

***Management and Organization Review***  
**Special Issue on 'Building Competitive Advantages in China's  
Emerging Market'**

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In recent years China has become an important location for foreign direct investment. In fact, China has recently surpassed the U.S. as the largest recipient of foreign direct investment in the world. It is now estimated that there are over 450,000 foreign investment projects operating in China. It is no overstatement that almost every major foreign firm is operating in all segments of the Chinese market. Foreign firms continue to be a primary source of advanced technology, managerial capabilities, and financial resources for local companies. While there continues to be a euphoria regarding investment in China, there also has been an increasing recognition that competing and surviving in the Chinese market is not that easy. While one may expect a market of 1.3 billion people, the Chinese markets in most segments are highly fragmented, complex, uncertain, and fast changing. Within a short period of time, local firms have also emerged as strong competitors against foreign firms. Local firms have been rapidly accumulating resources and capabilities, narrowing the gap with foreign firms. The market is also filled with various types of local competitors who follow very different approaches in the market, such as traditional state-owned-enterprises, newly emerging entrepreneurial private firms, and collectively-owned township and village enterprises. This is a competitive situation that is highly unusual for foreign entrants in terms of its complexity and dynamics. There are direct confrontations among foreign firms, between foreign firms and locals, and also among local firms. The Chinese market also offers a unique research location given the large number of foreign and local firms.

This special issue focuses on the market competition and firm strategies in the Chinese market. In particular, we welcome studies that address the nature of competition and competitive dynamics in the Chinese market. There has been a dramatic change in competitive dynamics in China, from simple interactions between local firms and foreign imports in the early 1990s to complex multi-layered interactions among various types of competitors in recent years. Also, it is important to understand how companies in China operate to build and sustain their competitive advantages. Foreign firms' initial dominance has slowly been eroding. What can they do to sustain their early leadership? How can they combine their global strengths with local differentiation? Local firms at the moment are also searching for new directions to develop advantages over other local competitors and to challenge advanced foreign companies. What are the primary sources of advantages on which they should build their competitiveness? As the market becomes saturated, many local firms are also looking outward, targeting the global market. How can the local Chinese firms acquire the necessary capabilities to penetrate the global marketplace and establish a global position? In summary, this special issue broadly focuses on issues related with competitive situations and advantages in China from both foreign and local firms' perspectives. We welcome all ranges of studies, including conceptual and empirical or inductive and deductive studies, to understand the fascinating competitive phenomenon occurring in China.

Possible topics include but are not limited to the following:

- What is the nature of market competition in China?
- How have competitive dynamics evolved over time in China? And how are they different from the path in other emerging and developed countries?
- What are the major sources of competitive advantages for local firms and for multinational firms?
- How do multinational firms leverage their advantages in the Chinese market to build and sustain their differentiation advantages?
- What are the sources of competence acquisition and upgrading necessary for local firms to maintain their viability?
- How have joint ventures and alliances contributed to local firms' competence building?
- How does the ownership structure affect local firms' approaches in market competition?
- What are the differences among multinational firms in their competitive strategies in China?
- How do firms compete in complex and fast changing markets such as the Chinese market?
- What are the sources of local firms' advantages in the global market? How can local firms emerge as successful global players?
- How does the loose governance on intellectual property rights affect market competition? How do multinational firms balance their effort to maintain differentiation advantages by introducing new technologies while protecting their proprietary skills?
- What are the critical factors that affect firm strategies and long- and short-term performance in China?
- How are Chinese firms restructuring and reshaping their diversification strategies to meet the competitive challenges they are facing? How does this restructuring help them meet foreign competition or move into global markets?
- How are government-owned firms positioning themselves relative to the need to meet both political and social welfare requirements and investments to maintain future competitive viability?

Papers for the special issue should be submitted electronically to both the *MOR* office at [iacmr.mor@asu.edu](mailto:iacmr.mor@asu.edu) and Seung Ho Park at [psam@ceibs.edu](mailto:psam@ceibs.edu). The deadline for submission is September 1, 2005. Papers accepted for publication will also be presented in a 'mini-conference' held in conjunction with the International Association of Chinese Management Research bi-annual conference in June 2006.

Questions about this special issue may be directed to any of the guest editors: Seung Ho Park ([psam@ceibs.edu](mailto:psam@ceibs.edu)), Bob Hoskisson ([robert.hoskisson@asu.edu](mailto:robert.hoskisson@asu.edu)), and Tailan Chi ([chi@ku.edu](mailto:chi@ku.edu)).