be an urgent challenge in bridging the decoupled gap between the increasingly diversified global business environment and the historically stereotyped business research and education. For example, of the 166 China business cases (published at HBS from 2006 to 2013), 68 cases (41%) were contributed by only 7 authors, either the sole or the first author (See Table 14).

Table 14. 7 Authors Covered 41% of the 166 HBS China Business Cases from 2006 to 2013

Authors	Subject	2013	2012	2011	2010	2009	2008	2007	2006	Total	%
Abrami, M. Regina	Business & government relations; Global Strategy for expansion	0	3	5	1	0	4	3	0	16	10%
Kirby, C. William	Business and Government Relations; Cross cultural Management; Growth and Expansion Strategy	1	2	0	2	3	2	4	0	14	8%
Jin, Li	Finance; Investment, Venture Capital; Private Equity	0	1	1	2	0	2	3	2	11	7%
McFarlan, F. Warren	Business and Government Relations; policy; FDI	0	0	0	0	0	4	3	1	8	5%
Shih, Willy	Operations Management; Technology Management; IPR	0	0	3	4	1	0	0	0	8	5%
Eccles, G. Robert	Human Resource Management	0	1	3	1	1	0	0	0	6	4%
Vietor, H.Richard	Business and Government Relations; Globalization; Strategic expansion	0	1	0	0	1	0	1	2	5	3%
Total:		1	8	12	10	6	12	14	5	68	41%

Given the timely sensitive nature of business research and education, building a platform to facilitate, normalize and ameliorate the collaboration between Western and Chinese scholars, in writing and lecturing China business case studies, may be an economic solution to tackle the poverty of qualified scholars, and to avoid a situation of lagged and/or distorted information. Constructing and sustaining such a collaborative platform enabling Chinese scholars and/or executives to co-write and co-lecture, may provide more-in-depth or insiders information, which may not be obtainable through the normal means of observations, but is an effective shortcut to interpret and rationalize the peculiar mechanism of doing business in China. Since the peculiarity of doing business in China is utterly people-oriented, and mostly not to be expressed, but only to be sensed or perceived (in Chinese expression: 只可意会不可言传), therefore, having insiders information included may be the most necessary condition to ensure the delivery of quality and readability of China business cases. Otherwise, reading a China business case is like experiencing a sense of nondescript, swaying the readers in between the realities and fictions, especially to those foreigners, who need to understand, for example, "why and how" a decision process in China is, unexceptionally determined by corporate Guanxi Network with government system.

Additionally, given the extensiveness of the negative impacts radiated from the three weaknesses (proposed in this paper) on business research and education, simply because HBS is the publisher, therefore, upgrading the extant pedagogical methodology and curriculum contents is imperative, in order to improve the validity of business education. For example, encouraging and supporting students to do on-site survey and investigation on the focal company in question might be an option, which may motivate students' curiosity and interest in collecting first-hand information, but more importantly, to enable students to enhance their abilities and skills through the process of learning-by-doing.

Last but not least, the rise of China economy, especially since China entered WTO in 2001, has not only changed the landscape of its business environment, but also diluted its cost-saving advantages (cheap labor force and low cost of raw materials, mass production of low-end products, along with domestically escalated mass purchasing power and consuming preferences for branded products). Under such a circumstance, whether the peculiarity of doing business in China can continue its function as a competitive advantage for indigenous business may be an interesting question for future research.

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Notes

Note 1. Jiangning Zhao, the First and Correspondent author;

Note 2. Bing Zhang, the second author;

Note 3. A discussion topic during a seminar hosted by Business College at China Renmin University on Sept. 7, 2014；

Note 4. Addressed by vice general director of China Tax Bureau in Urumqi, on Dec. 21, 2007;

Note 5. Commented by Professor Liu at ChongQing University during an informal interview on 08/14/2014;

Note 6. Noted during a lecture given by a senior advisor (preferred to be anonymous) to government officials of certain rank (a routine program of brainstorming), on Jan. 08 2013;

Note 7. Notes taken from a seminar at Southwest University of Finance and Economics during the period of July, 21-23, 2015, ChengDu, China；

Note 8. All case studies cited in this paper are downloadable at the URL: http://www. cb.hbsp.harvard.edu/cb/product/prod.#