

recently urged companies going abroad to "bring benefits to local people and pursue win-win cooperation."

For proponents, political localization means, at a minimum, that Chinese multinationals need to better acquaint themselves with local laws, regulations and customs, and to shed the notion that what is acceptable in China is acceptable elsewhere.

Chinese companies have been encouraged to spread economic benefits by hiring more local workers and managers, sourcing more goods locally, transferring technology and technical knowledge, and forging significant partnerships with local companies.

More broadly, it is expected they will act as good corporate citizens, implementing meaningful corporate social responsibility programs that will foster economic development, enhance educational systems and protect the environment.

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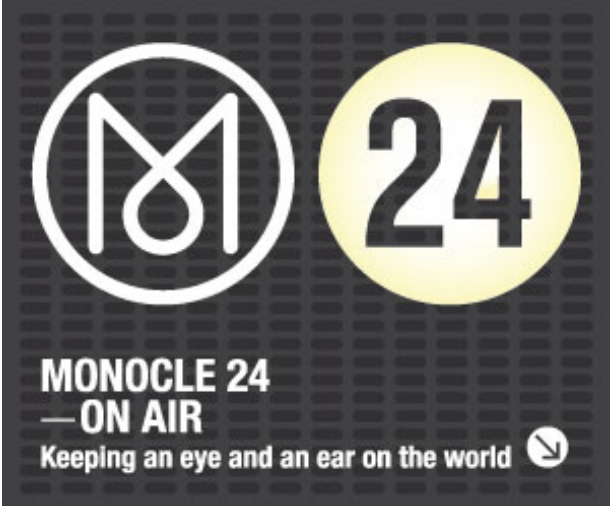
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offset some of the political benefit of bringing jobs and opportunities.

Ultimately, political localization should not be viewed as a religion, but as a strategic business choice. There are a number of imperatives to be kept in mind.

First, Chinese companies need to think about what they hope to gain by localizing politically and closely examine the potential downsides.

Second, Chinese businesses need to spend time defining what the "local" part of localization will really mean. Host countries are often not homogenous entities; there are many various components, from regions to social groups to power brokers. Chinese multinationals need to determine which components they should target and why. In an era of modern telecommunications and globalization, "local" can often extend to actors in third countries, non-governmental organizations and international institutions.

Third, Chinese companies need to think rigorously about the methods that they will use to localize politically including their likely effectiveness and possible legal and ethical repercussions.

By doing so, Chinese multinationals will be much more likely to ensure "win-win" situations with their investments abroad.



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