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The impact of internationalization policies on Chinese State-owned Enterprises performance: A case study of Jianghuai Automobile (JAC) in Anhui province of China.

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Abstract

The importance of SOEs performance in economic development cannot be overemphasized. The role of SOEs is assumed to be the key element of the Chinese economic performance. Recently Chinese economic development is on its booming stage and in this era of development SOEs consider being key partner. However, the earlier studies done on Chinese organizations were mostly aimed to highlight the SOEs financial performance, only few of them focused on government support and reforms towards SOEs. The Aim of this study was to utilize the framework of various prospects, for instance internationalization strategy, government support, outward foreign direct investment and strategic alliance etc. This study comprised on the brief and comprehensive case study of Anhui Jianghuai Automobile (JAC) in Hefei, Anhui province. The result from this study clearly indicates that by defining the contributing factors for the SOEs development in China, which enables the government to improve the performance of SOEs and give the best policies and future prospective reforms.

Key Words: State-owned enterprises; government policies; outward foreign direct investment; internationalization, strategic alliance; International technology transfer

INTRODUCTION

The Chinese economy had been a standout amongst the most quickly developing economies on the planet in the most recent too many years of the twentieth century. Numerous financial experts trust that state owned enterprises are on a very basic level wasteful and have gone about as a delay monetary advancement. By financial experts, because of uncertain property rights, delicate spending plan limitations, and government intercession, state owned enterprises are definitely less effective than private ventures and have a tendency to advance development less vivaciously. Along these lines, privatization ought to have offered countries to become quicker by some assistance with allowing them to improve utilization of accessible assets and to advance more fast development. Between the 1930s and the 1970s, state owned enterprises had assumed a critical part in the financial advancement of previous state communist countries and numerous developing courtiers. In the early post WWII years, state-owned enterprises were a generous part of the national economy in a few West European countries. Following the 1980s, large portions of the state claimed endeavors in cutting edge entrepreneur countries have been privatized. China's accomplishment in financial change is broadly known. Starting with agrarian change in the late 1970s and continuing to market change and openness in the 1980s, and particularly the 1990s, China has made awesome steps in changing its economy from the Maoist time. By 1993, development of the non-state division had changed China's economy, without shutting any state-owned companies (SOEs). Between 1978 and 1993, the offer of SOE livelihood was down from 75% to under 60% in the urban territories and from 60% to about 30%with the consideration of non-farm employment in the country ranges. Amid the same period the state offer of modern yield declined from 78% to 43% (China Statistical Yearbook, 1994).

LITERATURE OVERVIEW

It was in the mid 1990s, when the huge bankruptcy of SOEs debilitated the very support ability of SOEs and the national economy, that possession change was at long last unleashed with the goal of "strengthening the extensive SOEs while discharging the little ones (zhuada fangxiao)." The solid measures of this ownership reform at first included money related imbuement, tremendous cutbacks, obligation diminishment, obligation value swaps, non-government buyouts (Junyeop Lee,2009) The development of the Chinese SOE interior administration framework can be isolated into three noteworthy periods. The initially, from 1950 to 1984, is the traditional planned economy period, amid which state proprietorship was the main legal form of possession. SOE administrators were named and released by the government and typically regarded as government officials. The second period, enduring from 1984 to 1993, is the primary phase of the reform time of SOEs. Amid this period the government gave SOEs obligation regarding managing their own particular additions and misfortunes in the business sector. Moreover, the utilization of motivator contracts to represent the relationship between the State and SOE supervisors was exceptionally prominent amid this period. The third period began in 1993 and is progressing; it is portrayed by the transformation of SOE administration into that of an advanced corporate administration structure. So as to give a more refined corporate administration and property rights structure, the Chinese government embraced an arrangement of Corporate Law in 1993 in its mission to change over SOEs into advanced companies. This classification of corporate law separated SOEs into two classifications: that of firmly held enterprises, including completely state-owned corporations and foreign-invested organizations, and publicly held corporations, including listed and non-listed companies.

Later studies have analyzed the effect of Chinese SOE privatization activities by means of offer issue privatization (SIP) programs. Wei et al. (2003) analyzed the effect of SIP on the money related and working execution of 208 firms in China amid the period 1990–1997. They recorded noteworthy development in genuine yield, genuine resources and deals proficiency after privatization. Sun and Tong (2003) have additionally discovered changes in the profit, deals, and laborers' profitability for 634 SOEs that were privatized through SIP amid the period 1994–1998. Besides, they exhibit that state possession was truth be told connected with poor

SOE execution, giving backing to an approach of further lessening of state proprietorship in these organizations. While surviving studies have examined a few imperative parts of Chinese SOE reforms, an assessment of one basic segment of SOE reform is absent from the literature: the corporatization of Chinese SOEs without privatization. This is a noteworthy exclusion given the significance of corporatization to the SOE change process. Zaheer (2015a,b) mentioned that marketing is one one of aspect of public sector performance in Anhui Province which can lead the public sector firms providing better service and help to help their performance in that region,

INTERNATIONALIZATION STRATEGY

With a specific end goal to make internationalization productive, firms ought to painstakingly pick and utilize their Internationalization systems. The realm of international business research depends on the principal presumption that organizations will profit by international business, and global development will enhance firm's performance (Contractor, 2007). Organizations have a tendency to go into business sectors abroad as exporters and/or as remote speculators (Reynolds, 1997). In this manner Export and (FDI) are regular methodologies utilized by firms as a part of their worldwide behavior. In the mean time, it is additionally demonstrated that there is an expanding fame for firms to utilize strategic alliance to take part in worldwide markets (Lu and Beamish, 2001).

The diverse worldview created by Dunning (1981; 2001) draws together components of past speculations to distinguish proprietorship, area and disguise points of interest that rouse internationalization. Proprietorship points of interest are firm-particular elements, for example, unrivaled restrictive assets or administrative capacities that can be connected intensely in a remote nation (Barney, 1991). Area focal points can represent choices to put resources into outside countries that offer better market or generation opportunities than those accessible somewhere else and/or chances to secure esteemed inputs. Disguise points of interest accumulate to firms that can lessen exchange costs by contributing abroad in order to attempt change or supporting procedures more successfully than can be accomplished through business sector exchanges (Buckley and Casson, 1976; Safarian, 2003). Disguise may offer clear productivity focal points in the administration of inter-dependencies concerning know-how, notoriety, the worth chain, and advertising, and these focal points offer an intense clarification for the ascent of the multinational endeavor (Hennert, 2001).

Creating and move economies are commonly portrayed by a dynamic administrative inclusion in business, both through possession and through regulation (Peng, 2000). This is surely the case in China, which in the strict sense remains a political economy regardless of the improvement of a business sector framework (Child and Tse, 2001). The results for the internationalization of Chinese firms could be critical. Case in point, it will be seen that huge numbers of the bigger Chinese firms, which have been singled out as 'national champions', get money related backing and security from the Chinese powers. On the off chance that a late-coming hindered firm is to gain resources that empower it to contend on the planet market, it might to be sure require immediate or circuitous legislative financing to make the buys. Along these lines, China may give a decent case of the need to extend worldwide business hypothesis to make more prominent note of the political and sociological components that work through a nation's foundations (Toyne and Nigh, 1998). These distinctions can offer ascent to costs connected with a need to adjust to neighborhood settings or with issues of control over remote associates. Psychic separation may along these lines expand the 'obligation of foreignness', which has been characterized as 'the expenses of working together abroad that outcome in an aggressive inconvenience for a multinational undertaking (MNE) (Zaheer, 1995,). China's unmistakable social and institutional legacy, including the propensity to depend on close individual connections in business executing (Chen and Chen, 2004), might be required to build the risk of foreignness confronted by its organizations as they look to internationalize. Particular Chinese styles of administration (Chen, 2004) could in this manner demonstrate impairment for the administration of abroad offshoots.

Nolan (2001) has contended that 'the focused capacity of China's extensive firms following two many years of change is still agonizingly feeble in connection to the worldwide goliaths'. He indicates elements, for example, their shortcoming in R&D, their restricted advertising capacity, their absence of brand advancement, and the regulatory requirements that administration organizations keep on imposing on them. While Nolan's attention is on expansive state-claimed undertakings that have been prepared to be national champions, he additionally communicates incredulity about the capacity of driving non-state endeavors to contend universally with the major multinationals In this manner Boisot (2004) has contended that, rather than the suppositions of routine universal business hypothesis, 'numerous Chinese firms won't be moving to another country to misuse an upper hand that was created in the household market, however to maintain a strategic distance from various focused impediments brought about by working solely in the residential business sector. This opposition together with over limit is driving overall revenues down to wafer thin extents (Fang, 2002). Government obstruction additionally proceeds in different structures and at various levels. For instance, the focal powers have mediated to compel residential mergers and acquisitions, while expenses and other exchange expenses are forced in a self-assertive and frequently unlawful style by neighborhood powers (Huang, 2003; Meyer and Lu, 2004; Nolan, 2001). Exchange expenses are additionally raised by the proceeding with many-sided quality and instabilities in the way the Chinese lawful framework works (Peerenboom, 2001).Numerous Chinese firms as of now appreciate a cost advantage because of their low wages and to the creation upgrades accomplished as of late, frequently by gaining from associations with multinationals (Guthrie, 2005). The elevated amounts of rivalry in a significant number of China's local markets have additionally encouraged cost adequacy. Be that as it may, as Zhang (2003) calls attention to, while a cost point of preference is a moderately critical focused element for straightforward items and lower salary markets, with a specific end goal to contend in other higher worth including markets, separation and brand favorable circumstances are additionally required

Institutional level has been a standard for scientists to study association practices under the power of applicable foundations (Scott, 1995; Tolbert and Zucker, 1996). Institutional level watches the impacts of different financial, social, and political strengths apply by an association's applicable organizations inside of which a firm works (Scott, 1995). Formal institutional components incorporate variables, for example, a nation's lawmaking body, legal, organization, government structure, and market system (North, 1990).These formal institution components are pivotal elements in molding the country’s economy, particularly developing countries (Oliver 1997; Peng 2003; Meyer and Nguyen, 2005), and subsequently they decide the standards for all business behavior (North, 1990) which clearly incorporate internationalization. Peng (2003, 2006) contended another measurement of vital management; an institution based perspective of procedure, which considers that company's business vital decisions are impacted by the dynamic communication in the middle of foundations and associations, and are the result of such collaboration. The previous studies indicating that the starting rationale in firms to grow internationally started from the outlook that organizations own specific impalpable resources, for example, learning which shape focused or monopolistic points of interest that can balance the extra costs identified with conquering the liabilities of foreignness (Westhead, Wright, and Ucbasaran, 2001; Rugman& Verbeke, 2007). The point of convergence that firm-particular immaterial resources drive the start of internationalization has really established in the crucial resources based perspective of the firm, in light of the fact that most financial methodologies utilized for internationalization are resources based(Steen and Liesch, 2007).In the resource based perspective, resources are significant, uncommon, defectively imitable and incompletely substitutable (Barney, 1991; Amit and Shoemaker, 1993) which induce an association's competitive advantage, and are the primary hotspot for firm to continue performing reasonable results (Peteraf, 1993; Conner, 1991). The resource based perspective has turned into a noteworthy stream in internationalization research field which is utilized by various scientists while breaking down internationalization marvel as of late (Hitt et al, 2006; Tseng et al, 2007).

Outward foreign direct investment (OFDI) by developing business sector undertakings has turned out to be progressively critical and common as of late. As indicated by WIR (2008), OFDI from rising and creating economies came to $304 billion in 2007, the most abnormal amount ever recorded, constituting a 36.51% expansion from 2006. While a little number of source economies are in charge of a vast offer of such OFDI, organizations from an expanding number of countries are attempted OFDI to venture into the worldwide business sector. Case in point, in 2005, outside deals and remote work of the main 100 transnational organizations from creating economies expanded by 48% and 73% separately. These undertakings likewise work in a more extensive scope of businesses than the biggest multinationals from created countries, effectively taking part in countless outskirt mergers and acquisitions. This surge has originated from the quick pace of monetary improvement and liberal business sector strategies actualized by home governments, alongside seaward accessibility of business sector opportunities, entrepreneurial craving to hit key worldwide markets, and key plan to abuse upper hands in savvy gigantic assembling (Luo and Tung, 2007; Mathews, 2002; Rui and Yip, 2008). This surge is likewise due, to a limited extent, to progressively positive measures embraced by home governments in rising economies.

Despite the fact that China's OFDI goes back to the 1980s, it accounted just for a little extent of overall OFDI. Somewhere around 2002 and 2007, Chinese OFDI achieved 118 billion dollars in different commercial enterprises (15 billion in 2007 alone) (MOC, 2008). As indicated by the as of late discharged Statistical Bulletin of China's Outward Foreign Direct Investment (MOC, 2008), by December of 2007, about 7000 Chinese undertakings had occupied with OFDI in 173 countries, building up more than 10,000 abroad endeavors in both created and creating countries. Eighty-six percent (86%) of this figure was put resources into non-money parts and created 338 billion dollars in deals income.

A few researchers that we inspected (Perlmutter and Sagafi-Nejad, 1981; Contractor and Sagafi-Nejad, 1981; Simon, 1982 and 1991; Stobaugh and Wells, 1984; Agmon and von Glinow, 1991) perceive international technology transfer as an intricate procedure that needs time to develop, i.e. this is not a "one-demonstration" wonder. Authors contrast from each other with respect to the substance and arrangement of related exercises that constitute the transfer process. A few (Zakariya, 1982; Pugel, 1982; Vickery, 1986) concentrate only on the obtaining of foreign technology.

Also, beneficiaries are, it is expected, regularly obliged to commit generous innovative assets with a specific end goal to secure, adjust, and in the end enhance the original technology (Rosenberg and Frischtak, 1985). Baranson and Roak (1985) specifically have singled out three vital sorts of assets that associations need to absorb technology from abroad: operational, duplicative, and creative. Firms which are tested with obliged assets and abilities are stood up to with interior shortcomings of information, capital, administration time and experience, and outer compels ascending from their weakness to the impact of environment (Buckley, 1989). Such essential deficiencies in assets and abilities force restrictions on the development of firms (Zacharakis, 1997). In this way the utilization of strategic alliance has been recommended as one of the key procedures for a firm to conquer the obliged asset and capacity, which improves the odds of progress for the firm's future development (Lu and Beamish, 2001). Past studies showed a few advantages of embracing partnership as Internationalization strategy which incorporate minimizing exchange costs, expanding market power, sharing risks and better access to essential assets, for example, capital and learning (Kogut, 1988). Principal among these advantages is the entrance to the accomplice's assets, or 'network resources' (Gulati, 1998). All the more altogether, organization together accomplices speak to a key wellspring of their countries' knowledge to firms (Gulati et al., 2000). Firms could acquire other countries' learning and grow new interior authoritative abilities through aggregated involvement in collaborating with organization alliance partners (Makino and Beamish, 1998).

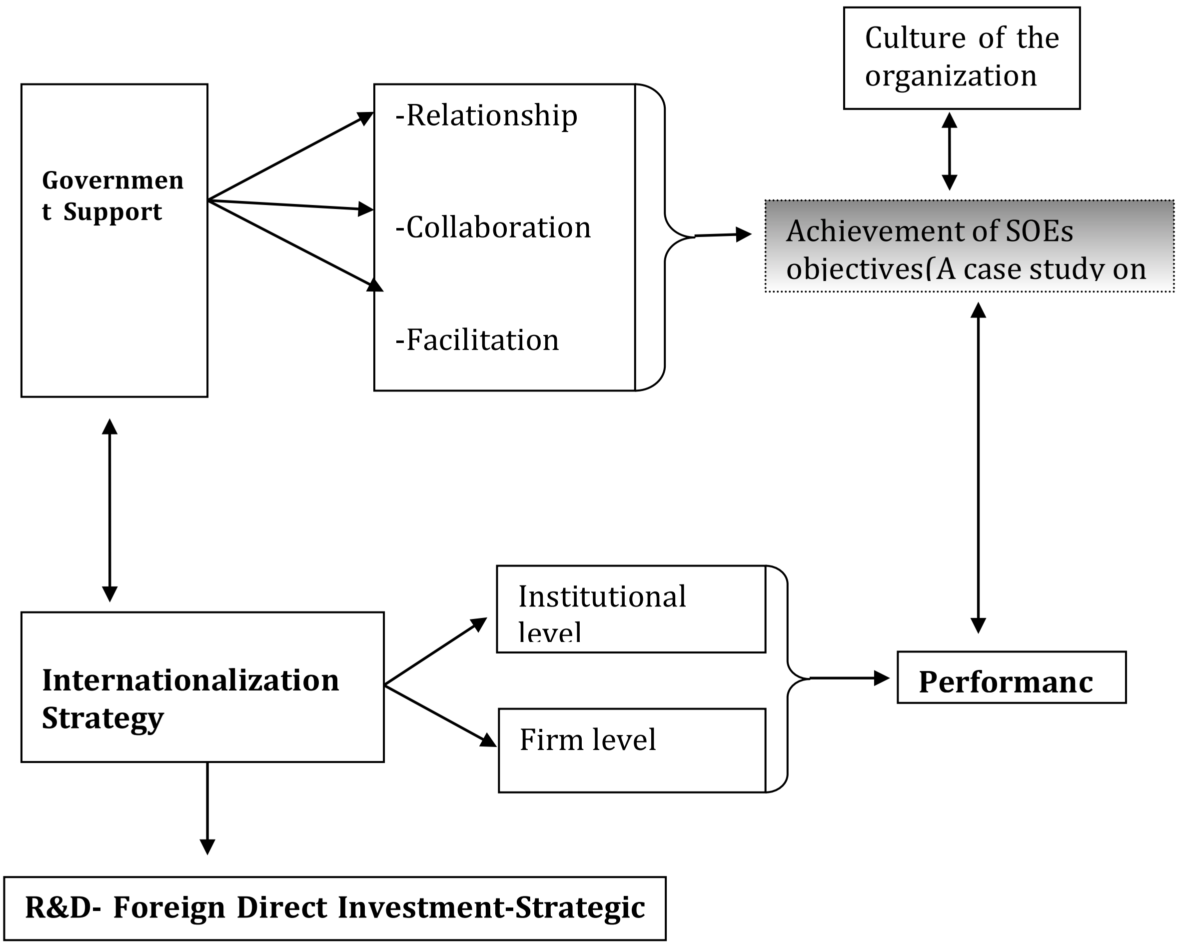

Figure: 1 Conceptual framework

According to the literature review above, internationalization strategies are fundamental and essential to firm's internationalization, the factor indicated in above conceptual framework could influence these internationalization strategies, and the outcomes of successful internationalization strategies are able to enhance firm's overall performances

RESEARCH METHODOLOGY

Reason to choose qualitative study:

There are six common research strategies accessible to the analyst. Recognizing these procedures and the choice procedure to choose the most suitable approach was produced by (Yin 1989).Three conditions distinguished as key determinants for procedure were: the kind of examination inquiry represented; the level of control an agent has over behavioral occasions; and whether the attention is on contemporary or recorded occasions. These conditions and research philosophy are outlined in Table below.

Table Conditions for choice of different research methodologies

Methodology	Conditions		
	The type of research question posed	Control and investigator has over behavioral events	Focus on contemporary events as opposed to historical events
Experiment	How, why and what	Great	Contemporary
Survey	Who, what, where, how many and how much	Little	Contemporary
Archival Analysis	Who, what, where, how many and how much	Little	Contemporary and or Historical
History	How and why	Little	Historical
Case Study	How and why	Little	Contemporary
Action Research	How can work group processes be involved	Little	Contemporary

Source: Adapted from Yin (1989, p. 16 - table 3.1)

In table above, lines 3 to 8 delineate the option research systems while the sections 2 to 4 distinguish the three determinants of technique determination. The determination of the most applicable exploration system can be found by first recognizing the conditions correlative to the research issue and suggestions and second by perusing from right to left on above table, to choose the correct approach. The three conditions for decision of research methodology are considered. In this audit, different techniques will be barred from significance to this examination.

Taking everything into account, the choice of the research paradigm and approach for this exploration was in view of the exploration issue and destinations and the hypothetical advancement supporting the exploration issue. Thus, the chose research paradigm was authenticity while the exploration system was Yin's form of contextual analysis technique. At last, with contextual investigation examination, thought of the effect that this philosophy has on affecting the choice of exploration strategies is required, and this is tended to in the following segment. Data collection in view of contextual analysis examinations which in light of arrangement of a few profundity interviews with senior management, investigations of extra essential and accessible optional information.

DATA COLLECTION

In the light of triangulation methodology (Cheng, 2005; Stake, 1995), this study included two kinds of data: 1) primary and 2) secondary data. On one hand, meetings were directed with the chosen organization's top management, and email interchanges were done individually with administrators from main subsidiaries. Then again, auxiliary information were comprised by relative speculations and written works, data from broad communications, and the organization's regulatory records and archives, for example, yearly reports, official statements, and pamphlets.

The interviews were face to face interviews at the company's headquarter in Hefei city, Anhui Province. During the time of the interviews we did not interrupt the interviewees and let them share their knowledge; otherwise we might affect their response which would make the study somehow biased. We have informed all of them about the background of our study and all interviewees were aware about our objectives .The interview with the company's Vice- General Manager was conducted first. It was a structured interview with follow up questions. After listening to the recorded interview, a followed up interview was conducted with the firm's overseas department manager by the help of the CEO's assistant, since the CEO recommended the author to interview the Overseas department manager to seek more information for specific details in areas regarding export and company's internationalization where the CEO was uncertain or was not able to give concrete answers. After conducting the two interviews which aimed to collect information at management level, the author sent emails with questions to the four main subsidiaries' managers respectively to collect further information at subsidiary level.

DATA ANALYSIS

The accompanying moves had been made when it came to dissect the information. For the data from interviews, we first completely deciphered the several meetings and interpreted into the Chinese language, and afterward sent the interpretations to the interviewees office in company's headquarter in Hefei city, keeping in mind the end goal to ensure all the data were translated accurately, and get endorsement from the organization to utilize this information. Since if there were missteps in the translated information, affirming the interpretations with the organization would be a chance to right them. After affirmed the translated interviews, then we transcribed the collected data from interviews together with secondary data and the other collected data which incorporate the information regarding internationalization process and concepts by the state owned enterprise.

VALIDITY AND RELIABILITY

As Yin (1994) expressed, in all kind of studies, the validity and reliability must be given consideration. For validity, Yin recommended that in one case study, utilizing numerous kind of data was the best approach to guarantee build validity; the internal validity is given by the particular of the unit of analyses as the hypotheses are produced, and data collection and investigation test those speculations; external validity is more hard to achieve, and could be gotten from hypothetical connections, and from them speculations could be made. In this manner for this study, we joined both primary and secondary data which comprise previous literature, information through media, and reports, messages and meetings from the organization to affirm develop validity. As far as reliability is concerned, Yin contended that for all studies dependability is given by the improvement of a formal case study convention. in this study we outlined the convention for this research to start with of the study, and afterward took after the convention for the whole process.

RESULT AND DISCUSSION

The internationalization: A case study On JAC

After the liberalization of monetary arrangement of China in the late of 1970s, the country planned to build up an open business sector to energize exchange and correspondences with remote nations keeping in mind the end goal to facilitate quicken the country's economy development (Söderman et al., 2008). The Chinese government has established a progression of arrangements and regulations to advance worldwide exchange. For instance, firms which trade their item can get Export tax diminishment, and for a few businesses like car industry, all the export tax is deducted and firms can trade their items with zero tax charge. Firms with universal business are likewise ready to get financing support from Chinese banks, for example, they can take credits just in light of their customers‟ orders. Then, the legislature additionally urges firms to tackle collaborating ventures with remote organizations, and firms doing as such can get money related backing from neighborhood government to a specific degree.

Local firms have solid linkages to residential foundations, for example, SOEs in China. They may create monopolistic positions in residential markets (Morck et al., 2008). These positions may incorporate underneath business sector credit rates accessible for state-possessed organizations and delicate advances. For sure, it is ordinarily contended that huge Chinese SOEs can embrace moderately high-chance speculation with less worry over credit reimbursements (Buckley et al., 2007; Child and Rodrigues, 2005). This may, for instance, help them secure normal assets or key resources (i.e., brands and advancements).

Government support and relationship

JAC is one of the leading state owned enterprises in china, invested by Anhui provincial government. It is one of top 10 automobile manufactures in China. During the interview process, the interviewee highlighted that government support strongly correlate to achieve the objectives of JAC , as well as the government objectives of enhancing and accelerating the internationalization of local SOEs . As a public listed company with most of the share owned by the state , JAC got the support from government in forms of purchase for public transportation (buses , taxis , military , police vehicles and ambulances) , also government purchase for donating to developing countries :

- JAC Vehicles of Chinese Government Donates to Azerbaijan
- Procurement of the Joint peacekeeping force in Afghanistan
- JAC Vehicles of Chinese Government Donates to Afghanistan

JAC Internationalization strategies

Since the main export to Bolivia in 1990, JAC vehicles are currently found in more than 130 nations in Africa, Asia, Europe, America and the Middle East. The organization had likewise settled 3 joint endeavor firms and 6 abroad showcasing administration focuses in Vietnam, Brazil, and Kenya ; KD gathering plants have been set up in nineteen countries to give worldwide clients effective and advantageous administrations.

JAC possesses more than 1000 clench hand level merchants, 1300 administration stations and 1000 extra parts suppliers in residential; and participates with more than 100 abroad merchants round more than 130 countries and locales . JAC has set up about 100 4S shops and more than 300 administration and support outlets abroad, which has laid a sound and strong establishment for JAC in the worldwide business sector. JAC has been china's No. 1 light truck exporter for 14 sequential years, getting a charge out of high brand acknowledgment among overseas clients. No 2 in SUVs, and No 4 in trucks in 2015.

Institutional level:

Institutional level has been a standard for many research scholars to study organization practice under the power of applicable foundation , institutional level determined to look the impact of different financial , social , and political strength applied by an associations applicable organization inside of which a firm works . It can be a legal organization, government structure, and the market system. These above formal institution components are important elements in developing the countries' economy. During our interview process, we raised these questions with our interviewee, further he explained the institutional level has a very huge impact on JAC internationalization process. As JAC is one of top leading Automobile industry in China. So the company must get along on the basis on institutional level to achieve the internationalization objectives.

Firm level

As earlier , we discussed briefly in the literature review indicating that the starting rational in firms to grow internationally started from the outlook that organization own specific impalpable resources , for example ; learning which shaped focused or monopolistic point of interest that can balance the extra cost . During the interview process , the interviewee highlighted that JAC internationalization fundamental as a methodology by which the company can best adventure profitable and particular resources for example ; teleological innovation , brand management , learning and development from involving in overseas market. The International Technology transfer

(IIT) was very important for the development of JAC from the early stage till recent times, the following are the most influential cases that contributes to JAC's development : The Korean Hyundai automobile was the first partner . It was a good chance for JAC to develop its MPVs cars and create a new market for those kinds of vehicles in China, as those kind of vehicles weren't popular in China according to JAC top managers vision . It was also necessary for JAC at the early stages to get experience from the Korean company . Hyundai wasn't popular in the Chinese market that time, so it was a good chance for Hyundai as well to build a good image in China .Now MPVs is a major contribution for the revenue of domestic and international sale. Anhui Jianghuai Automobile Co., Ltd. (JAC) declared on 16 September , 2010 organizations with NC2 Global and Navistar International Corporation to create, assemble, and showcase substantial obligation trucks and diesel motors in China. Two working assentions were agreed upon. As indicated by the one with NC2, a joint endeavor of Navistar and Caterpillar Inc., another organization called "Anhui Jianghuai NC2 Heavy Duty Truck Co., Ltd." was shaped to make substantial obligation truck vehicles and parts. Similarly claimed by the two sides, it have an enrolled capital of 1.2 billion yuan, and make 3 billion yuan venture. Anticipated yearly limit is 80,000 vehicles a year. The arrangement came to with Navistar will set up Anhui Jianghuai Navistar Diesel Engine Co., Ltd, which expects to construct 250,000 units of diesel motors a year. Similarly claimed by JAC and Navistar, the joint endeavor will have an enlisted capital of 600 million yuan, and make 1.8 billion yuan speculation. The two new organizations, both to be situated in Hefei, Anhui, the main residence of JAC, will predominantly take off JAC brand items, particularly in the initial couple of years, despite the fact that Navistar Maxxforce motors will likewise be assembled. In 2009 , Chinese offers of medium-and substantial obligation trucks achieved 0.894 million units, while JAC sold just somewhat more than 20,000 units. The two arrangements could help JAC make up for lost time with greater players in the field, for example, FAW, Dongfeng, Sinotruk, Foton, and Shaanxi Auto.

Strategic Alliance

JAC found it very important to develop it's network with various Strategic alliance , further the company expanded areas and depth of cooperation with many famous companies in designing ; Pennsylvania in Italy ,Lotus in UK , Vens in Korea , Hofer in Germany , AVL in Austria , Bosch, Delta Electronics, SINOEV Technologies. Strengthen the allocation of resources, to promote the recognition, evaluation and effectively fulfill the demand, so the sales get strong support from the variant changes in product development.

Research and development initiatives (R&D)

JAC contributed one hundred million U.S. dollars in building a top of the line global R&D base, which covers 49173 square meters, and incorporates a R&D Center, a Passenger Cars, Heavy-Duty Trucks and Light-Duty Trucks Authentication Center, and a Design Studio and so forth and possesses universally propelled test hardware, for example, K&C suspension execution test board and a transmission framework test board. The R&D base can suit 3,000 individuals from staff in the meantime and autonomously embrace the errands of planning, trial-fabricating, testing of complete vehicles and center segments, with its free R&D positioning first in China..The JAC R&D Center is state-claimed with five R&D levels, the acclaimed abroad improvement foundations and item advancement offices in business divisions, shaping a complete household and abroad emotionally supportive network for item improvement, and model, structure and power train outline and so on. By engrossing the embodiment of the R&D frameworks of universally propelled organizations, JAC has made a thorough, experimental and high-proficient NAM item advancement process, further reinforcing its center aggressiveness and driving edge in R&D. The organization likewise set up China's first abroad R&D Center in Turin, Italy, in June, 2005, and a second one in Tokyo, Japan, in October, 2006.

Increase the R & D Investment Continuously

To take care of the buyer demand always and react to the national call, JAC hold fast to the R&D rule of key innovation of "Vitality Saving, Environmental Protection,Safety First, Intelligent Diving" , and develop its own particular center intensity as the independent auto brand. JAC has been putting 3%~5% of its income in innovation advancement since 2006. Toward the end of 2012, the yearly R&D cost was RMB 951.6394 million yuan. In 2014 the yearly R&D cost achieved RMB 14.33 hundred million yuan .

JAC started as a chassis factory, and was the first to develop and provide bus chassis to all buses manufactures in China. Before JAC introduced the new bus chassis, all the buses manufactures in China used to use truck chassis as bus chassis. After introducing bus chassis, JAC launched its new generations of light trucks, MPVs , buses , heavy trucks , passenger cars and electric cars . After 50 years of development, JAC now has achieved an annual production capacity of more than 700,000 units completed vehicle and 500,000 units engine, and ranked the top 10 in Chinese automobile industry. As a mature and professional Chinese comprehensive auto maker, JAC's main products are occupying important positions in all market segments in China. Among which the sales of the bus chassis lead Chinese segment market. As a light commercial vehicle leading manufacturer in China, JAC has been No 1 in export sales of light duty trucks for 14 years. The sales of JAC heavy- duty trucks achieve the fastest growth rate. JAC MPV has won the prize of "Best MPV of the year" and kept No. 1 sales for many years. The latest intelligent sedan independently developed by JAC-J4 has won the annual group champion of CRC (China Rally Championship).

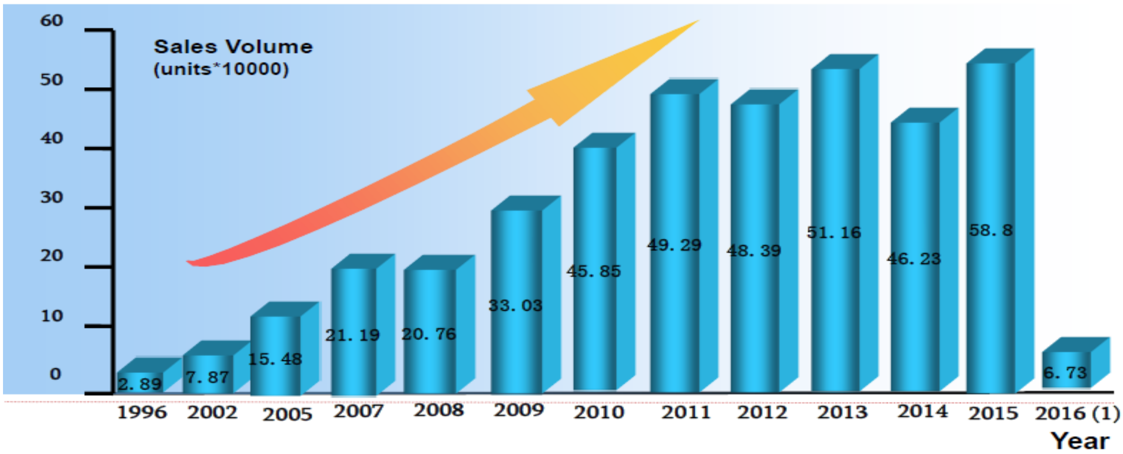

figure JAC Market performance in the past 20 years
Source : JAC company profile

The JAC J3 EV all-electric car was launched in China in 2010. It has a range of 130 km (81 mi). During 2010 and 2011 a total of 1,585 of the first and second generation models were sold in the country. A third generation model, called the JAC J3 iev, was launched in September 2012. During 2012 the J3 EV was the second best selling pure electric car in China, after the Chery QQ3 EV. In 2013 about 2,500 JAC iEV (J3 EV) were sold making it the highest selling pure electric vehicle in China of 2013.Cumulative sales reached 10,161 units through June 2015.

A big market share of electric vehicles in china helped JAC to develop faster. The company developed 6 generations of electric vehicles in 5 years , furthermore the interviewee mentioned that with the help with the technical feedback , and the smart online monitoring system company was able to develop and improve the car quality to reach from 100 km per hour (1st generation) to 300 km per hour (6th generation) .

The year 2014 is the year that JAC deepened its state-owned entrepreneur reform and also is the year in which JAC practiced its social responsibilities. Meantime, JAC celebrated its 50th birthday. Through the toughening of half a century, JAC has outgrown a simple auto parts company to be a comprehensive auto manufacturer synthesizing commercial vehicles, passenger vehicles, coaches, spare parts and auto service. JAC wouldn't have succeeded to become a group company that started from a small company and still sticks to its own brand without its development policy based on innovation. The initiative innovation is the life of JAC; moreover, it's the best way to practice the social responsibilities. JAC always drive the progress of the company with the technology innovation and develop our technology R&D lines with the keys of "power-saving, environment-protecting, safety and intelligence";

JAC upholds its popularization policy and accelerates power-saving and emission-reduction by increasing the amount as well as positively matches the resources environment to realize the three-layer demands of common people to the new-energy vehicles which are "affordable, convenient using and cheap-in-driving". Till the end of 2014, JAC has totally sold 8000 units new-energy vehicles and maintained the first position in promoting the electric family passenger cars as well as the biggest market share for five consecutive years in China.

Effect of government policies on organizations' performance

Government policies always change the way and the direction of how enterprises work , for examples after issuing policies in china's big cities to control the number of cars been driven on the road , also reduce the number of plate licenses issued every year , and national policies for reducing fuel consumption during vehicles production for 5L per 100 km which is impossible even for huge automobile manufactures .China subsidizes oil (an incentive for the State to encourage use and manufacture of electric cars), and Chinese automakers see opportunities in less mature electric cars as Western companies have yet to develop much of a lead in the technology. Since then Chinese auto manufacture started to produce and develop their electric cars . JAC was one of the earliest factories to do so and started to produce electric vehicles in 2010 with its first generation J3 EV.

CONCLUSION

One of the booming Economy Government for example, China no more has a negative mentality toward OFDI and rather, they are making an alluring atmosphere for SOEs contributing in the international market . They utilize their assets and institutional backing to offer assistance SOEs reinforce their focused position or make up for their aggressive inconveniences. From the policy-making viewpoint, these measures are supported in light of the fact that OFDI and Internationalization can reinforce the intensity of firms and countries and bring advantages, for example, innovative and administrative assets, to the home economy. The administration's view OFDI as another boulevard to get to business sectors, capital, innovation, and learning from cutting edge countries and to at last brace their national aggressiveness. From the discoveries of this contextual analysis, Chinese SOEs embraced the same international strategies as represented in the Literature framework which are export, Outward foreign direct invest and foreign direct invest , and vital partnership. The inspiration for Chinese SOEs to utilize FDI is somewhat not quite the same as the writings. Market-looking for reason continues as before. However proficiency looking for does not appear to fit on Chinese SOEs and asset looking for is utilized to look for basic and particular resources which couldn't be achieved in China, for example, propelled countries' capital business sector. Keeping in mind the end goal to enter these capital markets, Chinese SOEs embraced a unique OFDI strategy which is converse consolidation. Vital organization together is utilized by Chinese SOEs to beat the controls of lack on assets and capacities also. In any case, for Chinese SOEs, key organization together is an internal international strategy to secure profitable learning from remote accomplices. Policymakers can utilize Chinese government strategies and measures as a benchmark to think about and progress. By and large, China has been fruitful in both internal and outward FDI exercises. This would not be conceivable without powerful government strategies and measures. Such arrangements and measures differ among countries today. We concluded that each of the internationalization approaches is related to economic transition process, and Chinese government has played an important role for driving the firms' internationalization, e.g., by making the relevant regulations and the laws. Chinese firms' internationalization started from the state-owned enterprises, which are the lead of transferring the planned-economy to the market-oriented economy. The Chinese government support policy to the state-owned enterprises is one of the main reasons for Chinese firms' going abroad. In this paper, we also investigate how Chinese firms, to use strategic alliance and the world-class technologies through their R&D improvement during the integration with the global market These contributions of the study are related to policymakers that need to better understand how the Chinese case , and how strategies been shaped in China to reform and support the SOEs for better performance. Due to the fact this research approached an international well-known company and, based on this data, the findings might assist other emerging economics and developing countries when shaping their internationalizing strategies and policies .Collecting data from a number of Chinese SOE that are operating internationally would enable future studies proving the revised model. Quantitative studies regarding this subject would assist to understand the important factors than driven SOEs internationally. Furthermore, as this study is limited to Chinese SOEs internationalizing overseas, it would be promising to include some private enterprises in order to develop an effective strategy model.

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