THE INFLUENCING FACTORS OF THE SURVIVAL RATE OF CHINESE OVERSEAS SUBSIDIARY: A CASE STUDY OF GREE ELECTRIC APPLIANCES (THAILAND) CO., LTD.

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This Independent Study Has Been Approved as a Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

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ABSTRACT

Against the backdrop of intense global competition, the withdrawal of overseas subsidiaries by multinational corporations has become increasingly common. Therefore, it is worthwhile to investigate the factors that influence their survival rates. Entering 2025, Gree Electric Appliances (Thailand) Co., Ltd., a Chinese overseas subsidiary, further deepened its localization strategy by establishing a new wholly owned subsidiary to take full responsibility for sales and service in the Thai market. Therefore, exploring the influencing factors of the survival rate of Gree, holds important implications and provides valuable insights for similar enterprises. This study aimed to explore the influences of the host country's institutional environment, organizational legitimacy, and opportunity attention allocation on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.

A quantitative research approach was adopted, and a questionnaire was designed and distributed to four key departments of Gree Electric Appliances (Thailand) Co., Ltd. that are closely related to subsidiary survival: Senior Management, Sales and Marketing Department, Manufacturing Department, and Finance Department, in order to collect first-hand data. The questionnaire data were analyzed using SPSS software to test the hypotheses and interpret the research findings. A total of 421 questionnaires were distributed to employees across the four departments in this study, and 386 valid responses were returned, resulting in an effective response rate of 91.7%. The findings revealed that host country 's institutional environment, organizational legitimacy, and opportunity attention allocation all have a significant influence on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.

Among them, the influence of the host country's institutional environment and organizational legitimacy is positive, while the influence of opportunity attention allocation is negative.

Finally, based on the results of the data analysis, this study puts forward the following suggestions: (1) enhancing investment guidance and conducting more in-depth institutional research; (2) dynamically adjusting ownership structures to align with the legitimacy level of the host country; and (3) making rational evaluations of opportunities and timely seizure of overseas investment opportunities

Keywords: survival rate, Chinese overseas subsidiary, Gree Electric Appliances (Thailand) Co., Ltd., host country's institutional environment, organizational legitimacy, opportunity attention allocation

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REN PENG

DECLARATION

I, *Ren Peng*, hereby declare that this Independent Study entitled "*The Influencing Factors of the Survival Rate of Chinese Overseas Subsidiary: A Case Study of Gree Electric Appliances (Thailand) Co., Ltd.*" is an original work and has never been submitted to any academic institution for a degree.

(Ren Peng)
Jan 5, 2026

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Chapter 1 Introduction

1.1 Background of the Study

China primarily relied on attracting foreign investment to drive development during the early stages of reform and opening-up. However, since the beginning of the 21st century, the "Going Global" strategy has encouraged the development of an outward-looking economy, and the Belt and Road Initiative has promoted a new form of globalization. Guided by these two strategies, China's outward foreign direct investment (OFDI) has continued to grow, with an increasing number of Chinese enterprises actively responding to the call to "go global." According to statistics from the Ministry of Commerce and the State Administration of Foreign Exchange, from January to November 2025, China's outward direct investment across all sectors reached 1,131.45 billion yuan, representing a year-on-year increase of 7.5% (equivalent to 158.21 billion U.S. dollars, up 6.9%). During this period, Chinese investors conducted non-financial direct investment in 10,165 overseas enterprises across 153 countries and regions worldwide, with cumulative investment amounting to 944.64 billion yuan, an increase of 3.2% (equivalent to 132.09 billion U.S. dollars, up 2.7%) (Ministry of Commerce of the People's Republic of China, 2025).

In terms of the number of overseas subsidiaries established, over 29,000 Chinese companies have set up 47,000 overseas enterprises in 190 countries and regions worldwide, covering more than 80% of the countries and regions globally. Among Chinese overseas subsidiaries that have gone global, fewer than 50% survive for five years or more, and fewer than 5% remain operational for a decade or longer. This indicates that while Chinese enterprises are actively responding to the "going global" initiative, they face a fundamental challenge of how to "stay and thrive" abroad (Li & Jiang, 2019). Against the backdrop of intense global competition, the withdrawal of overseas subsidiaries by multinational corporations has become increasingly common (Huang et al., 2017). During their operations in host countries, overseas subsidiaries often face discriminatory treatment from local stakeholders due to their status as "foreign entrants." As a result, compared to local firms, they incur costs related to unfamiliarity, discrimination, and relationship-building, stemming from information asymmetry and a lack of legitimacy (Du et al., 2015). These additional burdens ultimately place them at a competitive disadvantage in the market.

In the process of Chinese enterprises "going global," they will inevitably encounter high risks. If enterprises engaged in outward foreign direct investment

operate for only a short period, it can result in a significant waste of resources and economic costs. Therefore, Chinese enterprises investing abroad must not only "go global" but also "stand firm" in the international market. Therefore, it is worthwhile to investigate the factors that influence their survival rates.

1.2 Questions of the Study

Gree Electric Appliances (Thailand) Co., Ltd. (Gree)'s development in Thailand began in 2009 and has gone through three key phases: "sailing on borrowed ships" (starting with distribution to enter the market), "putting down roots" (acquiring a local factory to strengthen manufacturing capabilities), and "building its own ships" (transitioning to direct operations and gaining channel control). Entering 2025, Gree further deepened its localization strategy by establishing a new wholly owned subsidiary to take full responsibility for sales and service in the Thai market. This move completed the major transition from a distribution-based model to a direct-operated model. Combined with its local manufacturing base, Gree has formed a dualdriven structure of "direct operations plus local manufacturing," achieving true "shipbuilding" in its overseas expansion and marking a new stage of highquality development in Thailand. Therefore, exploring the influencing factors of the survival rate of Gree Electric Appliances (Thailand) Co., Ltd., a Chinese overseas subsidiary, holds important implications and provides valuable insights for similar enterprises. Based on this, this study proposed the following research questions：

1) Does host country's institutional environment affect the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.?

2) Does organizational legitimacy affect the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.?

3) Does opportunity attention allocation affect the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.?

1.3 Objectives of the Study

1) To explore the influence of host country's institutional environment on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.

2) To explore the influence of organizational legitimacy on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.

3) To explore the influence of opportunity attention allocation on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.

1.4 Scope of the Study

Based on a comprehensive review of the relevant literature, this study identified the specific factors that influence the survival of overseas subsidiaries and formulated corresponding research hypotheses. A questionnaire was then designed and distributed to employees in four key departments of Gree Electric Appliances (Thailand) Co., Ltd. that are closely related to subsidiary survival: Senior Management, Sales and Marketing Department, Manufacturing Department, and Finance Department, in order to collect first-hand data and derive quantitative conclusions. Drawing on the research findings, this study further proposes practical managerial implications and actionable strategies from three perspectives, institutional adaptation, legitimacy building, and resource allocation optimization, aimed at enhancing the survival capability and sustainable development of Chinese manufacturing firms' overseas subsidiaries. The study also provides valuable insights and references for future research in this field.

1.5 Significance of the Study

1.5.1 Theoretical Significance

This study systematically identifies and organizes the core factors influencing the survival rate of the Chinese overseas subsidiary of Gree Electric Appliances (Thailand) Co., Ltd., addresses the gaps in previous empirical research on the factors influencing the survival rate of overseas subsidiaries. First, by focusing on the intersection of a specific industry (home appliance manufacturing) and an emerging market (Thailand), it provides an indepth analysis of the relationships between key variables, such as the host country's institutional environment, organizational legitimacy, homecountry government support, and opportunity attention allocation—and the survival rate of overseas subsidiaries. This helps to address the limitations of existing research, which has largely concentrated on developed countries or adopted a broad, industryagnostic approach, thereby offering more targeted empirical insights for studies on the survival of overseas subsidiaries.

By taking Chinese enterprise as the research subject, this study not only tests the applicability of empirical conclusions regarding entry modes that have traditionally been based on firms from developed economies, but also offers research findings more aligned with the Chinese context through an exploration of both state-owned and private overseas subsidiaries, thereby carrying significant theoretical value.

1.5.2 Practical Significance

This study helps multinational corporations better understand their own position and provide guidance for their internationalization strategies, enabling them to adjust their approaches in a timely manner, better respond to differences in the external environment, and improve their survival rate. At the same time, it can also provide a policy basis for relevant policymakers. As a major outward investor, China has also become highly attractive to foreign investors. Therefore, exploring how adjustments in the host country's institutional environment, organizational legitimacy, and opportunity attention allocation can help foreign subsidiaries better adapt to the local environment and achieve long-term development, thereby attracting more foreign investment, is also of great practical significance. The research conclusions of this study can provide practical references for subsequent Chinese enterprises "going global" to make reasonable entry arrangements.

1.6 Definition of Key Terms

1) Survival rate of overseas subsidiary

Survival rate of overseas subsidiaries refers to the proportion of these subsidiaries that are able to continue their operations and maintain a normal operating status after entering the host-country market, or the length of time.

2) Host country's institutional environment

Host country's institutional environment refers to the sum of various formal and informal institutions in the country where an overseas subsidiary is located that affect its business activities, including laws and regulations, policy systems, regulatory environment, as well as local cultural values and social norms.

3) Organizational legitimacy

Organizational legitimacy refers to the degree to which an organization's behaviors, structure, and operational methods are perceived as reasonable, legitimate, and consistent with social norms and expectations by external

stakeholders such as society, governments, customers, and partners.

4) Opportunity attention allocation

Opportunity attention allocation refers to a pattern of attention distribution in which a company, during its strategic decision-making process, devotes a larger share of its attention resources to identifying, capturing, and exploiting external market opportunities

Chapter 2 Literature Review

2.1 Theoretical Foundation

2.1.1 Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory is a core component of strategic management research. It primarily explores the influence of a firm's resources on its actual strategy formulation and is widely recognized as a foundational theory in the field of international business (Wu & Chen, 2021). According to the RBV theory, all corporate decisions are closely related to the resources a firm possesses and acquires. Firms can achieve strong competitive advantages by leveraging heterogeneous or scarce resources. The unique resources of multinational corporations, such as proprietary technologies, management expertise, and human capital, are often difficult to imitate or substitute. In response to evolving development needs, multinational corporations operate and allocate resources in global markets, selecting host countries for investment. This entire process involves formulating strategies tailored to the resources available in the host country. The motivations for Chinese enterprises to engage in outward foreign direct investment generally include resource-seeking, market-seeking, and strategic asset-seeking objectives (Lin et al., 2019).

The RBV is one of the explanations for why overseas subsidiaries can operate successfully in host countries by leveraging resources from their parent companies, a perspective that focuses on the parent firm as the source of resources. However, due to the trend of global technological advancement, the notion of the parent company being the sole source of competitive advantage has gradually diminished. Some scholars have found that resources acquired by multinational corporations in host countries can also help parent companies build competitive advantages in other host countries (Du et al., 2017).

Research indicated that overseas subsidiaries had become important sources of strategic capabilities or resources in the process of international operations. Some scholars even directly argued that overseas subsidiaries were aggregates of resources (Xu & Zhu, 2019). Furthermore, another perspective within RBV suggested that an organization often relied heavily on another organization that controlled critical resources and capabilities, such as in upstream or downstream relationships within a supply chain, or the dependence of overseas subsidiaries on the scarce resources held by their parent companies.

2.1.2 Institutional Based View (IBV) Theory

The Institutional-Based View (IBV) theory originates from the conceptualization of institutions by North (1990) and Scott (1995). North (1990) likened institutions to the "rules of the game," defining them as humanly devised constraints that shape human interaction. Scott (1995) viewed institutions as multifaceted structures comprising cognitive, normative, and regulative elements that bring stability to social life. He further categorized the institutional framework into three pillars: the regulative pillar, encompassing laws and regulations established by state and government authorities; the normative pillar, reflecting values, beliefs, and norms adhered to by the public; and the cognitive pillar, involving shared beliefs and common meanings within organizations. Later, Peng et al. (2008) elevated the Institutional-Based View to the status of a "strategy tripod" alongside the Resource-Based View and Industry-Based View in the study of firm internationalization strategies, thereby solidifying its central role in research on the international strategies and performance of multinational corporations.

In emerging and developing countries undergoing economic transition, the lack of clear policy guidance and insufficient research on the institutional environment often lead firms to rely solely on their internal resource endowments. Consequently, they tend to overlook the external institutional context as a means of overcoming operational bottlenecks and challenges. Therefore, examining China's outward foreign direct investment (OFDI) behavior through the lens of the Institutional-Based View allows for a precise and efficient understanding of how firms' heterogeneous resources can help them gain competitive advantages in international operations (Chen et al., 2016). This perspective is also instrumental in identifying the distinctive characteristics that set China's OFDI apart from that of developed countries.

After entering a host country market, multinational corporations' overseas subsidiaries face the liability of foreignness. This refers to the additional costs they must bear compared to local firms due to conflicts arising from political and cultural differences, among other factors. In the host country market, overseas subsidiaries must not only adapt to a series of organizational routines from their parent company, such as operational strategies, corporate values, and management styles, but also contend with an institutional environment that differs from that of their home country. They must comply with the legal and regulatory frameworks of the foreign market and respect its cultural value systems in order to gain legitimacy for their operations in the host country and enhance their organizational survival performance (Wan, 2016).

2.2 Survival Rate of Overseas Subsidiary

An overseas subsidiary refers to an affiliate or subsidiary company established by a firm in a country outside where its parent company is located. Overseas subsidiaries are usually independent legal entities, but they are typically subject to the control and management of the parent company. Overseas subsidiaries are typically independent legal entities, but they are often subject to the control and management of their parent companies. The performance of overseas subsidiaries can effectively reflect the outcomes of the parent company's internationalization efforts (Bai et al., 2013).

The survival rate of overseas subsidiaries refers to the proportion of these subsidiaries that are able to continue their operations and maintain a normal operating status after entering the host-country market, or the length of time (Yi et al., 2019). It reflects the overseas subsidiary's ability to adapt and survive in the face of external environmental uncertainty, market competition, and internal management challenges.

Whether an overseas subsidiary can survive in the long term is an important indicator of its operational success. In research on the survival of overseas subsidiaries, scholars have found that the host country's institutional environment, organizational legitimacy, and the firm's resource endowments are important factors influencing the survival rate of multinational corporations' subsidiaries (Jin, 2020; Du et al., 2017; Wu & Chen, 2013).

2.2.1 Host Country's Institutional Environment

Overseas subsidiaries are subject to the dual influence of the internal and external environments of the MNC. First, the heterogeneous resources possessed by overseas subsidiaries need to be aligned with the corporate governance structure and strategy of the parent company. Second, overseas subsidiaries must comply with the institutional environment of the host country (Qu et al., 2022). The host country's institutional environment refers to the sum of various formal and informal institutions in the country where an overseas subsidiary is located that affect its business activities, including laws and regulations, policy systems, regulatory environment, as well as local cultural values and social norms (Xu & Zhu, 2019). A favorable institutional environment is conducive to the survival of subsidiaries, as it reduces organizational uncertainty, helps enhance legitimacy, and mitigates the liability of

foreignness.

Institutional quality and institutional distance between two countries significantly influence the survival of overseas subsidiaries of multinational corporations (Wang et al., 2011). When the formal institutional quality in a host country is low, its regulatory systems, market norms, and economic freedom, among other institutional frameworks, tend to be relatively underdeveloped. This creates a challenging environment for multinational enterprises investing in such a country, exposing them to higher risks of investment failure, elevated operational costs, and lower returns on investment. Chen et al. (2012) conducted research on the impact of host country institutional quality on the performance of overseas subsidiaries of multinational corporations and their findings consistently indicated that a low-quality institutional environment in the host country adversely affects the performance of overseas subsidiaries located there.

The cross-border investments of Chinese multinational corporations are primarily guided by policies, rendering them more susceptible to influences at the national institutional level (Berry et al., 2010). Moreover, as Chinese multinational corporations predominantly target developed countries, the gap between them and their developed-country counterparts is not merely at the firm level but extends to the national level. A key differentiator from established multinational corporations is their Chinese background. Compared to firm-level influences, the impact at the national level is more profound, underscoring the necessity of examining the effect of institutions on the survival of overseas subsidiaries of multinational enterprises.

2.2.2 Organizational Legitimacy

Organizational legitimacy can be regarded as a broad form of perception or assumption. Suchman (1995) defined it as the extent to which an organization ’s activities are perceived as appropriate within the socially constructed system of norms, values, and beliefs. Organizational legitimacy refers to the degree to which an organization’s behaviors, structure, and operational methods are perceived as reasonable, legitimate, and consistent with social norms and expectations by external stakeholders such as society, governments, customers, and partners.

Scott (1995) categorized legitimacy into three types: regulative legitimacy, normative legitimacy, and cognitive legitimacy. Regulative legitimacy primarily refers to the laws, regulations, and other normative documents established by

government authorities and institutions, including self-regulatory frameworks, which can directly govern organizations. Normative legitimacy pertains to ideological and cultural aspects, such as ethical standards and social values. Cognitive legitimacy, on the other hand, relates to the degree of acceptance and recognition an organization itself receives.

Chen et al. (2020) argued that cognitive legitimacy should occupy a dominant position, as cognition served as the foundation of social institutions and systems, providing a framework for their operation and regulation. Particularly in emerging economies like China, informal legitimacy played a more significant role, as the development of informal institutions in these countries often lagged behind, or even contradicted, formal institutions. Moreover, cognitive legitimacy implied full legitimacy. Therefore, first, the enhancement of cognitive legitimacy could increase local trust and recognition of enterprises, reduce transaction costs, and thereby strengthen stability. Second, enterprise development could not be separated from public support. Companies with cognitive legitimacy had greater advantages in acquiring necessary resources such as technology and capital, enabling them to achieve long-term survival and growth (Yang & Yang, 2020). When enterprises lacked an understanding of the local institutional environment and failed to grasp its requirements, it became difficult for them to gain recognition from legitimacy actors. When entering a new international market, firms may respond to legitimacy pressures and reduce operational uncertainty by imitating the practices already adopted by similar or successful firms in the host country, thereby increasing their chances of survival or success (Wang & Peng, 2021).

2.2.3 Opportunity Attention Allocation

Opportunity attention allocation refers to a pattern of attention distribution in which a company, during its strategic decision-making process, devotes a larger share of its attention resources to identifying, capturing, and exploiting external market opportunities (Dong & Song, 2017). Under this pattern, the company places greater emphasis on potential revenue growth and market expansion (Wu et al., 2009). When a company allocates a larger share of its attention to opportunities, it tends to adopt an aggressive overseas expansion strategy. This, in turn, makes it more difficult for the company to manage resource allocation and adapt to the local environment, which may ultimately lead to a lower survival rate of its overseas subsidiaries.

Jiang et al. (2019) argued that the external environment of a firm, particularly market opportunities, significantly influenced its attention. Potential overseas market

opportunities heightened the parent company's focus on that region, increasing its attention to opportunities and thereby promoting its outward expansion. Wei et al. (2017) contended that attention to opportunities led to more aggressive business behavior by enterprises.

When an enterprise allocates excessive attention to opportunities while maintaining a high speed of internationalization, it may lead to a mismatch between expectations and outcomes (Jiang et al., 2019). The strategic resources and market position gained through rapid internationalization may not align with the opportunities the enterprise originally envisioned, failing to achieve anticipated returns. If costs outweigh profits, this can result in a decline in the survival performance of the enterprise's overseas subsidiaries.

2.3 Gree Electric Appliances (Thailand) Co., Ltd.

Gree Electric (Thailand) Co., Ltd. was established in 2009 as the official authorized distributor of Gree air conditioners in Thailand, primarily responsible for importing and distributing air conditioning products from its Chinese parent company, Gree Electric Appliances, Inc. of Zhuhai. In 2010, the company formally introduced household air conditioners to the Thai market and gradually expanded its operations to cover a full range of air conditioning businesses, including the import and distribution of products for residential, office, commercial, and industrial applications. Over the subsequent 16 years of operation, the Gree brand gained widespread recognition in the Thai market and was ranked as the world's top air conditioner manufacturer in 2019.

On August 28, 2025, Gree Electric (Thailand) Co., Ltd. issued an announcement declaring that due to policy adjustments by its parent company, Gree Electric Appliances, Inc. of Zhuhai, it would officially terminate its role as the distributor of Gree air conditioners in Thailand effective September 1, 2025. As of September 1, 2025, the business previously handled by the original distributor has been successfully transitioned. Moving forward, the import, sales, and after-sales service of Gree products in Thailand will be uniformly managed by GREE ELECTRIC APPLIANCES (THAILAND) CO., LTD.

On September 10, 2025, Gree Electric held a grand new product launch event in Bangkok, unveiling a new air conditioner series centered on the themes of "smart temperature control, energy efficiency, and healthy air," continuing to uphold its

development philosophy of "innovation-driven and customer-first." Over 1,200 key distributors and partners from Singapore, Thailand, Indonesia, and other regions attended the event. Taking this upgrade as a new starting point, Gree will further accelerate its localization efforts in Thailand, offering more flexible cooperation policies for its distributor partners and continuously introducing smart home appliances tailored to the demands of the Thai market.

In the first half of 2025, Gree's overseas revenue reached RMB 16.335 billion, representing a year-on-year increase of 10.19%. Its products are exported to over 190 countries and regions, with its own brands accounting for 70% of total export value. In countries along the Belt and Road Initiative, the share of Gree's own brands exceeded 85%, far above the industry average. In the Southeast Asian market specifically, the export share of Gree's own brands surged from 30% to 80%, while operating profits repeatedly reached new heights.

2.4 Conceptual Framework

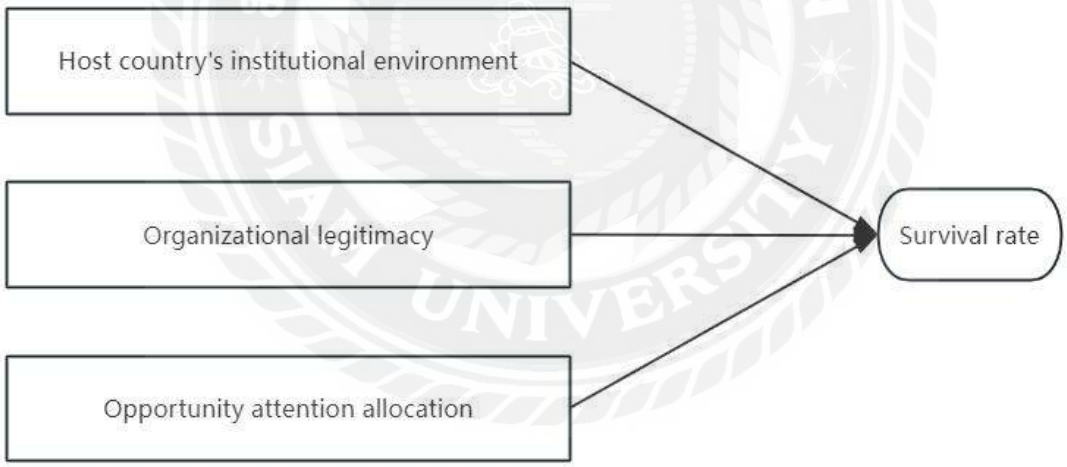


Figure 2.1 Conceptual Framework

Chapter 3 Research Methodology

3.1 Research Design

Based on the literature review, a highly generalized analytical result was obtained, indicating that the survival rate of overseas subsidiaries is most likely influenced by three factors: host country's institutional environment, organizational legitimacy, and opportunity attention allocation. Therefore, this study proposed research hypotheses based on the interrelationships among these three influencing factors and the survival rate of overseas subsidiaries, and explored the underlying influence paths. Subsequently, a quantitative research approach was adopted, and a questionnaire was designed and distributed to four key departments of Gree Electric Appliances (Thailand) Co., Ltd. that are closely related to subsidiary survival: Senior Management, Sales and Marketing Department, Manufacturing Department, and Finance Department, in order to collect first-hand data. The questionnaire results were analyzed using SPSS software to test the hypotheses and interpret the research findings.

3.2 Population and Sample

The target population of this study was confined to employees working within four core functional departments at Gree Electric Appliances (Thailand) Co., Ltd. These departments included: Senior Management, Sales and Marketing Department, Manufacturing Department, and Finance Department. The selection of these four departments as the research subjects was based on the following considerations:

Senior Management, as the corporate decision-making core, is responsible for formulating the subsidiary's strategic direction, resource allocation, and major operational decisions. This department possesses the most comprehensive understanding of both the external environmental challenges faced by the subsidiary and its internal operational bottlenecks, thereby being able to provide profound insights at the macro level regarding the key factors influencing corporate survival and development.

Sales and Marketing Department represents the market-oriented primary activities of the enterprise. This department directly engages with customers and market competition, making it particularly sensitive to changes in market share,

fluctuations in customer demand, and the brand's acceptance within the local market.

Manufacturing Department represents the core production activities of the enterprise. As a manufacturing-oriented company, production efficiency, product quality, supply chain stability, and cost control directly determine the product's market competitiveness and the company's profitability.

Finance Department plays a crucial role in support activities. This department has access to core data regarding the enterprise's capital flow, cost structure, profitability, and financial risks. In the study of subsidiary survival conditions, the financial perspective not only enables the quantification of operational outcomes but also reveals potential financial vulnerabilities, thereby providing data support for strategic adjustments.

3.3 Hypothesis

H_1: Host country's institutional environment has a significant positive impact on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.

H_2: Organizational legitimacy has a significant positive impact on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.

H_3: Opportunity attention allocation has a significant negative impact on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd.

3.4 Research Instrument

This study used a carefully designed questionnaire, which was distributed to and collected from the specific sample group, followed by an in-depth analysis of the authentic data gathered. The objective was to identify the key factors influencing the survival rate of Chinese overseas subsidiaries.

The questionnaire consists of two main parts. The first part collects personal information, including gender, age, department, and educational background. The second part investigates the influencing factors and is further divided into two modules: the first module examines the host country's institutional environment, organizational legitimacy, and opportunity attention allocation; the second module focuses on the survival rate of the overseas subsidiary.

All items in the questionnaire are measured using a 5-point Likert scale, where 1 indicates "strongly disagree" and 5 indicates "strongly agree". This questionnaire demonstrates both scientific rigor and rationality, exhibiting comprehensiveness and pertinence in both its content and structure. It thereby lays a solid foundation for the subsequent data collection and analysis.

Table 3.1 Variable Measurement Items

Host country's institutional environment	
No.	**Item**
1	The legal and regulatory framework in the host country (Thailand) is well-established and effectively safeguards the legitimate rights and interests of foreign-invested enterprises.
2	Government policies toward foreign-invested enterprises in the host country are characterized by stability and consistency, with sudden policy changes rarely occurring.
3	The administrative approval procedures in the host country are transparent and efficient, with no significant room for rent-seeking activities.
4	The labor market regulations in the host country are appropriately flexible, facilitating effective human resource management for enterprises.
5	The intellectual property protection system in the host country is robust, ensuring that our core technologies can be effectively protected locally.
Organizational legitimacy	
No.	**Item**
6	Our company actively fulfills its corporate social responsibilities in the local community, earning recognition and approval from both the community and the public.
7	Our company's management practices and business operations are aligned with local business norms and cultural values.
8	Our company maintains good relationships with local government agencies, having obtained official recognition and support.
9	Our company's business practices conform to the moral norms and ethical standards generally accepted by the local society.
Opportunity attention allocation	
No.	**Item**

10	Our company invests substantial time and resources in identifying potential business opportunities within the Thai market.
11	Our company maintains continuous sensitivity to opportunities for supply chain optimization and cost reduction.
12	Our company's management focuses the majority of its attention on market opportunities that can generate short-term gains.
13	In terms of resource allocation, our company tends to support the exploration of opportunities with long-term strategic value.
Survival rate of Gree Electric Appliances (Thailand) Co., Ltd.	
No.	**Item**
14	Over the past three years, our company has consistently achieved profitability and maintained a healthy financial status.
15	Our company maintains sufficient cash flow to meet both daily operational needs and future investment requirements.
16	Our company has established long-term and stable cooperative relationships with local suppliers and distributors.
17	Over the past three years, our company has successfully navigated multiple market fluctuations and external environmental challenges.

3.5 Reliability and Validity Analysis of the Scale

3.5.1 Questionnaire Reliability Analysis

Reliability analysis is an important method for evaluating the stability and consistency of measurement instruments. In research, measurement tools (such as questionnaires, scales, and tests) are used to collect data, and the quality of these data directly affects the credibility and validity of the research findings. Therefore, ensuring the reliability of measurement instruments is crucial. The most commonly used indicator for assessing the consistency among items within a measurement tool is Cronbach's alpha coefficient. The alpha value ranges from 0 to 1, with higher values indicating better internal consistency. It is generally accepted that an alpha value greater than 0.7 indicates good internal consistency of the scale.

Table 3.2 Reliability Analysis Results

Scale	Cronbach's α	N
Host country's institutional environment	0.821	5
Organizational legitimacy	0.864	4
Opportunity attention allocation	0.833	4

The survival rate of the Chinese overseas subsidiary	0.875	4

In this study, SPSS statistical software was used to conduct internal consistency reliability analysis on each scale. The results, as shown in Table 3.2, indicate that the Cronbach's α coefficients for all scales used in the study are greater than 0.8, demonstrating good reliability and high consistency of the measurement results.

3.5.2 Questionnaire Validity Analysis

Validity refers to the extent to which a measurement tool or instrument accurately measures what it is intended to measure. Validity analysis is the process of assessing whether the measurement tools used in a study are effective.

Table 3.3 Validity Analysis Results

The KMO Values and the Bartlett's Sphericity Test		
KMO Value		0.804
The Sphericity Test of the Bartlett	Approximate chi-square	656.224
	df	57
	Sig.	0.000

Based on the results of the validity analysis, the KMO value in this study exceeds the threshold of 0.7, indicating that the sample size is adequate and the variables exhibit a well-defined correlation structure, thereby confirming the good structural validity of the scale.

3.6 Data Collection

The questionnaires were distributed online. A total of 421 questionnaires were distributed to employees across the four departments, and 386 valid responses were returned. After excluding invalid responses due to patterned answering or excessively short completion times, the effective response rate was 91.7%.

3.7 Data Analysis

1) **Descriptive Statistical Analysis:** This survey conducted an in-depth analysis of the respondents' comprehensive information, aiming to obtain a thorough and detailed profile of the sample group. Such a profile holds significant value for

subsequent data interpretation and strategy formulation.

2) **Correlation Analysis:** Before conducting a multiple regression analysis, it is necessary to examine the strength of the correlations among the variables. If the variables are not correlated with each other, it is inappropriate to perform a regression analysis. Therefore, a preliminary test of the degree of correlation among the variables was carried out before conducting a multiple linear regression analysis.

3) **Multiple Linear Regression Analysis:** Multiple linear regression analysis was used to examine the linear relationships between a dependent variable and three independent variables.

Chapter 4 Findings

4.1 Respondent Demographics

Table 4.1 Demographics of Respondents

Demographics	Category	N	Percentage (%)
Gender	Male	241	62.4
	Female	145	37.6
Age	Under 25 years old	33	8.6
	26-35 years old	124	32.1
	36-45 years old	133	34.5
	46-50 years old	61	15.8
	Upper 50 years old	35	9.0
Department	Senior Management	57	14.8
	Sales and Marketing Department	114	29.5
	Manufacturing Department	163	42.2
	Finance Department	52	13.5
Educational background	Below Bachelor's degree	0	0.0
	Bachelor's degree	152	39.4
	Master's degree or above	234	60.6
Total		386	100.0

A total of 386 valid samples were obtained in this survey. In terms of gender distribution, there were 241 males, accounting for 62.4%, and 145 females, accounting for 37.6%, indicating a significantly higher proportion of males than females. Regarding age, the respondents were mainly concentrated between 26 and 45 years old. Among them, the 36–45 age group was the largest, making up 34.5%, followed by the 26–35 age group at 32.1%, reflecting an overall age structure dominated by young and middle-aged employees. In terms of departmental distribution, Manufacturing Department had the largest number of respondents, with 163 employees, or 42.2% of the total. This was followed by Sales and Marketing Department, which accounted for 29.5%. Senior management and Finance Department constituted 14.8% and 13.5% of the sample, respectively, a distribution that is generally consistent with the workforce structure of a manufacturing-oriented enterprise. With respect to educational background, all respondents held at least a bachelor's degree. Among them, 60.6% had a master's degree or higher, while 39.4% had a bachelor's degree, indicating a relatively high overall level of education.

4.2 Correlation Analysis

Table 4.2 Correlation Analysis Results

	HCIN	OL	OAC	Survival Rate
HCIN	1			
OL	0.486**	1		
OAC	0.413**	0.376**	1	
Survival rate	0.435**	0.480**	-0.277**	1
HCIN = Host country's institutional environment OL = Organizational legitimacy OAC = Opportunity attention allocation				

As can be seen from Table 4.2, host country's institutional environment (HCIN), organizational legitimacy (OL), and opportunity attention allocation (OAC) all show significant correlations with the survival rate of Gree Electric Appliances (Thailand) Co., Ltd., with correlation coefficients of 0.435, 0.480, and -0.277, respectively. These results indicate that HCIN and OL are positively related to the subsidiary's survival rate, while OAC is negatively related to it.

4.3 Regression Analysis

Table 4.3 Regression Analysis Results

	Non-Standardized Coefficient	Standardized coefficient	P	VIF
	B	β		
(Constant)	1.836	-	0.000	-
HCIN	0.416	0.364	0.000	2.421
OL	0.269	0.173	0.000	2.374
OAC	-0.175	-0.287	0.000	2.311
R^2	0.683			
Adjusting R^2	0.675			
F	39.749			
DW	1.374			
HCIN = Host country's institutional environment OL = Organizational legitimacy OAC = Opportunity attention allocation				

As shown in Table 4.3, the overall model fit is relatively high, explaining 67.5% of the variance in the dependent variable. The F-value is 39.749, which is significant at the 1% level, indicating that the regression model is statistically meaningful overall.

The Durbin–Watson (DW) statistic is 1.374, which is close to 2, suggesting that there is no significant autocorrelation in the residual series. The regression results for each explanatory variable are as follows:

Firstly, the regression coefficient for HCIN is 0.416, with a standardized coefficient of 0.364, and it is significant at the 1% level. This indicates that the host country's institutional environment has a significant positive impact on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd., thus supporting Hypothesis 1. Secondly, the regression coefficient for OL is 0.269, with a standardized coefficient of 0.173, and it is also significant at the 1% level. This shows that organizational legitimacy has a significant positive impact on the survival rate of Gree 's Thai subsidiary, thus supporting Hypothesis 2. Thirdly, the regression coefficient for OAC is - 0.175, with a standardized coefficient of - 0.287, and it is significant at the 1% level. This indicates that opportunity attention allocation has a significant negative impact on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd., thus supporting Hypothesis 3. A possible explanation is that when a company allocates more attention to opportunities, it tends to adopt a more aggressive overseas expansion strategy, which increases resource pressure and management difficulties, ultimately having a negative impact on survival.

In addition, the VIF values of all variables are well below the critical threshold of 10, indicating that the model does not suffer from serious multicollinearity and that the regression results are relatively robust.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

5.1.1 Host Country ’s Institutional Environment Has a Significant Positive Impact on the Survival Rate of Gree Electric Appliances (Thailand) Co., Ltd.

Host country’s institutional environment has a significant positive impact on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd. This indicates that the higher the quality of the host country's institutional environment, the higher the survival rate of Chinese overseas subsidiaries. A high-quality formal institutional environment in the host country can provide overseas subsidiaries with a relatively free market, stronger legal protections, and well-established market norms, all of which facilitate their operations and survival. Differences in legal regulations, market policies, ethical standards, and cultural customs can create obstacles for overseas subsidiaries in adapting to the foreign market and achieving successful survival. The greater these differences, the more significant the barriers, and consequently, the lower the survival rate.

5.1.2 Organizational Legitimacy Has a Significant Positive Impact on the Survival Rate of Gree Electric Appliances (Thailand) Co., Ltd.

Organizational legitimacy has a significant positive impact on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd. This indicates that the higher the organizational legitimacy in the host country, the higher the survival rate of overseas subsidiaries. This is because, in countries with strong organizational legitimacy, there are fewer legal restrictions on foreign investment and entry into specific industries. Additionally, overseas subsidiaries are less likely to face discriminatory treatment based on ethical norms, which helps them overcome the "liability of foreignness" and facilitates resource sharing and acquisition with local firms.

Therefore, when engaging in future outward foreign investment, Chinese enterprises should also consider the degree of investment restrictions in the host country and choose countries with relatively fewer restrictions on foreign investment. First, this can enhance the host country's trust and recognition of the investing enterprise while reducing transaction costs. Second, it encourages the host country's public to develop greater goodwill and customer loyalty toward the enterprise. Finally, enterprises can more easily access local resources and technologies, which not only facilitates the absorption of local knowledge and technology but also

promotes knowledge exchange and transfer with the home country through technology and knowledge spillovers. The ultimate goal is to improve the survival rate of overseas subsidiaries.

5.1.3 Opportunity Attention Allocation Has a Significant Negative Impact on the Survival Rate of Gree Electric Appliances (Thailand) Co., Ltd.

Opportunity attention allocation has a significant negative impact on the survival rate of Gree Electric Appliances (Thailand) Co., Ltd. When excessive attention is allocated to capturing overseas market opportunities, it may adversely affect the long-term survival of subsidiaries. When enterprises rapidly enter foreign markets driven by opportunity-seeking motives, they often hold high expectations for investment returns. However, if they fail to adequately assess the intensity of local market competition or the time required for consumer acceptance of the brand, this may result in investment costs exceeding returns, thereby undermining the subsidiary's financial sustainability. Simultaneously, an excessive focus on opportunities may lead enterprises to make hasty decisions during the strategic process, neglecting in-depth research on the host country's market environment. If they do not fully consider local consumer preferences, competitors' positioning, or changes in policies and regulations, this can result in product positioning deviations, marketing strategy errors, and other issues, increasing operational uncertainty and reducing the subsidiary's probability of survival.

5.2 Recommendation

5.2.1 Enhancing Investment Guidance and Conducting More Indepth Institutional Research

An information platform should be established to serve Chinese enterprises engaged in outward foreign direct investment. A key reason for the low survival rate of many Chinese enterprises is information asymmetry. Prior to investment, they often lack sufficient understanding of the host country's institutional environment, including its laws and regulations, market rules, and cultural customs. Consequently, they encounter various obstacles during operations and may ultimately be forced to withdraw from the overseas market. At the same time, inexperienced firms lack channels to learn about similar investment cases and information from other enterprises, preventing them from gaining knowledge or drawing lessons from others' experiences to improve their own survival rates. Therefore, the government should establish a relevant information service platform to provide enterprises with essential

information about the host country's institutional environment and offer guidance on coping strategies for the various risks overseas subsidiaries may face in foreign markets. Additionally, such a platform would enable enterprises to share their own outward foreign direct investment experiences, serving as a reference and learning resource for other firms.

The government should improve relevant policies that support enterprises' outward foreign direct investment, including economic and diplomatic assistance, financial aid, and the signing of investment agreements. Currently, national policies primarily favor state-owned enterprises. However, as private enterprises have gradually become a significant force in outward foreign direct investment, government policies should also increase support for private enterprises while continuing to support state-owned ones.

5.2.2 Dynamically Adjusting Ownership Structures to Align with the Legitimacy Level of the Host Country

When engaging in outward foreign investment, enterprises should prioritize the level of recognition of organizational legitimacy in the host country. According to this study, host countries with higher organizational legitimacy, specifically those with fewer restrictions on foreign investment, significantly increase the survival rate of overseas subsidiaries. Therefore, when making investment decisions, enterprises should select countries with a high degree of openness, particularly those that impose fewer restrictions on foreign investment and possess abundant resources.

Overseas companies should flexibly optimize their ownership allocation strategies based on the institutional and legitimacy environment of different host countries. In countries with low legitimacy (e.g., where foreign investment restrictions are stringent), firms are advised to adopt a more decentralized ownership structure by involving local investors. This approach allows companies to leverage the resources and influence of local partners, access better localized resources, reduce compliance risks, and rapidly accumulate legitimacy in the host country. In countries that are more favorable to foreign investment (e.g., where policies are supportive and markets are highly open), enterprises may increase their ownership stake. This enables them to fully leverage their managerial, technological, and resourceintegration advantages, strengthen strategic control over subsidiaries, and enhance overall performance.

5.2.3 Making Rational Evaluation of Opportunities and Timely Seizure of Overseas Investment Opportunities

Regarding the allocation of attention, enterprises should exercise moderation in their pursuit of opportunities. When an opportunity arises, they should first rationally assess whether it aligns with their development goals, conduct thorough market research to understand the target market's demands, competitive landscape, and cultural characteristics, and evaluate whether establishing an overseas subsidiary would present insurmountable challenges and whether the parent company possesses sufficient resources to support its establishment and sustainable growth. Once these fundamental risk assessments have been satisfactorily addressed, enterprises should avoid hesitation and act promptly to seize the opportunity, proactively pursuing a stronger market position and enhanced competitiveness.

When an opportunity arises, firms should first conduct a rational analysis to determine whether it aligns with their own development goals and then carry out thorough market research. This includes understanding the target market ’s needs, competitive landscape, and cultural characteristics, as well as evaluating whether establishing an overseas subsidiary would entail difficulttoresolve challenges and whether the parent company has sufficient resources to support the subsidiary ’s establishment and sustainable development. Once the basic risk assessment has been successfully completed, the company should no longer hesitate but should promptly seize the opportunity and take proactive action to gain a stronger market position and competitive advantage.

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Appendix

Dear Sir/Madam:

Hello! Thank you very much for taking the time from your busy schedule to complete this questionnaire. We sincerely appreciate your support.

This is an academic research questionnaire designed to understand issues related to the survival rate of your company's overseas subsidiary. Your responses are extremely important to the successful completion of this study, and we kindly ask you not to skip any questions.

Please answer each question based on your personal experience and follow the instructions provided. There are no right or wrong answers to the questions. This questionnaire is anonymous, and all information collected will be used solely for statistical analysis purposes. Your responses will be kept strictly confidential and will not be used for any other purposes. Please feel free to answer honestly.

Thank you very much for your support and assistance!

Part 1: Personal Background Information

1. Your gender：

1) Male
2) Female

2. Your age:

1) Under 25 years old
2) 26-35 years old
3) 36-45 years old
4) 46-50 years old
5) Upper 50 years old

3. Your department:

1) Senior Management
2) Sales and Marketing Department
3) Manufacturing Department
4) Finance Department

4. Your educational background

1) Below Bachelor’s degree
2) Bachelor’s degree
3) Master’s degree or above

Part 2: Questionnaire

Please read the following statements carefully and evaluate the extent to which they reflect your behaviors, feelings, attitudes, or opinions. Mark "√" on the number that best corresponds to your situation. The numbers represent the following meanings:

1 = Strongly Disagree

2 = Disagree

3 = Not Sure

4 = Agree

5 = Strongly Agree

	The host country's institutional environment scale	**1**	**2**	**3**	**4**	**5**
1	The legal and regulatory framework in the host country (Thailand) is well-established and effectively safeguards the legitimate rights and interests of foreign-invested enterprises.					
2	Government policies toward foreign-invested enterprises in the host country are characterized by stability and consistency, with sudden policy changes rarely occurring.					
3	The administrative approval procedures in the host country are transparent and efficient, with no significant room for rent-seeking activities.					
4	The labor market regulations in the host country are appropriately flexible, facilitating effective human resource management for enterprises.					
5	The intellectual property protection system in the host country is robust, ensuring that our core technologies can be effectively protected locally.					
	Organizational legitimacy scale	**1**	**2**	**3**	**4**	**5**
6	Our company actively fulfills its corporate social responsibilities in the local community, earning recognition and approval from both the community and the public.					
7	Our company's management practices and business operations are aligned with local business norms and cultural values.					
8	Our company maintains good relationships with local government agencies, having obtained official recognition and support.					
9	Our company's business practices conform to the moral norms and ethical standards generally accepted by the local society.					
	Opportunity attention allocation scale	**1**	**2**	**3**	**4**	**5**

10	Our company invests substantial time and resources in identifying potential business opportunities within the Thai market.					
11	Our company maintains continuous sensitivity to opportunities for supply chain optimization and cost reduction.					
12	Our company's management focuses the majority of its attention on market opportunities that can generate short-term gains.					
13	In terms of resource allocation, our company tends to support the exploration of opportunities with long-term strategic value.					
The survival rate of Gree Electric Appliances (Thailand) Co., Ltd. scale		**1**	**2**	**3**	**4**	**5**
14	Over the past three years, our company has consistently achieved profitability and maintained a healthy financial status.					
15	Our company maintains sufficient cash flow to meet both daily operational needs and future investment requirements.					
16	Our company has established long-term and stable cooperative relationships with local suppliers and distributors.					
17	Over the past three years, our company has successfully navigated multiple market fluctuations and external environmental challenges.					