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**The Strategy of Development of Enterprises in Different
Cultural Context
A Comparative Case Study of Disneyland in Asia and
Europe**

Furong Chang

Master in Business Administration

Supervisor:

Doctor Prof. Nelson José António, ISCTE Business School,
Department of Management

November, 2021



BUSINESS
SCHOOL

Department of Marketing, Strategy and Operations

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Abstract

This dissertation aims to find out what are the main factors which cause the significantly different performances of the three Disneyland in Asia and Europe, the Tokyo Disneyland, the Hong Kong Disneyland and the Paris Disneyland, and to which factors should be attached more importance when enterprises conduct expansion in different cultural contexts.

A comparative case study is conducted from external and internal factors between the three Disney theme parks in Tokyo, Hong Kong and Paris. The results indicate that cultural conflicts and lack of innovation in the Paris Disneyland, the strategic deployment of the Hong Kong Disneyland have great impacts on profits while the Tokyo Disneyland obtained success by providing a Japanized American Dream and innovative products to Japanese consumers. In addition, the writer also analysed other influential elements affecting the operation performances of the three parks. The three cases can provide experience and lessons to enterprises when expanding under different cultural context, especially projects themed in international companies.

Key Words: Cultural Conflicts, the Disneyland, Theme Park, Strategic Development, Indigenization.

Resumo

Esta dissertação pretende descobrir quais são as razões críticas que resultam nos desempenhos significativamente diferentes dos três parques de Disneylândia na Ásia e Europa, a Disneylândia de Tóquio, a Disneylândia de Hong Kong e a Disneylândia de Paris, e a quais fatores devem ser atribuídos mais importância quando as empresas realizam expansão em diferentes contextos culturais.

Realizamos um estudo de caso comparativo a partir de fatores externos e internos entre os três parques temáticos da Disney em Tóquio, Hong Kong e Paris. Os resultados indicam que os conflitos culturais e a falta de inovação na Disneylândia de Paris, a implantação estratégica da Disneylândia de Hong Kong têm grandes impactos nos lucros, enquanto a Disneylândia de Tóquio obteve sucesso ao fornecer um sonho americano japonizado e produtos inovadores aos visitantes japoneses. Além disso, a autor também analisou outros elementos influentes que afetam os desempenhos da operação dos três parques. O estudo de caso comparativo pode fornecer experiência e lições para as empresas quando se expandem em diferentes contextos culturais, especialmente projetos temáticos em empresas internacionais.

Palavras-chave: Conflitos Culturais, Disneylândia, Parque Temático, Desenvolvimento Estratégico, Indigenização.

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Chapter 1 Introduction

Due to the intensification of globalization, overseas expansions and developments are the only way for enterprises to develop and grow. To rapidly develop overseas in the process of globalization, enterprises must face cross-cultural challenges, learn to accept multiculturalism, and effectively avoid cultural conflicts, making use of cultural differences to create innovation that can make enterprises sustainable development. At the same time, under the cross-cultural background, enterprises should focus on strategic management and strategic deployment, and innovate in the target market. Only in this way, enterprises can get out of the competition and grow in the tide of globalization. Taking Disney's three parks in Asia and Europe as examples, this dissertation outlines many external and internal factors that enterprises should consider when conducting cross-cultural development and puts forward reasonable suggestions for other enterprises to carry out cross-cultural management through the case of Disneyland.

Chapter 2 Literature Review

2.1 Cultural Factors

2.1.1 Definition of Culture

Culture is a subtle and omnipresent concept, it is a universal social phenomenon. Since human exists, we have culture. Culture is fundamental for any country, nation, race, religion and genus, it is linked with and widely shared by groups of people and its meaning represents a wide range of phenomena including criterions, norms, values, shared contents, and patterned modes of behaving. As what Peoples and Bailey defined in «Introduction to Cultural Anthropology»: culture is the socially transmitted knowledge and behaviour shared by some group of people. In anthropology sense, the term culture has been widely defined in literally thousands of ways, it usually relates to societies defined in national or ethnic levels, however, the concept of culture has been recently used for describing knowledge and behaviour of other groups like in the concepts of corporate culture or organizational culture. Meanwhile, there are also some narrow definitions from in anthropology, some anthropologist prefer to define culture as a mental phenomenon, individuals start to learn the culture and language of their community from childhood, in this point of view, the later behaviours and performances of individuals are generated from culture, not part of culture, this view is literally called the *ideational* conception of culture.

Culture can be differentiated obviously between different communities. In Germany, culture refers to the achievements created by human beings in the struggle against their surroundings and in their theory and practice according to their abilities in a certain period of time and in a certain area, including ethics, language, public institutions, religion, structure, state, politics, law, manufacture, technology, art, philosophy and science. In Spain, culture is what human beings share in a society. The organic whole of all kinds of ideas and values that people have acquired, that is, the sum of human spiritual wealth which is not congenitally inherited.

In France, culture refers to the sum of civilizational phenomena peculiar to a social group, which includes knowledge, beliefs, arts, morality, laws, customs and all other norms and customs possessed by people who are members of society. The famous French philosopher Rousseau, pointed out in his book «The Social Contract» in 1762 that culture is custom, habit, especially public opinion. In his point of view, culture has the following characteristics, first of all, culture engraved upon people's hearts and minds, secondly, culture is slowly born, but it gains new strength daily and replaces gradually the authority of the past. Third, culture can maintain legal consciousness of human beings.

From the above summary, we can find that in western countries, the word "culture" often implies social, political meanings, and profound spiritual significance. Meanwhile, In China, cultural awareness should be at least extended to the Eastern Zhou Dynasty, Confucius once highly praised the Zhou Dynasty's norms and regulations. According to some ancient usages, the earliest concept of "culture" in China means "culture governance and education". In ancient Chinese, culture is to teach the world with ethics and morality and make people's feelings stop at rituals.

In western world, the earliest definition of culture was raised by Edward Burnett Tylor (1831-1917) in 1871, he put forward his famous definition of culture in his book «Primitive Culture»: "The so-called culture or civilization includes belief, knowledge, morality, art, law and custom, and a combination of any other abilities or habits acquired by individuals as members of society". This understanding influenced many social scientists at that time and later, scholars from different fields, with different methods and different angles have studied deeply this theory, and different cultural schools appeared.

After that, another cultural anthropologist Bronislaw Malinowski (1884-1942) presented that culture refers to the traditional objects, goods, technologies, ideas, habits, values, and includes social organizations. Clyde Kluckhohn (1905-1960), believes that culture refers to the unique and special way of life of a human group, which contains both explicit and implicit patterns, it has a tendency to be shared by the whole group, or shared by a particular part of the group at a certain time.

Culture is a set of symbols that can be acquired through learning, it can be shared and interrelated. It provides patterned guidelines for the members of the group and the important solutions for the survival of the group or organization. In «Cultural Anthropology», William A. Haviland stated that the acceptable definition of culture should be that culture is a set of norms or guidelines that, when members of society act in accordance with it, the conduct shall be limited to such changes as the members of society deem appropriate and acceptable.

In eastern communities, taken China as an example, after the founding of New China, according to the revised «Etymology», the term "culture" refers to all the material and spiritual treasure created in the course of the historical development of human society, and also applies to the social ideology.

Since 1980s, the research of cultural issues has become a trend in Chinese academic community, and the definition of "culture" has been diversified. Some people think that culture is the summation of the spiritual achievements taken by human beings in dealing with the relationship between man and the world, and the dialectical unity of activity mode and activity achievement.

Some people think that culture refers to the field of human spirit production and the reflection of ideology, and its core content is all kinds of knowledge as spiritual products. Others think that culture is a special way of development of human life activities, and the sum of all forms of expression of complex relations between human and nature, human and the world.

Ren Jiyu reckons that culture has both broad and narrow sense. In broad sense, culture includes literary and artistic creation, philosophical works, religious beliefs, customs, food, clothing. In narrow sense, which refers to the spiritual achievements that represent the characteristics of a nation. Meanwhile, Liang Shuming believes that culture is everything we rely on in our lives, is intended to show people that culture is a very real thing. The original meaning of culture should be economic, political and even all-inclusive.

Culture is a social and historical phenomenon. Every society has its own culture and grows with the development of social material manufacture. Culture, as an ideology, reflects the political economy of a specific society, and exerts great impact on the politics and economy of a certain society. With the emergence and evolution of the nation, the culture has its national characteristic. The cultures of different nationalities, both in their content and in their form, reflect the individuality of different nationalities and have different characters. Besides that, culture is also regional, different regional cultures also have different qualities. At the same time, the culture also has historical continuity and inclusiveness. The history of material production and manufacture in a certain society is the mutual development of different cultures. Otherwise, targeting cultural manifestations in different countries or communities, there are some arguments regarding the hierarchy of culture. In «Introduction to Cultural Anthropology», Peoples and Bailey proposed that it is meaningless to make a hierarchy of culture, there is no such statement that one culture is better than another one, all human groups possess culture to the same degree. However, Linton Ralph defined that *the culture of any society is formed from the total of ideas, thoughts, conditioned emotional responses, and models of habitual behaviour which the members of that society have obtained through instruction or imitation and which they share to a greater or less degree.*

2.1.2 Six Cultural Dimensions

As Hofstede reckoned, “*culture is the collective programming of the mind that distinguishes the members of one group or category of people from others, it comes from social environment, instead of existing inherently.*” Culture shows an imperceptible, profound and lasting influence to the society and human civilization.

The primary element that needs to be considered when a firm is trying to pursue and develop international business expansion is cultural diversity. Hofstede conducted perhaps the most

general and integrated study of how values in the workplace are impacted by culture. By analysing a large scale of database (100.000 questionnaires) of employee values scores collected by IBM, between 1967 and 1973, covering more than 70 countries, Hofstede identified 4 basic dimensions of culture, which he called *individualism/collectivism, power distance, uncertainty avoidance, and masculinity/femininity* (Geert Hofstede, 1970). In addition, based on long versus short term orientation originally raised by Michael Harris Bond, Hofstede's theory of cultural dimension was extended again. The final dimension was added in 2010 in order to capture more researches in recent years revolved around themes of happiness. The final dimension "Indulgence versus Restraint" was based on research conducted by Michael Minkov, who is a Bulgarian sociologist and creator of the extensive World Values Survey.

The six dimensions are basis of international, global and transnational firms expanding businesses under different cultural contexts. On the basis of analysis of his data set, Hofstede calculated a score for 40 different countries on each of the above-mentioned dimensions. These scores, he stressed, have no absolute value, but are useful only as a solution to contrast different nations and countries.

Variables	Description
Power Distance	Nations and countries with higher values on power distance represent more submissive cultures, while lower values mean more equalitarian societies.
Individualism	Describes mostly the mode of life of a country or nation, this dimension can depend greatly on political system, the best examples for this area are America and China
Masculinity	The fundamental issue of this dimension is what kind of mind encourages people, desiring for being the best (Masculine) or enjoying what you do (Feminine), unlikely what it sounds like, this measurement has nothing related with gender.
Uncertainty Avoidance	The dimension Uncertainty Avoidance has to do with the way that a society manages the fact that the future can never be known: should we try to control and change the future to what we really want or just let it be? In this dimension, high values stand for more conservative people.
Long term Orientation	Normative societies usually have low score on long versus short-term orientation dimension, Nations with culture that take a more pragmatic approach: they motivate thrift and efforts in modern education as a way to prepare for the future own high score in this dimension. The main difference between Western and Eastern is embodied in this dimension.
Indulgence	The dimension is the degree to which people try to control their desires and impulses, based on the way they were raised. Relatively lower-level control is named "Indulgence" and relatively higher-level control is named "Restraint".

(Table 1: Six Cultural Dimensions)

The first dimension of Hofstede's model is individualism versus collectivism, describes mostly the mode of life of a country or nation, this dimension can depend greatly on political system, the best examples for this area are America and China, in the researches of Hofstede, Americans are expected to be more individual and egoistic, which are obviously individualism. Meanwhile, Chinese usually lay more emphasis on family, tend to live always in a group or collectivity. The differences between those two greats and impressive countries also reflect in

power distance, which is the second dimension of Hofstede's model, nations with higher values on power distance represent more submissive cultures, while lower values mean more equalitarian societies. Regarding to masculinity versus femininity, the fundamental issue of this dimension is what kind of mind encourages people, desiring for being the best (Masculine) or enjoying what you do (Feminine), unlikely what it sounds like, this measurement has nothing related with gender. The dimension Uncertainty Avoidance has to do with the way that a society manages the fact that the future can never be known: should we try to control and change the future to what we really want or just let it be? In this dimension, high values stand for more conservative people.

Normative societies usually have low score on long versus short-term orientation dimension, for example, they prefer to maintain time-honoured traditions and norms while thinking societal change with doubts. Nations with culture that take a more pragmatic approach: they motivate thrift and efforts in modern education as a way to prepare for the future own high score in this dimension. The main difference between Western and Eastern is embodied in this dimension: Orientation regarding time.

The last dimension is the degree to which people try to control their desires and impulses, based on the way they were raised. Relatively lower-level control is named "Indulgence" and relatively higher-level control is named "Restraint". Therefore, cultures can be described as Indulgent or Restrained, an indulgent society is put more emphasis on valuing the satisfaction of human needs and desires; a restrained society focus on the value in curbing ones' desires and withholding pleasures to match more with societal norms. *"Indulgent cultures will tend to focus more on individual happiness and well-being, leisure time is more important, and there is greater freedom and personal control. This is in contrast with restrained cultures where positive emotions are less freely expressed and happiness, freedom, and leisure are not given the same importance"* (Maclachlan, 2013). An appropriate example to support the dimension indulgence is Carnival of Brazil, western countries mostly score lower than eastern nations in terms of controllability according to the research of Hofstede.

Afterwards, Hofstede's dimensional model had been expanded by U.S. sociologist Ronald Inglehart in the latest 1980s, it developed into "World Values Survey", involved a bunch of areas, for instance, technology, economy, morality, politics, society, nations, entertainment and friends. The whole WVS database is a prolongation based on the previous research models. With the foundation of WVS, Michael Minkov has extracted three new dimensions, *exclusionism versus universalism*, which corresponds to the dimension of *individualism versus collectivism*, *indulgence versus restraint*, and *monumentalism versus flex humility*, was

strongly related with short-term versus long-term orientation.

2.1.3 Organizational Culture

«Cambridge Dictionary» defines corporate culture the beliefs and ideas that a company has and the way in which they affect how it does business and how its employees behave.

Broadly speaking, culture is the sum of material wealth and spiritual wealth created by human beings during social and historical practice. In a narrow sense, culture is the ideology of society and the organization and system that adapts to it. Meanwhile, organizational culture is a common code of conduct, corporate reputation, business philosophy, ethics and enterprise spirit which is formed in the long-term production, management, and construction practice of an enterprise to achieve its objectives under specific social, cultural, political and economic backgrounds, and is accepted by the broad masses of employees of the enterprise. It is different from the characteristics in education, science and military organizations. Organizational culture is the ordinary values and behavioural norms of enterprise members. Generally speaking, every employee understands how to act is beneficial to the enterprise and perform voluntarily. After a certain period of time, the performance transfers to a habit or concept over time, which generates the so-called organizational culture.

In the era of knowledge economy, the competition between enterprises is more and more cultural competition. The influence of corporate culture on the reputation of enterprises is more and more crucial, and it has become the cornerstone of the competitiveness of enterprises and the key factor that decides the rise and fall of enterprises. To understand the enterprise culture correctly, understand the characteristic and function of the enterprise culture, analyse the influence of the enterprise culture on the enterprise image, and promote the enterprise culture continuously, can promote the enterprise to grow continuously. Enterprise culture is the summation of culture concept, ordinary belief, management thought, common consciousness, behaviour norm and moral code formed by the practice of enterprise operation activities under certain social, historical and economic conditions. As a social phenomenon, corporate culture has long been recognized and valued by groups of people. Especially in the 21st century, corporate culture has played a huge role in the progress of the enterprise, becoming the soul of the enterprise and the core of the enterprise's image. As a result, it has received more and more attention.

In 1976, Pettigrew published an article called "The creation of Organization Culture" in Copenhagen, 3 years later, he published another famous article named "On Studying Organization Culture" in Administrative Science Quarterly. Since then, the research concept of cultural model was conceived in the field of organizational management, and organizational

culture became the mainstream language of organizational management and enterprise management affairs.

Then in the early 1980s, American academic community have conducted in-depth research on organizational culture, among which the following scholars and their monographs are most representative: 1) *Theory: How American Business Can Meet the Japanese Challenge* by Ouchi (1981). 2) *The Art of Japanese Management* by Pascale and Athos (1981). 3) *Corporate Culture: The Rites and Rituals of Corporate Life* by Deal and Kennedy (1982). 4) *In Search of Excellence: Lessons from America's Best-Run Companies* by Peters and Waterman (1982). Those four books, known by academia as a quartet of organizational culture studies, formed the theoretical framework of organizational culture research, elaborated on the role of culture in organization with unique perspectives, brand-new ideas, abundant examples and incisive and original opinions, and promoted new exploration of organizational culture theory, and also set off the upsurge of organizational culture research in the academic and practical circles.

Edgar Schein put forward that the basic hypothesis and belief of organizational culture is shared by the members of the organization, the basic hypothesis model established by the organization in the process of adjusting to the external environment and integrating the internal environment and is used to guide the new members to accept, think and feel related topics. Organizational culture is an implicit hypothesis that is shared and taken for granted by an organization's community and determines how it perceives, thinks, and reacts to different environments. On this basis, he divided organizational culture into three different levels: 1) *Artefact and symbols*, which mark the surface of the organization. They are the visible and physical elements in the organization such as structure, logos, processes, architecture and corporate clothing. These are not only visible to the employees but also visible and recognizable for outsiders; 2) *Espoused values*, which concerns values, standards, and rules of conduct; 3) *Basic underlying assumptions*, which are deeply embedded in the organizational culture and are underwent as self-evident and unconscious behaviour. Assumptions are hard to recognize from within.

Denison believes that organizational culture is the basic beliefs, values and belief systems shared by members of an organization. In 1990s, he presented Dennison's organizational culture model, which is based on a large number of companies' studies and summarizes four characteristics of organizational culture: adaptability, mission, involvement, and consistency. The adaptability refers primarily to the ability of a company to respond quickly to various signals in the external environment, including consumers and markets. The involvement refers to the development of employees' ability to work, ownership, and sense of responsibility. The

mission is mainly used to determine whether a company is focused on immediate interests or is focused on developing a systematic strategic action plan. The company's score on this cultural trait reflects the importance it attaches to developing, communicating with, and engaging employees in their work. The consistency is a measure of whether an enterprise has a strong and cohesive internal culture.

Firms should attach more importance to organizational culture, which plays a part in parallel with strategy, the necessity of organizational culture reflects in its ability to match the internal and external forces in a better way. A strong corporation always has its comprehensive and secret organizational culture, it explains greatly a firm's value, proposition and mission, can be helpful to improve employees' and managers' operational ability and enthusiasm. Nowadays, the value of organizational culture has not been fully exploited, most of entrepreneurs pay less attention to establish it internally. In nowadays' fierce competition society, enterprises can't succeed without good corporate culture. It is the soul of the enterprise, the source power of the enterprise's survival and development, and the most fundamental symbol that distinguishes itself from its competitors.

Due to the intensification of globalization, overseas expansion and operations are the only way for enterprises to develop and grow. To quickly integrate into globalization, multiculturalism is inevitable, learn to accept multiculturalism, and effectively avoid cultural conflicts, even develop the ability to take advantage of cultural differences to innovate can make enterprises sustainable. Therefore, the study of cross-cultural strategic management is of great practical significance to the enterprises of all countries. Only by doing a great job of cross-cultural management can let enterprises escape from fierce competition, and develop in the tide of globalization.

2.2 Strategic Development

2.2.1 What is Strategy?

What is strategy? Regarding this question, many scholars have put forward their understanding and opinion in terms of the definition of strategy. Peter Drucker (1954) was among the first scholar who defined corporate strategy. As far as he's concerned, corporate strategy is the answer of following 2 questions:

- *What is our business?*
- *And what should it be?*

After Drucker's explanation, Alfred Chandler (1962) defined strategy as "*the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals*". The first two authors

to focus explicitly and exclusively on the concept of strategy and the processes by which it should be developed were Kenneth Andrews (1971) and Igor Ansoff (1965). For Ansoff (1965), he regarded strategy as *the "common thread" among an organization's activities and product/markets that defined the essential nature of the business that the organization was in and planned to be in the future*. On the basis of this viewpoint, he invented the famous Ansoff's Matrix, which is also known as the Ansoff product and market growth matrix, one of the most used marketing planning tools in any organization's strategic process.

		Product	
		Present	New
Market	Present	Market Penetration	Product Development
	New	Market Development	Product/Market Diversification

(Table 2: Ansoff's Matrix)

For Andrews (1971), in contrast, he defined *Corporate Strategy* as *"strategy is the pattern of objectives, purposes or goals and major policies and plans for achieving these goals, stated in such way as to define what business the company is in or is to be in and the kind of company it is or is to be"*.

Since then, more and more authors have addressed on this topic. Mintzberg (1994) defined strategy as *"a pattern in a stream of decisions" to contrast with a view of strategy as planning* while McKeown (2011) argues that *"strategy is about shaping the future" and is the human attempt to get to "desirable ends with available means"*. Johnson and Scholes (2002) define strategy as *"Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations"*. Kvint (2009) defines strategy as *"a system of finding, formulating, and developing a doctrine that will ensure long-term success if followed faithfully"*.

In 1971, Kenneth Andrews' famous concept of *corporate strategy SWOT analysis framework* is used to determine competitive strengths, weaknesses, environmental opportunities and threats. The framework combines the company's internal resources and external environment to build a better strategy for the firm. The purpose of firm's strategic orientation is to gain and maintain competitive advantage, an effective strategic orientation should have the ability to

maximize internal strengths and opportunities from external environment while leveraging internal weaknesses and minimizing environmental threats.

The main purpose of SWOT analysis is to equally evaluate the comprehensive situation of the enterprise with objectivity by identifying strengths, weaknesses, opportunities, and threats.

Table 3 lists the general factors to be considered in the SWOT analysis.

External Environment	Threats	Opportunities
	Slow market growth Increased competitive pressure Government policy New competitors' entry Substitutes Enhanced bargaining power of users Changes of user demands	Fast market growth Vertical integration Complementary Products Increase in customer base Possibility of entering new markets. Expand product lines to meet users' needs
Internal Environment	Strengths	Weaknesses
	Property rights technology Cost Advantage Competitive Advantage Dynamic Capabilities Product innovation Economies of scale Favorable financial position Highly qualified human resources Flexible operation mechanism Reputation	Backward technology Poor innovation capability High costs relative to competitors Different strategic directions Single product line Poor financial condition Lack of human resources Mismanagement Poor profit margins due to unknown causes

(Table 3: SWOT analysis framework)

SWOT analysis can also be used as a solution to select and develop strategies, as it provides four strategies, namely SO, WO, ST, and WT, are shown in Table 4.

	Internal Strengths	Internal Weakness
External Opportunities	SO strategy Rely on internal strengths Leverage external opportunities	WO strategy Leverage external opportunities Overcome internal disadvantages
External Threats	ST Strategy Rely on internal strengths Avoid external threats	WT Strategy Reduce internal weaknesses Avoid external threats

(Table 4: Four strategies of SWOT analysis)

The conclusions of SWOT analysis often have decision-making significance, which can enable enterprises to grasp the opportunity of their own survival or development, find and recognize the risks in the external environment, and try to avoid the possible threats. Take advantage of its strengths and avoid its weaknesses, turn its advantages into the competitiveness of the enterprise, and improve or avoid its own shortcomings.

As demonstrated, the SWOT analysis is one of the most famous and popular tools in any organization's strategic plan. However, in recent years, the traditional SWOT model has also received some controversies and criticisms.

On the basis of the criticisms and limitations received and shown by the traditional SWOT model over many years of use, ISCTE's strategy team presented a new adaptation of the SWOT analysis, which is called SWOT i (SWOT ISCTE Business School), the SOWT i analysis combines the traditional SOWT model with the consideration of sustainability, which is critical to the enterprise's long-term development and achievements. The new adaption takes account of the impact each decision and action that the managers take may cause in environmental, social and economic dimensions. Through SOWT i, it is set out to provide a solution to all enterprises, especially SMEs (Small and Medium Enterprises) on integrating sustainability into future development and strategic formulation.

Strategy is an action and decision that managers take to achieve one or more of the organization's goals and satisfy the shareholders' interests maximization at a given time. Nowadays, society and the market are keeping developing, enterprises should also consider how to develop a corresponding strategic process to adapt to the trend of the times. Besides, in

the course of development, there will be more and more new problems affecting and restricting the growth of enterprises. In order to stand in an invincible position in the fierce competition, strategic management has become the foundation of the enterprise's survival. Enterprises should form an effective strategic mechanism and embody the innovation in the enterprise system in order to achieve the new development.

2.2.2 Porter's Competitive Five Forces Approach

The predominant theory in strategic management at least during the 1980s put forward by Porter (1980), was the competitive five forces approach – entry barriers, threat of substitutes, bargaining power of suppliers, bargaining power of buyers, and rivalry among industry incumbents. The theory contributes greatly in terms of firms' self-cognition, helps firms to figure out its position in the market, and to know the best they can defend in the competitive circumstance.

Based on five forces, Porter came up with three fundamental strategies, which can be applied to firms in accordance with the scale and industry of firms, among them, low-cost and best-value approaches are more appropriate for major industries and corporations, by means of offering consumers a satisfying price but better quality and service, firms can easily develop their own sustainable competitive advantage, grow up rapidly in the fierce market competition. Besides, middle and small-sized enterprises should hold a concentrated perspective, be focused on low-cost or best-value. Through Porter's fundamental strategies, it is obvious that firms should take different and innovative approaches regarding organizational arrangements, incentive system and management program, especially for start-ups, entrepreneurs are supposed to maintain to inject new vital tactics for the development of enterprise.

The content of entrepreneurial notions should be consistent with consumer interests and normative beliefs to enable favourable interpretations of a new speculation for functional consideration. Meanwhile, the combination of institutional, identity and Resources-Based views plays a crucial and important role in entrepreneurial storytelling.

2.2.3 Positioning

Porter reckons that strategic positioning is the foundation of enterprise's competitive strategy, and the principle of developing a competitive strategy is to build a connection between the enterprise and its environment. The strategic target of an enterprise is to enable the enterprise to obtain the best position within the industry, and to protect this position by influencing and acting on various market competitiveness.

In 1991, Porter elaborated on the importance of strategic positioning to the success of corporate competition. He believes that the goal of corporate strategy is for the company to succeed, and

the achievement depends on whether an enterprise has a valuable relative competitive position, which comes from the company's continuous competitive advantage over competitors. There are two basic types of competitive advantage: cost advantage and differentiation advantage, the choice of which kind of advantage is an important part of a company's strategic positioning.

Besides, the competitive advantage of an enterprise must involve the scope of competition, including products, consumers and regions. Therefore, the selection of the scope of competition has become an important part of the strategic positioning of the enterprise. When an enterprise engages various types of competition, there may usually be logical conflicts. Therefore, strategic positioning becomes the core content of an enterprise's competitive strategy.

In 1996, furtherly, Porter enriched and developed the theories and methods of corporate strategic positioning in his thesis "What Strategy Is", He clearly pointed out that the purpose of strategic positioning is *to create a unique and valuable position involving different series of business activities*. In essence, strategic positioning is to choose business activities that are different from those of competitors or perform similar business activities in different ways. The essence of strategic positioning is to choose activities that differentiate it from competitors.

Porter pointed out that there are five conditions for strategic positioning. Firstly, there must be a unique value, which is different from your competitors. Secondly, there must be a different value chain, under the premise of same product, same service, if a firm keeps to use the same strategy on marketing, it actually indicates to no strategic positioning. There must be different value chains in order to obtain different values. The third is to have a good strategic balance. In fact, when we formulate a strategy, the most basic thing is to make choices, and the substance of these choices is to take the essence and discard the dregs. Fourthly, there must be good strategic characteristics, which can promote mutual development between the value chains, the perfect combination of various work processes. The last indicator is continuity, which figures to keep the way of doing things a certain period of time. Generally speaking, it takes five years for a company to understand and execute their strategy. An enterprise's own understanding of its own strategy cannot be realized within only one year. If a firm executes its strategy, and then switches to another new strategy in the second year, it will be hard to achieve success and make significant progress.

2.2.4 The Resource-Based Theory

Resources of a corporation is very expensive and precious, on one hand, company's survival and development replies on resources, on the other hand, resources can be viewed as the most evident expression of competitiveness of a firm. Resource-Based perspective has a great contribution in modern development of entrepreneurial start-ups and organizations. The

resource-based theory was being presented by Wernerfelt(1984) and being popularized by Barney(1991), resources-based view can be applied in several different ways.

To trace the origin, the earliest RBP likely starts with Edith Penrose, in «The Theory of the growth of the Firm» (1959), Penrose suggested viewing the firm as a "Collection of Productive Resources". *It is 'an administrative planning unit, the activities of which are interrelated and are coordinated by policies which are framed in the light of their effect on the enterprise as a whole'*. Penrose identifies resources as two different types, physical and human.

Furthermore, Penrose proposed four forces for development of entrepreneurial organizations, Entrepreneurial versatility, which shows the diversity of the resources of firms; Fund raising ingenuity, which implies the potential and confidence of firms; Entrepreneurial ambition, has been identified as two kinds, physical and manpower; Entrepreneurial judgement, which stems from information gathering and consulting facility built within the firm.

Penrose's theory was being applied and extended by John A. Mathews in 2002. According to Mathews, Resources can be viewed as another kind of economy of productive entities, as the *"basic constitutive elements out of which firms convert inputs to outputs, or generate services"* (Mathews, 2002), they are approaches for firms to accomplish financial activities, governed and administrated by entrepreneur, resources include tangible assets, for instance, physical and financial wealth, also intangible assets, such as brands, corporate reputation, knowledge, soft skills, experiences and employee's loyalty.

In the beginning of 1990s, following Jay B. Barney's assumption, the resource-based view should be relative to the theoretical tradition of SCP-based theories (Structure-Conduct-Performance Theories) of industry determinants of firm performance, SCP reveals casual relationships between the structure of a market, the conduct of a firm in that market and their economic performance, which has been widely used to provide the theoretical justification for industry policy. In the middle of 1990s, the vision of resource-based theory has great impact on strategic perspectives. It's not evident that monopolistic power is a important source of profit, the Schumpeterian rents should be the principal sources of different profitability of firms.

until 2001, Barney extended the assumption, 2 other theoretical traditions have been explored: neo-classical microeconomics and evolutionary economics, the resources and capabilities maybe heterogeneously distributed across firms and these differences maybe unique and long lasting.

Every firm has its peculiar resources, differs from competitors, which plays a crucial role regarding the firm's profound development in the future. The essence of RBV reflected in the heterogeneity of firms (in the field of the distinctiveness of their resources and related

capabilities), and if a firm owns its unique resources that cannot be imitated, copied, transferred or substituted by competitors (Mathews, 2002). Beyond that, the flexibility of resources of a firm is also quite significant, resources that can be improvised by circumstance have nevertheless stopped short of taking its insights into the wider economy, for instance, if a firm can possess and govern great controllability not only in its home market, but also in international market, overcome a series of difficulties accompany the emergence of cross-cultural, it will be capable of expanding business with more proficiency in further development.

Following Richardson's (1972) complementary resources, which indicate those activities that stick firms together by contractual arrangements, in case to forming bigger aggregates which compose the "organization of industry". It is vital for corporation to assemble all kinds of resources and optimize the combination to realize benefits and profits maximization in the short and long term. According to Marshall's resource-based competitive dynamics theory, its conception included firms with varying strategies and programs each implementing their different approaches, the competitions should not just be reflected in price, but also in terms of other dominant aspects, such as technologies, value chain and generated services, etc.

Similarly, Makadok (2000) demonstrated that *the greater a firm's resource-picking advantage, the higher its expected profit*, which was concluded by him as the theory of "Resources picking & Capabilities building". Finally, innovative versions of resource-based theory have been developed through the researches regarding how the capabilities of firms develop and evolve over time, and the competitive implications of the evolutions.

2.2.5 Dynamic Capabilities

Collis (1994) defined that dynamic capabilities are firm's organizational capabilities which make it possible to transform general and ordinary capabilities over time, he proposed that there are important limitations which may challenge the effectiveness of dynamic capabilities. Most literature reviews regarding dynamic capabilities treat the explanation of Teece as the original definition of dynamic capabilities, he defined those dynamic capabilities, *which are underpinned by organizational routines and managerial skills, are the firm's ability to integrate, build, and reconfigure internal competences to address, or in some cases to bring about, changes in the business environment* (Teece et al., 1997, Teece, 2007).

Eisenhardt and Martin (2000) submitted that dynamic capabilities are composed by strategic decision making, product development and integrating optimization, they presented that dynamic capabilities are identifiable, the basic assets and activities are similar between firms while not across industries. They opined that a firm's long-term competitive advantage does not depend on dynamic capabilities, but uses dynamic capabilities by allocating resources faster

than competitors in the same industry. In the intense market competition environment, dynamic capabilities cannot form competitive advantage or improve the performance of firms due to the complexity and unpredictability of the results. Dynamic capabilities do not help enterprises form competitive advantages and ensure their success (Martin, Zahara ,2006).

On this basis, dynamic capabilities can be identified by three principal elements: Adaptive capabilities (Miles & Snow 1978), Absorptive capabilities (Cohen and Levinthal 1990) and Innovative Capabilities. According to Miles and Snow (1978), company needs to continuously develop its strategies to the external environment, integrate its capabilities and resources in order to fit the adaptation and change, which is an uninterrupted process for firm to create dynamic capabilities.

According to Cohen and Levinthal (1990), the capabilities that a firm can evaluate and utilize the external knowledge, recognize and absorb new outside information is what can be called a firm's absorptive capabilities, they opined that a firm's absorptive capabilities are mainly related with R&D department and its manufacturing operations, for instance, a firm has better abilities to recognize and develop new knowledge relevant to a particular product market.

Benn Lawson and Danny Samson (2001) opined that a firm's innovative capabilities refer to its abilities to exploit and develop the new product or market through innovative strategies in a solid way, in other words, innovation represents and demonstrates a enterprise's competitive advantage, an innovative capabilities is the ability to turn the new thoughts and information which come from outside into new products, resources and processes for the profit of firm and its stakeholders. Absorptive and adaptive capabilities are the fundamental contributors to the performance outcome, whereas innovative capabilities are a minor contributor.

The external environment on which enterprises depend for survival is easy to change. Along with economic globalization and the acceleration of technological innovation, more unpredictable events threaten the survival and development of enterprises. How to obtain and maintain sustainable competitive advantage in the fierce competition market environment has always been the focus of enterprise strategic management. Firm's traditional core competence or capability is difficult to adapt to the complexity and unpredictability of the environment, which is not conducive to the long-term development of enterprises and the formation of competitive advantage. The essential question in the area of strategic management is how firms achieve and sustain competitive advantages (Rumelt, Schendel and Teece (1994)), that's why dynamic capabilities play such a crucial role in evolution of firms.

Chapter 3 Case Study: Comparison of Strategic Deployment of Disneyland in Paris, in Tokyo and in Hong Kong

This chapter will mainly focus on discussing strategic choice management of enterprises in different cultural context, through the case study of an internationally renowned company, the Walt Disney Company, in expanding its overseas operations, to analyse the key points and strategic measures that should be taken when enterprises expand overseas market under different cultural backgrounds. The study selects three Disneyland in Asia and Europe to carry on a comparative analysis based on secondary data collected from literatures and the Internet.

1. Case Backgrounds:

The Walt Disney Company, the world's second largest diversified mass media and entertainment company, has evolved over centuries to become the premier animated entertainment brand. Its business has involved many aspects, including animation production and marketing, animation peripheral design and sales, theme parks and media operations. Until 1992, the Walt Disney Company have obtained huge success in the theme park business. The company's first Disneyland theme park, opened in Anaheim, California, in 1955. Its theme song, "It's a Small World After All," promoted an idealized vision of America spiced with reassuring glimpses of exotic cultures all calculated to promote heart-warming feelings about living together as one happy family.

Due to the wide and rapid spread of Disney culture, The Disney Company began to explore and expand overseas markets. Disney's first overseas expansion, Tokyo Disneyland, was a huge success, precisely due to that the Disney company is deeply involved in Japanese culture, which is quite different from its own native culture, on this basis, a targeted strategic plan for expanding the Japanese and Asian market has been formulated. However, Disney Paris, Disney's first and only expansion in Europe, was far from plain sailing. In 2005, first Disneyland in China was inaugurated in Hong Kong, Its operation performance and profitability also fell short of expectations.

2. Introduction of Operating Performance

Table 5 demonstrates the revenue performance of the Tokyo Disneyland Park (TDP), the Paris Disneyland Resort (PDR) and the Hong Kong Disneyland (HKDL) in 2019. Due to the outbreak of COVID-19 epidemic in early 2020, which had a huge impact on the global economic development, and also influenced the revenue of all three Disneyland parks, this dissertation chooses to compare the earnings of the three parks in 2019.

Disneyland	Inauguration Date	Location	Global Ranking of City GDP	Floor Area(hectare)	Passenger volume in 2019(ten thousand)	Business Mode
TDP	1983-04-15	Urayasu, Chiba Prefecture, near Tokyo, Japan	2	201	1791	Operated by The Oriental Land Company
PDR	1992-04-12	Marne-la-Vallée, Paris, France	7	1951	1200	Operated directly by Disney Parks, Experiences and Products
HKDL	2005-09-12	Penny's Bay, Lantau Island, Hong Kong, China	18	126	569	Operated by Hong Kong International Theme Parks, majority-owned (53%) by the Hong Kong Government but managed by Disney

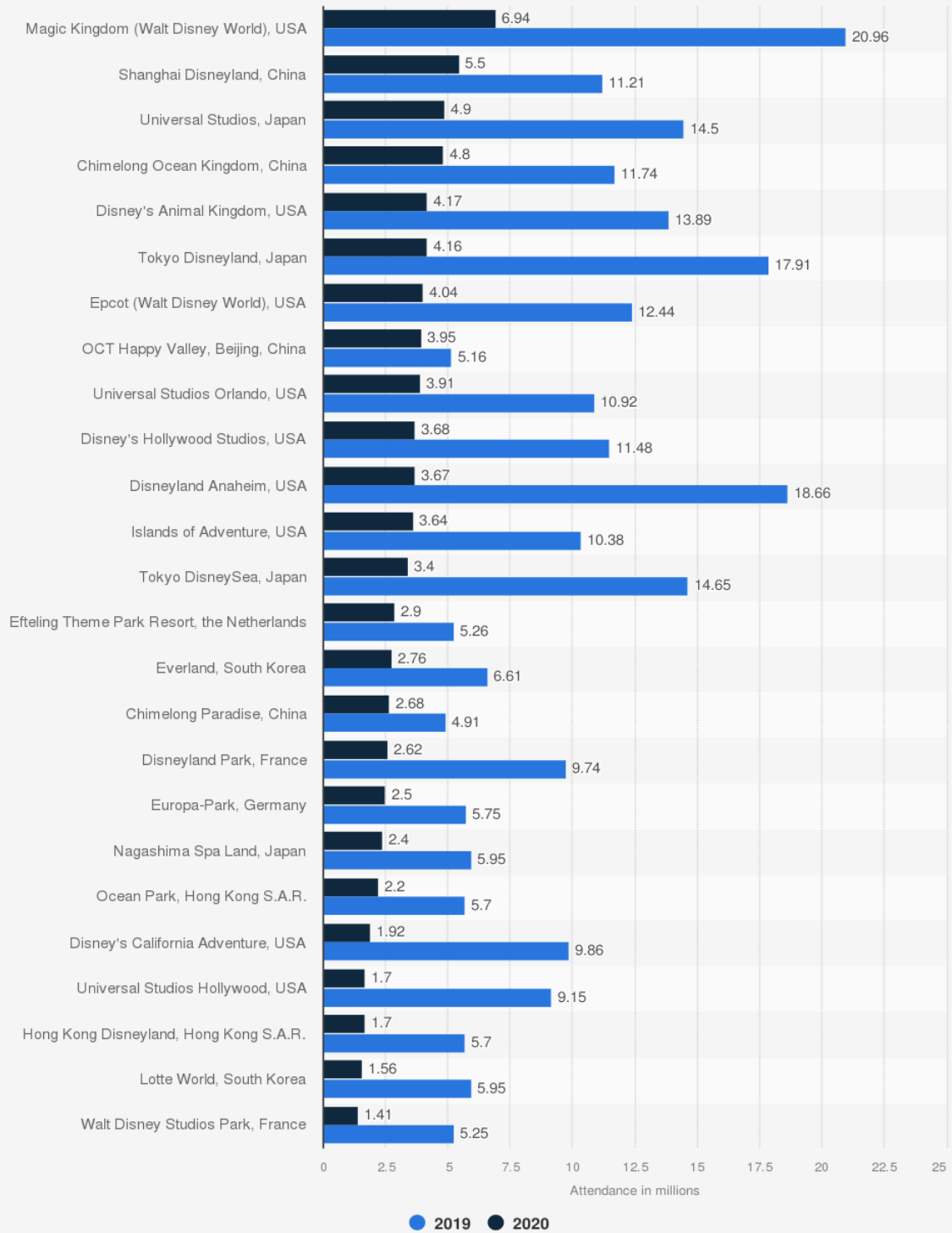
(Table 5: Comparison of the Three Disneyland)

Data Source: Official website of the TDP, the PDR and the HKDL.

Global Ranking of City GDP: Data source from GCCTII2020 Global City GDP Rank TOP20

According to figure 1, the ranking of leading amusement and theme parks worldwide in 2019 and 2020 by attendance, It can be seen that the TDP, the PDR and the HKDL are in the 6th, 17th, 23rd position respectively.

Leading amusement and theme parks worldwide in 2019 and 2020, by attendance (in millions)



Sources
 AECOM; Themed Entertainment Association
 © Statista 2021

Additional Information:
 Worldwide; AECOM; 2019 and 2020

(Figure 1: Leading amusement and theme parks worldwide in 2019 and 2020, by attendance(in millions)) *Data Source: Statista*

2.1 The Tokyo Disneyland Park (TDP)

In 1983, the Tokyo Disneyland Park was built in Urayasu, Chiba Prefecture, near Tokyo, reaped an unexpected success after its opening, breaking expectations in its first year to a record of 10.36 million visitors. In 1990, the TDP had 16 million visitors, 25% more than the California Disneyland. With revenues of \$980 million and profits of \$150 million, the TDP topped the list of the world's top 10 entertainment parks in 1997 in regards of visitor volume. In 1998, the TDP hit an all-time high of more than 17 million annual attendances against the backdrop of the Asian financial crisis. Since the tenth year of the park's opening, the proportion of repeat visitors has exceeded 90%. In 1999, 97% of the visitors were repeat visitors, 50% visited the park more than 10 times, and 16% visited the park more than 30 times. Even in the Disneyland of United States, only about 7% were repeat visitors. In 2000, the TDP lasted six years with more visitors than the American mainland Disneyland, making a huge profit several times as much as the investment.

By 2007, the TDP had received a total of 309.93 million visitors, with an annual average of nearly 15.5 million visitors. In 2002, the number of visitors reached a record high of 24.82 million. According to the Legislative Council of the HKSAR, in the 2007-2008 fiscal year, the TDP had totally 25.4 million visitors, with a total revenue of over HK\$23.1 billion and a net profit of HK\$1.114 billion. In the 2008-2009 fiscal year, these three figures were respectively 27.2 million visitors, HK\$26.3 billion and HK\$1,368 billion. The TDP has become the world's largest Disneyland and is known as the first park in Asia.

2.2 The Paris Disneyland Resort (PDR)

The Paris Disneyland Resort, opened in April 1992, with a total investment of \$4.4 billion, was built and put into operation in Marne-la-Vallée, which located in the east of Paris and it is the only Disneyland Theme Park in Europe. However, the PDR faced many unexpected problems from the beginning. In the year of opening, only 40% of French tourists came to visit, the total number of visitors was 10% less than expected. The average expenditure per visitor is less than half that of the TDP.

The PDR has been losing more money and making less since its inauguration. In the 25 years since the opening of the park, only seven years have made profits. The company had a loss of 5.3 billion francs in the 1993 fiscal year, and 1.8 billion francs in the 1994 fiscal year. In the spring of 1995, Walt Disney had to raise an additional \$175 million to make the PDR survive. In addition, the PDR has also been subjected to some local boycotts, for instance, the negative coverages from local media in France, constant protests by French farmers, and resistances by

local employees to Disney's management style and dress codes. In fact, the Walt Disney Company acknowledged in its 1993 annual report that the PDR was the company's first truly financially disappointing project. It wasn't until 1995 that the PDR first announced a \$23 million profit and a 21% increase in attendance.

Since entering the 21st century, the operation of the PDR has not improved significantly. In 2002, its operating income was only €1053.1 million, this was down 2.1% from 2001 and resulted in a loss of €56 million (about \$66 million), which was a 70% increase compared with 2001. In the 2007-2008 fiscal year, the PDR had a turnover of €1.33 billion and for the first time, after six years of constant losses, broke even. Nevertheless, the good situation didn't last long. According to statistics released by the PDR, due to the global financial crisis of 2007-2008, the number of visitors from United Kingdom and Spain decreased significantly from October 2008 to June 2009, the average expenditure of tourists fell 4% year-on-year, while turnover fell 7.1% to just €866.5 million. Over the past few years, the Walt Disney Company has even supported the PDR by "blood transfusions" to Euro Disney S.A.S. The staff of Disney Stores in Paris also told the media that it will continue to close more nine stores in France for a period of time, only leaving two stores in Paris and one store each in Lyon and Marseille.

In recent years, according to the Euro Disney's financial report for the 2015/2016 financial year, the data showed a record loss for the year, with a net loss of €858m, nine times what it was in the previous year. Finally, there is no way to improve the profitability. On February 10 of 2017, the Walt Disney Company purchased the remaining 23% shares of the PDR, took over 100 percent of its equity.

2.3 The Hong Kong Disneyland (HKDL)

Michael D. Eisner (CEO of Walt Disney) and Donald Tsang (Chief Executive of Hong Kong) once said, *“Hong Kong Disneyland is dedicated to the young and the young at heart - with the hope that it will be a source of joy and inspiration, and an enduring symbol of the cooperation, friendship and understanding between the people of Hong Kong and the United States of America”*.

In 1999, on October 31, The Government of the Hong Kong Special Administrative Region (HKSAR) and the Walt Disney Company reached an agreement to cooperate in the construction of the HKDL, from this, the Walt Disney Company started its new century overseas investment strategy for the theme park business.

The HKDL officially opened on September 12, 2005. In the early days of its opening, its operating condition was not optimistic enough. According to a survey conducted shortly after the trial operation, 30% of Hong Kong residents said that they would not visit the HKDL again.

In addition, the collective resignation of the employees shortly after its inauguration and the scandal of refusal of visitors during Chinese spring festival in 2006 had a serious negative impact on the reputation of the HKDL. In August 2006, a HKDL spokesman admitted that the first anniversary of its opening had failed to meet expectations of 5.6 million visitors. According to a document in 2008 of the Legislative Council of the HKSAR, in the three fiscal years 2005-2006, 2006-2007 and 2007-2008, there were 14.5 million visitors, except for the 5 million mark in the first year, there were less than 5 million in the other two years. While the proportion of local visitors rose from 31% in 2006-2007 to 40% due to annual passes, the proportion of mainland visitors fell from 39% to 34% and the proportion of international visitors fell from 30% to 26%. According to data released by the HKSAR Government in 2009, the maximum economic benefits from the HKDL's opening were expected to reach HK\$148 billion, but only HK \$117.3 billion has been achieved.

As the world's smallest Disneyland, the HKDL has been widely criticized for its cramped size and lack of highlights. The HKSAR Government and The Walt Disney Company have taken a positive attitude to deal with this situation and officially launched the expansion project of HKDL in December 2009, which made an expansion of the whole area by 23%. There was an increase of 50 more experiences, including three new theme parks. To a certain context, the expansion of Hong Kong's theme park has played a role in attracting new visitors, improving the poor business situation and boosting Hong Kong's tourism industry. In 2012, the HKDL made progress in terms of profits, although, the progress still cannot cover the previous losses.

3. Comparative Analysis

3.1 External Factors

a. Cultural Conflicts

Due to the intensification of globalization, overseas expansion and operations are the only way for enterprises to develop and grow. To quickly integrate into globalization, enterprises must face and learn to accept multiculturalism, effectively avoid cultural conflicts, make use of cultural differences for innovation.

Spencer (1995) reckoned that the conflicts between foreign culture and local culture should be considered as one of the important elements of the PDR's operation performance and profitability.

In a study Choi made in 2012, he found out that the HKDL employees and visitors work and consume the park in a local and unexpected way that the Disneyland management finds difficult to control, which also reveals the cultural conflicts.

The Disneyland is not just a “theme park” but a representative image of American culture. The collision between American culture and local culture will inevitably lead to the result of acceptance, integration or resistance, which will have a huge impact on its operation performance. Cultural difference is the main reason for the success of the TDP and the dismal operation of the PDR. The Japanese culture have a strong sense of identity with American culture, to the Japanese, the United States represents a strong culture, while the Japanese admire it and regard American culture as an advanced culture. According to a study of Toyoda (2014), the reason why so many Japanese are attracted to Disneyland is their inner American dream, the TDP provides a land of paradise for the Japanese people, especially the young generation, who grew up with Disney cartoons and products. The TDP’s success lies mainly in its significance as ‘a non-ordinary world’ for Japanese by being seen as ‘non-Japanese’, which attracted the most frequent tourists by offering them an immersive fantasy world marked by images of non-ordinariness. Therefore, It can be seen that cultural acceptance and integration in the TDP is an important factor in the success of the park.

The TDP’s huge success led Disney to forget to consider local French culture when building the PDR, which caused cultural conflicts becoming one of the PDR's most prominent early problems, which took years to change the cultural hostility of the French. Unlike the Japanese, the French have always been proud of their own culture, the acceptance of American products by the French is not quite ideal, some local people even consider the visit to Disneyland as a shame, they see Disney’s expansion as a cultural invasion. In terms of corporate culture, Disney requires employees to speak English, but the French think their own language is the most beautiful. Besides, Disney bans local employees from wearing jeans and tattoos to work in line with its own corporate culture, and ignores the importance of wine culture in France, insists on prohibition of alcohol in the park, which has also caused dissatisfaction among Europeans who advocate wine culture, and the conflicts of cultures and ideas has become an important reason for the poor operation performance of the PDR.

The HKDL's operation has not met similar to the PDR's popular resistance, which is inseparable from Hong Kong's high cultural inclusiveness. Hong Kong is a crossroads of Eastern and Western cultures and one of the world's major tourist destinations. It is more inclusive of different cultures and can quickly embrace Disney culture. This is one of the important reasons why the Disney Company chose Hong Kong as the first Disneyland location in China. As an international metropolis, Hong Kong has been in contact with Disney culture longer than Beijing or Shanghai.

According to Table 6, it can be seen that the differences of cultural characteristics of the host country have a great impact on the park's operation performance and profitability.

Disneyland	Host Country	Cultural Characteristics of Target Consumers	Park's Cultural Measures	Impact on Operation Performance
TDP	Japan	1) Advocate strong culture, 2) High tolerance to foreign cultures, 3) Promote harmony and thinking in a highly cooperative manner.	Providing a Japanized American Dream	Huge success on profitability
PDR	France	1) Long history, 2) Rich cultural heritage, 3) Having a strong sense of national self-esteem and national pride, less inclusive of foreign culture, 4) advocate wine culture, 5) Believe in freedom.	Prohibition of alcohol in the park; bans local employees from wearing jeans and tattoos to work	Caused profit losses
HKDL	Hong Kong, China	1) High cultural inclusiveness, 2) Promote elite culture and multicultural.	Integrating Chinese culture and Southeast Asian cultural into products and services	Culture has a relatively low impact on profitability

(Table 6: Comparison of Cultural Characteristics of Target Consumers of the three parks)

b. Regional Economic Development

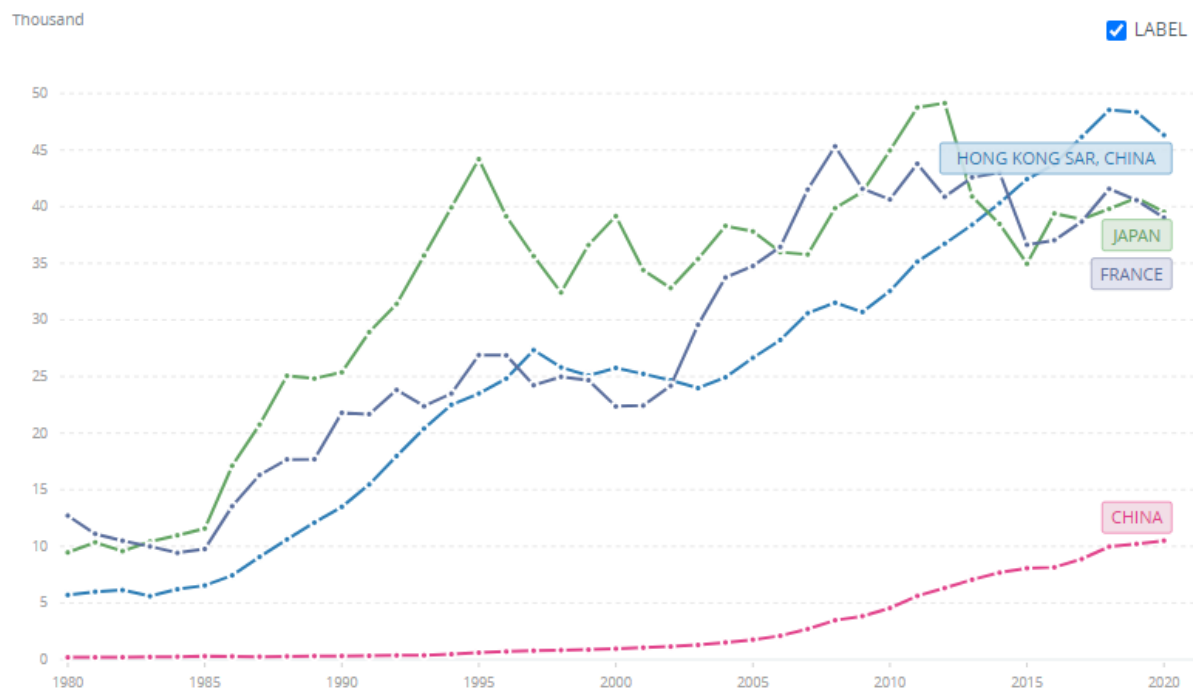
Toyoda (2014) made a survey for visitors to understand the reason why the TDP has a huge success from customers' perspectives, he claimed that the success of the TDP is related with the booming economy and the enthusiasm of its customers.

Regional economic level and people's consumption capacity is closely related, better regional economic development generally represents higher incomes of people, which means that citizens would consider spending more on purchasing entertainment products and services.

Disneyland takes its own brand, operating costs, and market positioning into consideration when setting price, generally, the prices of Disney's products and services are high. In addition to ticket revenue, the park's revenue sources include consumption in the industry chain such as shopping, dining, and accommodation. Therefore, the level of the regional economy and the consumption capacity of customers must be fully considered. One of the reasons for the success of the TDP is the prosperity of Japan's economy in the early 1980s. In 1984, the GDP per capita in Japan exceeded \$10,000 the Japanese had enough disposable income for leisure consumption. However, when the PDR opened, it was amid a severe economic crisis in Europe, which led to the PDR facing revenue losses in the early days of its inauguration.

For the HKDL, since visitors from China mainland are an important part of the HKDL's target market, the low economic development level of China was an unfavourable condition for the HKDL's revenue.

According to figure 2, the GDP per capita of China has been at a relatively low level compared with France and Japan, although there has been some improvement in recent years, the gap is still distinct.



(Figure 2: GDP per capita (current US\$) - Hong Kong SAR, China, Japan, France, China from 1980-2020)

Source: World Bank

c. Competition

Based on Porter's competitive five forces approach (1980), the investigations and researches of competitors upon entry into the market are also quite crucial for Disneyland. Disneyland is a globally famed theme park remarkable strength and competitive force, brand influence, advanced technology and productivity. For other local small and medium-sized theme parks, its entry is a huge threat. According to experience, most of local entertainment resorts which have the same feature as Disneyland, were forced out of business after Disneyland opened (EEO, 2008).

Nonetheless, some local theme part still survived under competitive pressure from Disneyland, by adjusting their strategies to compete with Disney. The well-known theme park, Hong Kong Ocean Park (HKOP), is a representative case. The HKOP, was inaugurated in 1977, it is one of the most famous theme park in the world. To face the challenges of the HKDL, in 2005, the HKOP launched a HK\$5.55 billion New Development Programme, which will increase the quantity of attractions and rides from 35 to 80, and the park was divided into eight thematic areas. The new programme made the HKOP a world-class theme park, one of the world's most popular and most visited theme parks. In 2006, the annual visitor volume reached a new record of 4 million, it was the 1st local theme part which recorded revenue increase after the

Disneyland opened. Meanwhile, the HKOP received more positive reports from its consumers and the whole community, while the HKDL was being criticized.

On the contrary, the TDP and the PDR did not receive much competitive pressure. After its inauguration of the TDP, many theme parks followed its step and opened, however, many of them went bankrupt (Toyoda, 2014). For the PDR, its closest competitor is the Europa Park in Germany, although its visitor volume and revenue are far less than the PDR.

d. Local Government Policy

According to a study by Bao (1997), government policy has great influence on the revenue and cost of the Disneyland theme park. Nowadays, more and more governments prefer to attach more importance on the development of tourism industry, introduce more favourable policies to tourism investment, to better drive economic development.

Wei Guo (2014) also pointed out that the policy of local government is also an essential external factor according to the reports and news. On this basis, the importance role of local government policy under epidemic environment or other force majeure circumstances should also be worth raised considering the outbreak of COVID-19 epidemic in early 2020.

The HKSAR government was the main investor for the HKDL project, in 1999, Hong Kong was suffered from financial crisis and economic downturn, the outbreak of SARS in 2003 was added insult to injury. In order to improve the situation, the HKSAR government had to accept to become the main investor and responsible for the construction of the HKDL project, the government provided many support and spent a lot on the building of the park. Similarly, the Japanese government offered many supports on promoting and developing the TDP, which contributed to its huge success. The PDR, on the other hand, has not received much support from the local government due to the cultural conflicts at the beginning, even the French president at the time refused to visit the park.

e. Regional Environment

1) Environmental and Social Security

Spencer (1995) did a research of the disadvantages of the PDR from different aspects, he pointed out that the bad weather in the area can also be seen as a limited factor. Most activities in Disneyland are conducted outdoors, climatic conditions can easily affect the quality of outdoor entertainment activities, the experience of visitors, the operation time of the park, as well as the allocation and maintenance costs for the park's facilities. The climate conditions of Tokyo and Paris are not good enough in winter, while for Hong Kong, it's summer. The temperature that is really suitable for outdoor activities is only about 6 months throughout the year.

The Disneyland has taken various measures to minimize the adverse effects of weather factors, such as installing necessary protective devices in pedestrian walkways where visitors carry out activities, but the seasonality of visits remains evident.

Nielson (2014) demonstrated that the environment for tourism can be significantly affected because of a number of factors out of control, customer demands for products and services in entertainment industry highly depend on the general environment.

The natural disaster and social security issue in the region can highly influence the profit of the Disneyland. As an island country, earthquakes and tsunamis are frequent in Japan. For instance, in 2011, the TDP was seriously suffered from the earthquake and the tsunami, which had a severe impact on revenue.

Similarly, Hong Kong is coastal city, despite do not be troubled by earthquakes and tsunamis, threatened by typhoon from time to time in summer, the interruption of transportation, communication and trips caused by typhoon also leads to profit losses. In addition, social security should also be regarded as one of the crucial factors affecting the profitability. In 2019, The Hong Kong Storming of the Legislative Council Complex event had a negative impact on the operation and profitability of the HKDL, according to Hong Kong local media “Observers News”, the violent demonstrations have led to a sharp drop in the number of local visitors and tourists from China mainland, which has seriously affected the HKDL's revenue, which decreased by \$275 million for the full fiscal year ending September 2020.

While for the PDR, the major concern is the frequent terrorist attacks in Europe. As one of the most important metropolises in Europe, Paris is often threatened by terrorist attacks. Whenever there is a terrorist attack, the PDR, which is very close to the city and easily accessible, is always the first to be affected.

2) Infrastructure

Considering the large footprint, most Disneyland parks are located in suburban areas, for this reason, the completeness of urban infrastructure and the convenience of public transportation should also be considered as one of the main factors affecting the park's profitability. Public transportation conditions are closely related to the Disneyland's accessibility, convenience of visitation, and the volume of the tourist source market. In the mid-1980s, the French government invested heavily in

the construction and improvement of France's transport infrastructure. When the project was completed, the trip to the PDR from downtown Paris would only take less than 35 minutes. In addition, the undersea tunnel between Britain and France was opened in 1993, meaning the trip from London to the PDR takes just three hours and ten minutes. At the time of the Hong Kong Disneyland project, the HKSAR Government also pledged to invest HK\$13.6 billion in major infrastructure projects, including the construction of road links to outside, two public piers, public transport interchanges and the MTR Disney Line. Like the HKDL and the PDR, the TDP can also be reached by MTR, non-stop bus from airports and other stations in Tokyo, what's better is that the TDP is located only six miles from downtown.

3.2 Internal Factors

Under the favourable external environment, the Disneyland does have the foundation for success. Nevertheless, it is not nearly enough to obtain earnings, how to conduct the strategic deployment, how to proceed strategic management, how to create a distinctive theme park with local cultural characteristics, all these internal elements are the most important problems. Based on the quantitative study Pikkemaat and Schuckert (2007) did regarding the influential factors of Disneyland operation performance, design was regarded as a quite important element. Through interviewing employees in the HKDL, Choi (2012) studied the operation condition of the park, pointed out that the business mode, mainly financial arrangement is a frequently mentioned element that leads to the poor performance of the HKDL.

a. Business Mode

The business mode, benefit share and investment are highly related to the profits of shareholders of the Disneyland. In summary, there are two main ways of investment in Disney's overseas expansions, one is franchising, technology transfer mode, which applied in the TDP, another is direct investment, joint venture mode, which applied in the PDR and the HKDL. During the development and construction of the TDP, the Disney Company took into account its lack of experience and high risks, implemented a conservative strategy, namely, not investing or participating in shares, by transferring technology to Japan, collecting transfer and management fees as a way of entering the overseas market, obtaining 10% of the ticket revenue and 5% of other earnings each year. The TDP has been a huge success, and this investment means a huge loss of profits for the Disney Company. However, during the development of the PDR, in view of the good example of the TDP and the incomparable confidence for the European market, the company adopted direct investment and joint venture investment, with the Disney Company and the French government jointly contributing funds, both parties shared

risks and profits. However, the profitability of the PDR has not as good as expected. The PDR, in turn, became a big burden for the company.

The Disney Company adopted low-risk and low-profit business method in Japan with high tourist volume and high profit, while in Europe with low tourist volume and low profit, it adopted high-risk direct investment method, which led to the opposite of operation performance.

b. Strategic Deployment

1) Theme Park Location Selection

for the theme park is a key factor influencing Disneyland's operating performance. Generally speaking, every Disneyland's initial investment is massive, and most of it is sunk costs. Once construction completed, it is impossible to transfer it to other uses. In addition, the quantity of visitors, the source of visitors and the consumption capacity of tourists is closely related to the location of the park. Once the location is wrong, it will be irreversible, which will result in later operation difficulties and profit losses. Therefore, in the early stage of construction, it is necessary for enterprises to fully consider and attach importance to location selection.

Since Disneyland's operating costs are high, and mainly on fixed costs, it is crucial to have sufficient and stable visitor sources to make a profit. In developing the Paris Disneyland project, Disney took into account 2.7 million Europeans who had previously visited Disneyland in the U.S. and had a total expenditure of \$1.6 billion, arguing that the shorter distances would attract more visitors. After a lot of research, comparison, analysis and demonstration, the project was located in a town near Paris, France, selected from more than 200 alternative sites. The basis is: firstly, Paris is an economically developed city with a large population, the residents will constitute a stable tourist source market; secondly, Paris is the most attractive international metropolis in Europe, its numerous international visitors will also become potential transit tourist sources, thirdly, the surrounding area of Paris, which indicates other cities in Europe, also has considerable tourist potential.

Like the PDR, the choice of Hong Kong Disneyland project, is also to see the huge potential of the Chinese mainland market. Disney's former CEO Michael Eisner has said that his biggest dream is to enter the Chinese mainland market, since there are 260 million children under 15 years old in Chinese Mainland, and the HKDL has huge potential to attract visitors from Chinese Mainland. Actually, the number of visitors from Chinese Mainland has indeed reached more than 30% of the total number of

visitors. It's a key market that determines whether the HKDL's business is operating well or not.

For the TDP, the target market is mainly aimed at Japan and the surrounding countries. Besides the final location Maihama in Urayasu, the location candidates include Shimizu, Gotemba, Yokohama and Kawasaki. With the active promotions of local governments, the competition narrowed to two candidates, Shimizu and Maihama. However, Disney's management team felt that with Mount Fuji as the backdrop, visitors would not be able to fully integrate into the Disneyland world, so Shimizu City stood out. In addition, Yokohama and Kawasaki were excluded from the shortlist early on because of the shortage of industrial land which would result from the construction of the new Disneyland.

2) Theme Park Design

“Disneyland will never be completed, as long as there is imagination left in the world.”
– Walt Disney

“The aim of a theme park is to offer a unique experience to each of its effective consumers. This experience is constructed on the basis of the existence of tangible elements like attractions, shops and restaurants, service activities supplied by the staff of the park, each visitor's own expectations, behaviour and attitudes and a set of other factors that condition the experience at the time it takes place, ranging from the number of visitors at the part at the time it is visited by an individual consumer to the weather or characteristics of the place where the park is located and its accessibility.”

--- Clavé, 2007

Theme Park is based on a specific theme, adopting modern science and technology and multi-level activity setting mode, integrating various entertainment activities, leisure elements and service reception facilities into a simulated environment. Most of modern theme parks aim at amusement and leisure, and create the content and form of amusement around the established theme to give visitors a novel, all-round and comprehensive entertainment experience. The core competitiveness of the Disneyland theme park is the highly recognized Intellectual Property (IP). The IP can be a person, a brand, or a variety of other elements. Disney has created an IP kingdom that is unmatched through nearly a hundred years deep cultivation since its establishment. In addition to its brilliant mergers and acquisitions of a large number of mature IPs, Disney has more come from its early creation of IP since its establishment and a good development system. Every Disneyland in the world has its own well-known IP, such

as the Disney family's first and most influential IP, Mickey Mouse, which created in 1923 and has continued to generate revenue for Disney from its inception to the present day. In the following years since its creation, Donald Duck, Goofy, Winnie the Pooh and a series of Disney's own cartoon characters appeared.

The original IP “Duffy” bear in the TDP is highly well-known in Japan, the TDP has set a whole new story for the creation of “Duffy”, which is a present that Minnie gave to Mickey, the story gives the IP a high commercial value. The TDP has promoted this original IP through other peripheral products such as soft toys, accessories and backpacks on the basis of lack of animation of “Duffy”, and it has been a huge success. All the time, “Duffy” has a huge fan base in the TDP and even the whole world, this IP has brought huge economic benefits to the park.

The PDR, on the other hand, lacks its own original IP to make up its own universe of stories, most of images in the PDR are outdated, which is one of the main factors that has kept its profits unsatisfactory,

Besides, another example that can show the importance of IP is the Shanghai Disneyland (SHD), the SHD released its own original IP on September 2021, which is named “LinaBell”, it has been hugely welcomed and has become the representative image of the SHD since its birth, its peripheral products are sold out quickly. The creation of this original IP has made the SHD obtain huge profits.

c. Operation and Management

“Safety, courtesy, show and efficiency, ordered in decreasing importance” are the principles of Disney’s operation (Disney Official Website).

For a public-oriented entertainment theme park, the daily management and operation are highly crucial to its success, which includes sanitization, effective operation of facilities, high quality of shows, customers-oriented services and prophylactic measures. In addition, public relationship and advertisement are also important elements to improve the parks’ commercial value and image.

One of the main reasons that leads to the PDR's profit losses is daily operation and management. In order to achieve the predetermined profit target, the PDR blindly overpriced without depth investigation and field research, which caused visitors to reduce their stay time and accommodation time in the park. In addition, the management team from Disney U.S had a lot of contradictions when cooperating with the local management team. At the tactical level of development and deployment, U.S. management team also led to some key decision-making

mistakes. For instance, in the bidding of some engineering projects, the U.S management team was not familiar with the actual situation in France and did not communicate effectively with local management team and employees, which ultimately caused the park to suffer heavy losses.

The TDP, on the other hand, has fully demonstrated the Japanese management skills. Considering that the weather conditions are closely related to the number of visitors, if the volume of visitors cannot be generally estimated in advance, it will result in a shortage of supply or serious waste in its operation. To solve this problem, the park has contracted with the local meteorological department to provide detailed weather forecasts on a daily basis. Besides, the park also has a pioneering initiative to invite other enterprises into the park to participate in its operation. These enterprises are suppliers of the park which provide a variety of park facilities to the PDR and promotion to achieve a win-win situation.

Similar to the PDR, The HKDL has also been negligent in its operation and management. For instance, in terms of tourist flow arrangements, the park has neglected the characteristics of centralized spending in mainland China due to the Golden Week. In early February 2006, the HKDL continued to be full for several days, causing a sensational scandal of refusal of visitors, which has had a negative impact on the HKDL's image.

Chapter 4 Conclusion

In the last Chapter, the internal and external causes of the success or failure of the three Disneyland are analysed.

It can be seen that when an enterprise expands overseas, especially under different cultural context, the first consideration should be given to cultural factors. Enterprises need to adjust its strategic deployment according to the cultural factors, besides, the cultural export strategy should focus on the indigenization. When companies conduct transnational operation in different regions and different cultural backgrounds, it is bound to face cultural frictions and shocks caused by the different modes of thinking and behaviour. The objective existence of cultural differences affects the management strategies of multinational enterprises to a great extent. Therefore, it is wise and necessary for enterprises to adapt to the new strategy according to the cultural characteristics of the host country. Meanwhile, indigenization should be handled according to local conditions to avoid abuse and misuse. The Disney's overseas expansion, for example, can largely be seen as a cross-border sales and dissemination of American culture. Therefore, if enterprises can successfully export culture, it is necessary to investigate whether the host country has a very tolerant attitude to foreign culture, then make a decision on whether to indigenize it. The different attitudes of the Japanese and the French in the face of American culture have largely determined the great success of the TDP and the loss of the PDR.

Secondly, for enterprises, how to choose business mode, financial arrangements and management right needs to take into account the characteristics of the business itself. For Disney, its main products are offline theme parks and resorts, which are asset-oriented investments. Therefore, the Disney Company needs to consider the revenue and return risk. For Disney, because of the theme park construction, the expansion of the new park, the construction of supporting facilities, it still requires the Disney company to hold some control. Besides, enterprises should also have a full vision of strategic management and deployment when conduct overseas expansion. Firstly, the investment location selection strategy should weigh all kinds of influencing factors, such as market potential, competition condition, investment environment, natural conditions and political policy, etc. When selecting investment areas, enterprises should follow the principle of priority of market conditions, the principle of prudence of geographical conditions and the principle of recognition of social and cultural conditions. When enterprises expand in the cross-cultural context, the tourism development prospect, economic strength, government policy and cultural openness of the investment region should all be considered as the most important factors.

In addition, on the basis of making full use of brand advantages, enterprises should also attach more importance to innovation in development under different cultural context, by investigating consumer demand in the host country, enterprises ought to create innovative products and services with native characteristics of the target region. For products such as Disney that emphasize culture and IP, it is very important to expand the understanding of regional culture. For the local culture, innovation and integration should be made in the IP enablement phase, and innovation should be made in the design of downstream theme park displays and peripheral products. The popularity of the original IP of the TDP is one great example.

At the management level, enterprises should also pay more attention to the maximum utilization of various resources, especially the resources that can be obtained from the investment region, such as human resources, environmental resources and local infrastructure resources provided by local government. The lack of cooperation and communication between the PDR's local management team and U.S management team is also one of the main reasons of the park's failure.

Every foreign company has problems with cultural conflicts, and a multinational enterprise like Disney, which runs the entertainment industry, is not only unavoidable, but will, to some extent, become more intense. As a carrier of American popular culture, Disneyland is prone to conflict with local culture in park design and management style, just as the PDR has taught us a lesson. It will be a question to think further if enterprises can conduct the indigenization approach and to what extent enterprises choose so that cultural conflicts can be avoided and maintain the cultural originality of the home country. In addition, How to develop innovative products and services according to the needs of local consumers is also an important issue for enterprises to consider in the future.

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