

“An Analysis of the Entry Modes of Hong Kong Firms into China”

By

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I hereby certify that the work embodied in this dissertation is the result of original research and has not been submitted for a university degree or other similar qualification to any other University or Institution.

Signed: _____

Synopsis

China's WTO accession brings forth both great opportunities and challenges to Hong Kong's economic development and improving the economic interface between Hong Kong and the Mainland. These came into being with a free trade agreement with China, for the Closer Economic Partnership Arrangement (CEPA). Given these changes and with the removal of investment restrictions and Government incentive program (CEPA), Hong Kong firms are increasing the scope of their investment in China. Therefore, the importance of selecting the right mode of entry is becoming a vital topic for many Hong Kong firms. As such, the objective of this research was to provide new and important insights on Hong Kong firms entry into China. This was achieved by focusing on the choice of entry mode via equity and non-equity modes, and exploring the interrelationship and focus on the internal firm factors (firm and product characteristics) and external factors (industry and host market characteristics) that may impact Hong Kong firm's market entry decisions and performance related to entering China.

The data for the study were collected from a self-administered mail survey of 1,200 senior executives yielding 208 usable responses from wide cross section of industries. From the application of the Partial least squares (PLS) analysis it was found that the internal and external characteristics have strong effects on Hong Kong firm's decisions of entry mode strategy. Findings from this study also highlighted the significant relationship (such as firm characteristics and product characteristics), and non-significant relationship (such as industry characteristics, host market characteristics and the effect of entry mode strategy) with overall marketing performance. Finally, this study

advances the literature on marketing management and the understanding of the situation for China's developing economy that explore the exogenous and endogenous factors that influence on entry mode theory and performance of Hong Kong firms.

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