International Chinese Contractors in Small Geographic Markets: 2005/2009 Evolution

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The importance of understanding international business management has become imperative for companies and other organizations. This broad range of relationships is the paradigm of world living for contemporary societies, where the various legal persons, regardless of their size, have more and more information about the world as a whole, and even not being aware of this, they are affected by decisions and events that are, or seem to be, geographically distant from them. The public works are one of the components of the building industry. The analysis of enterprises internationalization, of this activity sector, implies to understand how and why companies are addressing more other markets than the domestic ones, to bid in public tenders, and when they get success, to work in these different regions or countries. Public works are an economic activity linked with sovereignty, because the main customer is the state. This paper studies Chinese international contractors’ presence in geographic small markets, namely Caribbean Islands and Oceania. Considering the data from 2005 to 2008, gathered from McGraw Hill Construction Reports—Engineering News Record. We analyse the evolution of the presence of referred companies in the targeted market, consider the main internationalization models, and we try to identify the main variables explaining the international contractors’ options. Then, we conclude that Chinese companies are increasing their international activity, and geographic proximity has no significant importance and it is not as relevant as to other foreign companies.

Keywords: international contractors, market segments, internationalization models

Introduction

We begin with the presentation of our paper and the goals we intend to achieve. Then, considering the revising literature work, we present the most known internationalization models and the main emergent motivational factors for internationalization. After these two chapters we develop our study, referring the largest international Chinese contractors and their presence in small geographic markets. Finally we present our conclusions and comments.

Nowadays the organizations are obliged to understand that international relations are a reality that no one can avoid, independently of their dimension or activity.

They must take a clear consciousness of this fact in order to avoid facing serious setbacks in short term. Their competitiveness and growth prospects, or even mere survival, must be considered taking into account a

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number of competitors and other influential forces of the environment, where economic agents are moving themselves in a complex network of inter-influences. The consequences of this process can go, and we certainly know they will, beyond what is perceived in the short term.

Punnett and Ricks (1997) also claimed that the global environment creates competitive challenges with diverse backgrounds that may arise from public or private sector and large and small organizations. The same authors reported that the main feature of international competition is precisely the variety of factors present in the game, which must be duly considered and analyzed.

Thus, we are in a globalized world, where the internationalization of organizations in general, and of all kind of business in particular, became a daily topic, although with different degrees of involvement. This new reality of international business requires that we understand the increasingly importance of the information as a very relevant resource today. Companies struggle with a dichotomy of great demand management. On one hand it is important to seek and gather information, but, on the other hand, it is equally important that organizations could not drown in the information and they must be able to create levels of relevance to bring them to focus on the most significant data in relation to each goal.

In this paper, we analyze the involvement of Chinese contractors in the Caribbean Islands and in Oceania, seeking to conclude about the variables supporting their options. We work with a data base from McGraw Hill Construction Reports—Engineering News Record, which considers the largest 225 international companies using the criteria of the turnover generated outside the home country.

**Internationalisation Models**

**General Framing**

The internationalization model option for each company must be consistent with the conditions it has for, eventually, developing its business in foreign markets. Regarding this, the diagnosis procedure is a very important stage preparing the decision about the internationalization process. This statement aims to highlight that companies must be fully aware about their financial conditions, technical resources, human resources, technological resources, and above all, available intellectual capital, with which they will address the new markets. Actually, international context must be properly studied, analyzed and understood, given the growing complexity acting abroad comparing the performance in the domestic market.

Already Aharoni (1966) stated that a decision related to investment across borders can not be seen isolated from future decisions, which means that looking back to a past decision and considering that it is not understandable for itself, placed in a sequence of options assumed by the company, we understand the logic that was behind its actual choice on a past time.

In the same line, Tayeb (2000) considers two major groups of internationalization models, namely, sequential models and simultaneous models.

The sequential models, as it can be inferred from the name, means the internationalization by stages, being identifiable the moments when companies have developed several measures to promote their involvement in international business, since the simplest way of exporting until they reach levels of internationalization more sophisticated, and they will be our concern in this study.

**The Uppsala Model**

One of the most used models to study the process of internationalization, particularly considering small
and medium enterprises, is the Uppsala model, which emerges from research projects developed in the mid-1960s at the University of Uppsala by a group of researchers led by professor Sune Carlson. According to Björkman and Forsgren (1997), the Nordic countries compared with most regions of the world, form an area of great homogeneity. These countries have a similar geographical size, their history has common links and language proximity is significant. All of them are open economies and the companies seek business opportunities abroad, because the limited sizes of the region where their work doesn’t allow important growth. The importance and relevance of international trade also influenced the Nordic academics and researchers.

Also the studies of Johanson and Wiedersheim-Paul (1975) and studies of Johanson and Vahlne (1977) took, as their starting point, the model above, emphasizing that it is characterized, precisely, for considering that the process of internationalization is an incremental progression. This leads to successive stages of greater involvement in foreign markets through different operation modes with growing international level of needs in terms of resources. In addition, geographical distances between the country of origin and the company’s target markets are becoming larger when international experience becomes greater. These studies began to focus on international expansion of companies in the Nordic countries, namely Swedish ones, and later they were confirmed by studies on other industries in other countries. One of the studied cases was the Finnish, by Luostarinen (1979) who confirmed the theory of internationalization by stages, with preference for geographical proximity in the early stages of the process.

However, Langhoff (1997) emphasizes that the concept of psychic distance has a cultural nature, and should be considered on the basis of individuals’ decisions rather than as an independent variable that explains the internationalization process of companies. Indeed, the author claims that psychic distance is not an objective factor and cannot be considered as an independent variable that affects all enterprises in an equally way. Therefore, Langhoff (1997) questioned whether psychic distance should not be a concept which covers the cultural differences or the cultural similarities.

This last reference raised some criticism to the model, adding that Bridgewater et al. (2004) said that remains unclear how knowledge affects the increase of resource allocation in the process of internationalization. Björkman and Forsgren (1997) state that constraints of the model were not properly specified, and this one is less valid when studying large multinationals. These companies have a significant international experience, trying to use the latest generation technology, international operations are not only motivated by the quest for new markets, and there is a great bet in services and industries with innovative technology.

Theory of Networks

Johanson and Vahlne (1990) and Forsgren and Johanson (1992) develop their work considering the establishment of networks as a process of companies internationalization. The prospect of networks leads us to have in mind the long-term relations between companies in the same sector of activity or economically interrelated, even in complementary sectors. The authors state that the development of operations in international markets is influenced by the increasing existence of relationships of proximity in these markets. From this perspective, the internationalization of the organization depends on a set of relationships in the network, being the developed standards and behaviours expressed, the corollary of relations established between the various actors, introducing an international multilateral element in the process, as Johanson and Vahlne’s (1992) opinion.

Considering Nieminen and Törnross (1997), the industrial development of businesses in new markets
faces a multiplicity of factors belonging to environment and affecting business relationships. In this sense, it is important to understand the basic construction of networks as a way to approach the market, which, according to the same authors, concerns with understanding the heterogeneous mix of resources with different actors and various activities. Nieminen and Törnross (1997) argue that networks can be used as a way to look at the process of developing the business from a more holistic perspective. They emphasize that one can identify the existence of networks taking into account the different aspects of the business-to-business as well as the context in which it develops, whether geographic, economic, social, cultural or political. The same authors consider that dynamics of networks can not be understood without reference to the basic concept of learning. The authors define learning as a cognitive exchange between actors and based on the ability to perceive the world from a new perspective. Learning allows to a new behaviour development for dealing with situations and problems of the contemporary world.

Anderson and Narus (1990), argue that the success of a company depends, in part, on third ones, including one or more other companies. Based on a study of partnerships between producers and distributors contend that both are involved in fewer but ever larger networks of cooperation, in which the coordination of marketing and technological resources is increasingly challenging to achieve success near the markets.

Holm and Johanson (1997), refer that, in the social exchange theory, networks are defined as combinations of two or more partners linked by relations of mutual exchange, in which the change in a dual relationship is constrained by the change, or on the other hand, the absence of change. In this sense, the use of the exchange networks theory in the perception of the transactions, in the business world, means that the implementation of a business is sustained by the realization of another one.

Emergent Motivational Factors for Internationalization

Innovative technologies or intellectual capital are important factors, usually hard to get from other countries, mainly when they artificially hinder their mobility. However, their economic and financial exploration can be very interesting. We have here a good reason for an internationalization option. Organisations may have to choose those markets where they can benefit from referred factors. That is a reason why they should invest taking local partnership into account. Those alliances can have an economic, financial, cultural or technical basis.

We detach that Bartlett and Ghoshal (2000) also consider the research and development investments on new products or services as relevant factors for internationalisation option. Companies need to achieve high levels of turnover, because this is the only way to make those investments profitable. That is why enterprises created from a national perspective have evolved for an international or even global structure. It was a survival condition. After one or more experiences in foreign markets new impulses may naturally appear, giving breath to internationalisation process. For example, when searching for new knowledge’s sources, organizations can find new chances for introducing productivity gains, or for getting innovative services or products.

Additionally, we must refer that geopolitical issues and institutional relations are important supports for internationalization movements. The existence of strong multi-domestic, global or transnational companies coming from the same country is an important and powerful way to extended political influence beyond boards. This intention risks to bring up negative reactions and eventual feelings or fears of sovereignty’s loss, but we know that developed and economic stronger countries find up with this strategy an open way for foreign affirmation.
Negotiations for foreign direct investment accomplishment that creates jobs in poor regions and contributes for their economic and social development may have as counterpart the support to strategic international trade decisions, or to have privileged access to relevant raw materials’ supplying, or to get geopolitical strategic decisions or even for building lobbies against regions, cultures or countries.

Motivations also base on domestic market success, as Tayeb (2000) suggests, considering that referred success leads to more self-confidence for new markets approaching. Top management finds these challenges as natural and considers them as the natural way of firm growth.

**Empiric Study**

**General Framing**

According with McGraw Hill Construction Reports, namely in its publication named Engineering News Record, the international market for public works was going on blooming in the years of 2005-2007, being a strong business in developed countries and a growing business in developing countries. In these ones, inner investment, namely public investment, as well as foreign investment and international organisations support, mainly from financial sector, has been strongly led to major infrastructures construction, considered indispensable for economic development, as roads, basic sanitation structures and energy production. In 2006 public works projects, allocated to major international contractors, raised to 224.43 billion dollars, representing an increase of 18.5% comparing 2005, when the homologous value was 189.41 billion dollars.

However, in 2008, the revenue generated by international contractors from projects outside their home countries was already 390.01 billion dollars, more 25.7% than the 310.25 billion dollars in 2007. From 2005 to 2008 the turnovers from these abroad projects are more than doubled.

With the crisis, we had some adjustments in terms of products segments, and the international contractors recognized recession in petroleum facilities, but we considered that the companies were buoyed by infrastructure orders. We can notice that the general turnover is still growing, and this is good news.

**International Chinese Contractors**

We begin with data from Table 1 and Table 2, where we can observe the distribution for home countries of larger international contractors and global contractors, particularizing only the most relevant. The international contractors ranking is built considering the turnover generated abroad for each company, and the global contractors ranking is built considering the total turnover of each company.

The first highlight we want to do is about the strong presence of Chinese companies in the international market of public works. In the biennium of 2005/2006, reflected in the 2007’s ranking, China was the second home country with more international contractors among the largest ones (49 in 225, representing 21.8% of total). In the biennium 2007/2008, reflected in 2009’s ranking, China had 50 international contractors among the largest ones and was the home country with the largest contribution to the international ranking.

We can also add, given the relevance of the data, that the largest growth in terms of contribution to this ranking was from Italy, passing from 11 to 26 international contractors, and from Turkey, passing from 22 to 31. In the opposite direction we have the case of USA, which passed from 51 international contractors to 26, always considering the largest 225 ranking.
Table 1  
*International Contractors 2005/2006*

| Countries 2005/2006 | International contractors | Global contractors |
|---------------------|--------------------------|---------------------|
| USA                 | 51                       | 103                 |
| China               | 49                       | 25                  |
| Turkey              | 22                       | 8                   |
| Japan               | 15                       | 15                  |
| Italy               | 11                       | 10                  |
| South Korea         | 10                       | 10                  |
| Spain               | 8                        | 8                   |
| France              | 8                        | 6                   |
| Others              | 51                       | 40                  |
| Total               | 225                      | 225                 |

*Note. Source: McGraw-Hill Construction (author’s conception).*

Table 2  
*International Contractors 2006/2007*

| Countries 2007/2008 | International contractors | Global contractors |
|---------------------|--------------------------|---------------------|
| China               | 50                       | 32                  |
| Turkey              | 31                       | 9                   |
| Italy               | 26                       | 14                  |
| USA                 | 25                       | 86                  |
| Japan               | 15                       | 15                  |
| South Korea         | 13                       | 14                  |
| Spain               | 11                       | 11                  |
| France              | 6                        | 4                   |
| Others              | 48                       | 40                  |
| Total               | 225                      | 225                 |

*Note. Source: McGraw-Hill Construction (author’s conception).*

Focusing on the case of China we get relevance comparing its international contractors’ number with the one of global contractors. In both biennia the Chinese international contractors are enough more than the global ones. Perhaps we can infer from here that internationalization is a very relevant concern for the companies of this country and at the same time, being China a central planning economy, inward competition is not promoted.

**Chinese International Contractors in Small Markets**

According with the database we are using we consider as small geographic markets Oceania and Caribbean Islands. In the former we have data of Australia, Pacific Islands, New Zealand and Papua New Guinea, and in the latter we have data of Greater Antilles, Puerto Rico, Cuba and Lesser Antilles.

The international contractors’ presence in these markets is as follows in Tables 3-6. We have data to the biennia 2005/2006 and 2007/2008.

Regarding Oceania we find Chinese contractors in all the market segments here considered, but this presence is stronger in the most recent biennium. We can also notice that the stronger position, considering the weight on total of the largest contractors in each market segment, is higher in developing countries than in developed countries.
Table 3

Largest International Contractors Presence in Oceania Markets in 2005/2006

| Markets | Australia | Pacific Islands | New Zealand | Papua New Guinea |
|---------|-----------|-----------------|-------------|-----------------|
|         | No. of companies | Percent (%) | No. of companies | Percent (%) | No. of companies | Percent (%) | No. of companies | Percent (%) |
| Germany | 3 | 9.09 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Australia | 0 | 0.00 | 2 | 13.33 | 2 | 22.22 | 1 | 12.50 |
| Austria | 1 | 3.03 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Belgium | 1 | 3.03 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| China | 3 | 9.09 | 2 | 13.33 | 1 | 11.11 | 3 | 37.50 |
| Spain | 1 | 3.03 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| France | 4 | 12.12 | 3 | 20.00 | 3 | 33.33 | 1 | 12.50 |
| Holland | 1 | 3.03 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Italy | 1 | 3.03 | 1 | 6.67 | 0 | 0.00 | 0 | 0.00 |
| Japan | 1 | 3.03 | 2 | 13.33 | 0 | 0.00 | 0 | 0.00 |
| U.K. | 3 | 9.09 | 0 | 0.00 | 1 | 11.11 | 1 | 12.50 |
| USA | 14 | 42.42 | 5 | 33.33 | 2 | 22.22 | 2 | 25.00 |
| Total | 33 | 100.00 | 15 | 100.00 | 9 | 100.00 | 8 | 100.00 |

Note. Source: McGraw-Hill Construction (author’s conception).

Table 4

Largest International Contractors Presence in Oceania Markets in 2007/2008

| Markets | Australia | Pacific Islands | New Zealand | Papua New Guinea |
|---------|-----------|-----------------|-------------|-----------------|
|         | No. of companies | Percent (%) | No. of companies | Percent (%) | No. of companies | Percent (%) | No. of companies | Percent (%) |
| Germany | 4 | 11.43 | 0 | 0.00 | 1 | 7.14 | 0 | 0.00 |
| Australia | 1 | 2.86 | 1 | 7.14 | 3 | 21.43 | 0 | 0.00 |
| Luxemb. | 1 | 2.86 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Holland | 1 | 2.86 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| China | 4 | 11.43 | 3 | 21.43 | 2 | 14.29 | 7 | 58.33 |
| S. Korea | 2 | 5.71 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Spain | 3 | 8.57 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| France | 3 | 8.57 | 1 | 7.14 | 3 | 21.43 | 1 | 8.33 |
| Italy | 3 | 8.57 | 0 | 0.00 | 1 | 7.14 | 0 | 0.00 |
| Japan | 0 | 0.00 | 3 | 21.43 | 0 | 0.00 | 0 | 0.00 |
| U.K. | 3 | 8.57 | 0 | 0.00 | 1 | 7.14 | 1 | 8.33 |
| USA | 10 | 28.57 | 6 | 42.86 | 3 | 21.43 | 3 | 25.00 |
| Total | 35 | 100.00 | 14 | 100.00 | 14 | 100.00 | 12 | 100.00 |

Note. Source: McGraw-Hill Construction (author’s conception).

Now, if we read Table 5 and Table 6 about the presence of largest international contractors in Caribbean Islands, we can also say that between 2005/2006 and 2007/2008 the number of Chinese contractors in this market has grown. Once again, the weight of Chinese companies is higher in developing territories.
Table 5

*Largest International Contractors Presence in Caribbean Markets in 2005/2006*

| Countries | Greater Antilles | Puerto Rico | Cuba | Lesser Antilles |
|-----------|------------------|-------------|------|-----------------|
|           | No. of companies | Percent (%) | No. of companies | Percent (%) | No. of companies | Percent (%) | No. of companies | Percent (%) |
| Germany   | 0                | 0.00        | 0                | 0.00        | 2                | 7.14        |
| Belgium   | 1                | 5.26        | 0                | 0.00        | 0                | 0.00        |
| Brazil    | 1                | 5.26        | 0                | 0.00        | 0                | 0.00        |
| China     | 3                | 15.79       | 0                | 0.00        | 2                | 7.14        |
| S. Korea  | 0                | 0.00        | 0                | 0.00        | 1                | 3.57        |
| Denmark   | 1                | 5.26        | 0                | 0.00        | 1                | 3.57        |
| Ecuador   | 0                | 0.00        | 0                | 0.00        | 1                | 3.57        |
| Spain     | 3                | 15.79       | 1                | 5.26        | 0                | 0.00        |
| France    | 2                | 10.53       | 1                | 5.26        | 2                | 40.00       |
| Greece    | 0                | 0.00        | 0                | 0.00        | 1                | 3.57        |
| India     | 1                | 5.26        | 0                | 0.00        | 1                | 3.57        |
| Israel    | 0                | 0.00        | 0                | 0.00        | 0                | 0.00        |
| Italy     | 2                | 10.53       | 1                | 5.26        | 0                | 0.00        |
| U.K.      | 0                | 0.00        | 1                | 20.00       | 1                | 3.57        |
| Sweden    | 1                | 5.26        | 0                | 0.00        | 2                | 7.69        |
| USA       | 4                | 21.05       | 15               | 78.95       | 2                | 40.00       |
| Total     | 19               | 100.00      | 19               | 100.00      | 5                | 100.00      | 28              | 100.00       |

*Note.* Source: McGraw-Hill Construction (author’s conception).

Table 6

*Largest International Contractors Presence in Caribbean Markets in 2007/2008*

| Countries | Greater Antilles | Puerto Rico | Cuba | Lesser Antilles |
|-----------|------------------|-------------|------|-----------------|
|           | No. of companies | Percent (%) | No. of companies | Percent (%) | No. of companies | Percent (%) | No. of companies | Percent (%) |
| Germany   | 1                | 4.17        | 0                | 0.00        | 0                | 0.00        | 1                | 3.85        |
| Australia | 1                | 4.17        | 0                | 0.00        | 0                | 0.00        | 0                | 0.00        |
| Belgium   | 1                | 4.17        | 0                | 0.00        | 0                | 0.00        | 1                | 3.85        |
| Brazil    | 2                | 8.33        | 0                | 0.00        | 0                | 0.00        | 0                | 0.00        |
| Canada    | 0                | 0.00        | 0                | 0.00        | 0                | 0.00        | 1                | 3.85        |
| China     | 3                | 12.50       | 0                | 0.00        | 0                | 0.00        | 1                | 3.85        |
| S. Korea  | 0                | 0.00        | 0                | 0.00        | 0                | 0.00        | 1                | 3.85        |
| Denmark   | 1                | 4.17        | 0                | 0.00        | 0                | 0.00        | 2                | 7.69        |
| Spain     | 2                | 8.33        | 1                | 10.00       | 0                | 0.00        | 0                | 0.00        |
| France    | 3                | 12.50       | 0                | 0.00        | 1                | 20.00       | 2                | 7.69        |
| Italy     | 3                | 12.50       | 0                | 0.00        | 0                | 0.00        | 0                | 0.00        |
| Japan     | 1                | 4.17        | 0                | 0.00        | 0                | 0.00        | 1                | 3.85        |
| U.K.      | 0                | 0.00        | 1                | 10.00       | 0                | 0.00        | 1                | 3.85        |
| USA       | 6                | 25.00       | 6                | 60.00       | 3                | 60.00       | 9                | 34.62       |
| Total     | 24               | 100.00      | 10               | 100.00      | 5                | 100.00      | 26               | 100.00      |

*Note.* Source: McGraw-Hill Construction (author’s conception).

Another important issue is the distribution of these contractors for product markets. The answer is in Table 7. We just consider the relevant markets for the below list of companies. That is why we don’t include the following products segments: hazardous waste, sewerage/solid waste and manufacturing.
Table 7
Product Markets 2007/2008

| Chinese contractors/Ranking position | General building (%) | Power supply (%) | Industrial process/petroleum (%) | Transportation (%) | Telecom-munications (%) |
|-------------------------------------|----------------------|-----------------|-------------------------------|-------------------|--------------------------|
| Oceania                             |                      |                 |                               |                   |                          |
| China Communicat. Construction Group Ltd. 17 | 1                   | 0               | 2                             | 1                 | 95                       | 0                        |
| China National Machinery Indus. Corp. 28 | 3                   | 68              | 5                             | 6                 | 16                       | 2                        |
| Sinohydro Corp. 56                  | 14                  | 5               | 0                             | 42                | 0                        |                          |
| China Metallurgical Group Corp. 61   | 31                  | 0               | 0                             | 0                 | 47                       | 0                        |
| China Railway Group Ltd. 62         | 32                  | 0               | 1                             | 0                 | 66                       | 0                        |
| China Civil Engineering Constr. Corp. 72 | 27                  | 0               | 10                            | 4                 | 53                       | 0                        |
| China Overseas Engineering Group Co. Ltd. 141 | 96                  | 0               | 1                             | 0                 | 3                        | 0                        |
| Qingjian Group Co. Ltd. 143         | 92                  | 0               | 4                             | 0                 | 1                        | 0                        |
| China Jiangsu Int’l Econ-Tech. Coop. Corp. 147 | 19                  | 0               | 12                            | 0                 | 66                       | 2                        |
| Weihai Inter. Econ. & Tech. Coop. Co. Ltd. 199 | 100                 | 0               | 12                            | 0                 | 0                        | 0                        |
| China Communicat. Construction Group Ltd. 17 | 1                   | 0               | 2                             | 1                 | 95                       | 0                        |
| China National Machinery Indus. Corp. 28 | 3                   | 68              | 5                             | 6                 | 16                       | 2                        |
| China Railway Construction Corp. Ltd. 51 | 2                   | 2               | 0                             | 0                 | 96                       | 0                        |
| China Metallurgical Group Corp. 61   | 14                  | 5               | 0                             | 42                | 0                        | 0                        |
| China Civil Engineering Constr. Corp. 72 | 32                  | 0               | 1                             | 0                 | 66                       | 0                        |
| Shanghai Constr. (Group) General Co. 103 | 66                  | 12              | 0                             | 7                 | 15                       | 0                        |
| Beijing Construction Eng’g. Group Co. Ltd. 140 | 98                  | 0               | 2                             | 0                 | 0                        | 0                        |
| Anhui Fore. Econ. Constr. (Group) Co. Ltd. 212 | 93                  | 0               | 0                             | 7                 | 0                        | 0                        |
| China Nat’l Compl. Plant Imp. & Exp. Corp. 224 | 59                  | 0               | 41                            | 0                 | 0                        | 0                        |

Note. Source: McGraw-Hill Construction (author’s conception).

We notice that the most part of Chinese international contractors operating in these two regions of the world, which are the smaller geographic markets we consider, are specialized in general building or in transportation infrastructures. However we can point three major exceptions:

1. China Metallurgical Group Corp. has 42% of its turnover generated with industrial process/petroleum infrastructures and is working in Australia, Papua New Guinea and Lesser Antilles;

2. China National Machinery Indus. Corp. has 68% of its turnover generated with power infrastructures and is working in Papua New Guinea, Greater Antilles, Cuba and Lesser Antilles;

3. Sinohydro Corp. has 42% of its turnover generated with power infrastructures and is working in Pacific Islands.
Conclusions

The international markets are becoming more and more important to Chinese contractors, and this means to China as a whole. The number of Chinese companies in the international ranking is considerably higher than the one in the global ranking. We can admit that the central planning economy avoids too much inner competition and promotes strong presence in foreigner markets. This is really important and suggests a national strategy, which overlaps corporate strategy, because companies are almost all state-owned. We also conclude that China is already the country with more companies in the international ranking, well ahead of the second one, that in the last biennium was Turkey.

International contractors from China are operating in both markets here considered, but their presence is stronger in Oceania that in Caribbean Islands. We think that this difference, which is not very significant, can be explained by geographic distances, as considered by the Uppsala Model. However, in both cases, we can not speak about cultural proximity, which seems to be not a problem for the Chinese companies’ internationalization process. So, the Uppsala Model doesn’t match very well with these companies’ strategy.

The main Chinese international contractors are working in both regions. Usually the largest companies appear in all markets, maybe to show a strong presence and to mark a position that can defend the smallest Chinese companies also working in international markets.

These companies are mainly specialized in two kinds of infrastructures: general building and transportation. We know that search for raw materials is important to China but the markets here studied don’t offer an important source in this field. That is why we don’t have the petroleum segment with a strong presence. On the other hand, general building and transports are always relevant in developing countries, which are beginning the process of infrastructures creation.

Chinese contractors are stronger in developing markets than in developed, which is confirmed by other studies we have already done about other geographic regions.

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