

MIT CHINA FORUM



Tuesday, October 14, 2008

MIT Stata Center
Room 32-G449/Patil Conference Room
32 Vassar Street
Cambridge, MA

4:00-5:00pm Competitiveness of Chinese Enterprises in the Global Era

Weiying Zhang
Dean and Professor of Economics, Guanghua School of Management
Peking University

In this presentation, I argue that the success of Chinese enterprises in the past two decades has been mainly based on their cost advantage, particularly labor cost advantage. This cost advantage, combined with brand advantage of foreign-invested enterprises, has transformed China into a world factory. For short of its brand advantage, China produced big volume but small value. China's cost advantage is diminishing, for following reasons: (1) labor market is more globalized and regulated; (2) regulations on environments are tightening; (3) and consumers are more demanding. To meet these challenges, Chinese enterprises need to build their brand advantages and be more innovative in technology and management. Nevertheless, some institutional foundations need yet to be established.