Government and Internet-based platform company Nexus in communist state: A case study of Tencent expansion to the world

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Abstract. China, a communist country that only opened itself to international markets in 1978, has seen its economy develop rapidly due to foreign investment in the domestic market. The state's role in regulating the domestic market is undeniable, and the technology industry is mainly focused on building its technological capacity to keep up with other countries. This paper aims to examine the two-sided coin between China's government and its private industry by building a framework through literature studies on two main focuses: state support and business development strategy. The framework illustrates how Tencent's success in conquering the global market is due to the Chinese government's power to regulate its market and implement its Business Development Strategy. The research results show that the influence of government support has partially impacted Tencent's success. Still, Tencent's success in internationalizing and catching up with technology has significantly contributed to its success in dominating the global market.

1 Introduction

The growth of the ICT industry in the People's Republic of China (China) would be inextricably linked to Mao Zedong’s goal of opening access to international markets in China in 1978. This approach had a significant influence on China's economic development, as China had previously been relatively close to outside parties, making it difficult to build its financial strength. However, it should be noted that China is a socialist-communist nation that allows for state intervention in the market. Thus when it comes to regulating foreign investment in the domestic market, China makes several adjustments to ensure that foreign investment remains under state control and does not contradict the values adopted by the Chinese government. These adjustments are essential for maintaining the country's economic stability and protecting its citizens from potential risks associated with foreign investment. The inherent advantage that China possesses with its large market (China had 981.2 million people in 1980) drew international investment, which the Chinese government and domestic firms then exploited. After focusing on improving the economy through policies such as Special Economic Zones (SEZ) and tariff reductions, China also concentrated on boosting its ICT capacity, which became one of the country's economic foundations in the following years.

The Chinese government’s openness of international access to local enterprises and acceleration of technological development was then used by domestic companies. China's advantage is a double-edged sword; while foreign corporations can control it, it also presents a unique opportunity for domestic enterprises to monopolize the market and prevent too many foreign intrusions, given that China is a communist, socialist country. This is a fantastic chance for domestic businesses to capitalize on and gain a competitive edge. Tencent is one of the local firms that will be the primary focus of this research.

Tencent's rise to dominance in local and foreign markets is frequently linked to the Chinese government's participation in market regulation. According to Kennedy (2015)[1], the Chinese economy is governed extensively by party states, particularly in critical industries, and the political stability supplied by the government creates a prerequisite for economic growth. Publications then reinforce this remark by Martin (2015) in Kennedy (2015)[1], which suggests that China's economic liberalization will eventually be inconsistent and revert to government control because the Chinese Communist Party's primary aim is to remain a dominant power.

Therefore, this paper aims to examine a two-sided coin between China’s government and their private industry to illustrate that Tencent's success in conquering the global market is not only attributable to the Chinese government's critical role in regulating its market but also to Tencent's implementation of a business development strategy.

2 Methodology

This research will employ a qualitative research method and use the Literature Review Method. To understand Tencent's business progress comprehensively, one must

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consult official corporate documents such as prospectuses, annual reports, and other official publications and previous research related to China's technology industry developments. A search of prior studies, official rules, and official government publications relating to economic reform and technological growth in China will be conducted to understand the policies and role of the state in assisting Tencent's success. The results are then compiled into a comprehensive framework that will be used as an analysis tool.

3 Literature Review

This study develops a novel framework for elucidating the two-sided relationship between China's government and its private industry. The research framework will be developed based on a comprehensive literature review of previous studies focusing on two main variables: China's government support for technology and domestic companies and China's domestic industries' business development strategies.

In China's economy and strategy, particularly in the internet platform-based industry, the challenges, and opportunities inherent in China's internet-based economy are shown by Marquis and Qiao's research (2018) [2]. They reveal that Chinese internet giants face both domestic and international challenges, including intense competition and navigating complex regulatory landscapes. Their findings indicate that successful navigation of these challenges can lead to significant opportunities for growth and expansion. Similarly, Wright and Xue's study (2019) [3] focuses on the implications of China's internet-based economy for global trade and investment. They find that China's internet platforms have disrupted traditional value chains and created new opportunities for international businesses, hence emphasizes the need for adaptability and strategic alignment to leverage the potential of China's internet-based economy.

The broader challenges and prospects of China's internet-based economy, as identified by Deng and Luo (2021) [4] delve into the regulatory challenges, including competition policies and intellectual property protection, as crucial areas for development. Their findings underline the importance of fostering innovation and addressing potential risks to ensure sustainable growth. Wang and Wu (2022) [5] clarify these points by analyzing the regulatory challenges specifically associated with the complexities of navigating antitrust regulations, ensuring user privacy, and maintaining cybersecurity in the rapidly evolving digital landscape. Hence, emphasize the need for robust regulatory frameworks to foster trust, protect consumer interests, and promote fair competition. In accordance, comparative perspective by Huang and Yang (2020) [6] examines China's platform economy in relation to other countries. They highlight the unique characteristics of China's internet platform-based industry, including the dominance of homegrown platforms and distinct regulatory challenges as well as emphasize the need for nuanced approaches when analyzing China’s platform economy vis-à-vis global counterparts.

These research articles contribute to our understanding of the multifaceted nature of China's economy and strategy in the Internet platform-based industry. They highlight the challenges and opportunities faced by Chinese internet giants, the implications for global trade and investment, the unique characteristics of China's platform economy, and the regulatory challenges specific to the Internet platform-based industry. These nuanced findings are essential for policymakers, businesses, and scholars seeking a comprehensive understanding of the intricacies involved in navigating China's evolving economic landscape.

3.1. The Economic Regulations and Strategy of China

Given that China is a communist nation with absolute state control over the market, the regulatory framework must be viewed as an endeavor by the Chinese government to aid in the growth of China's domestic technology industry. According to Smith-Gillespie (2001) [7], there is a role for the Chinese government in building technological capabilities and shaping markets, so it is necessary to investigate the extent of assistance from the Chinese government, both directly and indirectly, to the success of dominant Chinese technology companies. Fan and Watanabe (2006) [8], Hu and Jefferson (2007) [9], Ernkvist and Ström (2008) [10], Hong, Feng, Wu, and Wang (2016) [11] agree that the government plays a significant role in encouraging enterprises to boost their competitiveness and innovation. It is undeniable that foreign parties have had a considerable impact on China's technical advancement through FDI, technology transfer, technology import, and R&D. Government tries to boost local enterprises' competitiveness by utilizing a large domestic market, influencing their ability to compete in foreign markets. They characterize this tendency as "neo-techno-nationalism."

China's technological advancements must be connected to the government's efforts to implement economic reforms in 1978. According to Liou (1999) [12], one of the Chinese government's strategies to improve its economy is through the Special Economic Zone, which in this case Tang (2020) [13] sees as contributing to the development of Chinese technology, which is also related to the opinion of previous research regarding technology imports and technology transfer. Cao and Downing (2008) [14] and Liu (2013) [15] voiced a similar viewpoint in their appraisal of the government's participation in China's online game business. Because the Chinese government has devised several measures to shield the local game sector from international competition, the Chinese government has succeeded in assisting domestic companies in dominating the domestic market. A similar justification is made by Su and Flew (2020) [16], who contend that for Chinese companies—in their research, notably Baidu, Alibaba, and Tencent—to gain economic power from their
domestic market, the government grants domestic firms privileges by restricting overseas competition.

3.2. Business Development Strategy

The Chinese government's participation, with numerous policy frameworks, only partially affects Tencent's overall progress in controlling the industry. On the other hand, Tencent is developing business strategies to exploit the freedom granted to local technology businesses by the Chinese government. According to Smith-Gillespie (2001)[1], the investment in research and development allows the firm to catch up with its competitor's technologies. Global trends that are beginning to shift benefit Chinese enterprises as well since they can develop world-class technological subsystems. Finally, the Chinese government is responsible for developing technical capabilities (TCs/Technological Capabilities) at the national level and expanding technological market demands.

Meanwhile, Rui and Yip (2008)[17] discovered that Chinese corporations made cross-border acquisitions to attain their ultimate aims or goals by purchasing strategic competencies to counter competitive losses in another research. Li Sun (2009)[18] gives a view of Huawei's internationalization approach. First, they build their competencies in the native market before expanding into the foreign market. Second, they are more likely to join markets with fewer cultural and other hurdles. Finally, they use external and internal pressures to compensate for the gap in the worldwide market. Liu and Buck (2009)[19] have the same point in analyzing Lenovo's internationalization plan. They establish global connection networks with strategic parties. Seeking seek out help enter new markets, and finally, gain cutting-edge technology through overseas aid to expedite acquisitions.

Nakai and Tanaka (2010)[20] and Jia, Kenney, and Zysman (2018)[21] explain Chinese digital enterprises' internationalization strategy. They focus mainly on investing in companies that have technology that is valuable to their companies. They also made equity investments in overseas internet firms and investments in adjacent nations by Chinese digital enterprises. They are not afraid to collaborate with competitors to further their technological progress, as well as through strategic mergers and acquisitions.

Considering that Chinese firms are latecomers to the international market, having only entered following Mao Zedong's open-up policy in 1978, Xiao and Tylecote (2013)[22] suggest that three key factors influence Chinese company strategy: Intellectual Property Rights (IPR), corporate governance, and technology intensity. To discuss technology intensity, late-comer companies (LCF) must first prioritize technological catch-up. According to Matthews (2002) in Xiao and Tylecote (2013)[22], the primary purpose for LCF as the last entrant was to catch up. Their disadvantages are in terms of technology and market access. In that circumstance, they should focus on technological capabilities (TC), as TC is one of the primary determinants of industry competitiveness[22].

Richet, Delteil, and Dieuaide (2014)[23] argue that Foreign Direct Investment (FDI) is essential to the industrial growth and modernization plan. FDI helps the development of new business models and, eventually, the relationships between enterprises, governments, and social partners. Finally, to acquire rapid technical developments, sales relationships, and reputation, Chinese corporations frequently perform mergers and acquisitions with foreign enterprises, making this one of their worldwide goals. In their research, Li, Ji, and Zhang (2020)[24] suggest that Foreign Direct Investment (FDI) through joint ventures with local firms is crucial in catching up with corporations in terms of technology.

Fig. 1. Analytical Framework

Wojcik and Camilleri (2015)[25] and Xia and Fuchs (2018)[26] argue that the global financial network plays an essential role in the development of companies. The financialization of corporations enables them to undertake acquisitions and investments against indigenous startup enterprises within the framework of monopoly capitalism, allowing them to become the dominant players in the domestic market.

According to multiple past studies on Chinese firms' business development plans, several aspects impact the company's performance in growing its business in both home and global markets. Those aspects can be divided into two categories: Technology catch-up and Internationalization. In technology catch-up, the first aspect is Foreign Direct Investment (FDI) to increase technological capabilities (TC) and the role of businesses in performing R&D to catch up with rivals' technologies. Second, Financialization, carried out by the global financial network for local enterprises, has helped the company's rate of development. The third is the Acquisition and merger of domestic firms to increase their technological capabilities. Furthermore, in Internationalization, the company's efforts to improve its technology skills, develop a global network, enable acquisitions, and penetrate new markets in other countries.

4 Analysis

According to the findings of the previous literature review, the Chinese government's efforts to develop technological advancement and support for their domestic firms can be concluded in two variables: first,
China's Economic Reform policies, particularly the Open-up policies and Special Economic Zones; and second, the government's endeavor to protect and develop its market simultaneously through the Great Firewall and Internet Plus policy. These initiatives subsequently support domestic firms to strengthen their development.

On the side of Chinese enterprises, they employ two primary strategies to facilitate rapid development: technology catch-up and internationalization. By leveraging technology catch-up, Chinese enterprises can quickly acquire and apply the latest technological advancements to their operations, allowing them to stay ahead of the competition. Meanwhile, internationalization enables them to expand their reach and tap into new markets, thus furthering their growth and increasing their market share. These two elements will be utilized to analyze Tencent's business growth plan, helping to transform it into one of the world's most dominant players in the technology sector. As a result of the literature review, Figure 1 depicts the framework that will be used as a tool for analysis.

The framework in this study combines two separate analytical approaches to look at the case studies more holistically. Two significant factors to consider when examining Tencent's performance as a Chinese technology business that dominates the worldwide market concluded as State Support and Business Development Strategy.

4.1 State Support: China Economic Reform

An analysis of the Chinese government's attempts to aid the growth of technology businesses may be examined chronologically, beginning with China's economic reforms. Deng Xiaoping's open-door policy, launched in 1978, was the catalyst for introducing foreign instruments into the Chinese domestic market.

4.1.1 Special Economic Zone

As mentioned in the Framework Section, two factors can significantly impact Chinese technology enterprises' performance. First, there are Special Economic Zones (SEZ). As a communist country, China does not allow foreign parties to penetrate its internal market. As an alternative, China established a special economic zone in many locations where foreign investment is authorized and numerous special rules for foreign investors. Launching the special economic zones is strongly tied to the open-door policy. Introducing the special economic zone helps domestic enterprises attract foreign direct investment, which is the second aspect of the Chinese government's strategy that affects Tencent's development.

Through SEZ, Shenzhen became one of the cities with the most inbound foreign investment in 1980, which may be credited to the start of Tencent's foundation in 1998, which was based in Shenzhen. Although it cannot be definitively proven that the link between the opening of the Special Economic Zone and the influx of foreign direct investment in Shenzhen had an impact on Tencent's success, Tencent's initial decision to open its company operations in Shenzhen may be the first indication of the effectiveness of Chinese government policies that allowed investment in domestic private companies.

4.1.2. Government Project: Great Firewall and Internet Plus

China has swiftly grown its internet infrastructure since initially creating it in 1987, and the industry has become a priority for the nation's growth. As stated by Jia and Winseck (2018)[27], the Chinese government pushes the rapid growth of the Internet through the development of the information infrastructure and controlling the internet. The State Council approved and funded the Chinese government's first initiative on internet infrastructure, known as the "Golden Bridge Project," in 1993. According to official Chinese government sources, Sonali et al. (2019) indicated that this effort was initially intended to filter and control falsehoods from outside the nation. However, as time passed, this effort became a closed monitoring system known as "the Great Firewall."[28]

The Great Firewall regulation had little impact on Tencent's development, but it was one of the catalysts for Tencent's success in dominating the domestic market. The Chinese government's blockage is primarily due to foreign goods' inability to filter material and information in compliance with Chinese government laws, which frequently violate human rights and the freedom to express ideas. For example, China postponed the release of updates for the popular game World of Warcraft, specifically the Wraith of the Lich King. The mainland Chinese version of the game was not approved until two years after its initial launch in Europe. This delay was due to a series of licensing requirements that the game developers had to fulfill with the Chinese government authorities.[29]

Indirectly, the Chinese government's blocking and censoring through The Great Firewall project and other publishing laws have made it difficult for international enterprises involved in technology and media to conduct business in China. On the other hand, domestic firms can monopolize the business sector by adjusting business lines to conform to Chinese government directives. Domestic enterprises will find it simpler to comprehend the features of the information and material that must be screened than international companies entering the Chinese market for the first time. This argument is supported by Zhang (2013)[30], who found that the language used in many articles in Publishing Administration Regulation is often ambiguous. It will also lead to confusion and controversy in interpreting the article due to its susceptibility to individual interpretation.

In this case, the Chinese government adopted the Great Firewall policy, followed by Tencent's commercial expansion by monopolizing the home market, as stated in the next portion of this research. Tencent focuses primarily on building goods for local users to expand the number of users of its IM service, QQ. As a result, Tencent may leverage its massive user
base to entice investors and commit significant budgets to acquire foreign firms or foreign goods in its internationalization objective of dominating the global market. As stated by Su and Flew (2020)\textsuperscript{[20]}, the government provides facilities to domestic companies by blocking foreign competitors so that Chinese companies can gather economic strength from their domestic market as we know that Facebook, Whatsapp, Instagram, and Twitter are blocked in mainland China after several incidents\textsuperscript{[13]}

The Chinese government designated the internet and the ICT sector as pillar industries in its economic restructuring at the 2011 National People's Congress. The Twelve Five-Year Plan framework was also approved at the meeting, underlining to encourage public consumption in internet capitalization as a top priority. This policy became even more significant after The State Council issued a directive to promote the Internet Plus Strategy – which supports using the internet as a stage to advance public services – to integrate every aspect of society into a networked China by 2018.

He has specifically articulated government directions to expand domestic consumption and internet capitalization, connected to Tencent's attempts to develop its business lines to match Chinese government directives. What's more, Ma Huateng, the CEO of Tencent, was elected Deputy in the 13th National People's Congress. He articulated his objectives for the Internet Plus Strategy and proposed five crucial areas to be focused on in constructing “Digital China.” Tencent sees the internet plus strategy, which combines social and economic activities with internet access, as a chance to diversify its company by growing into other business areas. This diversity will be discussed in the next part of this research.

4.2. Business Development Strategy: Technology Catch-up

The following study will focus on the first variable of Tencent's effort to improve its technological capabilities. Based on the framework, three variables will be related to technology catch-up. First, Foreign Direct Investment; Second, Financialization; and last, Acquisition and merger with domestic firms.

4.2.1. Foreign Direct Investment

Following an examination of the Chinese government's assistance and efforts in assisting the development of China's technology industry, the following analysis will concentrate on Tencent's business development strategy, with Tencent's strategy being one of the outcomes of the Chinese government's policy products examined above.

The 1998 Southeast Asian economic collapse profoundly influenced Tencent's business growth. Furthermore, the North American Internet bubble was highly disruptive for the technology industry, making it difficult for Tencent to secure capital from investors. Tencent failed to sell its QQ services to local investors in Shenzhen, including Shenzhen Electronics Group, Shenzhen Telecom, and 21cn.com, a subsidiary of China Telecom, at the end of 1999\textsuperscript{[13]}. Because no domestic corporations or banks wanted to acquire or support Tencent, they were forced to seek money from overseas venture capitalists (VC).

Tencent's first journey to seek overseas investors began in 2000, when it contacted IDG Ventures China, a venture investment firm branch of a United States corporation, specifically International Data Group (IDG). Tencent also approached PCCW, a significant Hong Kong telecommunications business. Tencent's principal owners, the main founders, opted to retain a controlling interest of 60% and divide the remaining 20%\textsuperscript{[13]} Even with IDG Ventures and PCCW. This arrangement with PCCW was established with a subsidiary of PCCW, Millennium Vocal Limited (MVL)\textsuperscript{[32]}. Tencent's first international element was funded by these two corporations, which previously held all of the company's shares.

In early 2001, Tencent's business development began to increase. Tencent was approached by a South African media business, Myriad International Holdings (MIH), and its parent company, Naspers Ltd, to invest. MIH successfully acquired share ownership from IDG Ventures and PCCW, with the following composition: MIH bought 20% of PCCW in whole and 12.8% of IDG Ventures\textsuperscript{[13]}. In the years 2002-2004, IDG Ventures, Core Founders, and MIH engaged in a series of share ownership transactions that resulted in the share ownership structure shifting to become equal, with Core Founders owning 50% and MIH owning 50% in 2004, before the company's initial public offering\textsuperscript{[32]}.

A sequence of share ownership transactions between Tencent and foreign investment firms before Tencent publicly issued its shares demonstrates how FDI affected Tencent's development in its early days. Tencent struggled at first to determine a revenue plan for its QQ service, necessitating foreign investment to keep the firm running. After successfully performing an IPO and securing adequate cash, it can be observed in Tencent's year-on-year rise of the Research and Development budget, which has climbed rather dramatically.

\textbf{Fig. 2.} Tencent’s Research and Development Expenses

\textsuperscript{a} Source: Tencent Annual Report (2004-2020)
Tencent's expenses in R&D doubled every year between 2004 and 2008, nearly tripling to more than 100 percent. This is also consistent with Tencent's many advances in growing the variety of products and services available to customers. Tencent's core business divisions are Digital Content Services, Games, Online Advertising, and Fintech and Business Services, which began with the QQ short message service in 1998.

4.2.2. Financialization

Tencent's efforts to catch up with technology may be examined using the second indicator, financialization. Tencent began its attempts to reach the next step, the Initial Public Offering, after successfully acquiring money from international partners through Foreign Direct Investment managed by PCCW, IDG Ventures, and Myriad International Holdings. Tencent's IPO was not carried out alone but with the support of a prominent financial actor, Goldman Sachs. Tencent announced that Goldman Sachs was the project organizer, leader, and book-runner for the Tencent IPO. Goldman Sachs' position can be understood as a financial player assisting Tencent in an IPO. Still, it can also assist Tencent in expanding its network to other foreign actors. Tencent sees the fundamental objective of developing a global network as a chance to grow to other enterprises in other locations. JPMorgan Chase & Co. is another powerful financial player under Tencent's control. It should be recalled that JPMorgan Chase & Co has owned Tencent stock since 2010. No official documents describe both parties' objectives, but research shows that technology businesses use international financial players to access global capital markets. Apart from receiving investor backing for financialization, Tencent also purchased a 23 percent interest in CITIC Capital Holdings Ltd., a Chinese investment management business, in 2014. Tencent and CITIC Capital teamed in 2015 to invest in three Chinese technology startups, and CITIC Capital became co-investors in 2016 when Tencent purchased Supercell.

4.2.3. Acquisition/Merger with Domestic Firms

Tencent then uses several local enterprises in the same commercial categories to improve its technological capabilities. Tencent purchased multiple local firms in the same area, namely value-added services, after securing significant finance from international investors and launching an IPO. Tencent, for example, purchased shares from two telecommunications service companies, Joymax Development Ltd. and Wangdian Technology, in 2006. Both businesses provide value-added services. Furthermore, in 2007, Tencent bought two MVAS companies, Beijing BIZCOM Technology Co.Ltd. and Beijing Starsinhand Technology Co. Ltd. Tencent purchased two VAS startups the following year, Guangzhou Yunxun and Tianjin Shouzhongwanwei, for $1.59 million (RMB 11 million). Tencent purchased six domestic value-added services firms between 2006 and 2008.

4.3. Business Development Strategy: Internationalization

The following study will focus on Tencent's internationalization efforts after it has built its technological capability and caught up with technology via a sequence of measures detailed above. Welch and Luostarinen (1988) describe internationalization as the process by which businesses expand their operational capabilities outside the confines of their original country. The first internationalization variable is the establishment of a worldwide network. This variable is then linked to the previous analyses' Financialization variable. Within the internationalization framework, these financial actors helped connect Tencent to other financial actors in different regions, enabling it to expand its market through strategic acquisitions or collaborations. Tang (2018) explains in his research that it cannot be denied that Naspers' entry into share ownership through its subsidiary, namely MIH, and the inclusion of several Naspers figures who occupy strategic positions at Tencent has a significant influence on Tencent's ability to build connectivity with other international companies.

Tencent's activities in exploiting these connections to extend its market through mergers, acquisitions, or investments may be evaluated after creating worldwide connections through numerous actively involved players operating the firm. According to Tang (2018), most of Tencent's overseas investment came through Naspers' ties. The first example may be found in 2008 when Tencent engaged in a strategic arrangement with a Naspers company operating in India, MIH India Global Internet, in which Tencent would take a 50% stake in exchange for a license to utilize some of Tencent's services. Tencent's drive to develop its business lines and market dominance began immediately after its initial public offering (IPO) in 2006. Tencent purchased around 16.9 percent of the shares from GoPets Ltd, a Korean interactive game producer, Tencent's investments lasted until 2011, when they formed a Tencent Collaboration Fund, which operates as an investor to assist the growth of creative firms in the Internet sector, with an initial capital of $750 million.

Tencent's acquisition of Riot Games in 2011 was one of the company's most significant increases in market share in the games industry. Tencent bought a 92.78% stake in the game developer from the United States. Riot Games' activities were shifted to become subsidiaries of Tencent Holdings in 2015 when Tencent acquired all of Riot Games' shares. Tencent's acquisition of Riot Gaming was its first foray into the games industry, and it has since increased its attempts to expand its company overseas. Tencent invested in a gaming studio in the United States, Epic Games, a year later, purchasing 48.4 percent of Epic Games' equity shares. Tencent then smashed its acquisition value record by paying $8.6 billion for Supercell, a Finnish game development business, from Softbank.

Tencent's internationalization through acquisitions or investments in other firms influences Tencent's
business growth, allowing Tencent to not only access but also dominate the worldwide market. In the gaming sector, for example, five Tencent titles are in the top ten most active players worldwide[58]. Tencent's internationalization initiatives are thus quite successful and contribute significantly to Tencent's corporate development. Tencent's achievement in establishing a worldwide network through ties with international financial institutions helps fund Tencent's operations. It contributes to its ability to expand its dominance through acquisitions and investments in foreign enterprises.

5. Conclusion

As the final result, this study creates an analytical framework that includes two major driving elements for Tencent's success: Business Development Strategy and State Support. This study concluded that government support and market restrictions do not necessarily impact Tencent's performance. The government is one of four significant actors influencing Tencent's success: local firms, international investors, and foreign enterprises. The Chinese government's policies and laws governing foreign direct investment (FDI) and, more particularly, censorship and banning of information and publications have only paved the way for Tencent's success in its lengthy path to dominate the worldwide market. Tencent's business growth plan smoothed the company's step-by-step expansion and diversification. The study's final results do not indicate a zero-sum situation in which the Chinese government is not involved in Tencent's business development, but rather demonstrate comprehensively that Tencent's success is also due to the implementation of a well-defined and strategic business development strategy - it can be said that these factors account for nearly 75% of Tencent's success.

Further study may be conducted in the debate of international political-economic issues in the Chinese government's ambitions to make the internet and technology a cornerstone of the country, as well as its relationship to Tencent's development into other continents. This study provides a foundation for further research into the state's effect on a multinational corporation's growth.

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