
A COMPARATIVE ANALYSIS OF INTERNATIONAL COMPETITIVENESS OF GERMANY BOSCH AND SINO WANXIANG – BASED ON DIAMOND MODEL AND RCA INDEX

Rulong He*, Hongkun Li, Lingling Yang*****

**Undergraduate Student, Zhejiang International Studies University, Majoring in Tourism Management, China. Email: 941255780@qq.com*

***Undergraduate Student, Zhejiang International Studies University, Majoring in Tourism Management, China. Email: 451467318@qq.com*

**** Lecturer, Doctor of Industrial Economics, Zhejiang International Studies University. Research Direction, International Trade and Industrial Economics, China. Email: 704862589@qq.com*

Abstract

The current world economy under the background of internationalization, enterprises need to take the initiative to seek further development to accelerate the process of growing the international competitiveness of its own, and in which the government plays a very important role, such as “The Belt and Road” “going out” policy. Based on the RCA index, this paper analyzes the international competitiveness of the Chinese and German auto parts industry in the diamond model, and discusses the role of the government in promoting the international competitiveness of the enterprises. A case study of BOSCH group and China Wanxiang Group helps us understand the role of the government.

Keywords: *Internationalization of MNCs, Government Policy, RCA, Diamond Model, Interaction between Government and MNCs*

Introduction

China has become an increasingly important player in the global market, resulting of its opening-up policies. Such as, One-belt, one-road, the policy has benefits numerous multinational companies (MNCs) locating in the eastern and western parts of China by providing beneficial transportation and investment condition. However, it is a long-term to develop for business

to get international (Cheng, 2002 Ouyang, 2017). Such as domestic MNCs are not competitive in the perspective of kills, comparing with the MNCs of western countries. Moreover, starting to accumulate capitals and experience from an earlier timing, it's harder for domestic MNCs to emerge new market in countries, which have already be dominated by MNCs of other countries. (Dunning 1981).

To improve this situation, the government perspective is non-negligible. Especially for Chinese multinational companies (CMNCs), at least for the state-owned enterprises (SOEs), government policies swayed the decision to internationalize and choice of host markets. (Robert and Chris, 2016) From the macro-perspective, government policies on taxation, international trade, labor, international communication, etc. will all has an indirect or direct impact on the international competitiveness for enterprises (Li, Chen, Yang, 2016).

Moreover, the high international competitiveness of MNCs in one country also benefits their home government by bringing frontier skills and technologies back, by transporting lower industries, and so on. Consequently, international competitiveness of MNCs or specific industries is taken into considerations while deciding policies. (Ru, wang, Ren, 2015) Thus, it is important to put internationalization of MNCs under the perspective of domestic policies to consider. Many papers and researches referred to this topic, however, numerical research has been lacking for a long period.

This research aims to identify how the home country government interacts with the MNCs by conducting empirical analysis on auto parts industry, with datum from UNCTAD database, and case studies on the Germany Bosch Company and Sino Wanxiang Company, the most representative auto part enterprises with specific degree of internationalization. This research discusses the effect of home-country government policies on the MNCs, and how the firm-international-competitiveness should be treated when government policies were implemented. The RCA method is applied to quantify the international competitiveness. And the Diamond model is applied to identify the effect of policy factors on the international competitiveness of enterprises. And a comparative analysis of the two enterprises is deducted. Discussion about the domestic policy factors that influence the companies in internationalization can be helpful in exploring the push and motivations, from political perspective, of CMNCs to improve the international competitiveness, with the background of China are advocating "Going-out", "One belt- One Road" and other optimistic policies towards the world. Moreover, this research can provide future studies with reference concerning companies

in generating international revenue. This research is helpful to both global managers and administrators in MNCs and government want to encourage domestic enterprises to emerge internationally.

Literature Review

Internationalization and Competitiveness of Enterprises from the Government Perspective

Based on the exploring study of Aharoni (1966) by a longitude view, Forsgren & Johanson (1975) conducted the UIM model, which was developed by Johanson & Vahlne (1977; 1990) and became an independent model for describing the total internationalization process, through which, the international competitiveness grow from low to high. The UIM model describes that the corporation internationalization will be divided into two parts, the description and analysis. First, the corporation will start to internalize in the both geographically & culturally less distant country. And it's important to get consolidated and uprising development in the oversea market. The internationalization process, which stands for the international competitiveness, of a corporation is staged and gradual.

And Chen, Zhai, Han (2014) also put up that when a corporation is of high international competitiveness, it also carries the mission to develop its country. Thus, their intension will finally turn into seeking for skills to improve its country, consequently, supporting national policies serve as critical roles, especially for states-holding enterprises. (Song Yang & Zhang, 2011). German, as a technology- advanced country, rooms many international companies and has been accumulating internationalization experience for a long period, while China is still “on the path” (Xi Jinping, 2017).

Facing the new national policies like “one belt-one road”, “going-out” and “bringing-in”, Chinese international enterprises are facing with new opportunities to get developed and threats challenging their efforts to improve their international competitiveness, especially during the trade-war between China and America. There is of many needs of investigation to dig out how to internationalize for China.

RCA (Root Cause Analysis)

RCA, Root Cause Analysis, was proposed by Balassa (1965) to calculate the comparative advantages of a country. It equals to the ratio between the national export volume of a specific goods and the whole national export

volume divided by the ratio between the worldwide export volume of a specific goods and the whole worldwide export volume. It was widely used by many international organizations, like World Bank.

$$RCA = (X_{ij} / X_{tj}) / (W_{ij} / W_{tj})$$

(X_{ij} = national export volume of one specific goods; X_{tj} = total national export volume; W_{ij} = worldwide export volume of one specific goods; W_{tj} = total worldwide export volume.)

If the $RCA > 2.5$, the object is extremely competitive in the international competition.

If the $2.5 > RCA > 1.25$, the object still stands in strong position in international competition, though rather lower than the former.

If the $RCA < 0.8$, the object are uncompetitive.

By now, RCA rate are widely used in many industries. Zhou (2008) analyzed the skill-intensive industry of western Asia by combining RCA and the categories analysis method proposed by Aiginger (1997,1998). Qu (2012) also made good use of RCA when analyzing the Creativeness-intensive industry of China. However, there is a lacking of practicing RCA in products relating to vehicles. Consequently, being able to gaining knowledge and exploring new area, this paper will set this as one way to explore that industry in Germany and China.

Diamond Model

Dr. Michael Porter (1990) deducted the national diamond model after the analysis of over 100 international industries. That model credits the international competence factors of industries and corporations to four national categories of elements: production elements, demands conditions, related and supporting industry and firm strategy structure and rivalry. In Porter's theory, moreover, there are two exterior dictators, government and opportunity, that will affect those elements. In other words, government and opportunity will affect international competence of corporations and industries indirectly.

However, the primary model still showed some disadvantages. The first one is the limited perspective. According to the analysis of the competence of New Zealand, Cartwright (1993) added another five overseas indicators on that,

and put up with a multi-factors diamond model. The added elements, the ability of creating production elements overseas, the connection with supplements industries overseas, the methods to satisfy overseas customers' requests; the competition of overseas markets and how international the corporation or the industry is, bond the model with the international perspective. On the base of that, Dunning (1993) also laid emphasis on the international perspective and attached the third exterior elements, international commerce, to the model, which is called international diamond model.

Porter credited the competence to the national market, while Rugman and D' Cruz (1993) held that it wouldn't work out for small economies, especially those with smaller national capacity and scale like Canada. Consequently, they put up with the Double Diamond Model, setting America and Canada as a combination example. On the one hand, Canada could make use of great American market scale. On the other hand, the American investment could lay stress on Canadian national market. And Yang and Qiu (2008) concluded that among those exterior elements, government played a core determination in the growth of an industry or a corporation.

The well-developed Diamond Model can be used analyze the international competence for an industry or a corporation, especially from the government perspective. Consequently, this paper will set this as one way to explore that industry in Germany and China.

Construction of the Overall Model

Based on the RCA method, this paper made calculation on the both Germany and Chinese auto parts industry, Bosch Company, Wanxiang Company. RCAs of this subjects indicate their international competitiveness. Based on the Diamond Model, this paper analyzed how the government influence the international competitiveness elements. Eventually, to the interaction, the government does macroscopic readjustment and control by implementing policies, while the MNCs makes reflection to the policies by serving as a deciding factors influencing the policies making and by bring benefits to their home communities. In conclusion, the relationship we consider between the home governments and MNCs is like an accounting cycle. There is no before or later, they each produces own economic impact on each other that continue the cycle (Williams, Haka, Bettner, Carcello, 2017).

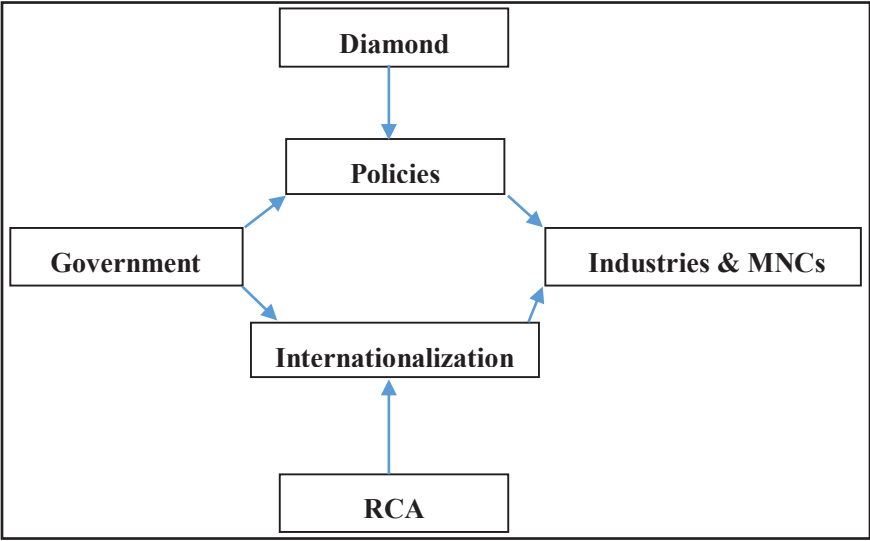


Fig. 1: Overall Structure Model

Empirical Analysis of BOSCH and Wangxiang Group

The RCA index of German and Chinese Auto Parts Industry

Before we analyse the two groups, we are trying to understand the overall situation of the two countries’ international competitiveness through Revealed Comparative Advantage index (RCA). According to the UNCTAD database, the RCA index of Germany auto parts industry from 2008 to 2016 is calculated. And the results are shown in Table 1.

Table 1: RCA of German Auto Parts Industry

Year	Total auto parts exports in German (thousand dollars)	Total exports in German (thousand dollars)	World total auto parts exports (thousand dollars)	World total Exports (million dollars)	RCA index
2008	32 344 358	1 466 137 413	311 647 563	16 148 864	1.15
2009	22 687 644	1 127 839 933	229 059 645	12 555 778	1.1
2010	26 753 381	1 2710 96 329	302 297 066	15 302 138	1.05
2011	32 204 160	1 482 202 274	356 745 712	18 338 967	1.11

Year	Total auto parts exports in German (thousand dollars)	Total exports in German (thousand dollars)	World total auto parts exports (thousand dollars)	World total Exports (million dollars)	RCA index
2012	28 778 018	1 410 129 633	361 552 123	18 497 485	1.05
2013	31 004 467	1 450 950 921	378 576 023	18 954 345	1.07
2014	33 309 052	1 498 157 778	386 473 356	18 968 982	1.09
2015	30 513 259	1 328 549 134	363 969 956	16 519 956	1.04
2016	32 910 143	1 340 752 046	375 715 793	16 029 692	1.07

As the table shows that the RCA index of Germany auto parts industry from 2008 to 2016 is between 0.8 and 1.25, indicating that the industry has comparatively strong international competitiveness. And the RCA index of Chinese auto parts industry from 2008 to 2016 is also shown as below (Table 2):

Table 2: RCA Index of Chinese Auto Parts Industry (million USD)

Year	Total auto parts exports in China	Total Exports in China	Total auto parts exports in the world	World total Exports	RCA
2008	14,986	1,430,693	311,649	16,148,864	0.5122
2009	11,699	1,201,612	229,060	12,555,778	0.5352
2010	16,823	1,577,754	302,297	15,302,138	0.5384
2011	20,563	1,898,381	356,746	18,338,967	0.5568
2012	22,803	2,048,714	361,552	18,497,485	0.5693
2013	25,764	2,209,005	378,576	18,954,345	0.5839
2014	28,699	2,342,293	386,473	18,968,982	0.6005
2015	28,496	2,273,468	363,970	16,519,956	0.5688
2016	28,492	2,097,632	375,716	16,029,692	0.5794

The analysis of the data can be concluded that the RCA index of Chinese auto part industry is lower than 0.8 from 2008 to 2016 which reflects Chinese auto part industry is standing in an uncompetitive position in international competition. But the general trend is rising which changes from 0.5122 in 2008 to 0.5794 in 2016. However, it is confirmed clearly that during the long nine

developing years, Chinese auto parts industry, whose export competitiveness is still growing slowly and remains in uncompetitive position. And the growth rate is less than 1% each year.

Case Analysis of BOSCH Group and Wanxiang Group

Case Selection

This article choose Bosch Group and Wanxiang group as the study cases to analyse their international competitiveness. And the reasons are listed as below:

Following the timeliness of case selection which means that the case should have a wide time span to be analyzed. The Bosch Group is one of the largest industrial enterprises in Germany as well as a leading global supplier of technology and services. Since the first workshop was founded by Robert Bosch in 1886, Bosch has gone through more than 100 years. As for Wangxing Group, after 30 years of development, Wanxiang Group has become auto parts industry leader in China through enterprise internationalization step by step. Both provide a time span that is required by in-depth research.

Following the focusing principle means that the case should follow at purport. BOSCH group is a global group with a high degree of internationalization. And Wanxiang Group is the representative of China transnational corporation. Its internationalization process has typicalness.

The two groups are among the best within their own country, with high degrees of internationalization and high international competitiveness. We will focus on the analysis of the two enterprises from the government side to explain why the two groups become much more outstanding.

Background of BOSCH Group

The Bosch Group is one of the largest industrial enterprises in Germany and a leading global supplier of technology and services, ranking seventy-sixth in the world's top 500. Bosch also ranks first among the top one hundred auto parts suppliers. The old company spanning more than a century is based in Stuttgart in southern, Germany, with its main business in four areas: Mobility Solutions, Industrial Technology, Consumer Goods and Energy and Building Technology. As of December 31, 2017, Bosch has 440 subsidiaries and regional companies in nearly 60 countries with 125 R & D bases and about 400000 employees worldwide. In the 2017 fiscal year, it created 78 billion 100 million euros in sales.

The Internationalization Process of BOSCH

Table 3: The Internationalization Process of BOSCH

1886-1905	Robert Bosch Bosch founded the “precision machinery and electrical engineering workshop” in Stuttgart.
	In collaboration with the British Frederic Simms the first Bosch company was founded in London.
	Bosch began to run a subsidiary in France
1906-1913	The commercials of the magneto ignition system published in American newspapers began to bring us \$1 million worth of orders for Bosch. Set up a sales office in South Africa
	Set up a sales office in Australia, Argentina, China, Japan
	In view of the success of the US business, Bosch began producing star products in its own factory in Springfield Massachusetts. The representative office of Bosch has covered all continents and the business outside Germany accounts for 88% of the company’s total sales.
1914-1932	During the first World War, all foreign markets disappeared overnight and development was interrupted.
	After the war, the renamed Robert Bosch AG Limited by Share Ltd returned to the global market in a difficult way and its patents have been revoked. But Bosch did not give up. Eventually, the original contract was restored and the new market was opened.
	About 10 years after the war foreign sales rose to only 34% of the total sales. High transport costs and tariff barriers have led Bosch to try alternatives. In France, Britain and Italy, it began to look for local production partners; in Australia and Japan, partner companies produced products under the Bosch license. By 1932, Sales abroad climbed to 55%.
1939	After the Nazis seized power, the company’s foreign sales fell to a low of 9%.
1946-1959	After the Second World War, Bosch once again lost its production base all over the world. In the next 20 years, the company is committed to rebuilding but has also opened up new business areas. It was not until 1960 that Bosch accounted for more than 20% of its international sales.

1960-1989	In the US the world's largest economy, Bosch did not regain its full access to private brands until 1983. The company also started joint ventures in key markets such as Japan.
1990-2016	By 1994, Bosch had owned its own company in 13 former Eastern European bloc countries. Bosch continued to set up production plants in the following areas: Jihlava and České Budějovice in Czech, Wroclaw in Poland, Miskolc and Hatvan in Hungarian, and Engels Samarra in Russian. In India, Japan and Southeast Asian countries, Bosch has long occupied the market or is actively committed to emerging markets. After the gradual opening up of the Chinese market, Bosch was able to take a firm foothold in regional producers in China. In 2001, it acquired Mannesmann Rexroth the world's leading industrial technology company. In 2003, the acquisition of Buderus AG expanded the scale of the thermal technology sector.

The reasons for BOSCH group's strong international competitiveness under the diamond model from government aspect

The RCA index only reflects the results of competitiveness of German. The reasons for the competitiveness and the prediction of future competitiveness need to use Potter's "diamond" model, involved four aspects: production elements, demand conditions, related and supporting industry and firm's strategy structure and rivalry.

The Influence of the Government on Production Elements

Potter divides elements into primary production factors and advanced production factors. The primary production factors include natural resources, climate, geographical location, non-technical workers and semi-skilled workers which will lead to the cost advantage of scale economy and advanced production factors include advanced human resources, public knowledge and technological innovation platform. The government's influence on production factors is mainly focused on the cultivation of the creation mechanism of advanced production factors.

Educational Aspects: Germany is strengthening multi-party cooperation and promoting the development of vocational education. At the same time, it

actively promotes vocational education 4.0 and it should deal with the trend of digitalization.

Technical Innovation: In 2006, the German federal government formulated the national strategy for high technology development which embodies the will of the German state of science and technology. The goal was to ensure the leading position of the German scientific research level and economic competitiveness in the world. Meanwhile, the German government has set up a special fund to support R & D activities. In 2006, the German federal government passed the “6 billion euro research and development plan” project to strengthen the special fund support for information technology biotechnology space technology. In addition to the effort of government, Bosch Group itself attaches great importance to innovation, which it’s competitiveness mainly about.

Network Innovation: Germany is the leading manufacturing power in the world but it continues to lag behind in the deployment of high-speed broadband network and the application of information and communication technology (ICT) ranking sixth in the world’s ten largest digital economic power behind the United States, Korea, Britain, Japan, and middle countries. In March 2016, the German federal government issued a “digital strategy 2025” which defined the basic path of the German digital transformation at the national strategic level and put forward ten steps of action. Germany is striving to break through the bottleneck of the network infrastructure.

We can see that Germany has rich advanced factor production, which supports the development of Bosch. Bosch group focuses on product innovation, so that it has a high technical advantage.

The Influence of the Government on Demand Conditions

Demand conditions refer to the nature of domestic demand for products or services of an industry. The demand conditions of government is mainly reflected in the quality of the needs of enterprises. Government procurement is the main way to improve the quality.

Germany is a member of the European Union. In terms of government procurement, it must abide by the European Union’s regulations in addition to observing its own laws. The principles of openness, transparency, efficiency and competition are the basic principles of German government procurement. The German government has a high quality of purchasing.

The Influence of the Government on Related and Supporting Industry

Related industries and supporting industries refer to whether there are internationally competitive suppliers and related auxiliary industries within the country. The government's influence on the development of related industries and supporting industries can be implemented through strengthening industrial clusters, media governments and implementing regional development plans.

Cluster strategy is an effective means of innovation. Since the mid and late 90s of last century, Germany has targeted the important future growth industries and implemented active cluster strategies and policies to achieve cooperation from the economic scientific and social circles. In the elite university initiative launched by the German government since 2006, the elite cluster was one of the three important areas of selection.

The world's ten largest auto industry clusters, there are three in Germany: Stuttgart - the location of the Mercedes Benz motor company; Wolfsburg, where Volkswagen is located, Lucet Mars Haim (Rudesheim) - the location of Opel Motor Company. Potter believes that the geographical agglomeration of industries can have a broad and positive impact on the competitive advantage of the industry. It can enhance the overall competitiveness of the industry, strengthen the effective cooperation among enterprises within the cluster, increase the innovation ability of the enterprises and promote the growth of the enterprises, and play a role in the sharing of resources.

The characteristics of the German industrial cluster are: Firstly, there is a public-private partnership between the various actors in the cluster. Secondly, clusters are often managed communicated coordinated and publicized by full-time organizations. As the important part of auto parts industry cluster, Bosch will be affected by government inevitably.

The Influence of the Government on Firm's Strategy Structure and Rivalry

It refers to the conditions for enterprises to create, organize and manage, as well as the essence of domestic competition. The government can influence the strategic structure and competition of enterprises through standardizing financial markets, taxation, legislation and other policy tools.

Financial Aspects: After World War II, Germany's financial policy tended to be conservative. All monetary policies in Germany regard inflation as the biggest enemy. Germany's central bank, which is one of the world's

most independent central bank, is good at suppressing speculation and rising prices. Because the national policy of Germany itself has endogenous genes to suppress finance, it is difficult for German financial enterprises to develop through the market of Germany itself. Not only the central bank is strictly controlled but even the common people in Germany they also regard entrepreneurship and industry as the main planning of their careers, instead of making profits from banks.

Tax Rate Aspect: The German tax rate is highly competitive. In the past few years the tax system has been reformed. The most significant corporate income tax for capital companies have dropped to 25%. The tax law is becoming more and more simplified and the tax rate has been decreasing overall, especially in terms of corporate tax. Through statistical data comparison, it can be clearly seen that the nominal tax rate of German enterprises is still above the international level. But Germany's real tax rate is much lower, because enterprises can make use of various exceptions and derate rules. The robust German financial policy and market, coupled with a stable economic situation have attracted the favor of foreign financial institutions.

Analysis on Wanxiang Group

Background of Wanxiang Group

Founded in 1969, Wanxiang Group is a Chinese multinational automotive components manufacturing company headquartered in Hangzhou, Zhejiang province, China. It is the largest China-based automotive components company measured by revenues who set up thirty companies in America, British, Germany and other several countries. As the representative of the practice in "go out" strategy around Chinese enterprise, Wanxiang Group has its representativeness and typicalness.

Internationalization Process

Export Trade Stage

In 1984, Wanxiang Group realized its first batch of cardan joint to Scheller Corp. in America which is the beginning of the internationalization. In 1986, authorized by the State Council, Wanxiang Group owed the rights of self-managed import and export and became an export base of cardan joint. And it expatriated personnel to overseas in 1992.

Overseas Company Establishment Stage

In 1994, headquarter of Wanxiang American Corporation is established in Chicago which is the hub of Wanxiang's operating in oversea market. And this company set up "QC" the international brand status so that the market shares of Wanxiang auto parts was increasing rapidly.

In the international process, one of the most significant ways is M&A.

Overseas M & A Stage

Table 4: M&S Process

Number	Acquisition Time	Acquisition object	Acquisition Way
1	1997.07	AS Co. UK	60% shares
2	2000.04	SHALEY Co. US	Part of assets
3	2000.10	LT Co. US	35% shares
4	2001.08	UAI Co. US	21% shares
5	2002.12	GBC Co. US	100% shares
6	2003.09	Rockford Co. US	33.5% shares
7	2005.02	PS Co. US	60% shares
8	2007.07	AI Co. US	30% shares
9	2007.12	DANA Co. US	100% shares
10	2008.01	Monroe US	100% shares
11	2009.03	Vista-pro Co. US	100% shares
12	2009.06	GSS Co. US	100% shares
13	2010.07	T-D Co. US	100% shares
14	2010.10	D&R Co. US	100% shares
15	2011.01	Enerl Co. US	60% shares
16	2013.07	A123 Co. US	100% shares
17	2013.07	BPI Co. US	100% shares
18	2014.02	FESCO Co. US	100% shares

The Reasons for the Wangxiang Group's Strong International Competitiveness under the Diamond Model from Government Aspect

The Influence of the Government on the Factors of Production

China is in the middle stage of industrial development, and its land price is lower than that of developed countries or even other Southeast Asian countries. In addition, in order to promote industrial development in the region, especially attracting multinationals to local development, various policies have been introduced to reduce land use prices. Moreover, the vast central and western regions of China and the old industrial areas in Northeast China have yet to be developed and revive, which is also conducive to maintaining a sustainable low cost advantage in land elements in China.

The Active Introduction of Foreign Capital

Our country attaches great importance to the introduction of foreign capital, giving preferential treatment to foreign capital in terms of tax rate, investment environment, and protection of foreign interests. Therefore, a large number of foreign businessmen, especially large multinational corporations, are willing to invest in our country. Correspondingly, the possibility of expanding foreign capital to export is increasing.

As for other factors to Wangxiang, it has technological universities related to auto part to provide it with adequate talents. Besides, government has extra fiscal subsidies for new high-tech enterprise. The tax of Wanxiang Group is less than ordinary enterprise because of its high-level technology.

The Influence of the Government on Demand Conditions

During the maturity stage of its process, two key government roles positively influenced the development of the Wanxiang Group's international development. The first key role was the continued enhancement of the symbol "Made in China". The second role was the government's deliberate strategy to encourage "going-out" policy in 2001, Wanxiang Group made full use of this policy and do M&A in oversea market which contributes its international process.

At present, China is actively carrying out the national V emission standards. The implementation of higher emission standards will be a trend in the future, which will lead to a new wave of change, which will embody the effect of increasing demand for automobile consumption and ultimately to the development of the auto parts market.

All these related policies demand the enterprise to improve the quality of the product and it also reflects the improvement of the quality of demand.

The Influence of the Government on Related and Supporting Industry

The rapid development of the automobile industry has brought the advantage of scale. According to the state policy of automobile industry development, China will cultivate a number of components with comparative advantages to achieve scale production and enter the international auto parts purchasing system and actively participate in international competition.

The iron and steel industry is closely related to the automotive industry, which was overcapacity during recent years. Government has paid much attention to it. Plenty of policies are released to support national supply side reform. The price of steel raw material to auto part industry is decreasing quickly, which contributes to Wanxiang Group's operating in products.

The Influence of the Government on Firm 's Strategy, Structure and Rivalry

During the introductory stage of its international process, two key government roles influenced the Wanxiang Group's international development from a negative and positive perspective.

The first was China government's initial stance towards the specific development of the state's manufacturing industry. The China government's initial stance towards the state's manufacturing industry was not a deliberate one, as its policy focus at the time was on the class struggle at the beginning of Wanxiang Group. So, Wanxiang did not get any international development during that time until the reform and opening up policy was carried out. In 1986, authorized by the State Council, Wanxiang Group owed the rights of self-managed import and export which confirmed that Wanxiang was qualified to do export business.

The second role was the government's support for the entrepreneurial activities undertaken by Wanxiang, when it became apparent that the company was a potential source of significant economic growth for the regional economy. In 1990, Wanxiang was listed in the planning enterprise project of Zhejiang province which give Wanxiang Group extra policy and priority to develop internationally. In 1990s, the State Council released plenty of preferential policy to stimulate enterprise's development in Zhejiang province.

In recent years, China has increased support and encouragement to the auto parts industry. In 2009, the national development and Reform Commission revised the "automobile industry development policy" and issued the "rules

for the adjustment and revitalization of the automobile industry”. The above policy has a great impetus for Chinese auto parts industry, including the structural adjustment of the auto parts industry, the upgrading of the industry and the improvement of the international competitiveness.

Comparative Analysis

From the above discussion, we can see that, in terms of factors of production, Germany is rich in advanced production factors, while China is mainly labor intensive. Although China has invested more in talent and technology, its quantity and quality are far less than that of Germany. From the view of technology research, the research and development investment of domestic spare enterprises is significantly lower.

In terms of demand conditions, German government procurement is relatively demanding. The Chinese government sometimes aims to encourage disadvantaged enterprises to take them as purchasing targets, which has relatively reduced the quality.

In terms of industrial cluster, Germany has a high degree of industrial cluster and high quality. From the scale of operation, the overall management scale of auto parts enterprises in China is small. There are few Chinese companies listed in the “2015 global auto parts supplier” published by Automotive News.

In terms of enterprise strategy, Germany mainly provides stable financial market and lower tax rate. China regularize the development of auto parts industry by making laws or policies, which makes enterprises adjust their strategy of development frequently, which interfere their stableness of competition. A number of industrial support policies issued by the state support the competitiveness of the spare parts enterprises and bring a rare development opportunity for the development of the auto parts industry in China.

Therefore, the German government plays a supporting role, which benefits the international competitiveness of enterprises. Germany’s automobile industry has a long history, relatively mature, and has its own system. The government mainly supports it in terms of capital and technology. China’s automobile and parts industry is still on the rise stage. The government intervenes and standardizes its development by formulating policies and policies. The Chinese government plays a role of supervision and guidance of improving the international competence.

Conclusion

This study tries to figure out the function of the interactive relationship between enterprise and government to enterprises' internationalization and take the Bosch Company in Germany and Wanxiang Company in China for example. As the leader auto parts manufacturer, Bosch possesses strong competitiveness in which government played an important role. This interaction provides mutual benefits to German government and Bosch Co. according to the nexus between operating data as well as official documents. The model that practiced by Bosch and Germany government has its practical meaning to Chinese auto parts manufacturing companies.

A comparative analysis was performed and Diamond model was used. Within the scope of the determiners found within the framework of the model, significant similarities and differences between the two enterprises and governmental functions were found, and suggestions were developed to improve Chinese auto parts industry and reach high-level internationalization of enterprise.

Since the production and economic potential the Wanxiang possesses in the international competition of auto industry has not been used to the extent provided by the governments in the future, it is necessary to undertake a change in the direction of the good example of interaction between Bosch and its governmental function, which should be aimed at: strengthening the government's dynamic role in auto industry, national export, foreign relationship, other related industry and taxation system and so on, changing the single communicating way of just following the policy instead taking part in the process of decision making initiatively and especially the increase in the enterprise's feedback to each interaction.

Government's influence in international competitiveness of enterprises is mainly reflected in policy part. The policies relating to enterprise, whole auto parts industry, national export, foreign relationship, other related industry and taxation system are all governments' unique functions on international competitiveness of enterprises. Conversely, the mutual interaction also means the enterprise's feedback to government which can help better governmental decision based on the governmental function. In order to compare the distinction, this study followed the Diamond model's four dimensions: strategy structure and rivalry, related and supporting industry, demand conditions and factors of production. All of them were applied in the perspective of governments.

Many disadvantages are not able to deal with in this research. More datum should be collected to implement further researches. Moreover, other routine to access the topic are remained to discuss, like policies research based on grounded theory. Still, this paper provide supporting materials and reference to develop further research concerning international competitiveness and policies about that.

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