

Li, Yuanyuan

Article

Impacts of the Belt and Road Initiative on regional outward FDI from China based on evidence from 2000 to 2015

ZFW - Advances in Economic Geography

Provided in Cooperation with:

De Gruyter Brill

Suggested Citation: Li, Yuanyuan (2023) : Impacts of the Belt and Road Initiative on regional outward FDI from China based on evidence from 2000 to 2015, ZFW - Advances in Economic Geography, ISSN 2748-1964, De Gruyter, Berlin, Vol. 67, Iss. 1, pp. 20-32, <https://doi.org/10.1515/zfw-2022-0007>

This Version is available at:

<https://hdl.handle.net/10419/333167>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by/4.0/>

Yuanyuan Li*

Impacts of the Belt and Road Initiative on regional outward FDI from China based on evidence from 2000 to 2015

<https://doi.org/10.1515/zfw-2022-0007>

Received: 24. January 2022; accepted: 06. January 2023

Abstract: Firms from different provinces in China and their different reactions to the Belt and Road Initiative (BRI) are studied in this research. Initial results from 27,547 outward foreign direct investment (FDI) projects by Chinese firms between 2000 and 2015 regarding the home region profile, host country choice, and FDI motives of the investment firms before and in the early years of the launch of the BRI policy are investigated. The findings show that Chinese firms from eastern provinces that have accumulated a large quantity of inward FDI are more likely than firms from western provinces to switch their investments to BRI-involved countries and engage in a more diverse set of outward FDI motives. These findings help interpret the behavior of Chinese multinationals in the current (de)globalization era, namely using the BRI to circumvent FDI barriers imposed by advanced western economies.

Keywords: Belt and Road Initiative (BRI), Foreign Direct Investment (FDI), Location Choices, FDI motives, (de)globalization

1 Introduction

Within a decade of its inception, the Belt and Road Initiative (BRI) received massive attention from the media, researchers worldwide, and policymakers at national and international levels. In this research, the initial impact of BRI in the early years after the policy launch on outward foreign direct investment (FDI) behaviors of firms from different provinces in China is explored.

President Xi Jinping unveiled the BRI in September and October 2013 during his visits to Kazakhstan and Indonesia. The BRI is a Chinese government initiative to facilitate Sino-foreign collaboration among countries along the land

and sea paths of the ancient silk road (Buckley, 2020). The land-based silk road stretched from the Xi'an and Shaan Xi provinces in China to Rome, Italy, while the maritime route began in the Guangzhou and Guangdong provinces and ended in Sri Lanka (Zhang et al., 2018). The BRI follows these ancient paths and includes 64 participating countries from Western and Central Asia, Central and Eastern Europe, and parts of Northern Africa. Although the main projects so far are conducted by the Chinese government to support infrastructure building in participating countries, the ultimate goal as stated in the Chinese National Development and Reform Commission's formal documents on the BRI is to promote a variety of collaborations, including international trade, technology co-development, environmental protection, cultural exchange, education and so on (Dunford & Liu, 2019; Zeng, 2016).

Because the land-based silk road starts in the western Chinese province of Shaanxi, existing studies (e.g., Li et al., 2019; Sutherland et al., 2020; Zhang et al., 2019) have focused more on China's western provinces. Less is known, however, about the broader impact of the BRI throughout China. For example, how does BRI affect firms in the rest of China? What other activities besides infrastructure building are Chinese companies engaging in BRI corridor economies? How can these activities potentially reshape the dynamics of China's participation in globalization? The indirect effect can be as significant as the direct effect because the BRI is designed to be a long-term (35–50 years) initiative (Chaisse, 2018; Enderwick, 2018). Investigating the broader impact of such an ambitious initiative can help us better predict its policy influences on firm strategies and regional development.

This research views the BRI within the history of the People's Republic of China's globalization rather than as a standalone policy event. The history of China's globalization is mostly consistent with Dunning's Investment Development Path (Dunning, 1981), in which inward FDI accumulates before a surge of outward FDI. The majority of inward FDI in China has come from advanced economies, representing 67.27% of the total inward FDI stock, excluding tax havens (NBSC, 2019). The large quantity of inward FDI from the U.S. and Western Europe to China has made Chinese

*Corresponding author: Yuanyuan Li, Assistant Professor of International Business, College of Business and Economics, California State University, 5151 State University Drive, Los Angeles, CA 90032, USA, E-Mail: yli186@calstatla.edu. <https://orcid.org/0000-0001-6243-3803>

enterprises heavily reliant on these countries' technology standards and business practices. Over the last several years, trade protectionism in these countries has increased, causing Chinese exports to be criticized and, at times, sanctioned. For example, Chinese firms such as Huawei and ZTE have been the frequent target of censorship (Evenett, 2019). This anti-globalization trend has impeded outward FDI activities from China and other emerging markets and also has exacerbated the problem of economic polarization worldwide (Storper, 2018; Parnreiter, 2018).

The launch of the BRI has provided long-term alternative opportunities for businesses inside and outside of China. This study investigates whether Chinese enterprises tend to take advantage of BRI opportunities and gradually lessen their economic reliance on western developed economies and proposes that the degree of inward investment activity in Chinese regions impacts their engagement with BRI investments. Since inward investments are much stronger in the eastern part of China (Guo et al., 2020; Wei et al., 1999; Xie et al., 2022), the research design focuses on comparing firms from the eastern and western regions and how their FDI strategies have changed after the launch of the BRI. Evidence was collected from a Chinese official source, the Outward FDI Directory, and the location choices and FDI motives of Chinese multinational enterprises (MNEs) before and after the BRI was launched were compared. The statistical evidence helps determine whether Chinese firms have gradually shifted outward FDI projects to more politically-friendly host countries.

Besides developing a holistic view of the BRI, this study also intends to understand FDI motives, which are an essential and highly interesting topic in FDI studies but lack empirical evidence (Cuervo-Cazurra & Narula, 2015). Previous studies (e.g., Alon, 2010; Buckley et al., 2007; Kostad & Wiig, 2012) relied on host country characteristics such as demographics and economic indices to infer business motives in the host country. In this study, location and business motives are measured separately, and the idea relevant to international business that business motives are a project-level construct rather than a country or location-level construct is revisited. The project-level measurement of FDI motives allows for diving into more fine-grained details of an MNE's strategies in a host country.

The remainder of this paper is organized as follows. First, hypotheses related to the BRI's impacts on Chinese multinational firms' location choices and FDI motives are developed. Sample selection and measurement approaches are reported next in the methods section. Illustrative summary statistics and regression results are then presented. Findings and policy implications are explained

afterward, followed by a conclusion and discussion of possible future research directions.

2 Conceptualization and hypotheses development

China has relied on western developed countries for export revenue, inward FDI, and technology co-development (Lardy, 1995; Yao, 2006; Young & Lan, 1997; Kroll & Neuhäusler, 2020). According to the China Statistical Year Book 2020, the major trade partners of China are still western developed countries, with the U.S. occupying approximately 17%, and Germany, Japan, South Korea, and the United Kingdom combined 20%, of China's exports (NBSC, 2020). Recent protectionism in the west and decoupling between China and the U.S. have prompted the country to take an alternative route for its export market development, and the BRI has given firms diplomacy-assisted opportunities to explore other foreign markets.

A large quantity of Chinese domestic firms, especially the ones from the East Coast, have become subcontractors to foreign flagship MNEs, participating in their supply chain activities and receiving blueprints and operational guidelines from them (Wei & Liu, 2006; Hertenstein et al., 2017). Connections with foreign MNEs have yielded positive knowledge exchange via transnational network relations and international community gatherings (Bathelt & Henn, 2014), enabling the 'catching-up process' of Chinese firms (Humphrey & Schmitz, 2008). Nevertheless, advanced economies are still in a leading position to set up technology standards worldwide and further enlarge the technology gap (Kemeny, 2011). This enlarged technology gap has prevented firms from emerging markets such as China from building up network centrality among technologically sophisticated products. Furthermore, when China gradually loses its demographic dividend (e.g., cost-effective labor), firms face the urgency to shift cost-sensitive production to Southeast Asia and Eastern Europe to maintain price competitiveness (Ernst & Kim, 2002). Hence, countries in BRI regions can offer down-the-road developmental opportunities when Chinese enterprises intend to break from conventional partnerships with the developed world.

2.1 Location choices of Chinese MNEs

Although China and its trade partners are mutually dependent, inevitably, there is a power imbalance (or asymme-

try) among the actors owing to the uneven distribution of resources or different stages of development (Emerson, 1962; Xia et al., 2014). Usually, there are two strategies the weaker party can adopt to achieve successful resource exchange: adaptation and avoidance (Salancik & Pfeffer, 1978). Adaptation, which also can be referred to as compliance, can be problematic, however, as a weaker party can lose its decision-making autonomy to the stronger party (Nienhüser, 2008; Oliver, 1991). Therefore, diversification (or avoidance) becomes a more promising strategy as it allows the weaker party to still maintain an exchange relationship while tilting the power imbalance. Diversification strategy refers to when an actor in a relatively weak position intends to escape or diversify to other exchange relationships to reduce the constraining influence of the dominant actor (Xia, 2010; Pfeffer, 1987).

The diversification logic is applied in this study to explain Chinese firms' intention to enter BRI countries for global expansion. As mentioned above, China's economic development over the last four decades has relied significantly on foreign MNEs operating in China, with the most inward FDI coming from advanced economies such as the U.S. and Western Europe. These foreign MNEs are powerful actors (Hoskisson et al., 2000) because of technology and managerial skill advancement (Inkpen & Beamish, 1997; Yan & Gray, 1994). Although foreign MNEs in China transfer knowledge to local firms, they also have imposed constraints on local firms regarding turn-around time, delivery standards, pricing, etc. (Liu et al., 2009). These constraints overload Chinese suppliers with production orders under stringent quality and efficiency requirements (Guler et al., 2002), eventually locking Chinese manufacturers into a vicious low value-added activity cycle (Gill & Kharas, 2015; Islam & Chadee, 2021). In addition, foreign MNEs dominate major consumer markets, influencing customer tastes and service standards (Luo & Park, 2001).

Furthermore, foreign MNEs have driven up factor prices such as wages (Girma et al., 2019) and have established technology standards that do not favor local firms (Lee, 2005). As a result, Chinese enterprises have found it difficult to prosper or survive under these constraints. The over-dependence on the western developed world thus has caused Chinese firms to seek growth opportunities elsewhere, especially in countries where advanced economy firms have a low influence (Driffield, 2006).

The BRI policy fits the needs of Chinese MNEs seeking non-Western alternative business partners. By building infrastructure in neighboring countries and strengthening diplomatic relations, Chinese MNEs potentially find it easier to have business trips and search for collaborators and opportunities in the BRI countries. In addition, the BRI

countries overall are less influenced by advanced economies and are geographically more proximate to China. Therefore, the BRI opens another avenue for Chinese firms to go global. This especially is the case for firms in an unfavorable power position with advanced economy firms at home, as BRI opportunities reduce their dependence on them for markets and technology and, thus, increase their relative power by diversifying into new geographic locations. The above arguments, then, lead to the first hypothesis:

H1: A Chinese firm that originates from a province with more inward FDI from Western Europe and North America is more likely than a firm from other provinces with less such FDI to enter BRI participating countries for its FDI activities after the launch of the BRI.

2.2 FDI motives

Even though the BRI at this stage consists of a large amount of infrastructure building in the host countries, when it comes to FDI activities in BRI regions, Chinese firms also leverage the BRI to expand their other business activities, such as market expansion and manufacturing, which are congruent with the all-inclusive goal of the BRI as stated in its official document. These diversified business motives include trade-supportive investment, market-seeking FDI, efficiency-seeking FDI, and strategic asset-seeking FDI.

According to the China Statistical Yearbook 2019, 41.66 % of China's exports are conducted by foreign MNEs in China. When Chinese domestic firms partner with these foreign MNEs at home, their contractual agreements usually indicate that they are not supposed to export to the foreign MNEs' target markets. This prevention of potential competition from Chinese firms by foreign MNEs impedes the growth of Chinese firms' international trade. Nevertheless, they do have a strong intention to promote and facilitate the export and import of goods and services. With the launch of the BRI, Chinese firms can be expected to be eager to take advantage of the opportunity and expand to BRI countries for trade-supportive investment. This, therefore, leads to the following hypothesis:

H2a: A Chinese firm that originated from a province with more inward FDI from Western Europe and North America, compared to a firm from other provinces with less such FDI, is more likely to enter BRI countries for trade-supportive FDI after the launch of the BRI.

In the mid-1980s, the Chinese government promoted international joint venture entry modes with the notion that the

country needed to give up portions of the domestic market in exchange for advanced technologies (Wei & Davis, 2018). Since a joint venture is considered an MNE subsidiary, the joint venture partners usually receive in-house technology transfer and employee training opportunities (Li & Cantwell, 2012). While Chinese firms' manufacturing capacity has improved thanks to foreign knowledge transfer, the fast expansion of manufacturing capacity has also led to over-capacity issues in China. Also, owing to foreign competition at home, Chinese firms' market share has been affected. With the launch of the BRI, however, Chinese firms can be expected to explore alternative markets, hoping to transfer their overcapacity to and increase their market share in countries with more favorable diplomatic relations and similar cultural and social norms. Hypothesis 2b follows:

H2b: A Chinese firm that originates from a province with more inward FDI from Western Europe and North America, compared to a firm from other provinces with less such FDI, is more likely to enter BRI countries for market-seeking FDI after the launch of the BRI.

Foreign MNEs in China have driven up factor prices, including wages and other manufacturing costs. The FDI spillover literature (e. g., Blomstrom & Kokko, 2001) has documented the employment effect. Foreign firms tend to pay higher wages to attract local talent upon entry. Nevertheless, when workers from foreign firms become boundary spanners, switch to local companies or become entrepreneurs, their expectations for wages and standards of living rise (Girma et al., 2019). Foreign MNEs' standards in workplace safety and employee welfare, including health insurance and retirement contributions, also urge local companies to converge on global practices. After the Foxconn scandal of forced labor, let alone the civil-level movement on improving working conditions, the Chinese government raised the minimum wage by 9% (Hoffman, 2014). As a result, it gradually has become difficult for Chinese firms to keep their competitive edge by producing at home. Manufacturing costs even increase when Chinese firms co-locate with foreign MNEs, as foreign MNEs' adjacent areas are likely to experience wage increases (Xia et al., 2014). Chinese firms seldom have found that locations in advanced economies solve this problem – owing to the high labor costs and rents in these economies – even if Chinese firms established business networks there (Hertenstein et al., 2017). Therefore, the BRI provides essential opportunities for Chinese firms to shift their manufacturing activities, which also benefits them in their industrial upgrading efforts. This, then, leads to the next hypothesis:

H2c: A Chinese firm that originated from a province with more inward FDI from Western Europe and North America, compared to a firm from other provinces with less such FDI, is more likely to enter BRI countries for efficiency-seeking FDI after the launch of the BRI.

Although the Chinese government intended to temporarily give up the domestic market in exchange for advanced technologies, things have not always occurred as expected. Previous research has shown that cross-border technology transfer, whether in-house or internal, can be ill-functioning and not achieve its goal (Inkpen, 2000; Buckley et al., 2004). Also, foreign MNEs in weaker intellectual property regimes tend to purposely avoid sharing cutting-edge technologies (Zhao, 2006). Nevertheless, Chinese firms with interdependent relationships and intensive interactions with foreign MNEs perceive a large technology gap with foreign MNEs. Therefore, these Chinese firms are eager to upgrade their technological capabilities and foster domestic and international collaborations. Since advanced economies are becoming more cautious concerning Chinese firms learning advanced technologies from them and are concerned about their image in doing this (Cuervo-Cazurra et al., 2014), the BRI has enabled Chinese enterprises to now seek knowledge in BRI countries as an alternative. In Singapore, one of the BRI destination countries, strategic-asset seeking FDI projects are very similar to those in the U.S. and Western Europe, covering a broad spectrum of pharmaceutical research, medical devices, computer hardware and software, automobile, and machinery development, etc. In Russia, strategic asset-seeking FDI projects mainly focus on heavy-duty machinery, such as mining equipment. In India, half of the strategic asset-seeking projects are in the computer software domain. Thus, the last hypothesis, which focuses on strategic asset-seeking FDI, is:

H2d: A Chinese firm that originates from a province with more inward FDI from Western Europe and North America, compared to a firm from other provinces with less such FDI, is more likely to enter BRI countries for strategic asset-seeking FDI after the launch of the BRI.

3 Methodology

3.1 Data sample

The Outward FDI Directory (OFDI Directory) published by the Ministry of Commerce of China was used to test the above hypotheses. The current OFDI directory includes 41,707 projects between 1983 and 2015, providing adequate

observations to compare before and after the BRI launch (at least for its initial years). The OFDI Directory has proven to be a legitimate source for Chinese project-level outward FDI studies (Yang & Bathelt, 2021). The OFDI Directory covers 31 Chinese provinces and 201 host destinations and documents non-financial sector project-level outward FDI activities from China. The dataset offers the following information: parent firm name, subsidiary name, OFDI date, host country, home province, and manager self-reported subsidiary activities. After removing tax haven cases, 27,547 are left, with 11,124 going to BRI countries between 2000 and 2015 (Table 1).

3.2 Variables and measurements

For hypothesis 1, the dependent variable is *BRI destination*. The value is coded as 1 if the outward FDI project entered one of the BRI countries and 0 otherwise. Logistic regression is used to calculate the likelihood of an outward FDI in one of the original 64 BRI countries.

The dependent variable for hypotheses 2a, 2b, 2c, and 2d, which refer to BRI investment only, is FDI motive. Based on Dunning (1993) and Cuervo-Cazurra & Narula (2015), five major motives are associated with Chinese outward FDI projects: *natural resource-seeking*; *trade-supportive*; *market-seeking*; *efficiency-seeking*; and *strategic asset-seeking*. Because of the particularity of the BRI, a sixth motive, *infrastructure building*, can be added. The hypotheses tested in this paper address those four motives where the impact is less clear. What is worth mentioning is that, unlike for trade-supportive investment in which production is home-based, MNEs have procurement or sales offices overseas, market-seeking FDI usually incurs local production and local sales abroad (Johanson & Vahlne, 1977).

The motives are coded based on the managers' self-reported activities in the host country. These six motives are listed as separate dependent variables (Table 2). For example, if one project has a market-seeking motive, then "market-seeking" as a dependent variable will be coded as

1, otherwise 0. It should be noted that one project can have multiple FDI motives.

The empirical models of this research use two predictor variables, *time* and *treated*.

Time: Chinese President Xi Jinping unveiled the initiative in September and October 2013 during his visits to Kazakhstan and Indonesia. These visits signaled the launch of the BRI and prepared Chinese firms to start their BRI journey. As a result, 2013 is used as the cut-off year to proxy the policy year; years after 2013 are coded as 1, and years before 2013 are coded as 0.

Treated: A province with a large volume of inward FDI stock, namely provinces on the east coast, is coded as 1, whereas western provinces are coded as 0. The east coast provinces in China include Anhui, Henan, Shandong, Shanghai, Beijing, Hunan, Jiangsu, Zhejiang, Guangdong, Fujian, Hebei, Sichuan, Jiangxi, Tianjin, Shanxi, Hubei, Guizhou, and Hainan.

State ownership (*SOE*) is used as a control, as many state-owned enterprises participate in and promote the BRI (Buckley, 2020; Li & Zeng, 2019; Sutherland et al., 2020).

3.3 Empirical technique

This paper applies maximum likelihood logistic regressions since the dependent variables are dichotomous. The identification strategy is based on a difference-in-difference (DID) analysis that compares the likelihood of location choices and motive choices before and after the launch of the BRI program. 2013 is recognized as the cut-off point in launching the BRI policy by multiple studies (e. g., Beule & Zhang, 2022; Buckley, 2020; Lewin & Witt, 2022). In this study, the first difference refers to the different types of provinces, namely provinces with more FDI from Western Europe and North America (eastern Chinese provinces) and provinces with fewer such FDI (western Chinese provinces). The second difference compares periods before and after the launch of the BRI policy. The two differences are simultaneously considered in the full model.

Table 1: Summary of different samples by time period and location characteristics

	Full sample	Sample without tax havens	BRI sample
Before 2000	133 (0.03)	53	23
2000–2013	24469 (58.7 %)	17147	7291
2014–2015	17105 (41 %)	10400	3833
Total	41707	27600 (66.2 %)	11147 (26.7 %)

Notes: BRI sample is a subset of the without tax haven sample.

Table 2: Definition and coding of motives categories of Chinese OFDI projects, 2000 to 2015

FDI motive	Description/Definition	Keywords for coding	Typical examples
Infrastructure building	To build, rebuild, or repair public and private physical structures such as roads, railways, bridges, tunnels, water supply, sewers, electrical grids, and telecommunications	Infrastructure; Hydropower Station; Solar Energy; Construction; Railways; Roads, Tunnels; Telecommunications; Airport; Sea Port; Water; Sewers; Pipeline; Waste Disposal	– Building hydropower station – Airport construction – Turnkey projects – Establishing railroad connections and ground transportation – Repairing and rebuilding telecommunication base stations
Natural resource-seeking	To acquire specific resources of higher quality at a lower real cost than could be obtained in their home country	Extracting; Logging; Mining; Planting; Farming; Fishing; Exploring; Prospecting; Coal; Natural Gas; Petroleum; Ore; Forest; Fishery; Agriculture	– Natural resources accessing – Coal mining – Minefield construction – Ore extraction – Oilfield exploration – Logging/forest – Fishery resources development – Planting and agriculture
Trade-supportive investment	To promote and facilitate the export and import of goods and services from the investing (or other) firm	Export; Import; Trade; Transportation; Logistics; Shipment; Cargo; Container	– Cargo import/export – International trade agent – Shipping agent – Responsible for customs clearance – Freight and warehousing
Market-seeking	To supply goods or services to a particular country or region (from existing markets to new markets). It can be either maintaining current market share (defensive market-seeking) or exploring new market share (offensive market-seeking)	Sales; Marketing; Wholesale; Retail; Market Research; Product Promotion; Establishing Guanxi; After Sales Services	– Selling a product (e. g., garment) – Market investigation – No revenue-generating activity yet but building customer relationships, establishing a marketing network, etc. – Maintaining customer relationships, provision of related customer service
Efficiency-seeking	To rationalize the structure of established resource-based or market-seeking investment in such a way that the investment firm can gain from the common governance of geographically dispersed activities (e. g., achieving economies of scale and scope)	Manufacturing; Production; Assembling; Processing	– Production of various types of knitted fabrics, fashion, and senior clothing products – Assembling electronic components and machinery parts – Processing products (e. g., edible fats) from raw ingredients
Strategic asset-seeking	To promote long-term strategic objectives—especially that of sustaining or advancing global competitiveness (e. g., augmentation of a global portfolio of physical assets and human competencies, which they perceive will either sustain or strengthen their ownership-specific advantages or weaken those of competitors)	Research; Development; Knowledge; Talents; Human capital, Technology	– Research and development – New technology seeking – Acquiring knowledge or technological resources – New drug development – Software development – Talent recruitment – Seeking technical consultancy

4 Results and findings

4.1 Summary statistics

The following section presents summary statistics on the different samples and variables before the results and findings are discussed. The number of FDI projects grew significantly in 2014 and 2015 after the launch of the BRI, equaling 52 % of the total number of projects between 2000 and 2013. Regarding the distribution of Chinese outward FDI in the 64 BRI regions, East Asia attracts half of the investment projects. Although Central and East Europe (CEE) has the largest number of countries, it has the lowest number of Chinese FDI projects.

For statistics at the province level, 13 western provinces are BRI-participating provinces. Nevertheless, most of the investments in BRI countries come from eastern provinces, with 73.3 % of the total investment project count in BRI countries. The time period 2014–2015 accounts for one-third of the same total investment.

In addition, inward FDI in each province was investigated. 18 non-BRI participating provinces, also known as eastern provinces, have accumulated 7.5 times the inward FDI by dollar amount than western provinces. Therefore, a province's location in the East or West is used as a proxy for its reliance on inward FDI which is mainly from Western Europe and North America.

Besides the host country and home region, FDI motives also are crucial in this analysis. Out of 11,114 projects between 2000 and 2014 in BRI regions, 982 conducted infrastructure-building activities, and 1685 had natural resource-seeking components. These two are commonly-noticed FDI activities in BRI regions and will not be tested in this paper. Nevertheless, market-seeking FDI is the most frequent investment case, with 6845 projects. Trade-supportive investment and efficiency-seeking FDI are ranked next in project counts, with both in the range of 4000. Unsurprisingly, strategic asset-seeking FDI is the least frequent, with only 658 cases. However, strategic asset-seeking FDI, along with infrastructure-building projects, has seen the fastest growth, with their number in the most recent two years almost the same as in the previous two decades. It should be noted, too, that since one FDI project can have multiple FDI motives, the number of individual motives adds up to more than the total project count.

4.2 Regression results

This section discloses the regression results. Tables 3 through 7 present the empirical results in terms of hypothesis testing. For hypothesis 1, the larger 27,547 sample, which contains both BRI and non-BRI countries, was used. The correlation among variables is between -0.2 and 0.15 , and all VIF values are below 2, indicating that there are no multicollinearity concerns. Model 1 and Model 2 in each table show the main effects, while model 3 includes the difference-in-difference moderating effect. The first difference *time* (0 or 1) refers to FDI entry timing before or after the launch of the BRI. The second difference *treated* (0 or 1) compares east and west provinces.

Table 3 focuses on location choices, showing the logit regression results in testing hypothesis H1. The results in this table aim to explain whether an outward FDI project will be located in a BRI country (or not). Province, east or west, and outward FDI timing are predictors while controlling for state ownership. After the launch of the BRI (*time*=1), the coefficient of *time* being negative and significant shows that in the early years after the launch of the BRI policy, Chinese firms are still less likely to switch to BRI regions for their FDI destinations. The results also show that eastern provinces¹ (*treated*=1) are less likely to invest

Table 3: Logit regression results on Chinese FDI location choices (BRI destination or not), 2000–2015

DV:	Baseline model	Model 1 (main effects)	Model 2 (main effects)	Model 3 (DID)
BRI destination				
SOE	0.748 *** (0.059)	0.723 *** (0.059)	0.723 *** (0.059)	0.722 *** (0.059)
Time		−0.233 *** (0.027)	−0.233 *** (0.027)	−0.213 *** (0.071)
Treated			0.477 ** (0.219)	0.484 ** (0.220)
Time*Treated				−0.023 (0.077)
Province	Yes	Yes	Yes	Yes
Controls				
Constant	−0.935 *** (0.067)	−0.857 *** (0.069)	−0.857 *** (0.069)	0.863 *** (0.072)
Number of obs	27547	27547	27547	27547
LR χ^2	28988	2972.19	2972.19	2972.29
P-value (LR χ^2)	0.000	0.000	0.000	0.000
Pseudo R ²	0.078	0.08	0.08	0.08

Notes: Standard error in parentheses; $p \leq 0.1$ *; $p \leq 0.05$ **; $p \leq 0.01$ **

¹ All regression models include dummified province controls to ensure the robustness of the results since different provinces can have various industry sectors, economic development stages and these variations can influence FDI location choices and FDI motives of firms from a focal province.

Table 4: Logit regression results on trade-supportive BRI FDI, 2000 to 2015

DV:	Baseline model	Model 1 (main effects)	Model 2 (main effects)	Model 3 (DID)
Trade-supportive BRI investment				
SOE	−0.015 (0.103)	−0.012 (0.103)	−0.012 (0.103)	−0.012 (0.103)
Time		0.264 *** (0.042)	0.264 *** (0.042)	0.305 *** (0.080)
Treated			0.424 (0.347)	0.443 (0.348)
Time*Treated				−0.056 (0.094)
Province Controls	Yes	Yes	Yes	Yes
Constant	−0.507 *** (0.120)	−0.560 *** (0.121)	−0.600 *** (0.121)	−0.614 *** (0.123)
Number of obs	11124	11124	11124	11124
LR χ^2	147.20	186.00	186.00	186.35
P-value (LR χ^2)	0.000	0.000	0.000	0.000
Pseudo R ²	0.010	0.013	0.013	0.013

Notes: Standard error in parentheses; $p \leq 0.1$ *; $p \leq 0.05$ **; $p \leq 0.01$ ***

in BRI countries than western provinces, as the coefficient for *treated* is negative and significant across all models.

Furthermore, the difference-in-difference (*time*treated*=1) effect explains the location choice of firms from eastern provinces after the launch of the BRI. The coefficient of *time*treated* being negative and non-significant shows that eastern provinces do not exhibit a significant difference in their tendency to invest in BRI countries before or after the policy launch. As a result, hypothesis H1 is not supported.

The BRI sample, which contains only those 11,124 FDI projects in BRI regions, is used to test hypotheses 2a, 2b, 2c, and 2d. The correlation coefficient among all variables is between −0.3 and 0.3. In addition, the VIF values are below 2.5 for each regression. Therefore, there are no multicollinearity concerns.

Table 4 displays the tests for hypothesis H2a, whether the BRI promotes trade-supportive investments. The positive and significant coefficient of the variable *time* across all models in Table 4 shows that the likelihood of an FDI project with a trade-supportive motive is higher after the launch of the BRI (*time*=1). In addition, firms from eastern provinces (*treated*=1) have a lower propensity than firms from western provinces to initiate a trade-supportive FDI project. In other words, trade-supportive investment in BRI regions is more likely to originate from western provinces. However, the insignificant coefficient of the difference-in-difference term indicates that the east or the west provinces' tendencies in engaging in trade-supportive investment do not change

Table 5: Logit regression results on market-seeking BRI FDI, 2000 to 2015

DV:	Baseline model	Model 1 (main effects)	Model 2 (main effects)	Model 3 (DID)
Market-seeking BRI investment				
SOE	−0.063 (0.097)	−0.062 (0.097)	−0.062 (0.097)	−0.061 (0.097)
Time		−0.259 *** (0.042)	−0.259 *** (0.042)	−0.141 * (0.081)
Treated			0.098 (0.347)	0.150 (0.348)
Time*Treated				−0.161 * (0.095)
Province Controls	Yes	Yes	Yes	Yes
Constant	0.095 (0.116)	0.183 (0.117)	0.183 (0.117)	0.143 (0.119)
Number of obs	11124	11124	11124	11124
LR χ^2	479.07	516.68	516.68	519.56
P-value (LR χ^2)	0.000	0.000	0.000	0.000
Pseudo R ²	0.032	0.035	0.035	0.035

Notes: Standard error in parentheses; $p \leq 0.1$ *; $p \leq 0.05$ **; $p \leq 0.01$ ***

before or after the BRI was launched. Therefore, the results in table 4 do not support hypothesis H2a.

Table 5 explains the market-seeking tendencies in hypothesis H2b. The positive and significant coefficient of predictor *time* indicates that, generally, firms are less likely to have market-seeking FDI in the BRI regions after the launch of the BRI (*time*=1). In addition, it can be seen from the positive and significant coefficient of the predictor *treated* that firms from eastern provinces (*treated*=1) are more likely than those from western provinces to engage in market-seeking activities in BRI regions.

The difference-in-difference term (*time*treated*) is significant but negative in Table 5. Based on the equation $Marketing\ Seeking = \alpha + \beta_1 SOE + \beta_2 Time + \beta_3 Treated + \beta_4 Time*Treated + \gamma$, scenario (1) *treated* = 1 and *time* = 0 and scenario (2) *treated* = 1 and *time* = 1 can be compared. The first scenario represents the likelihood of conducting a market-seeking FDI for eastern province firms before the launch of the BRI, when *treated* = 1 and *time* = 0, $Marketing\ Seeking = \alpha - 0.061 * SOE + 0 + 0.150 + 0 + \gamma = \alpha + 0.150 - 0.061 SOE + \gamma$. In the second scenario, when *treated* = 1 and *time* = 1, the equation reads $Marketing\ Seeking = \alpha - 0.061 * SOE - 0.141 + 0.150 - 0.161 + \gamma = \alpha - 0.152 - 0.061 SOE + \gamma$. The difference between scenario (1) and scenario (2) is $0.150 - 0.152 = -0.002$. This negative value indicates that market-seeking FDI is more likely to happen in scenario (2) than in scenario (1). In other words, the likelihood for eastern province firms to enter BRI countries for market-seeking

projects is higher after the launch of the BRI. Therefore, the market-seeking motive results support hypothesis H2b.

Table 6 displays the test of the efficiency-seeking FDI hypothesis H2c. The coefficient of predictor *time* is positive and significant in the main effect models, suggesting that, in general, all firms are more likely to have efficiency-seeking FDI in BRI regions after the BRI's launch (*time*=1). The results also indicate that firms from eastern provinces (*treated*=1) are less likely to engage in efficiency-seeking activities in BRI regions than those from western provinces.

The difference-in-difference term in model 3 is positive and significant in Table 6. The difference-in-difference method compares the likelihood of efficiency-seeking FDI before and after the launch of BRI. When *treated* = 1 and *time* = 0, the likelihood for efficiency-seeking is $-0.632 - 0.672$ soe. After the launch of the BRI, when *treated* = 1 and *time* = 1, the likelihood of efficiency-seeking is $-0.632 - 0.240 + 0.541 - 0.672$ soe. Therefore, the likelihood in scenario two is larger than that in scenario one. This result indicates that firms from eastern provinces, compared to firms from western provinces, are more likely to enter BRI countries for efficiency-seeking FDI projects after the launch of the BRI. Therefore, the results support hypothesis H2c such that firms from eastern China, where firms are more likely to be subject to the influences of advanced country MNEs, are more inclined to seek cost-effective alternative destinations for manufacturing than firms from western China.

Table 6: Logit regression results on efficiency-seeking BRI FDI, 2000 to 2015

DV:	Baseline model	Model 1 (main effects)	Model 2 (main effects)	Model 3 (DID)
Efficiency-seeking BRI investment				
SOE	-0.665 *** (0.121)	-0.668 *** (0.121)	-0.668 *** (0.121)	-0.672 *** (0.121)
Time		0.143 *** (0.044)	0.143 *** (0.044)	-0.240 *** (0.081)
Treated			-0.458 *** (0.362)	-0.632 (0.363)
Time*Treated				0.541 *** (0.096)
Province Controls	Yes	Yes	Yes	Yes
Constant	-0.169 (0.116)	-0.218 * (0.117)	-0.218 * (0.117)	0.087 *** (0.120)
Number of obs	11124	11124	11124	11124
LR χ^2	985.62	996.35	996.35	1028.35
P-value (LR χ^2)	0.000	0.000	0.000	0.000
Pseudo R ²	0.067	0.068	0.068	0.07

Notes: Standard error in parentheses; $p \leq 0.1$ *; $p \leq 0.05$ **; $p \leq 0.01$ ***

Table 7 presents the results of the strategic asset-seeking hypothesis H2d. The predictor *time* being positive and significant in the main effect models indicates that, in general, firms are more likely to have strategic asset-seeking FDI in BRI regions after the BRI was launched (*time*=1). We can also learn from the coefficient of variable *treated* in Model 1 and Model 2 that, generally, firms from eastern provinces (*treated*=1) are more likely than firms from western provinces to engage in strategic asset-seeking activities in BRI regions.

The difference-in-difference term *treated*time* is negative and significant in the logit regression in Table 7. The following two scenarios are compared to determine how the BRI policy has affected firms from eastern provinces. The first scenario shows that when *treated* = 1 and *time* = 0, the likelihood for strategic asset-seeking FDI conducted by eastern province firms is $0.053 + 0.129$ soe. In the second scenario, when *treated* = 1 and *time* = 1, the likelihood of strategic asset-seeking is $0.053 + 0.921 - 0.438 + 0.129$ soe. Therefore, the likelihood in scenario two is larger than in scenario one. This result indicates that eastern provinces are more likely to enter BRI countries for strategic-asset seeking FDI projects after the BRI was initiated. After the BRI began, eastern province firms have become even more eager to seek technology cooperation and local talent in their FDI projects than western province firms. Therefore, the results in table 7 provide support for hypothesis H2d. Firms from eastern China, subject to much higher inward

Table 7: Logit regression results on strategic asset-seeking BRI FDI, 2000 to 2015

DV:	Baseline model	Model 1 (main effects)	Model 2 (main effects)	Model 3 (DID)
Strategic asset-seeking BRI investment				
SOE	0.124 (0.177)	0.129 (0.176)	-0.129 (0.176)	0.129 (0.176)
Time		0.571 *** (0.082)	0.571 *** (0.082)	0.921 *** (0.184)
Treated			0.152 (0.766)	0.053 *** (0.206)
Time*Treated				-0.438 ** (0.206)
Province Controls	Yes	Yes	Yes	Yes
Constant	-2.686 *** (0.237)	-2.914 *** (0.241)	-2.914 *** (0.241)	-3.088 *** (0.258)
Number of obs	11072	11072	11072	11072
LR χ^2	144.45	192.39	192.39	196.94
P-value (LR χ^2)	0.000	0.000	0.000	0.000
Pseudo R ²	0.029	0.039	0.039	0.040

Notes: Standard error in parentheses; $p \leq 0.1$ *; $p \leq 0.05$ **; $p \leq 0.01$ ***

investments from the advanced countries, are more likely to seek alternative host countries for knowledge-seeking activities than firms in western China.

To conduct a robustness check on the FDI motive analysis, the country profile of the two supported hypotheses was explored after the regression results. For efficiency-seeking FDI, Russia and other East Asian countries rank top on the list². According to the data, most Chinese firms entering Russia for efficiency-seeking FDI are from the northeastern part of China: Heilongjiang Province, Jilin Province, and Liaoning Province. These three provinces belong to BRI participating provinces. The efficiency-seeking projects in Russia mainly include processing agricultural and dairy products, and wood furniture from lumberyards. Nevertheless, efficiency-seeking projects in East Asia are in the manufacturing sector, such as textiles and garments, rubber and plastic, white goods, etc. Unlike in Russia, most Chinese firms in East Asia for efficiency-seeking FDI originate from non-BRI provinces.

For strategic asset-seeking FDI, Singapore, Russia, and India dominate the top 10 list³. The data reflects that strategic asset-seeking projects are mainly from eastern provinces, known as non-BRI provinces. In Singapore, strategic-asset seeking FDI projects are similar to those in the U.S. and western Europe, covering a broad spectrum including pharmaceutical research, medical devices, computer hardware and software, automobile, machinery development, etc. In Russia, strategic asset-seeking FDI projects mainly focus on heavy-duty machinery, including mining equipment, cranes, logging trucks, etc. In India, half of the strategic-asset seeking projects are in the computer software domain.

The summary of the results and findings suggests that the signs and the significance levels of single explanatory variables *time* and *treated* largely converge to expectations. In terms of *time*, Chinese FDI in BRI regions was expected to increase after the policy launch. The results show that Chinese FDI projects in trade-supportive and strategic asset-seeking motives have increased in BRI regions after the policy's launch, but market-seeking activities and efficiency-seeking do not show the same trend. This finding is consistent with BRI regions' relatively low GDP per capita, indicating the regions' overall low purchasing power and less competitive manufacturing capacities. Regarding the

variable *treated*, which differentiates eastern or western provinces in China, it is expected that firms from eastern provinces are more likely to conduct FDI activities that require higher-level internationalization experiences and capabilities. The results comply with the expectations that firms from eastern part of China are indeed more likely to engage in trade-supportive investments and market-seeking and strategic asset-seeking FDI.

The results for the difference-in-difference term do not support the location choice hypothesis but largely support the FDI motives hypotheses. H1 and H2a are not supported, while H2b, H2c and H2d are. H1 expects that the BRI will lead Chinese firms from eastern provinces to invest in BRI regions. Nevertheless, the results do not show a significant difference before and after the launch of the BRI policy. This insignificance could be because some FDI activities (e. g., efficiency-seeking FDI) are more likely to relocate to BRI regions, while others are not experiencing significant shifts. This could result in an insignificant change overall. The study further analyzes different FDI motives to investigate how different investment activities respond to the launch of the BRI.

The results for different FDI motives show that efficiency-seeking FDI, market-seeking FDI and strategic asset-seeking FDI from eastern provinces respond positively to the launch of the BRI as expected. However, trade-supportive investments from the east do not indicate a significant change after the BRI launch. This implies that BRI regions provide opportunities for firms from eastern provinces to geographically diversify their manufacturing and R&D activities. In addition, Chinese firms have leveraged the BRI policy to seek alternative foreign locations in their international market expansion. The more likely Chinese firms originate from the east and have relied heavily on developed nations' FDI, the more likely these firms will want to broaden their location choice set for further expansions. What is worth mentioning is that R&D activities or strategic asset-seeking FDI do not have to be cutting-edge or ground-breaking discoveries; they can be knowledge applications such as localizing existing products to better fit the host country's institutional environment or consumer tastes.

Potential reasons for the unsupported hypotheses related to FDI motives may be as follows. Regarding trade-supportive investments, the BRI policy does boost trading activities in BRI regions. Nevertheless, the increase in trading activities comes from western provinces in China rather than from the east. Therefore, the resource dependence effect, namely that firms from eastern provinces may use the BRI to break the over-dependence on Western European and North American firms, may be over-compensated by trade from western provinces.

2 Between 2000 and 2015, the top 10 BRI destinations for efficiency-seeking FDI are Russia (821 projects), Vietnam (460), Laos (327), Indonesia (287), Cambodia (282), Thailand (237), Malaysia (175), India (157), Mongolia (130), and Myanmar (126).

3 Between 2000 and 2015, the top 10 BRI destinations for strategic asset-seeking FDI are Singapore (97 projects), Russia (56), India (47), Thailand (44), Indonesia (38), Vietnam (38), Cambodia (30), Kazakhstan (28), United Arab Emirate (27), and Israel (24).

5 Discussion and concluding remarks

This research investigates whether and how the BRI enables local Chinese firms to loosen their economic dependence on advanced economies. In particular, it focuses on Chinese outward FDI patterns between 2000 and 2015 in terms of their home province, host location, and FDI motives. Based on the findings, this research reveals that, although the host locations of Chinese outward FDI do not incur significant change after the launch of the BRI, the FDI motives in BRI countries have become more diverse. In particular, Chinese MNEs from eastern provinces, subject to more foreign MNE influences, are more likely to shift their manufacturing, marketing, and R&D activities to BRI regions than firms from western China.

Several common misconceptions about Chinese outward FDI are revisited based on the findings of this research:

First, the BRI is not just about infrastructure building. BRI countries have been of interest to Chinese MNEs since the early 1990s, according to the Statistical Bulletin of China's Outward Foreign Direct Investment (MCC, 2010). Before the surge of Chinese outward FDI in advanced economies such as the U.S. in 2009, East Asian regions currently included in the BRI were the primary host locations for Chinese efficiency-seeking and trade-supportive investments. A more diverse set of FDI motives in BRI regions can be expected in the years to come, and as a result more interactions at the private, rather than government, level.

Second, the BRI is not just about government support and the participation of state-owned firms. Market-seeking is a major motive for Chinese outward FDI in BRI countries and worldwide (Du & Zhang, 2018; Liu et al., 2017). According to this study, state-owned enterprises are more active than private firms in infrastructure building, natural resource-seeking, and strategic asset-seeking, but not for trade-supportive investments, market-seeking, and efficiency-seeking FDI projects. State ownership and government support are eye-catching because of the dollar amount in each documented transaction. Nevertheless, state-owned firms control only about 10 % of all Chinese outward FDI projects while the remaining 90 % are private firms.

Third, the BRI facilitates the development of western provinces but also is a source of economic prosperity in eastern provinces. The results indicate that more projects are still coming from the eastern than from the western part of China. What is more important is that the BRI has provided firms from eastern provinces with alternative investment destinations to seek alternative development

routes and offset their over-dependence on advanced economies.

This research is not exempt from limitations. The current research could greatly benefit from qualitative evidence. For example, in-depth case studies or narrative analyses could further illustrate the mechanisms and motivations of Chinese firms choosing certain FDI activities in BRI regions. Furthermore, although the sample employed in this research has an adequate number of observations, the number of predictors is limited. This research also has a limited time span – after the launch of the BRI – due to data availability. Future studies could combine different data sources and longer periods to enrich the models' explanatory power and yield interesting findings from new variables and longitudinal data.

Acknowledgments: The author acknowledges the very helpful suggestions provided by the journal editor, Harald Bathelt, and appreciates the constructive criticisms from two anonymous reviewers.

6 References

- Alon, T. (2010) Institutional analysis and the determinants of Chinese FDI. *Multinational Business Review*, 18(3): 1–24.
- Bathelt, H. & Henn, S. (2014) The geographies of knowledge transfers over distance: Toward a typology. *Environment and Planning A*, 46(6): 1403–1424.
- Buckley, P. J., Clegg, L. J., Cross, A. R., Liu, X., Voss, H. & Zheng, P. (2007) The determinants of Chinese outward foreign direct investment. *Journal of International Business Studies*, 38(4): 499–518.
- Buckley, P., Clegg, J. & Tan, H. (2004) Knowledge transfer to China: policy lessons from foreign affiliates. *Transnational Corporations*, 13: 31–72.
- Buckley, P. J. (2020) China's Belt and Road Initiative and the COVID-19 crisis. *Journal of International Business Policy*, 3: 311–314.
- Blomström, M. & Kokko, A. (2001) Foreign direct investment and spillovers of technology. *International journal of technology management*, 22(5–6): 435–454.
- Chaisse, J. (2018) China's 'belt and road' initiative: Mapping the world trade normative and strategic implications. *Journal of World Trade*, 52(1): 163–185.
- Cuervo-Cazurra, A., Inkpen, A., Musacchio, A. & Ramaswamy, K. (2014) Governments as owners: State-owned multinational companies. *Journal of International Business Studies*, 45(8): 919–942.
- Cuervo-Cazurra, A. & Narula, R. (2015) A set of motives to unite them all?. *Multinational Business Review*, 23(1): 2–14.
- De Beule, F., & Zhang, H. (2022) The impact of government policy on Chinese investment locations: An analysis of the Belt and Road policy announcement, host-country agreement, and sentiment. *Journal of International Business Policy*, 5: 194–217.
- Dunning, J. H. (1981) Explaining outward direct investment of developing countries: in support of the eclectic theory of international production. In: Kumar, K. & McLeod, M. (eds) *Multinationals from Developing Countries* (pp. 1–22). San Francisco: Lexington Press.

- Dunning, J. H. (1993) *Multinational Enterprises and the Global Economy*. Wokingham: Addison-Wesley.
- Du, J. L. & Zhang, Y. F. (2018) Does One Belt One Road initiative promote Chinese overseas direct investment? *China Economic Review*, 47: 189–205.
- Duchâtel, M. (2016) *Absorb and Conquer: An EU Approach to Russian and Chinese Integration in Eurasia*. London, UK: European Council on Foreign Relations.
- Driffield, N. (2006) On the search for spillovers from foreign direct investment (FDI) with spatial dependency. *Regional Studies*, 40(1): 107–119.
- Dunford, M., & Liu, W. (2019) Chinese perspectives on the Belt and Road Initiative. *Cambridge Journal of Regions, Economy and Society*, 12(1): 145–167.
- Evenett, S. (2019) Protectionism, state discrimination, and international business since the onset of the global financial crisis. *Journal of International Business Policy*, 2(1): 9–36.
- Ernst, D., & Kim, L. (2002) Global production networks, knowledge diffusion, and local capability formation. *Research policy*, 31(8–9): 1417–1429.
- Enderwick, P. (2018) The economic growth and development effects of China's One Belt, One Road Initiative. *Strategic Change*, 27(5): 447–454.
- Emerson, R. M. (1962) Power-dependence relations. *American Sociological Review*, 27(1): 31–41.
- Guler, I., Guillén, M. F. & Macpherson, J. M. (2002) Global competition, institutions, and the diffusion of organizational practices: The international spread of ISO 9000 quality certificates. *Administrative Science Quarterly*, 47(2): 207–232.
- Gill, I. S., Kharas, H. (2015) The middle-income trap turns ten. World Bank Policy Research Working Paper, (7403).
- Girma, S., Görg, H. & Kersting, E. (2019) Which boats are lifted by a foreign tide? Direct and indirect wage effects of foreign ownership. *Journal of International Business Studies*, 50(6): 923–947.
- Hertenstein, P., Sutherland, D. & Anderson, J. (2017) Internationalization within networks: Exploring the relationship between inward and outward FDI in China's auto components industry. *Asia Pacific Journal of Management*, 34(1): 69–96.
- Huang, Y. (2016) Understanding China's Belt & Road initiative: motivation, framework and assessment. *China Economic Review*, 40: 314–321.
- Humphrey, J., Schmitz, H. (2008) China—growth engine or obstacle for Asian developing economies? *Zeitschrift für Wirtschaftsgeographie*, 52(1): 50–66.
- Hoskisson, R. E., Eden, L., Lau, C. M. & Wright, M. (2000) Strategy in emerging economies. *Academy of Management Journal*, 43(3): 249–267.
- Hoffman, A. (2014) Taking a Bite Out of Apple: Labor Rights and the Role of Companies and Consumers in Global Supply Chain. *Harvard Business Publishing*, W93C72-PDF-ENG.
- Inkpen, A. C. & Beamish, P. W. (1997) Knowledge, bargaining power, and the instability of international joint ventures. *Academy of Management Review*, 22(1): 177–202.
- Inkpen, A. C. (2000) Learning through joint ventures: a framework of knowledge acquisition. *Journal of Management Studies*, 37(7): 1019–1044.
- Islam, M. T. & Chadee, D. (2021) Stuck at the bottom: Role of tacit and explicit knowledge on innovation of developing-country suppliers in global value chains. *International Business Review*, forthcoming.
- Johanson, J. & Vahlne, J. E. (1977). The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8: 23–32.
- Kemeny, T. (2011) Are international technology gaps growing or shrinking in the age of globalization? *Journal of Economic Geography*, 11(1): 1–35.
- Kolstad, I. & Wiig, A. (2012) What determines Chinese outward FDI? *Journal of World Business*, 47(1): 26–34.
- Kroll, H. & Neuhäusler, P. (2020) Recent trends of regional development in China—technological portfolios and economic growth. *Zeitschrift für Wirtschaftsgeographie*, 64(1): 14–27.
- Lardy, N. R. (1995) The role of foreign trade and investment in China's economic transformation. *The China Quarterly*, 144: 1065–1082.
- Luo, Y. & Park, S. H. (2001) Strategic alignment and performance of market-seeking MNCs in China. *Strategic Management Journal*, 22(2): 141–155.
- Li, J., Liu, B. & Qian, G. (2019) The belt and road initiative, cultural friction and ethnicity: Their effects on the export performance of SMEs in China. *Journal of World Business*, 54(4): 350–359.
- Li, X. & Zeng, K. (2019) To Join or Not to Join? State Ownership, Commercial Interests, and China's Belt and Road Initiative. *Pacific Affairs*, 92(1): 5–26.
- Lewin, A. Y., & Witt, M. A. (2022) China's Belt and Road Initiative and International Business: The overlooked centrality of politics. *Journal of International Business Policy*, 5: 266–275.
- Lee, P. T. W., Hu, Z. H., Lee, S. J., Choi, K. S. & Shin, S. H. (2018) Research trends and agenda on the Belt and Road (B&R) initiative with a focus on maritime transport. *Maritime Policy & Management*, 45(3): 282–300.
- Lee, K. (2005) Making a Technological Catch-up: Barriers and opportunities. *Asian Journal of Technology Innovation*, 13(2): 97–131.
- Liu, H. Y., Tang, Y. K., Chen, X. L. & Poznanska, J. (2017) The determinants of Chinese outward FDI in countries along “One Belt One Road”. *Emerging Markets Finance and Trade*, 53 (6): 1374–1387.
- Ling, J. (2015) The New Silk Road Initiative: China's Marshall Plan. *China International Study*, 50: 70–85.
- Li, H. & Cantwell, J. (2012) China. In: Amann, E. & Cantwell, J. (eds) *Innovation Firms in Emerging Market Countries* (pp. 113–147). Oxford, UK: Oxford University Press.
- Liu, X., Wang, C. & Wei, Y. (2009) Do local manufacturing firms benefit from transactional linkages with multinational enterprises in China? *Journal of International Business Studies*, 40(7): 1113–1130.
- Nienhüser, W. (2008) Resource dependence theory—How well does it explain behavior of organizations? *Management Review*, 19(1): 9–32.
- Oliver, C. (1991) Strategic responses to institutional processes. *Academy of Management Review*, 16(1): 145–179.
- Pfeffer, J. (1987) A resource dependence perspective on intercorporate relations. *Intercorporate relations: The Structural Analysis of Business*, 1(1): 25–55.
- Parnreiter, C. (2018) America first! Donald Trump, the demise of the U.S. hegemony and chaos in the capitalist world-system. *Zeitschrift für Wirtschaftsgeographie*, 62(1): 1–13.
- Storper, M. (2018) Separate worlds? Explaining the current wave of regional economic polarization. *Journal of Economic Geography*, 18(2): 247–270.
- Sutherland, D., Anderson, J., Bailey, N. & Alon, I. (2020) Policy, institutional fragility, and Chinese outward foreign direct investment: An empirical examination of the Belt and Road Initiative. *Journal of International Business Policy*, 3(3): 249–272.

- Salancik, G. R. & Pfeffer, J. (1978) A social information processing approach to job attitudes and task design. *Administrative Science Quarterly*, 23(2): 224–253.
- Sutherland, D., Anderson, J., Bailey, N. & Alon, I. (2020) Policy, institutional fragility, and Chinese outward foreign direct investment: An empirical examination of the Belt and Road Initiative. *Journal of International Business Policy*, 3(3): 249–272.
- Wei, L. & Davis, B. (2018) “How China Systematically Pries Technology from US Companies.” *Wall Street Journal*, Sep 26, 2018, sec. Business.
- Wei, Y., Liu, X., Parker, D. & Vaidya, K. (1999) The regional distribution of foreign direct investment in China. *Regional Studies*, 33(9): 857–867.
- Wei, Y. & Liu, X. (2006) Productivity spillovers from R&D, exports and FDI in China's manufacturing sector. *Journal of International Business Studies*, 37(4): 544–557.
- Wang, Y. (2016) Offensive for defensive: The belt and road initiative and China's new grand strategy. *Pacific Review*, 29: 455–463.
- Xia, J., Ma, X., Lu, J. W. & Yiu, D. W. (2014) Outward foreign direct investment by emerging market firms: A resource dependence logic. *Strategic Management Journal*, 35(9): 1343–1363.
- Xia, J. (2010) Resource dependence and cross-border constraint-absorption. *Management International Review*, 50(2): 155–183.
- Xie, D., Bai, C. & Xiao, W. (2022) Institutional environment, development model transformation and North–South economic disparity in China. *Growth and Change*, forthcoming.
- Yang, R. & Bathelt, H. (2021) China's outward investment activity: Ambiguous findings in the literature and empirical trends in greenfield investments. *Growth and Change*, 53(1): 313–341.
- Young, S. & Lan, P. (1997) Technology transfer to China through foreign direct investment. *Regional Studies*, 31(7): 669–679.
- Yu, H. (2017) Motivation behind China's ‘One Belt, One Road’ initiatives and establishment of the Asian infrastructure investment bank. *Journal of Contemporary China*, 26(105): 353–368.
- Yan, A. & Gray, B. (1994) Bargaining power, management control, and performance in U.S. –China joint ventures: a comparative case study. *Academy of Management Journal*, 37(6): 1478–1517.
- Yao, Shujie. (2006) On economic growth, FDI and exports in China. *Applied Economics*, 38(3): 339–351.
- Zhou, W. & Esteban, M. (2018) Beyond balancing: China's approach towards the Belt and Road Initiative. *Journal of Contemporary China*, 27(112): 487–501.
- Zeng, L.L. (2016) Conceptual analysis of China's belt and road initiative: A road towards a regional community of common destiny. *Chin. Journal of International Law*, 15: 517–541.
- Zhang, Y., Cheng, Z. & He, Q. (2019) Time lag analysis of FDI spillover effect. *International Journal of Emerging Markets*, 15: 629–650.
- Zhang, W., Alon, I. & Lattemann, C. (2018) *China's Belt and Road Initiative: Changing the Rules of Globalization*. London: Palgrave.
- Zhao, M. (2006) Conducting R&D in countries with weak intellectual property rights protection. *Management Science*, 52(8): 1185–1199.