

Study On Multinational Company Regional Headquarters' Local Choice in China and Enhance the Headquarters' Economic Competitiveness

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Abstract: Nowadays, multinational companies is the dominant factor in international trade, it promoted the development of global economic integration. In the global economic and trade activities of the coordination, organization and decision-making activities, multinational company headquarters and various kinds of regional headquarters plays a decisive role. To determine whether an area's place in the global economic activity is an important symbol of the region headquarters of multinational companies as well as the subordinate regional headquarters. Company's own strategic needs is the first factor of multinational company location selection, and objectively and location of your country have a certain degree of economic strategy, thus to play a certain role in promoting its economic development. Influencing factors on site selection of multinational companies have a lot of, one of the most important factors include location the condition of fundamental facility that the environment, market environment, financial situation, population and so on. Multinational companies on many aspects of influence, location of countries not only have a profound impact to urban employment, economic aspect, also to the urban space division, relevant supporting services to improve and environmental regulation has a positive role in promoting. Regions in Asia, Hong Kong and Singapore and China has attracted a large number of the establishment of regional headquarters, in number about 6000 foreign companies, as high as 3600 to set up regional headquarters in Singapore, and the number of regional headquarters in Hong Kong also reached more than 1000, at the same time there are more than 2200 companies set up regional offices in the region. China's economic clout with the deepening of reform and opening up to increasingly powerful, it also affects the multinational company's global layout: a growing number of multinational companies in mainland China to set up regional headquarters in Asia, the number is now up to hundred. Especially the first-tier cities such as Beijing and Shanghai, brought together a number of regional headquarters.

Keywords: multinational Company, regional headquarters' local choice.

1. INTRODUCTION

1.1 Research background:

The 21st century is the age of multinationals, the in the process of economic globalization plays an irreplaceable role, has a broad and far-reaching influence on the global economic development. An essential feature of a multinational corporation is a global expansion, namely the regional Settings of subordinate branches in the whole world. These institutions and the location of close cooperation, greatly extended scope of business activities, and to a great extent, promote the economic development of the host countries. These multinational companies play a bridge role between the host country, objectively contributing to the regional economic cooperation. Multinational companies need to be changed in the process of global economic integration, the main change is how to carry out regional headquarters location. The regional headquarters of the multinational companies bear the huge economic responsibility, through the coordination of regional head office products production and sales, logistics scheduling, capital financing, talent selection and management affect regional strategy.

Multinational company economic activity in the rapid development of our country, from the late 1990s to attract multinational companies operating in China, Alcatel - the first multinational company to the beginning of this century investment co., LTD., set up regional headquarters in China, the multinational companies is more and more inclined to set up regional headquarters in China.

The first chapter will discuss the problems mainly include: (1) the selected topic significance, the research "multinational companies set up regional headquarters in China" what is the meaning; (2) the basic concepts and research status quo, mainly described the concept of multinational and regional headquarters and regional headquarters of the type and characteristics, and the research status of regional headquarters location problem.

2. REGIONAL HEADQUARTERS LOCATION - THE THEORETICAL ANALYSIS

Thesis theoretical analysis mainly from two aspects, first is based on Michael Porter's location advantage theory analysis of the strategic competition. In addition, considering the regional headquarters from belongs to the multinational companies, the paper also from the classical theory of multinational companies related, analysis of the regional headquarters location problem. Multinational company theory development is divided into two stages: (1) in the early 1960s to the mid - seventy - s, the period is an early stage of development in theory, mainly includes the product cycle and the monopoly advantage theory of two; (2) after the mid - 1970 - as the recent stage, its theory mainly contains comprehensive and internalization theory.

2.1 Location in Porter Diamond Theory Thought:

This theory is Michael Porter (American famous master of strategic management) in the competitive advantage of nations in 1990, in the design of a theoretical analysis framework. How the architecture based on the analysis of a specific industry in a country to get competitive advantage, on the basis of the theoretical framework of trying to get a wide application.

Diamond theory consists of the following four factors:

1. the factors of production conditions A country's factors of production is related to its natural resources and infrastructure, is a kind of ability to convert all aspects of resources into unique advantages. After the reform and opening in China rapid development of a complete network, network, communication network, is higher talent resources can serve as the foundation, to develop unique advantages, such as establishing relevant applied science and technology and professional technology.

2. demand conditions, Requirements on condition that the local market demand for products. Demand conditions on the industry development plays an objective role, strict and rational demand conditions (such as understanding the product details, good at legal rights of consumers) can lead to the development of domestic related industries.

3. relevant and support industries The element looks at upstream of the x industry industry or other related is competitive in the world. Each related industries gather together and influence each other, common development in the form of a "cluster". Industry varies due to other nodes in the cluster, a good industry needs a world-class supplier of support, also need to strengthen the surrounding industry competition, and benefit from the competition, in the form of cluster innovation, thus enhance the overall competitiveness.

4. enterprise strategy, enterprise structure and competition This factor depends on the business area of historical and environmental factors, such as specific refers to enterprises on the basis of a country, the performance of the domestic market competition and the management pattern. The factor is the last factors affect enterprise competitiveness.

The above four factors in combination with each other and influence each other, related to each other to form a dynamic system. The influence of the system is not only reflected between the internal elements, and external conditions, including charisma, government decision-making and cultural elements also have great influence to through the system of internal nodes.

To sum up, the ideas of the Porter, is a strategic contest, the point of view based on the theory of regional competitive advantage. This view is the core of enterprise should choose carefully on set up regional headquarters and its selection criteria for the diamond system the most powerful countries, rather than a job performed the most convenient time for the country. Multinational company is a comprehensive process of site selection of area, not only has the unique superiority in factors of production, also need to have good suppliers, diversified competitors, and relatively picky customers. Each link be short of one cannot, work together to strengthen the competitive advantage.

3. REGIONAL HEADQUARTERS TO SET UP THE REASONS AND INFLUENCING FACTORS OF ANALYSIS

The establishment of regional headquarters of multinational companies have both theoretical and practical significance. This chapter mainly from the aspects of practical significance to analyze regional headquarters to set up the reasons, and summarize the related influencing factors, finally to Hong Kong as an example for empirical study.

3.1 The specific reason for the multinational company headquarters set:

The establishment of regional headquarters of multinational company's positive effect can be divided into the following two categories, five events: (1) enhance the effect of enterprise. Including signal, and the roles of reconnaissance and incentive three aspects; (2) the coordination integration function, including convergence resource and coordinating role of two aspects (Lasserre, 1996/1999).

(1) Enterprise enhancement effect Regional headquarters has a lot of strategy implementation and development, including new business development, talent collection, control and budgeting and strategic incentive and so on. From the perspective of a broader considerations, regional headquarters is a kind of convenient channels, can provide help for the local management. Or in the process of competition with other regions, can help to get the attention of company headquarters. The specific role can be divided into the following three:

1. Reconnaissance role A certain region is considered to be the center of establishing new enterprises and judge the center of the business opportunities, this is called reconnaissance role in multinational companies. In this case, the development of commercial business and reconnaissance fuses in together, these businesses include seeking development strategy and marketing talents, structure and development engineering business, seek development opportunities, etc. The characteristics of the reconnaissance role is as follows:

(1) The role and the company's own development in the region and the experience value has a close relationship, if the enterprise change into the area of development, the reconnaissance role will also be different. (2) this function will also suffer from headquarters in regional business development director for help. If the multinational companies to enter a country soon, so the effect will be done through the country's head. (3) reconnaissance role is constant. "Regardless of the multinational company how to establish perfect is in the Asia Pacific region, the effect is must perform a task, it will be for the development of new cooperation opportunities, countries to start a new task in new areas, seek new partners and develop new business, such as play an important role."

4. THE DEVELOPMENT COURSE AND CURRENT SITUATION OF REGIONAL HEADQUARTERS OF TRANSNATIONAL CORPORATIONS IN CHINA

Multinational companies in Singapore and Hongkong and other developed countries and regions to set up regional headquarters, in contrast, the development time of multinational corporations to set up regional headquarters in China this trend is relatively short, so many are not mature enough to be perfect, the hand still exists. This chapter mainly discuss the transnational corporations in the historical development of regional headquarters in China and current situation, to the national financial and macroeconomic policies in two aspects analyzes the existing problems, and according to the specific circumstances of the discussion puts forward corresponding solving methods.

4.1 The development process of regional headquarters of multinational corporations in China:

Strictly speaking, the development process of regional headquarters of transnational corporations in China is closely related to the development of its business in China, and it is generally divided into four stages.

At the beginning of 80s and 90s of last century, transnational corporations in order to facilitate and consolidate and Chinese business, flooded the company set up regional headquarters in Singapore and Hongkong and other neighbouring developed areas. However, for China, due to investment and construction projects in China multinational companies at this stage is relatively small, so few large multinational corporations to set up regional headquarters in China, which has the characteristics of the enterprise is the main headquarters of several companies from Hong Kong Macao and Southeast Asian countries. Moreover, the company's organizational form is mainly a joint venture, its registered capital is relatively small. At the same time, there is no corresponding laws and regulations to regulate, guide and manage the transnational corporations in China. At this stage, the development of the regional headquarters of multinational companies in China is relatively slow.

Since 1992, more large-scale multinational companies have sprung up in China to expand the scale of investment. With the increasing development of its business in China and investment projects, transnational companies to establish regional headquarters in Chinese increasingly urgent demand for regional headquarters as a corporation in China, management and coordination between agencies operating in China and mutual communication, and for each institution to provide a unified service.

September 1993, multinational companies and China's forum was successfully held in the meeting, BASF, SIEMENS and other global brands have proposed to establish regional headquarters in china. Although this requirement is reasonable, but because of the China in finance, financial status and management of foreign currency and commodity wholesale, retail, logistics and foreign trade circulation is not open, so in 90s, multinational companies establish a true sense of the regional headquarters of the requirements in China has not been Chinese government the approval. However, in order to encourage a large number of foreign enterprises to invest in China, the Chinese government has adjusted the strategic plan, allowing multinational companies to set up a holding company in China with the nature of investment. With the promulgation of this policy, since the second half of 1994, the major multinational companies choose to set up an investment holding company in china. Also, this phase of the multinational companies mostly from Europe and other developed countries, the company mainly take the form of sole proprietorship, but because the relevant administrative provisions of this in our country has not been established, the registered capital of the company, each amount from different.

5. MULTINATIONAL COMPANY HEADQUARTERS LOCATION OF BEIJING SHANGHAI CONTRAST RESEARCH

Regional headquarters located in Beijing and Shanghai has various influence factors, based on the above proposed "new diamond model", the article will be carried out from four aspects, the analysis of Beijing Shanghai address used, and the analysis focused on Beijing and Shanghai are its advantages and comparability.

5.1 The human factor:

Analysis of human factors, the development of Beijing and Shanghai has its own features and characteristics of but there are differences in their analysis Angle.

(1) in talent resources Beijing is China's political center and cultural center, Beijing has a long history, but also has the modern breath, Beijing has profound resources. In addition, Beijing is a center, its to the surrounding radiation ability is very strong, outsiders Beijing advanced culture and the economy also has the very strong attraction, especially the young talents, some experts and scholars to its very favour, also it is an obvious advantage compared with other cities. Beijing university is much and high quality, there are a lot of national excellent talent, has the most developed education scientific research institution, the advantage of the academy of sciences, Chinese academy of social sciences in Beijing also bring a lot of science. Beijing is engaged in the research of science and technology the most number of activities throughout the country, nearly one over ten, which accounted for one 7 of scientists engineers and the obvious advantages of talent resources. In the present stage of economic development, technology and talent are the main two factors, it will also promote innovation. In Beijing, rich human resources and positive environment for Beijing as a scientific research base of academic research of select add many glorious, in addition, Beijing has numerous colleges and academy for enterprises introduce talents brought convenient.

In mainland China, in addition to Beijing, Shanghai, which is the core of the Yangtze river delta cities, it also has numerous universities and research institutions, the introduction of talents for the enterprise has brought unique advantages. According to relevant statistics show that a few days ago, Shanghai has so far, more than 60 universities such as full-time students up to 450000 people. In order to provide better education platform, Shanghai has opened its distinct education and vocational training network. Recently, this kind of education institutions as many as 20, more than 150000 people come to the school. Adult network education institutions to develop school studied more than 80000 people. In addition, adult secondary institutions so far, more than 60 full-time students also reached more than 50000 people. More than 900 technical training schools. The number of large, distinct and perfect training system, education scientific research every year to cultivate large Numbers of talented persons, for the investment enterprises laid a good talent resources advantage, also make the center of the Shanghai to become a talent.

(2) measures From the perspective of talent resources, Beijing and Shanghai, each have each advantage, and strength. From a specific perspective, Shanghai than Beijing and the advantage of the weak, but from the introduction of professional personnel to provide preferential treatment and treatment level, do a better job in Shanghai than in Beijing.

Overall, the measures to attract talent better than Beijing, Shanghai and easier to use.

If Shanghai introduce talents, such as multinational company, the introduction of high-quality professional and technical personnel, senior management personnel, etc., they can get the local registered permanent residence, and be able to enjoy the preferential tax policy after a long time, it has made great their lives. For foreign visitors, they also can enjoy preferential policies, moving costs, and their children's education maintenance allowance. Shanghai pudong, for example, specific provision: multinational companies of high quality professionals in personal income tax place 40% retained in the return to individuals, in three years in order to promote the development of individual and training. Relative to the Shanghai, Beijing also have rules, but in the concrete implementation has suffered no small difficulty, the introduction of implementation of the talent. According to relevant data statistics, the Shanghai r&d center has up to 111, this is the introduction of talent laid a good foundation. At the same time, Beijing also so lost talent.

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