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The Internationalization Process of Chinese Multinational Enterprises: Influencing Factors and Paths Under the Belt and Road Initiative

Chen Peng

Doctor of Management

Supervisor:

Doctor Virginia Trigo, Professor Emeritus,
ISCTE University Institute of Lisbon

Co-supervisor:

Doctor Du Yifei, Professor,
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Marketing, Operations and General Management Department

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Jury:

PhD Henrique José da Rocha O'Neill, Associate Professor with Habilitation,
ISCTE - Instituto Universitário de Lisboa

PhD Nuno César De Jesus Guerra Cardeal, Assistant Professor,
Universidade Católica Portuguesa

PhD Pedro Miguel Ribeiro de Almeida Fontes Falcão, Invited Assistant Professor,
ISCTE – Instituto Universitário de Lisboa

PhD Virgínia Trigo, Emeritus Professor,
ISCTE – Instituto Universitário de Lisboa.

PhD Ma Yongkai, Full Professor,
University of Electronic Science and Technology of China

November, 2021

**The Internationalization Process of Chinese
Multinational Enterprises: Influencing Factors
and Paths Under the Belt and Road Initiative**

Chen Peng

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Full name Chen Peng

Course Doutoramento

Student number 83741

Email address cpgh@iscte-iul.pt

Personal email address touch208cp@163.com

Telephone number +86-18601032954

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CHEN PENG 陈鹏

Abstract

An important change that economic globalization has brought to the world is the rise of Emerging Multinational Enterprises represented by China. Due to economic globalization, Chinese multinational enterprises (CMNEs) like China Road and Bridge Corporation (CRBC) have played an increasingly important role and have become a major driving force for globalization. Considering the status of latecomers, CMNEs generally fall short of strong international “resources” or “capabilities” to establish their advantages in international competition, which is strongly promoted by the Chinese government through a series of policies in the "Belt and Road" initiative. However, the late start disadvantage, the “liability of latecomer” and the "liability of emergingness" have caused resistance to their internationalization.

Through qualitative research and analysis of CRBC cases in three continents, this thesis reveals four paths of CMNEs' internationalization: progressive, radical, leaping, and tentative internationalization. It further identifies a three-step model they follow: “Stepping Out”, “Planting In”, and “Going Out”. The centrality, structural autonomy, direct connections, trust, fine-grained information transfer, and joint problem-solving arrangements of CMNEs in the host country’s market network have been found to be the most important factors affecting their internationalization. To overcome their late start, the liability of latecomer, and the liability of emergingness in the context of the “Belt and Road” Initiative, CMNEs rely on policy stimulus, resource endowment and network location between China and the host country. They gain insights into the needs of target customers and integrate resources to provide cost-effective solutions that are highly compatible with customer needs and mitigate resource disadvantages.

Keywords: CMNEs; the “Belt and Road” Initiative; Enterprises’ Internationalization; Network Embeddedness

JEL: F23; L14

Resumo

Uma mudança importante que a globalização económica trouxe ao mercado mundial é a ascensão das Empresas Multinacionais Emergentes representadas pela China. Graças à globalização económica, as empresas multinacionais chinesas (EMNC) tal como a China Road and Bridge Construction (CRBC), têm desempenhado um papel crucial e são uma força motriz da globalização. Contudo, devido ao seu estatuto de retardatárias, as EMNC ainda não possuem nem os recursos nem as capacidades necessárias para se imporem no mercado global apesar dos fortes incentivos do governo chinês através de uma série de políticas ao abrigo da iniciativa “Uma Faixa, Uma Rota”. Esta desvantagem, bem como a sua natureza emergente constituem obstáculos a uma maior internacionalização das EMNC.

Através de um estudo qualitativo envolvendo a análise de quatro subsidiárias da CRBC em três continentes, esta tese identifica quatro vias representativas da estratégia de internacionalização das EMNC – progressiva, radical, salto em frente, e experimental – e um modelo caracterizado por três fases: “entrada”, “implantação” e “expansão”. A centralidade, autonomia estrutural, estabelecimento de relações diretas, confiança, transferência de conhecimento e resolução conjunta de problemas são os fatores mais importantes que influenciam a internacionalização das EMNC nas redes de relações estabelecidas nos países anfitriões. Para ultrapassar a entrada tardia no mercado global e a condição de emergência no contexto da iniciativa “Uma Faixa, Uma Rota”, as EMNC beneficiam de políticas especiais, de recursos financeiros e das relações estabelecidas entre a China e os países de acolhimento. Como a tese demonstra, dispõem de uma situação privilegiada para compreender as necessidades dos diferentes mercados e integrar recursos oferecendo soluções eficazes e compatíveis com as necessidades locais e mitigando eventuais desvantagens.

Palavras-chave: EMNC; “Uma Faixa, Uma Rota”; Internacionalização; Enraizamento de rede

JEL: F23; L14

摘 要

经济全球化给世界带来的一个重要变化是以中国为代表的新兴跨国企业的崛起。在经济全球化的背景下，中国路桥等中国跨国企业（CMNEs）发挥着越来越重要的作用，成为推动全球化的主要力量。中国政府通过“一带一路”倡议系列政策促进中国企业“走出去”广泛地参与国际竞争，但是 CMNEs 在国际化过程中面临着起步晚、“后来者劣势”和“新兴者劣势”，造成了 CMNEs 国际化的阻力。

本文通过对中国路桥在三大洲六个国别案例的定性研究和分析，揭示了 CMNEs 国际化的四种路径：渐进式国际化、激进式国际化、跳跃式国际化和试探式国际化。它进一步确定了他们遵循的三步模式：“迈出去”、“扎进去”和“走出来”。CMNEs 在东道国市场网络中的自我中心度、结构自主性、直接连接性、信任关系、精细化信息转移和共同解决问题是影响其国际化的重要因素。克服“一带一路”背景下的“起步晚”、“后来者劣势”和“新兴者劣势”，主要依靠凭借中国与东道国的合作政策刺激、资源禀赋和网络位置，洞察目标客户需求，通过整合资源提供出高性价比的、与客户需求高度契合的解决方案，极大程度降低了自身的资源劣势和技术劣势。

关键词：CMNEs；“一带一路”倡议；企业国际化；网络嵌入

JEL: F23; L14

Acknowledgements

Since I entered the school in 2017, the world has undergone great changes in these four years, including the rise of trade protectionism and anti-globalization forces, the sudden attack of COVID-19, and I myself have changed from being alone four years ago to a husband and father with family responsibilities now.

In 2011, I was just a student who just graduated from the university with a bachelor's degree in economics. I was lucky enough to join China Road and Bridge Corporation (CRBC), an enterprise with a long history, passion and height, and was sent to Rwanda, a country in East Africa. I have lived and worked in Rwanda for 3 years. It is a clean and beautiful country with a difficult history and a bright future. In 2014, I was successfully admitted to the MBA program of Chinese Academy of Social Sciences (CASS) and started my academic journey again. I was honored to study under the guidance of academician Jin Bei of CASS, and graduated in 2016.

I should say that my doctoral journey began in January 2017. At the time, I was traveling to the South Pole aboard the Ocean Diamond ship, an icebreaker of the Quark Expeditions Company, via the Drake Passage. Drake Passage was windy and rough, and many of my fellow sailors were seasick. But I was thinking -- what a great Age of Exploration, the whole world, and gave Drake, a pirate-turned admiral, the honor of making history named a geographical marker! It was Portugal and Spain that opened up the great age. After that, fate pushed me to the other side of that dream - Lisbon.

During the four years of study, I would like to first thank my Portuguese supervisor, Professor Virginia Trigo. I have not only benefited a lot from her academic guidance, but also have a deep understanding of what a scholar should be like from her words and deeds. I would also like to thank my Chinese supervisor, Professor Du Yifei, who encouraged me and pointed out the direction of my research many times when I was stuck in the bottleneck. And thanks to the graduate students in Professor Du Yifei's team -- Chen Qiqi, Shi Xuanya, Kou Liangliang, Xue Min, and Xie Yu, who gave a lot of advice and help in the thesis interview and data analysis.

I would like to thank CRBC for your great support to my research. I would also like to thank all the senior executives of CRBC who received interviews and provided research materials. You are worthy of the name of " the Belt and Road" builders.

In the past four years, I have been able to carry out academic research without distractions and cannot do without the support from my family. To my wife and son, for being the best gift, the last piece of the puzzle that completed my life. I would like to thank my mother and father, who were among the earliest groups of college students after China's reform and opening up. My family education at an early age enlightened my interest in scientific research. To thank my grandma Bi Xiuran, my grandma was born in 1929, in 1944 to participate in the revolution in the world anti-fascist war, frugal life, be kind, is my childhood to the world of all kind of specific cognitive, as my wife said: "I love you give you those qualities are from grandma childhood love." Without my grandma's care and education, I would never have become the complete self I am now. I hope my achievements can bring glory to my grandma.

致 谢

自 2017 年入学以来，已度过四个寒暑。这四年间世界产生了巨大的变化，贸易保护主义和逆全球化势力的抬头，新冠疫情的突然袭来。而我个人也从 4 年前的孑然一人，变成了现在要肩负家庭责任的丈夫和父亲。

2011 年时，我还只是一个刚从大学拿了经济学学士学位毕业的学生，我有幸加入了中国路桥这家有历史有情怀有高度的企业，并被派往长驻在东非国家——卢旺达。我在卢旺达工作生活了 3 年，那是一个干净美丽的国家，有苦难的历史，有光明的未来。2014 年，我成功考上了中国社会科学院的 MBA，重新开启了学术旅程，有幸拜在中国社会科学院金碚学部委员门下进行研究学习，并于 2016 年毕业。

我的读博之旅应该算是从 2017 年 1 月开始的。那时，我正在美国夸克探险公司的“海钻号”破冰船上前往南极，途径德雷克海峡。德雷克海峡风大浪高，很多同行的伙伴都晕船了，而我却在感慨——多么伟大的大航海时代，发现了完整的世界，并给予了德雷克这位出身海盗的海军将领名垂青史命名地理标记的殊荣！而这伟大的时代便是由葡萄牙和西班牙开辟的。之后，命运便把我推向了那梦的彼岸——里斯本。

这四年的求学生涯中，我首先要感谢我的葡萄牙导师 Virginia Trigo 教授，我不仅从她的学术指导中获益良多，也从 Virginia 教授的言传身教中深谙一名学者应有的风范。并感谢我的中方导师杜义飞教授，杜老师多次在我研究陷入瓶颈时给予了鼓励，并指明了研究方向。以及感谢杜义飞教授团队的研究生——陈其齐、史轩亚、寇亮亮、薛敏、谢瑜，他们在论文访谈和数据分析给予了诸多建议和帮助。

感谢中国路桥工程有限责任公司对我本次研究的大力支持，感谢所有接受访谈和给予研究资料的中国路桥高管们，你们是名副其实的“一带一路”建设者。

这四年里我能够心无旁骛的进行学术研究，离不开家人对我的支持。感谢我的妻子和刚出生的儿子，你们是我生命中最美好的馈赠，是使我生命完整的最后一片拼图。感谢我的母亲和父亲，她们是中国改革开放后最早的几批大学生之一，自幼的家庭教育启蒙了我对科学研究的兴趣。最后，感谢我的姥姥毕秀然女士，姥姥生于 1929 年，于 1944 年参加革命投身世界反法西斯战争，一生勤俭，宽厚待人，是我童年时对世间所有善良的具体认知，正如我的妻子所说：“我喜欢你身上的那些品质都来自姥姥童年时给予你

的关爱。”没有姥姥对我的关爱和教育，我绝无可能成为现在这样完整的自己，希望我的成就可以为我的姥姥带来荣耀。

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Chapter 1: Introduction

1.1 Research background

1.1.1 Internationalization process of Chinese multinational enterprises (CMNEs)

As a country's economy grows to a certain extent, it is bound to be integrated into the global economic system. Likewise, when an enterprise develops to a certain stage, it will surely become global gradually by participating in the global division of labor and, in the end, be integrated into the global economic system. Only by entering the larger stage to stand the test of global competition will it be possible to win a place there. Looking back to the history of China's 40 years of reform and opening up, we can see that it is actually a process in which Chinese enterprises continue to participate in the international division of labor and continuously merge into the global economic network system. After 40 years of development, those Chinese enterprises established in the late 1970s have gained a certain degree of global competitiveness and become a pivotal force in the world economy. According to the Global 500 List published by Fortune Magazine in 2019, as many as 129 Chinese enterprises have entered the world's top 500, including 10 enterprises from Taiwan of China. This number surpassed that of the United States for the first time; and by 2020, the number of Chinese enterprises has reached 133, including 9 enterprises from Taiwan of China. Even the number in Chinese Mainland alone (124 companies) has surpassed that of the United States (121 companies). Back in 1995, only three of the world's TOP 500 companies came from China.

An important change that economic globalization has brought to the world market is the rise of Emerging Multinational Enterprises (EMNEs) represented by China. Due to the economic globalization, Chinese multinational enterprises (CMNEs) like Huawei and China Communications Construction have played an increasingly important role in the international market, and have become an important driving force for globalization. Of course, many of the problems and challenges they face cannot be ignored, and are worthy of in-depth discussion and research.

Nowadays, China's economy has gradually entered a "new normal" stage of steady growth after its rapid development since reform and opening up. This new stage of development is characterized by a stable yet healthy economy, slow growth, and structural optimization.

Technological innovation, structural upgrading and innovative services have replaced investment-driven and factor-driven models in the past to become the new driving force of China's economic growth. The Shanghai Free Trade Zone, the "Belt and Road" Initiative and the comprehensiveness and deepening of the reform are strategic measures officially adopted by the Chinese government. The globally competitive Chinese multinational enterprises that are born against such a backdrop are important breakthroughs and achievements, and are also the core carriers for directly improving China's "Going Out" initiative and economic globalization. In 2015, China's foreign direct investment reached US\$145.67 billion, surpassing the amount of foreign direct investment in China for the first time. In 2018, China's foreign direct investment reached US\$143.04 billion, accounting for 12.5% of the world's total, ranking second in the world (see Figure 1.1). Chinese enterprises are actively deploying globally through new establishments and mergers and acquisitions both in traditional fields such as manufacturing and engineering contracting and emerging fields including communications and Internet services.

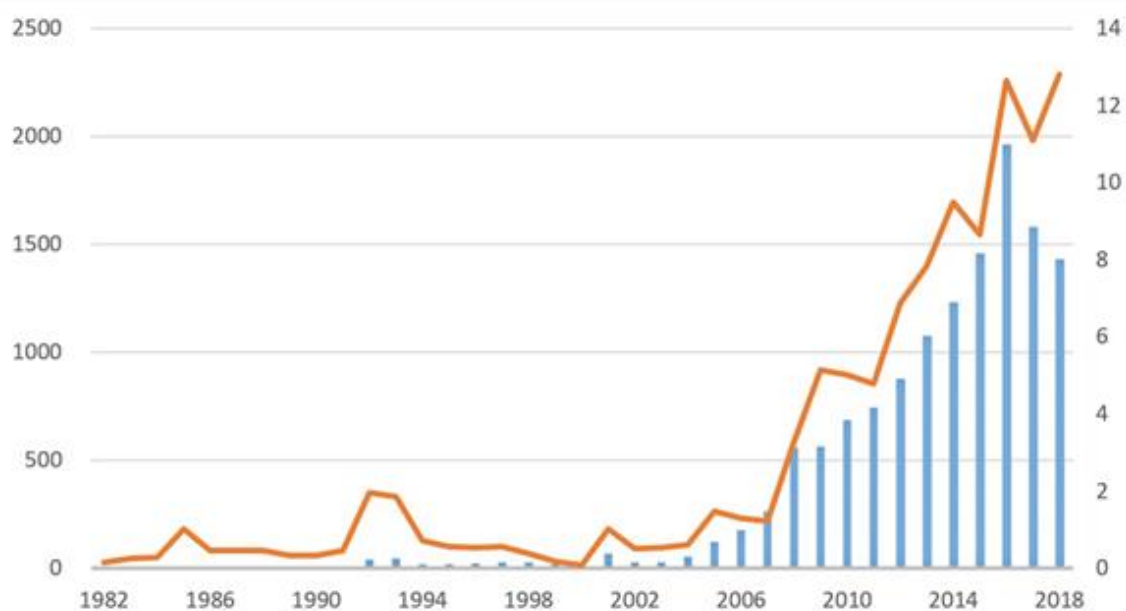


Figure 1.1 China's foreign direct investment (1983-2018)

Note: China's foreign direct investment flow (blue bar, unit: 100 million US\$, left axis); Proportion of China's foreign direct investment to the world (orange line, unit: %, right axis)

Source: UNCTAD database (2018)

Driven by the reform and opening up strategy and the foreign direct investment policy (see Table 1.1), the development of Chinese multinational enterprises (CMNEs) can be roughly divided into three types.

Table 1.1 The foreign direct investment policy of China

Type	Time	Relevant Regulations and Policies
Foreign Development Strategy	1979	Proposed the motion of "allowing enterprises to set up new enterprises in foreign countries", kicking off China's foreign investment
	2002	Persisted in the combination of "bringing in" and "going global" to comprehensively improve China's opening-up level
	2013	Proposed the "Belt and Road" Initiative
Foreign Investment Policy	1999	Proposed "go global" policies to allow Chinese enterprises to reach global market through foreign processing and trade
	2014	Specified enterprises as main players of foreign investment and allowed them to take their own advantages to carry out overseas investment and cooperation
	2015	Promoted enterprises of advanced production capacity to "go global" through foreign investment <i>Opinions on Improving the Safety Work of Overseas Enterprises and Foreign Investment</i> raised the security of foreign investment to the level of national security
	2017	Promoted the management method of "Encouraging Development + Negative List" to clearly encourage, restrict and prohibit three types of foreign investment activities Clarified the detailed rules for the supervision of foreign investment and cooperation and strengthened the establishment of a credit system for foreign investment
	2018	Supported state-owned enterprises to carry out international scientific and technological cooperation, and promoted advantageous industries and products to "go global"
	2019	<i>Guiding Opinions on Promoting the High-quality Development of Foreign Contracted Projects</i>
Financial Support Policy	2004	Established a credit support mechanism for foreign investment
	2008	Tax support such as foreign income tax credits
	2014	Established the Silk Road Fund to provide financing services for the "Belt and Road" initiative Proposed the "Belt and Road" tax service to provide convenient services for multinational enterprises
	2015	Established Asian Infrastructure Investment Bank to support infrastructure construction in Asia
	2016	Encouraged local governments to set up special funds to provide loan discounts for cross-border investment projects of SMEs

1.1.1.1 Early development stage (1979-2000)

In 1979, the State Council issued 15 Measures on Economic Reform, "allowing the establishment of enterprises in foreign countries", which marked the beginning of the foreign direct investment of Chinese enterprises. However, due to the limitations of enterprises' own technology, management, and development strategies, as well as China's foreign trade management and foreign exchange management policies, the overall scale of China's foreign direct investment was small. According to the Report on the Globalization of Chinese Enterprises on 2018, it was less than US\$1 billion before 1991, but in 1992, it surged to US\$4

billion. From then on to 2000, the annual investment scale remained at about US\$2 billion, accounting for less than 1% of global foreign direct investment (Swuff, 2018).

At this stage, the main players of foreign investment were large-scale state-owned groups. Their investment fields were relatively narrow, mainly in contracting construction projects, consulting and service industries, processing and production, and resource development (Swuff, 2018).

1.1.1.2. Rapid development stage (2001-2016)

Since China's accession to the World Trade Organization in 2001, the integration of China with the world economy has accelerated and its foreign direct investment entered a stage of rapid development. In 2001, it became a national strategy to promote enterprises to "go global". A series of policies to encourage enterprises to make foreign investment were introduced successively. In 2013, the "Belt and Road" initiative was put forward, which further boosted the pace of overseas expansion of Chinese enterprises, which grew rapidly at this stage. China's foreign direct investment increased rapidly from US\$2.518 billion in 2002 to US\$196.149 billion in 2016, an increase of nearly 80 times (Swuff, 2018). China has become the world's second largest source of foreign investment. During this period, Chinese enterprises experienced two small upsurges in foreign investment: one was the acquisition of overseas assets at low prices after the 2008 financial crisis; the other was foreign investment after the "Belt and Road" initiative in 2013.

At this stage, Chinese multinational enterprises started to enter the service and the digital economy fields in addition to traditional manufacturing, energy and metal mining, international contracting and other fields and foreign investment entities were becoming increasingly diversified. In addition to central state-owned enterprises, local state-owned enterprises and large private enterprises gradually became an important force in foreign investment. However, there were some hidden dangers in the foreign investment boom at this stage, such as some irrational foreign investment in real estate, hotels, culture and entertainment, and trends of large investment in non-major industries (Tai & Li, 2019).

1.1.1.3. The stage of steady fall back (2017 to Present)

Since 2017, globalization has witnessed great fluctuations and counter-globalization trends have frequently appeared. The Central Committee for Deepening Overall Reform issued Opinions on Improving the Safety Work of Overseas Enterprises and Foreign Investment to strengthen the policy guidance for foreign investment, and the review of investment authenticity and compliance. The project approval and foreign exchange management policies have been

relatively tightened. Since then, China's foreign direct investment has declined continuously, with a decrease of 19.3% in 2017 and a decrease of 9.6% in 2018 (Swuff, 2018).

At this stage, foreign investment industries of Chinese enterprises are mainly in leasing and business services, manufacturing, and wholesale and retail industries. Investment in information transmission, software and information technology services also increased. It is worth noting that in the fields of communications, high-end equipment manufacturing, and energy, the expansion of Chinese multinational enterprises has been hindered with foreign countries frequently filing lawsuits against Chinese enterprises. The overseas acquisitions of some enterprises have also been halted by host governments due to concerns on national security and environmental protection. Chinese multinational enterprises are facing unprecedented severe challenges.

Overall, China's influence in global foreign direct investment continues to expand. According to the report of 2018 Statistical Bulletin of China's Foreign Direct Investment, by 2018, 27,000 Chinese domestic investors had established 43,000 foreign direct investment enterprises in 188 countries (and regions) around the world and more than 80% of the world's countries (and regions) have Chinese investment, with an investment stock of US\$1.98 trillion. This is 66.3 times that of 2002. China's ranking of global foreign direct investment stock has risen from 25th to 3rd, second only to the United States and the Netherlands. China has established more than 10,000 overseas enterprises in countries (and regions) along the "Belt and Road". In 2018, the direct investment flow was US\$17.89 billion, and the year-end investment stock was US\$172.77 billion, accounting for 12.5% and 8.7% of the global share respectively (Ministry of Commerce of China, National Bureau of Statistics of China, & State Administration of Foreign Exchange of China, 2019).

1.1.2 The "Belt and Road" Initiative

The "Belt and Road" Initiative, standing for "Silk Road Economic Belt" and the "21st Century Maritime Silk Road", is a collaborative initiative proposed by Chinese leader Xi Jinping in the fall of 2013. The "Silk Road Economic Belt" lies on the Eurasian continent, which includes the following important routes: the first is from China to Southeast Asia, South Asia, and the Indian Ocean; the second is from the Commonwealth of Independent States to Europe, and the third is from China to Central and West Asia, and then all the way to the Persian Gulf and the Mediterranean Sea.

On the other hand, the "21st Century Maritime Silk Road" covers the following important routes: the first is from ports in southern and eastern China to the South China Sea and the

South Pacific, and the second is from ports in southern and eastern China to the Indian Ocean and the Mediterranean Sea. There are 4.4 billion people, over 70 economic and trade cooperation zones and more than 60 countries in Asia, Europe and Africa in the “Belt and Road” Initiative, most of which are developing countries and emerging economies, with a total economic volume exceeding 21 trillion US dollars, which is nearly 30% of the world’s total economic output, and nearly 60% of the global population(Wang, 2016). Most of the above-mentioned countries and regions are in a period of economic growth, with broad opportunities for reciprocity and cooperation and, due to limited funds, infrastructure conditions in these countries are not good, and communications, airports, ports, bridges, roads and railways are in urgent need of development, which limits their economic development. Now China has become the world’s third-largest foreign investor.

After more than 40 years of reform and opening up, China has accumulated a large amount of technology, capacity, experience, funds, a whole industrial chain featuring complete and advanced infrastructure construction, and tremendous achievements in communications, ports, bridges, roads, railways and tunnels. In addition to infrastructure, energy, communications, shipping, logistics and other fields that are forming new overseas demand, there is broad space for cooperation in agriculture, forestry, animal husbandry, fishery, agricultural machinery and agricultural products, production and processing, and tourism. For Chinese enterprises, the “Belt and Road” Initiative is a hard-won and huge historical opportunity to go global. In the long run, Chinese multinational enterprises will inevitably face management and operation problems when they expand business in different cultures, different countries and regions. Solving challenges and problems in this process will lead Chinese multinational enterprises into success.

At the same time, the problem of overcapacity has plagued China’s economic development for many years. In 2012, the Chinese government launched the 4 trillion-yuan stimulus package, which on the one hand, brought huge consumer demand for infrastructure construction industries including iron and steel industry and construction materials industry, helping to solve problems in the crisis. However, on the other hand, the problem of overcapacity, which was originally caused by repeated construction, were covered up, and grew more prominent. According to the Guiding Opinions of the State Council on Resolving Serious Overcapacity Contradictions issued in October 2013, the capacity utilization rate of China's iron and steel, cement, electrolytic lead and other industries did not exceed 75%. The problem of overcapacity had seriously hindered the economic benefits and economic sustainable and healthy growth of enterprises. The "Belt and Road" initiative has found a new way out for China's overcapacity

since the countries and regions along the "Belt and Road" have a strong desire to promote their own industrialization process. The countries along the routes in Asia and Africa have 10% and 20% room for urbanization improvement compared with China, respectively (China International Contractors Association, 2018). The huge development potential of these countries is expected to be transformed into a driving force to promote the overseas development of industries with overcapacity.

China has accumulated rich experience, products and service capabilities during its urbanization process and all these can be exported to foreign countries thus not only resolving China's domestic overcapacity and achieving industrial structure upgrades, but also offering a great number of jobs and speeding up the process of industrial upgrading and industrialization in neighboring countries. China now has US\$3.5 trillion in foreign exchange reserves (China International Contractors Association, 2018). Looking ahead, China's foreign exchange reserves may continue to increase. There will be sufficient funds to invest in the infrastructure required by the "Belt and Road" initiative to help developing countries solve infrastructure bottlenecks. In addition, the transfer of China's labor-intensive industries and international production capacity cooperation can help developing countries achieve rapid development (Lin, 2015).

The "Belt and Road" infrastructure investment will mainly stimulate China's heavy and chemical industries, equipment manufacturing and productive services. Now the development of China's real estate market has fallen back from high-speed growth to medium-speed growth. There is severe overcapacity in coal, iron and steel, cement, building materials, glass and other industries and the systemic risk of finance keeps rising. Under these circumstances, the infrastructure expansion along the "Belt and Road" can indeed resolve domestic overcapacity to some degree, improve the industry's prosperity index, promote the development of the service industry, and make up for the lack of domestic demand in China (Wang, Chen, & Long, 2016).

From an economic point of view, the "Belt and Road" initiative is a demand to open up new markets and adjust the opening up mode. The financial crisis broke the model of "Consumed in the West, made in the East", and led to the reorganization and division of international labor while the consumption power of Europe and Japan are declining, and their savings are increasing. At the same time, structural changes in the international economy have posed great challenges to "Made in the East" and will also change China's longstanding model of relying on large exports and a huge surplus. The "Belt and Road" initiative opens up a global demand for new growth drivers since many countries in the world, including China, need to transfer their surplus and high-quality production capacity to the globe. The "Belt and Road" initiative

is also a demand to balance the reconstruction of current international trade and investment rules. In addition, from the perspective of China's own economic development, on the one hand, its opening-up strategy has mainly focused on "bringing in" over the past three decades, but now wages of Chinese labor have been rising along with economic development. Labor-intensive industries have gradually been transferred to neighboring low-cost countries and the traditional opening-up strategy has been greatly challenged.

On the other hand, after more than 30 years of development in reform and opening up, China's relationship with the world has undergone fundamental changes: China has become the world's second largest economy, the largest trader in goods, the largest exporter, the third largest investor, and the largest foreign exchange reserve holder, therefore China's economic strength and influence are significant (the State Council Information Office of China, 2019). The domestic market is huge, capital is strong and foreign investment is growing rapidly. Therefore, China's ability to actively lead global economic cooperation and promote changes in global economic governance has gradually been formed since it can not only attract commodities from emerging countries with its vast domestic market, but also provide important sources of funds to emerging countries. China gradually has the ability to meet the needs of global markets and capital.

1.1.3 Impact of the "Belt and Road" Initiative on the internationalization of CMNEs

Extensive consultation, joint contribution and shared benefits are golden principles of the "Belt and Road" Initiative. Guided by such principles, efforts are made to develop and improve the infrastructure construction of countries and regions along the routes to form a safer, faster and more common transportation network. This can also lead to a significant increase in the ease of investment and trade, and the establishment of high-level and high-standard free trade local area networks, resulting in closer and more successful economic and trade relationships between countries and regions along the routes, further development of humanities communication, and deeper political exchanges. Over the past six years, the "Belt and Road" Initiative has been widely recognized and actively participated by countries and regions along the routes. Many landmark projects with extensive influence are being carried out one by one, from infrastructure construction to such areas as trade industry, education and humanities.

In the first Belt and Road Forum for International Cooperation held in May 2017, which witnessed leaders of 30 countries and the UN Secretary-General, the President of the International Red Cross, and the President of the International Monetary Fund attended the meeting, achievements of the Belt and Road Initiative in the past few years were presented,

including 76 major achievements and more than 270 minor achievements in terms of people-to-people bonds, financial integration, facilities connectivity, unimpeded trade and policy coordination. China also made a clear statement that it will increase its assistance to developing countries along the routes: first, China will increase investment in people's livelihood and deepen civil communication, and in the next three years, China will provide more than 60 billion yuan in total for the countries and regions along the routes and 2 billion yuan in food aid to address the food shortage in these developing countries. Second, China will increase financial care and strengthen financial integration. The Chinese government will invest 100 billion yuan as Silk Road Fund to help Chinese financial institutions expand RMB overseas funded business, which is expected to reach 300 billion yuan, thus enhancing the financial assurance of the "Belt and Road" Initiative (China International Contractors Association, 2018). The extensive participation and numerous implementations of projects under the Initiative, with an aim to build a new regional economic cooperation mechanism, are expected to strengthen the regional economic system based on inclusive and sharing principle, deepen the emerging regional relationship according to the philosophy of reciprocity and equality, and help promote regional development cooperation with mutual benefits.

The indispensable and crucial bridge for the connectivity of people, trade, and infrastructure among the countries and regions along the routes is transportation. Transportation is an important driving force for promoting the development of international infrastructure. Specifically speaking, the transportation industry value of the countries and regions along the routes in 2017 was 232.15 billion US dollars, an increase of 1.69 billion US dollars compared with the previous year and a year-on-year growth rate of 7.9%. Such a growth rate is higher than that of the total infrastructure. In the past six years, the transportation industry along the routes has achieved gratifying development (China International Contractors Association, 2018). A number of infrastructure construction projects such as bridges, airports, highways and railways have been started, including international express delivery, aviation, shipping and roads. The improvement of transportation networks has not only strengthened the connectivity of the infrastructure, but also enhanced the foundation and guiding role of the Belt and Road Initiative in comprehensive construction.

Another key guarantee for the development of infrastructure in the countries and regions along the routes is the power infrastructure. Specifically speaking, in 2017 the total value of the power industry in countries and regions along the routes was 217.78 billion US dollars, an increase of 2.53 billion US dollars compared with the previous year with a growth rate of 13.1%, significantly higher than that of the infrastructure construction (China International Contractors

Association, 2018). The EU Juncker Investment Plan, the Bright Road of Kazakhstan, the Mongolian Prairie Road, the Russian Eurasian Economic Union and the China-Pakistan Economic Corridor have all been linked to the Belt and Road, which will bring broad opportunities and potential market for the infrastructure construction of transportation and power. The development of power and transportation infrastructure will continue to grow rapidly and thus guide the development of the national infrastructure along the routes.

Under the influence of the “Belt and Road” Initiative, the development model of international infrastructure construction is showing new changes. New technologies, new finances and new policies are gradually injecting new impetus into the infrastructure development of countries and regions along the routes.

Speaking from policies, countries and regions along the routes have all started to promote international cooperation and improve development potential through the implementation of “new policies”, helping the international infrastructure construction industry to develop in-depth. The Chinese government has actively participated in the formulation of international standards for the infrastructure industry and the construction of a new platform for international cooperation, and promoted the construction of projects along the routes. Guided by the Baltic Railway Project Agreement, Estonia, Latvia and Lithuania seek to promote regional economic transformation, develop and deepen the transnational infrastructure construction of the “Belt and Road” Initiative, while Russia facilitates the integration of the Initiative via the “Polar Silk Road”. Central and Eastern European countries are also cooperating with China through the “16+1 Cooperation Platform”, which specifies the development direction of interconnection and infrastructure construction.

In terms of finance, as the developing countries and regions along the routes are constrained, the impact of changes in the financial environment on the development of infrastructure and investment in these countries and regions is significant. Since 2017, commercial banks, central banks of various countries and international multilateral financial institutions have improved the financial infrastructure and channels for investment, which has played an important role in improving the development of the financial environment for international infrastructure construction along the routes. Specifically, the Asian Infrastructure Investment Bank provides support of infrastructure financing to the “Belt and Road” projects via both non-sovereign secured financing and sovereign secured financing. In 2017, central banks such as those of Russia and Switzerland signed a bilateral currency swap agreement with the People’s Bank of China, effectively reducing exchange rate risk, thereby further ensuring the security of international infrastructure construction and investment along the routes.

As for technologies, to better promote the development of international infrastructure construction, a series of international infrastructure projects that adopt the world's leading technologies are promoting the economic development of countries along the routes. For instance, the application of China's representative railway integration technology in engineering construction has laid a solid foundation for the successful completion of the international infrastructure construction along the routes.

The economic exchanges between countries are essentially embodied in exchanges between enterprises. This is also true during the integration of the Chinese economy into the world system. According to statistics from the Ministry of Commerce of the People's Republic of China, in 2018 Chinese enterprises invested 15.64 billion US dollars in non-financial direct investment in 56 countries along the routes, accounting for 13% of the total amount, a year-on-year increase of 8.9%, mainly in Pakistan, Cambodia, Serbia, Belarus, Kenya and Angola. In terms of foreign contracted engineering projects, Chinese enterprises signed 7721 contracts for newly contracted projects in the countries along the routes, with an amount of 125.78 billion US dollars, accounting for 52% of the newly signed contracts for China's foreign contracted projects. This figure suffered a drop of 12.8% compared with the previous year, but the completed turnover was 89.33 billion US dollars, a year-on-year increase of 4.4%, accounting for 52.8% of the total amount in the same period (Ministry of Commerce of China, 2020).

As major market players and carriers of the "Belt and Road" initiative, Chinese enterprises have actually obtained a rare historical opportunity. Through the promotion of this initiative at the government level, Chinese enterprises can access more foreign markets at a lower cost and establish cooperative relations with foreign governments or enterprises more easily. Therefore, in this context, on the one hand, the cost of going global for enterprises has been reduced. Such cost includes not only the cost of market expansion for enterprises in the "go global" process, the cost of trade barriers for enterprise transactions, but also the domestic policy support and financing support for domestic enterprises. Now, Chinese enterprises that choose internationalization can obtain higher benefits at a lower cost than before the establishment of the initiative.

On the other hand, China maintains good political and economic relations with most countries along the "Belt and Road" routes, which were originally China's main choices for foreign trade and foreign investment. Therefore, the "Belt and Road" initiative is a new stimulus for enterprises to go global and conduct international operations. For example, in 2013, half of the top 20 countries and regions in China's foreign direct investment were already located along the "Belt and Road" routes (Cao & Liu, 2016). The investment stock in the "Belt and Road"

countries accounted for 1.3% of the total FDI absorbed by the “Belt and Road” initiative (Zhong, Piao, & Liu, 2015). Therefore, with its implementation, Chinese enterprises are embracing a new opportunity for “going global” stemming from the promotion at the government level since the government encourages and supports enterprises to increase their international activities and, at the same time, this opportunity also comes from enterprises themselves. Relying on the new environment of opening up, Chinese enterprises can obtain more market space through international operation, especially in the current situation of high competition pressure in the domestic market. It can also relieve the pressure on enterprises and give them a good opportunity to adjust their operating product structure and carry out industrial upgrading and renewal.

1.1.4 Internationalization development of China Road and Bridge Corporation (CRBC)

Most CMNEs introduced to the world stage in the "Belt and Road" initiative are in infrastructure construction industry, with CRBC as a representative. Speaking of its history, the predecessor of CRBC is the Foreign Aid Office of the Ministry of Communications of China that, since 1958, has undertaken China's foreign aid construction tasks for some developing countries. In 1979, CRBC was formally established and began to compete in the international engineering contracting market. It is currently a wholly-owned subsidiary of China Communications Construction Co., Ltd., which is one of the top 500 companies in the world and also one of the main carriers and platforms for China Communications Construction's overseas business development. Speaking of its business, CRBC has a high reputation and status in China's foreign contracting engineering industry. It is not only one of the first four large state-owned enterprises in China to enter this market in 1979, but also the first Chinese enterprise to be listed as the top 100 of the 225 largest contracting enterprises in the world selected by the US ENR (Engineering News-Record) magazine in 1997 (Li et al., 2008). It also ranked tenth and eleventh respectively among the top 50 enterprises in the largest completed turnover and most newly signed contracts of China's foreign contracting projects announced by the Ministry of Commerce in 2012 (Chen, 2019).

After decades of development, the business scope of CRBC has expanded from the early low-volume highways and bridges to high-volume highways, extra-large bridges, ports, railways, airports, tunnels, hydraulic engineering, municipal works, dredging, investment and other fields. CRBC has completed many domestically and internationally influential projects in different periods, including China's earliest expressway — Liaoning-Shenyang-Dalian Expressway, China's earliest inter-provincial expressway Jingjintang Expressway, the “First

National Road” Beijing Capital Airport Expressway, the first super-large bridge with a diameter of more than one thousand meters Jiangsu Jiangyin Yangtze River Bridge, the world's longest sea bridge Qingdao Bay Bridge, the first bridge built by a Chinese enterprise in Europe-Serbia Zemun-Borca Bridge, the longest road tunnel in Central Asia — the Shahrstan Tunnel of Tajik Highway in Tajikistan, the Karakoram Highway in Pakistan known as the "Eighth Wonder of the World", the Friendship Port of Mauritania known as the "Model of South-South Cooperation", and Kenya's Mombasa-Nairobi Railway — an important part of the East African railway network. At present, CRBC has established branches in nearly 50 countries around the world with more than 150 overseas projects under construction.

The internationalization of CRBC has gone through three stages, namely, stepping out, planting in, and going out as follows:

Stage 1 - “Stepping out” means that the company relies on intergovernmental diplomacy and foreign economic relations to undertake foreign aid projects. It is a way to access global markets with low risks. Through this process, it can fully understand the political, economic, cultural and other external environment of the host country, get to know the local market operation model and accumulate a group of talents with overseas business experience and international management experience.

Stage 2 - “Planting in” means actively participating in the market competition with local enterprises and multinational enterprises after knowing the local market and gaining a firm foothold. Through high-quality and high-efficiency engineering projects, the company can establish its own brand reputation and expand its influence together with demonstrating a responsible corporate image and winning recognition and praise from the government and people of the host country.

Stage 3 - “Going out” is to make use of the host country as a platform to radiate other neighboring countries with similar cultural and political backgrounds to form a point-to-face effect under the condition of deeply rooting in the country’s market and having a certain localized operating foundation.

CRBC has made good use of this “three-stage” model of internationalization and the market scale it currently possesses is largely due to its adherence to this gradual development model, which has helped the company to gradually expand from the earliest Middle East region to Africa, Southeast Asia, Central Asia, Eastern Europe, and Latin America.

Since the “Belt and Road” initiative was put forward, it has had a profound impact on the transformation and upgrading of CRBC and its international development. First of all, it brings opportunities of large-scale infrastructure interconnection and communication projects.

Infrastructure interconnection is a priority of the “Belt and Road” initiative. Both the six major economic corridors – namely (1) the New Eurasian Land Bridge; (2) the China-Central Asia-West Asia Corridor; (3) the China-Pakistan Corridor; (4) the Bangladesh-China-Myanmar Corridor; (5) the China-Mongolia-Russia Corridor; (6) the China-Indochina Peninsula Corridor – and the construction of important maritime ports along of the “Belt and Road” emphasize the construction of major transportation projects. CRBC has been developing and operating in the countries along the “Belt and Road” for more than 30 years, and has made a strategic layout in most of these countries.

In 2015 alone, CRBC successively signed a number of major projects such as Mombasa-Nairobi Railway in Kenya, Karakoram Highway Phase II in Pakistan, Karnaphuli Road Tunnel under River in Bangladesh, and E763 (Surzin-Obrenovac) project in Serbia. On the other hand, the “Belt and Road” initiative brings opportunities for CRBC to cooperate in international production capacity. As China’s economy has entered a period of new normal, China is now integrated with the global economy through capital output. With the support of China’s industry integration policies, CRBC has transformed its corporate financing model from overly dependent on supplier credit to the mutual penetration of industrial capital and financial capital. It has also pushed forward the business focus to shift from front-end of the industrial chain to the back-end, continuously improved its own resource integration capabilities, achieved the transformation of the role of enterprises from being engineering contractors to investors, operators, and service providers, and focused on the long-term benefits of operations.

As a representative and main player in the implementation of China’s “going out” strategy, with its strong business development capabilities and capital operation capabilities, CRBC has actively operated investment and financing projects such as BOT (build – operate – transfer) and PPP (private-public partnerships) in projects including international industrial parks and the integration of investment, construction and operation of infrastructure. Since 2014, projects such as the Mombasa Special Economic Zone in Kenya, Bitong Port Special Economic Zone in Indonesia, Pointe Noire New Port in Congo, and Serbia Industrial Park have been signed successively. This marks that CRBC has officially entered the international industrial park development and construction business section (Chen, 2019).

1.1.5 Resistance of CMNEs in the process of internationalization

Against such a backdrop, the relationship between different companies in the business world has become more and more close, forming a mutually intertwined business network relationship. Through a comprehensive analysis of news media reports and research reports from consulting

companies, it is not difficult to find that more and more Chinese enterprises have begun to build R&D innovation and technology cooperation systems, global supply chain systems and marketing network systems, and have maintained a connection with international counterparts even closer than in the past. At the same time, more and more Chinese enterprises continue to participate in the international division of labor, and become suppliers or partners of multinational enterprises, thus integrating into the international enterprise network. Whether it is active or passive, integration into the global network has become an irresistible trend.

However, it is undeniable that in the current era, multinational enterprises from developed countries still hold the dominant position in the global business network system. Their capabilities of integrating global resources and the ability to control the global network system continue to affect the overall pattern of business networks. Compared with these, enterprises from China and other emerging markets still lag in terms of their say in the international market. As the course of internationalization and globalization of Chinese enterprises is just getting started, there is still a long way to go for Chinese enterprises to upgrade from low-end to high-end in the global value chain network system. More and more studies have shown that internationalization and globalization are a continuous process of evolution, and the requirements for enterprise capabilities at different stages are also very different. Therefore, the integration of Chinese enterprises into globalization cannot solely consider the scale and status of overseas business. Issues at both strategic and operational levels must be considered together.

In general, globalization provides Chinese enterprises with broader market opportunities and development space, as well as more market challenges and operational risks. Due to the special institutional background and the latecomer identity (Dore, 1990), CMNEs are generally considered to have inherent disadvantages. Considering the status of latecomers (Ramamurti & Hillemann, 2018), CMNEs generally fall short of strong international “resources” or “capabilities” to establish their advantages so as to participate in international competition. Besides, they lack many key resources such as international advanced technology and brand, market network or international business management experience (Luo & Tung, 2007). In any case, integration into the global economy is the general trend. Only when more and more CMNEs are in line with the trend of internationalization and are integrated into the internationalized global enterprise network system to seek opportunities, explore resources and create value, will it be possible for them to gain a place in the future global market competition. Therefore, in this context, Chinese enterprises need to have a clear and in-depth understanding of the essence and development trend of globalization today and comprehensively consider and weigh advantages and disadvantages in the formulation of globalization strategies, continuously

improve the ability of global network layout, and enhance the ability of resource allocation and operation management so as to become a global enterprise with truly global competitiveness. For researchers, the BRI and the special circumstances of the internationalization of Chinese enterprises also provide a research perspective and context in response to management practice.

1.2 Research content

1.2.1 Research problem

The research problem of this thesis is based on the background described above. The Chinese government has promoted Chinese enterprises to "go global" and participate in international competition extensively through a series of policies in the "Belt and Road" initiative. However, the late start disadvantage (Ramamurti & Hillemann, 2018), the "liability of latecomers" and the "liability of emergingness" (Luo & Tung, 2007) of Chinese multinational enterprises (CMNEs) have caused resistance to their internationalization. Therefore, the thesis discusses how Chinese enterprises can make use of their own resources and network advantages in China and host countries to successfully achieve internationalization in the context of the "Belt and Road" initiative, and analyzes the internationalization path and expansion model of Chinese multinational enterprises from the perspective of social network theory. By conducting a qualitative research of the case enterprise CRBC, the thesis aims at revealing a new set of theoretical principles behind the internationalization of CMNEs from the perspective of Chinese enterprises and at putting forward specific models and concepts for the direction of internationalization. These models and concepts also serve as management suggestions with strong operability, which can further enrich the internationalization theory of CMNEs.

Now the research on the internationalization of CMNEs has received widespread attention in academic circles and has become a hot spot of research. It has a high research value since it is still at an early stage compared with that of developed multinational enterprises (DMNEs) and emerging multinational enterprises (EMNEs). Since that, at this stage, existing explanations are still insufficient this study is based on a longitudinal case design with its focus on the internationalization practice of Chinese multinational enterprises. It integrates resource dependence theory and social network theory and explores how CMNEs, though facing a late start of internationalization (Ramamurti & Hillemann, 2018), the "liability of latecomers" and the "liability of emergingness" (Luo & Tung, 2007), can make use of China resources and network advantages vis-à-vis host countries to successfully achieve internationalization along

the “Belt and Road”. In order to better carry out the research on the subject, based on literature and observations on business practices, we decompose the main research problem to be studied and subdivide it into the following two research questions:

Research Question One: What are the influencing factors of the internationalization process of CMNEs? In this part the influence of resource dependence and social network on each stage of the internationalization of CRBC will be examined and the necessary factors for the development of CMNEs in the host markets will be explored. CRBC’s dependence on China resources and those of host countries affects its position in the host country’s market network. A more detailed distinction will be made on the key resources that CRBC relies on in its process of internationalization and the impact of China’s dependence on domestic network resources and on host countries. Most of previous studies on internationalization strategies have been based on samples and cases from enterprises in developed countries. Whether enterprises in specific circumstances in China follow the same rules remains to be further studied and concluded. This research selects CRBC, a Chinese enterprise that carries out international business activities, as its research subject, which is closely in line with the research theme. It collects, summarizes and analyzes CRBC data and adopts methods of dual-case study and event path analysis to study the characteristics and resource dependence of internationalization process at different stages.

Research Question Two: study the path of the internationalization process of CMNEs. Multiple cases of CRBC's overseas agencies in four countries are studied to explore the international expansion model of CMNEs. The research on the international expansion model of Chinese infrastructure construction enterprises has its specific complexity. On the one hand, it is necessary to sort out the relevant theories in detail and clarify the context. On the other hand, it is necessary to go deep into the enterprises and be familiar with the practice of corporate management. We also need to understand the gap between theory and practice, and find possible value points and breakthrough points for theoretical research. Since the model of international expansion is usually related to the economic environment, which is in the midst of uncertainty and turbulence, this further increases the difficulty of research. However, the in-depth study and discussion of the international expansion model is of great significance for both theoretical exploration and practical guidance.

1.2.2 Research objectives

The main objective of this research is to analyze the internationalization path and expansion model of Chinese multinational enterprises from the perspective of social networks based on

related research on existing internationalization and network theories. More importantly, based on the qualitative research of CRBC case, this research aims to reveal the general rules of the internationalization of Chinese enterprises and propose a new theory of internationalization specific to them but of relevance elsewhere, along with strong operational management advice. Other objectives include:

Objective 1: To explore the international expansion model of China's infrastructure construction enterprises along the Belt and Road Initiative routes. Among the infrastructure construction enterprises, CRBC is selected as a representative case for in-depth study because its internationalization has started early. Based on literature review, observation and analysis of enterprise practice, the construction of conceptual models, and the refinement of key factors, case studies will be conducted so as to explore the international expansion model of China's infrastructure construction enterprises along the routes by fully obtaining enterprise data through multiple channels under the principle of time series according to standardized case study procedure.

Objective 2: To identify the key influencing factors of the internationalization of Chinese enterprises and their working mechanisms. The internationalization of Chinese multinational enterprises started relatively late and from a low starting point. Relatively speaking, in the face of competition from the global market, they still lag behind when compared with those in developed countries due to their situation and particularity. However, the development of any enterprise is rooted in a specific market environment and at a specific time environment. Therefore, exploring the key drivers of the international expansion of Chinese enterprises under the "Belt and Road" Initiative by taking into account the characteristics of time and context is an important objective of this study.

Objective 3: To reveal the path and rules in the process of internationalization of Chinese multinational enterprises. Regarding the process of internationalization, there are many related studies abroad, some based on quantitative sample research, others based on single or multiple-case research. More details will be reviewed in the relevant literature review of this study. Compared with the practice of internationalization and network development of multinational enterprises in developed economies, the problems encountered by Chinese enterprises in the process of internationalization development have many unique features and great differences. Therefore, it is very necessary to carefully understand the particularity of the internationalization network of enterprises under the "Belt and Road" Initiative, and construct a generalizable theory or rule.

1.3 Research meaning

With the deepening of economic globalization, the world economic structure has become more and more diversified and multi-polarized: on the one hand, the center of the world economy has moved from developed countries to the rest of the world, showing a multi-center trend, and emerging economies and markets are gradually becoming new economic centers. After the financial crisis in 2008, emerging economies showed outstanding economic growth and huge development potential. As early as 2009, the economic output of developing countries has exceeded half of the global output. Unlike developed markets, emerging economies have not only survived the financial crisis, but have also become an important force in global economic recovery. Among them, emerging multinational enterprises (EMNEs) have played an extremely important role as a force to reshape the market. On the other hand, multinational enterprises from developed countries have been in the global market for many years and have entered emerging markets for decades. These multinational enterprises have also shown many new features in recent years, such as more emphasis on localization strategies in the local market. In terms of capital, technology, talents and innovative models, all of them reflect the trend of deep integration with local enterprise network resources.

The emergence of new problems and new situations has driven in-depth theoretical research. In other words, the improvement of the theoretical level and the improvement of the research level of the evolution and construction mechanism of Chinese enterprises' internationalization networks have also presented very important practical meaning, which is mainly reflected in the following three aspects:

First, through in-depth analysis of the internationalization process of Chinese enterprises and stage division, this thesis analyzes and explains the characteristics of different stages. This is of reference meaning not only for Chinese multinational enterprises, as they can learn from the experience and lessons of CRBC depending on their respective stages and at the same time avoid the challenges and risks encountered by CRBC, but also to other companies experiencing the hurdles of internationalization and to all of those who are interested in China's growth and development. Combined with the experience and lessons of CRBC, this thesis can also plan and predict the future development of Chinese multinational enterprises to develop solutions in a targeted manner.

Secondly, this study extracts and identifies principles and key factors excluding those that promote the international operation of enterprises but do not have universal significance, thus aiming at a high degree of universality. Moreover, these factors also have the specific context

and particularity of China's infrastructure construction enterprises under the "Belt and Road" Initiative which enables a contextual framing which is large enough but yet identifiable.

Finally, through the analysis of the internationalization process of CRBC, the mechanism and logical relationship between the various elements behind international development are deeply explained, and the international expansion model of China's infrastructure construction enterprises can be demonstrated via models, which can help latecomer enterprises to better understand the practical guiding role of internationalization in enterprise management from the theoretical height and the overall system perspective.

In general, whether it is a Chinese multinational enterprise, any other enterprise, or a veteran developed multinational enterprise, in the new economic context, the enterprise network system composed of suppliers, partners, customers and other stakeholders is becoming more and more complex. To better address the challenges, enterprises need to strengthen their management relationship network, adopt effective methods to promote global collaboration, and strengthen internal and external cooperation, so as to effectively deal with competition from new market participants. Theoretical research stems from practice, and the advancement and promotion of theoretical research can better guide the practice. This is also true for research in the field of management. The study of internationalization network theory has very important practical guiding significance for enterprises to carry out the practice of international management. Theory and practice need to promote and complement each other.

1.4 Research method

One of the important guarantees for the quality of research is whether the use methods meet the needs of research. Only by using rigorous research methods, choosing scientific research techniques can we ensure the standardization of research and the scientific nature of conclusions. This research intends to comprehensively apply a variety of research methods, including literature analysis, content analysis method, case study to study the internationalization process of Chinese multinational enterprises. Based on the literature, this thesis will deeply explore the internationalization process of Chinese enterprises. The research questions related to this have certain complexity and dynamics, as discussed in the previous research background: on the one hand, the management practices of Chinese multinational enterprises in the process of internationalization have substantially advanced, even some to a certain extent surpassing theoretical development and providing materials and examples for theoretical exploration. Therefore, relevant research needs to be closely linked to enterprise practices and realistic

situations; on the other hand, the internationalization process of Chinese multinational enterprises and the development of networks have different characteristics at different stages, which cannot be understood with simple theoretical deduction and empirical tests, because the internationalization process and network development involves dynamic changes of several key elements. This study adopts a combination of research methods and techniques to enhance the rigorousness and standardization of research.

1.4.1 Qualitative research

Qualitative research is a method or perspective of studying things by generalizing their inherent laws based on social phenomena, the attributes of things and changes during their evolution. Qualitative research bases itself on universally recognized axioms, deductive logic and historical facts, and looks at things based on their contradictory nature(Guthrie et al., 2004). To conduct qualitative research, we must directly grasp the main aspects of the characteristics of things according to certain theories and experiences, and temporarily ignore the differences in the quantity of homogeneous nature.

There are two levels of qualitative research: the first one is based on quantitative analysis and is considered the higher-level qualitative analysis; the other is pure qualitative research without quantitative analysis, and the research conclusions tend to be more general and speculative. In the actual research, quantitative and qualitative analysis are often used together. Before conducting quantitative research, researchers can use qualitative research to determine the nature of the phenomenon to be studied; in the process of quantitative research, researchers can, in turn, use qualitative research to determine the quantitative limit that will lead to the qualitative change of the phenomenon and the cause of the qualitative change.

1.4.2 Case study

A case study is a multi-method study and concerns the research design rather than a particular method. Researchers select one or several scenarios as research objects, systematically collect data and materials, and conduct in-depth research to explore the state of a phenomenon in real life. This research design is often used when the boundary between the phenomenon and the actual environment is unclear and not easy to distinguish, or when the researcher cannot design an accurate, direct and systematically controlled variable(Yin, 1994). It aims to answer questions such as “How does the change happen?”, “Why does the change happen in this way” and “What is the result of the change?”. It also includes unique design logic, specific data

collection and unique data analysis methods. Materials can be acquired by field observations or research of documents. The research is more qualitative, and requires more efforts in data collection and data analysis, such as researchers shall rely on multiple sources of evidence and different material evidence must be able to converge in trigonometric test and get the same conclusion. Usually there are theoretical propositions or problem definitions that are developed in advance to guide the direction of data collection and the focus of data analysis. It focuses on the inspection of events at that time without considering the manipulation of other events. Through case-based research, researchers can preserve the integrity of the events and discover meaningful features. Compared with other research methods, case study allows to have a solid description and systematic understanding of the case, grasp the dynamic interaction process and the context, and obtain a more comprehensive and holistic view.

Case studies include the single case study and multiple-case studies. Although the single case study can adequately describe the existence of a phenomenon (Siggelkow, 2007), multiple-case studies are often used to provide a more solid foundation for theoretical construction (Yin, 1994). Although both single case study and multiple-case studies can lead to successful outcomes, we should choose multiple-case studies as much as possible. Relatively speaking, conclusions derived from multiple-case studies are often considered to be more convincing, and the entire study process is generally considered to be better to withstand scrutiny; multiple cases can be compared with each other to clarify whether new findings are unique to a single case, or they are obtained by repeated cases. The theoretical foundation in multiple-case studies is also more solid, accurate and universal (Eisenhardt, 1991) and researchers believe that using multiple-case studies to construct theory often yields a more solid, more general, and more verifiable theory than single case study (Eisenhardt & Graebner, 2007). At the same time, multiple-case studies are suitable for the study of process and mechanism problems (Eisenhardt, 1991), which helps to explain the organization's integrity, dynamics and dialectic (Li & Kozhikode, 2008). The research question of this thesis belongs to this category, focusing on the network evolution process and construction mechanism of Chinese enterprises' internationalization process. Therefore, this study adopts the method of multiple-case studies.

1.4.3 Process analysis

Process analysis is a research method that concludes as many prepositions as possible by observing the chronical changes of events and analyzing the process of changes. For the data acquired, it compares the sequence of events according to certain rules repeatedly and establishes the dependency of the sequence of events (Poole et al., 2000). Based on the

observations of the acquired longitudinal data, process analysis is used to make the disordered data regular, so it is a rich and interesting way to describe the whole picture (Wright & Zammuto, 2013). Through the process analysis of the case enterprises, the rules and evolution relationship of events can be revealed.

1.5 Thesis framework structure and technical route

Focusing on the core questions, the structure of this thesis is as follows:

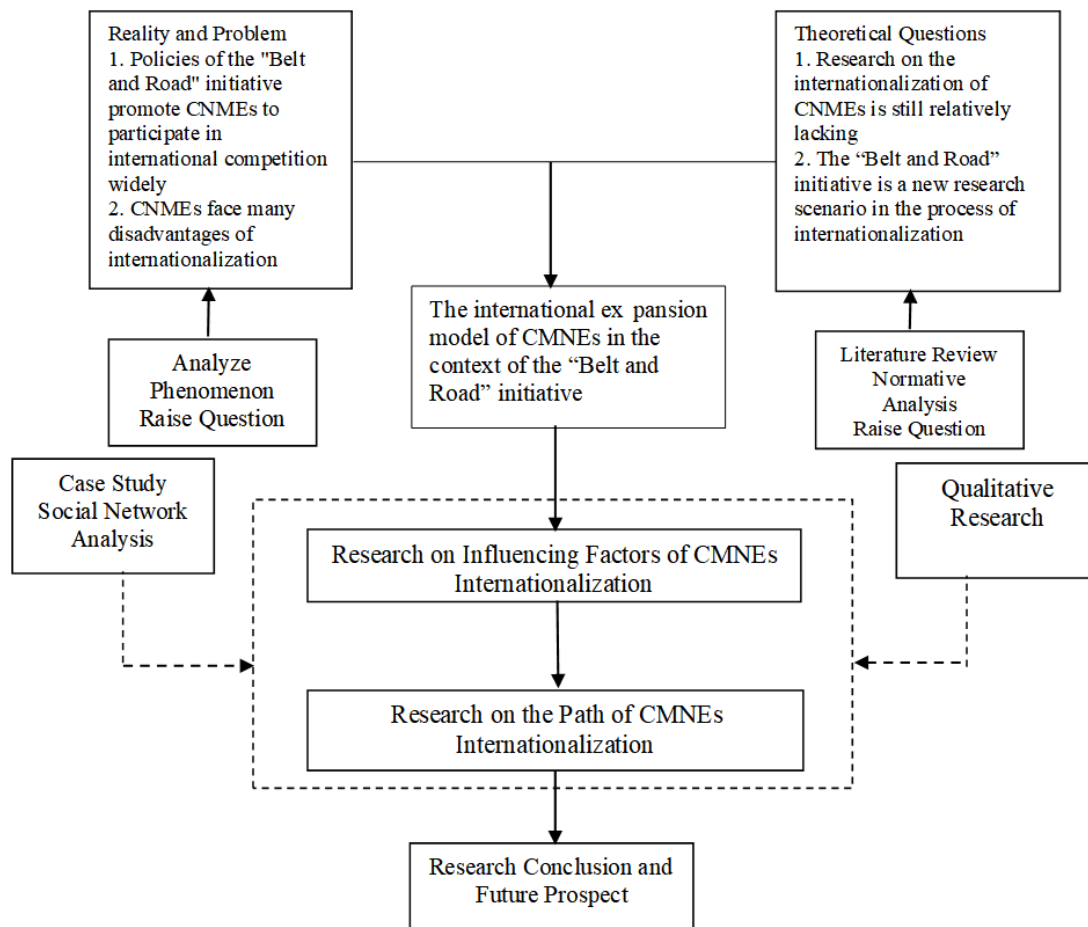


Figure 1.2 Thesis framework structure

The first chapter mainly introduces the reality background of this thesis. On this basis, the research problem and questions are put forward, the research methods are enunciated, the research framework and the technical route are proposed.

In the second chapter the theoretical basis of this thesis and the literature are review focusing on resource dependence theories, internationalization process theories and network theories. At the same time, comments are presented after each part of the research.

In the third chapter of Theory Contextualization, the thesis summarizes the dilemma faced by the theoretical background in the literature review, and expands the research questions and research ideas needed to solve the dilemma.

In the fourth chapter the research design is presented, mainly introducing the research ideas, the selection of research objects (including qualitative research objects), the collection of data (including qualitative research data), and the processing of data (mainly for qualitative data).

In the fifth chapter, the influencing factors on the internationalization of CMNEs are studied. This chapter sorts out the influence of resource dependence and social network on each stage of the internationalization of CRBC and explores the necessary factors for the development of CMNEs in the host markets.

In the sixth chapter, the path of the internationalization of CMNEs is studied. Through the analysis of multiple cases of CRBC's overseas agencies in four countries, this chapter explores the international expansion model of CMNEs, proposes the main principles of a new theory of internationalization and provides guidance for practice.

The seventh chapter concludes with a summary and outlook. This chapter mainly presents the main conclusions, enlightenment for further theoretical research and management practice, as well as the shortcomings and prospects of the research.

Chapter 2: Literature Review

2.1 Resource dependence theory

2.1.1 The introduction and development of resource dependence theory

Resource dependence theory is an important theoretical school of organizational theory and is an important theory for organizational change. It was born in the 1940s and has been widely used in organizational relationship research since the 1970s. This and the new institutionalist theory are listed as two important schools of organizational research.

The External Control of Organizations (Pfeffer & Salancik, 1978) is one of the representative works. In the External Control of Organizations, Pfeffer & Salancik pointed out that the key survival goal of an organization is to find ways to reduce the level of dependence on important external resource suppliers and stabilize the supply of key resources of the organization. The theory of resource dependence emphasizes that, to survive, organizations need to absorb resources from the surrounding environment and be interdependent with it in order to achieve the purpose of interaction. In addition to adapting to the environment, organizations can adjust their dependence on the environment through other options. The environment should not be seen as an objective reality, and understanding the environment is usually a behavioral process.

Ulrich and Barney (1984) proposed three prerequisites for organizations to acquire power based on resource dependence theory.

The first prerequisite is that an organization should consist of internal structure and external coalitions. The composition of an organization cannot be simply limited to a collection of all internal departments. Due to the interdependence of the organization and the external environment, the organization's ecological structure should include external alliances that have an interactive impact on the organizational structure. Therefore, the key premise of resource dependence theory is to regard the organization's external alliances as a key component of the organization (Provan, Beyer, & Kruytbosch, 1980).

The second prerequisite is that there are rare and useful sources that are indispensable for the survival of an organization in the external environment. Given the variability and complexity of acquiring resources from other organizations, organizations face uncertainty

about resource acquisition. Therefore, in order to minimize the risk of uncertainty of external resources and to better control scarce and valuable resources, enterprises tend to participate in external alliances and become joint venture partners.

The third prerequisite is that there is a certain relationship between organizations and external organizations. Organizations need to exchange resources with the outside world, and in the exchange process, there is a certain power dependence structure between them and external counterparts.

The theory of resource dependence assumes that organizations need to seek two goals from the external environment:

- (1) gain control over resources and minimize dependence on other organizations;
- (2) gain control over resources and maximize the strengthening the dependence of other organizations on itself.

The realization of either of these goals will affect the interaction between the organizations, and thus affect the dependence and power structure of the organizations (Pfeffer, 1981).

In summary, the theoretical paradigm of resource dependence is based on the premise that the organization interacts with external resources, and on this basis competes with other organizations in the power game (Salancik & Pfeffer, 1978). Therefore, resource dependence theory is a power game between organizations with the goal of gaining control of key resources (Ulrich & Barney, 1984).

Pfeffer (1987) further elaborated on the relationship between resource dependence theory and organizational relationship. He pointed out that since an organization is the basic unit of social relations, it is bound by the organizational network and are dependent on other organizations. At the same time, the interdependence of organizations may cause uncertain consequences during the organizational interaction, which may further affect the organization's sustainable competitive advantage and living space. Therefore, in order to avoid the risk of such uncertainty, organizations can deal with this resource dependence through a series of strategic cooperation, but it is impossible to evaluate the validity of these strategies. So, in the course of an organization's efforts to change its reliance on external organizations, the power and dependency structure between organizations has changed, which may have a major impact on the organization's strategic behaviors.

Pfeffer's (1987) can be summarized in this way: in order to avoid the risk of uncertainty in an organization's access to resources, the organization must respond to the external environment and form an authority and dependency structure that is conducive to the

organization. This view is almost the axiom in today's organizational theory and strategic management (Hillman, Withers, & Collins, 2009).

2.1.2 Main ideas on resource dependence theory

Resource dependence theory proposes four key assumptions: the most important goal of organizations is to survive; in order to survive, organizations often need resources that they cannot produce; organizations must interact with environmental factors that they are dependent on, and these factors usually include other organizations; organizations are built on the ability to control themselves and other organizations, as shown in Figure 2.1.

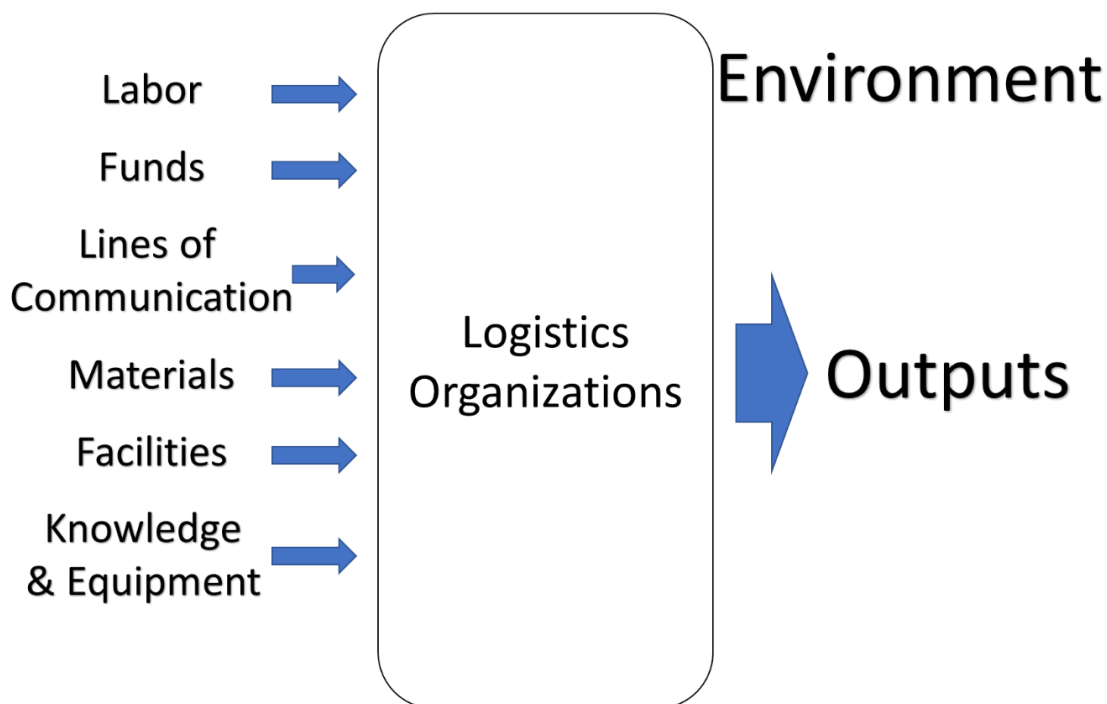


Figure 2.1 The resource dependency theory

Source: Pfeffer and Salancik (1978)

Pfeffer and Salancik (1978) pointed out that organizations should be seen as political actors, not just work organizations that perform their tasks. Resource dependence theory attaches great importance to organizational capabilities. As political actors, organizations carry out strategies with an aim to gain resources and control other organizations. Resource dependence theory also covers the internal factors of the organization. Pfeffer and Salancik (1978) pointed out that members of organizations that can supply key resources are clearly more important and authoritative than others. Later, a large number of empirical studies on resource dependence theory have been conducted, making it a systematic theory which also extends its applicability to governments by directly explaining the relationship between government and resources by explaining the government's dependence on resources.

According to the theory of resource dependence, there is a big difference in resources between enterprises, and many resources cannot be obtained through financial means in the market. For example, organizational talent is a historical standard for measurement that has a longer-term competitive advantage in the market than tangible resources such as mechanical equipment. However, it is not easy for an organization to purchase organizational talent from the market. At the same time, as the development goals of enterprises keep improving, any enterprise itself cannot have all the resources it needs, and there is always a gap between resources and goals.

By analyzing how organizations change their environment through acquisitions and mergers, alliances, lobbying, or governance, we can find that organizations are no longer actors who always try to adapt to the environment; they tend to make the environment adapt to themselves. This is a distinctive feature of resource dependence theory. The theory also emphasizes the impact on the environment and the relationship between organizations. In actual organizational behaviors, a large number of organizational acquisitions and mergers and organizational network behaviors are examples of organizational control of environmental resources. For example, organizations will eliminate symbiotic dependence with other organizations through vertical integration; absorb competitors through horizontal expansion to eliminate uncertainty in competition; or expand into multiple domains through diversification strategies to avoid relying on leading organizations in a single field. Critics of the theory of resource dependence pointed out that the role of power control is overemphasized and the efficiency and institutional, cultural factors are ignored.

Due to environmental uncertainty and lack of sufficient resources, organizations will seek more resources to protect their own interests and reduce and avoid the impact of environmental changes. The sustainable competitive advantage comes from prudent and rational management, the accumulation and allocation of selective resources, the strategic industrial factors and the continuous improvement of the factor market. The goals of these organizations should focus on the strategic factor market and resource characteristics, which can explain the sustainable business advantages and the differences between enterprises. The decision-making of enterprises on resource selection and accumulation is considered to be economically rational, subject to limited information, cognitive bias and uncertainty. Effective use and reasonable identification of irreplaceable, scarce and valuable resources are the main reasons for the difference in profits between enterprises. Due to limited resources, organizations with more resources will have greater autonomy and influence other organizations with insufficient resources. The selection and accumulation of resources is the result of a combination of internal

decision-making and external strategic factors. Whether the selection and allocation of resources can lead to differences between enterprises depends on the imperfections of the factor market. Imperfections refer to the resistance to replace, imitate and acquire key resources. These resistances prevent competitors from acquiring or copying critical resources, resulting in long-term differences in profitability between enterprises.

2.1.3 Application of resource dependence theory in internationalization research

Based on the theory of resource dependence, Calof and Beamish (1995) point out that internationalization is a process in which enterprises continuously update their operating models and adapt to overseas markets. In the process of matching, enterprises will further perceive the direct and indirect effects of overseas market operations on their own business status, and then expand their business in overseas markets (Beamish, 1990).

Andersen (1997) systematic review of research findings shows that there are two differences between enterprises' internationalization and their growth strategies: first, as the internationalization of enterprises brings about the transnational flow of funds, information, services and products, the internationalization is related to the selection of overseas markets; second, the internationalization of enterprises are a must-select model for enterprises. Therefore, Andersen (1997) pointed out that the so-called enterprise internationalization is the process of developing from entering overseas markets to adapting to overseas markets.

In China, the theory of resource dependence is also an important theoretical cornerstone to study the internationalization of enterprises. In 2016, Liang, Zhou, and Song (2016) pointed out that the internationalization of Chinese family enterprises is deeply influenced by external resources, and the value of external resources can only be effectively realized under the governance mechanism of the board of directors. In 2017, Chinese scholars Ma and Wu (2017) also proposed that Chinese enterprises have shifted their resource dependence on the Chinese government by cooperating with DMNEs to learn advanced technologies and experience, as shown in Figure 2.2. In 2018, Liu (2018) also proposed that since China's state-owned enterprises are relatively weak in resource dependence, they will become active respondents of a series of Chinese government's going-out policies.

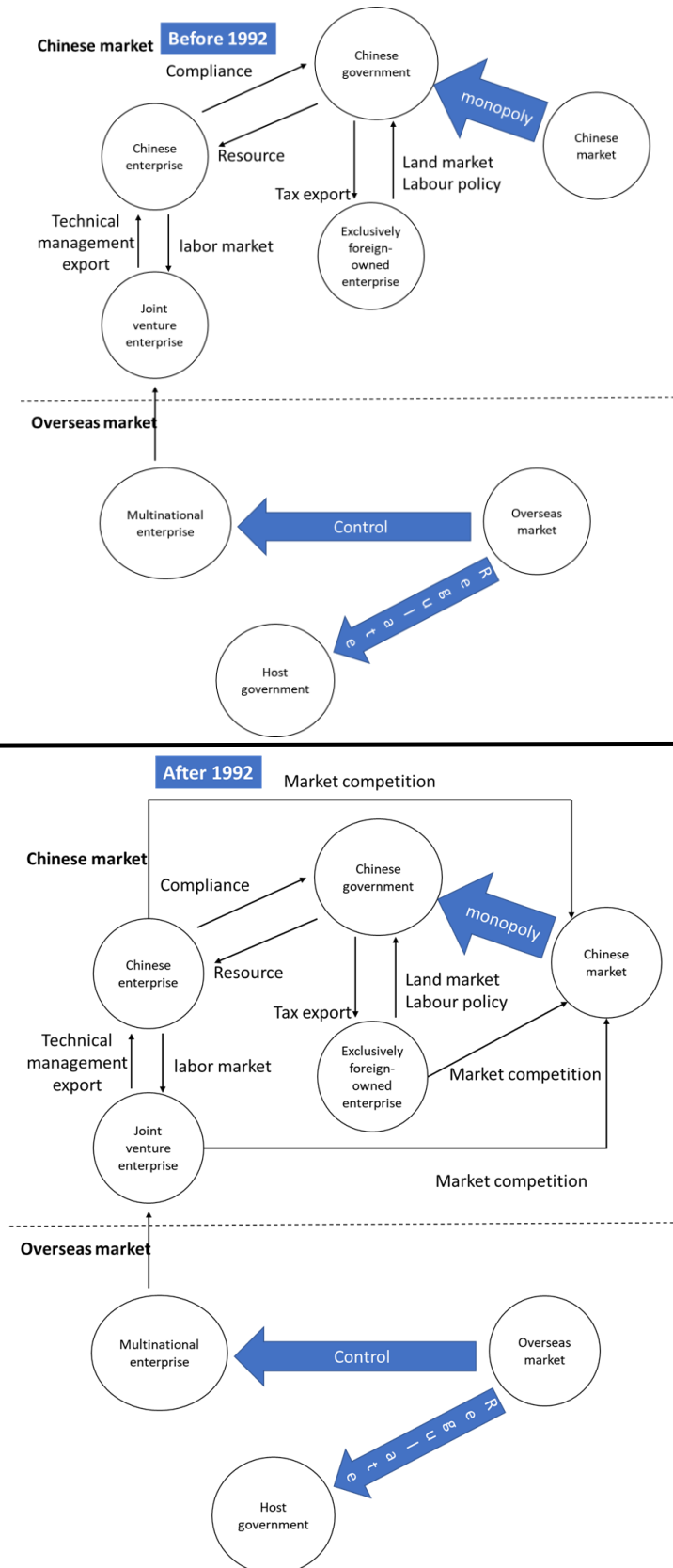


Figure 2.2 Resource dependence of Chinese enterprises before and after the implementation of market economy

Source: Ma and Wu (2017)

2.2 Social network theory

2.2.1 Basic ideas of social network theory

In the 1950s, some social anthropologists began to systematically study the network concept for the study of relationships between different social groups, and soon the social network theory was booming quickly.

Based on structural functionalism, Polanyi (1957) described and analyzed the structure of the network, and explored how the social-cultural system affects the specific behavior of the main actors of behavioral activities of social groups. Radcliffe-Brown (1952) formally proposed the concept of “social network” and applied it to the analysis of social distribution and social support.

Håkansson (1987) pointed out that the basic elements of the network consist of actors, behaviors, and resources. The actors include individuals, organizations, such as persons, enterprises or business groups. The activities in the social network mainly reflect those related to the internal and external knowledge, information transmission, transaction and other resources and production factors of the actors in the network. Resources include all material, human resources, financial resources and other assets. The generation of the network is based on the ability of the behavioral actors to participate in the activities which lead to the flow of resources, resulting in formal and informal relationships.

Although many scholars have explored the multidimensionality of the network concept from different perspectives, they all emphasize that the interactions promoted by different behaviors of actors in the network cause interdependence and communication between subjects, and this interdependence promotes the realization of value. Therefore, in this study, the definition of the network is mainly from the relationship dimension, that is, the system formed by interactions among the various actors during the acquisition of information, resources, and opportunities.

Most of the research on social network relationship is at the individual and organizational levels. At the individual level, the representative proposition is the strong and weak ties theory by Granovetter (1977). It is proposed that the degree of overlap of network relationship between individuals is directly affected by the strength of ties between them, which in turn affects the transmission of information, the flow of job opportunities and community organization. Granovetter pointed out that weak ties are of stronger cohesion than stronger ties. The importance of weak ties is that they can bridge between actors, creating more and shorter paths.

When the information is transmitted, as weak ties involve contacting more people, they can penetrate a larger social distance. Therefore, the ability to spread weak ties is stronger than that of strong ties.

Similarly, in terms of knowledge transfer, considering the difference between weak and strong ties, the formation of weak ties is more conducive to heterogeneous knowledge aggregation, which allows the actors to acquire more diverse knowledge and make exploration of knowledge; the coverage characteristics of strong ties tends to make more redundancy in the process of knowledge dissemination, forming homogenous knowledge. So, strong ties are more embodied in the use of knowledge (Nooteboom, 2000).

At the organizational level, most researchers agree that organizations are embedded in a network of diverse ties with other organizational actors. If an organization is seen as an independent unit in the interpersonal social network, it surely cannot gain a complete picture of the behavior of the entire organization network (Granovetter, 1985; Gulati, 1998; Gulati, Nohria, & Zaheer, 2000).

Related studies have shown that the formation of network relationships at organizational level is based on the acquisition of resources, because organizations can gain competitive advantages through inter-enterprise ties and network identification, access and utilization of external complementary resources (Amit & Schoemaker, 1993; Gulati, 1995; Salancik & Pfeffer, 1978; Zajac & Olsen, 1993).

At the same time, Richardson (1972) pointed out that the network relationship between organizations is an important way for enterprises to obtain external complementary resources. The influence of network relationships on individuals and organizations stems from the respective attributes.

The existing classic literatures from the diversity and strength attributes of network relationship are shown as follows:

(1) Diversity: Ahuja, Soda, and Zaheer (2012) define the diversity of network relationship as having multiple types of relationship between actors of the same type. At the organizational level, diverse network relationships play an extremely important role in the community ecosystem network (Wang et al., 2016): diverse ties are good for maintaining the strength of ties and the types of ties between partners or members (Provan et al., 2005).

More and more studies are demonstrating the diversity and trust among partners (Provan, Isett, & Milward, 2004). The diversity in the ties between organizations affects the co-evolution of networks between organizations (Lee & Monge (2011). At the individual level, diversity can improve individual performance, and this effect is in form of an inverted U (Methot et al., 2016)

although diverse networks often cause network overlap. At the same time, the diversity of ties can generally increase social capital and centrality in the network because of their mutual sharing (Adler & Kwon, 2002).

In addition, a diverse network of ties is good for the flow of high-quality information (Lazega & Pattison, 1999), but there are limits to diverse ties, such as all ties are very expensive, because people need to spend time communicating and exchanging information (Hansen, Podolny, & Pfeffer, 2001). A diverse network of ties has a higher cost of maintenance and higher social capital (Adler & Kwon, 2002) and will lead to psychological stress and conflicts.

(2) Strength: Granovetter (1977) and Burt (2003) believe that a network is composed of strong and weak ties, and the properties of both affect the operation and structure of the network. Strong ties are defined by the frequency with which actors interact with each other for a certain period of time (Granovetter, 1977). Strong ties are more conducive to fostering trust, interaction, and social capital (Larson, 1992). It is the opposite for weak ties. The most important distinction between weak and strong ties is the intimacy between ties, which involves frequency and continuous proximity (Dyer & Singh, 1998).

The ties of different strength have different effects on knowledge transfer: strong ties are good for the use of knowledge, and weak ties are good for the exploration of knowledge (Nooteboom, 2000). A close tie between organizations has a positive role in knowledge exchange, team standards building and trust building (Coleman, 1988). However, relevant research shows that a close tie also limits organizational performance because of increased redundancy (Burt, 2003).

At the same time, Uzzi and Gillespie (2002) found that organizations with over-reliance on intertwined ties tend to shut down their abilities to acquire new resources from outside. At the individual level, Jack (2005) suggested that strong ties in small start-ups have a “wake-up” effect on weak ties and enable faster transactions.

Mariotti and Delbridge (2012) added two kinds of ties based on strong and weak ties proposed by Granovetter: potential ties and latent ties. These four types of network ties change dynamically over a period of time, and actors can effectively manage them to avoid network overload and redundancy. More and more scholars later gained more awareness of potential and latent ties. For example, Walter, Levin, and Murnighan (2015) found that enterprise executives are more likely to choose a latent tie that is accumulated over a long period of time to achieve goals; Reagans, Singh, and Krishnan (2015) studied the impact of unshared potential ties on knowledge overlap and knowledge transfer.

2.2.2 Embeddedness of network relationship

Network embedding is a major part of network theory. It mainly refers to the location and relationship of enterprises in the network. These network characteristics directly determine the ability of enterprises to acquire resources in the network, which affects their enterprise performance (Xu, 2008).

Polanyi (1954) proposed the idea of network embedding, and he advocated the introduction of this idea into economics research. Due to the dominant position of neoclassical economics and sociology at the time, his idea did not receive enough attention (Xu, 2012).

Later, White (1981) pointed out the need to seek factors affecting the market in social relations, this idea began to receive widespread attention. From the perspective of sociology, the influence of social relations on behavior is a very good question, because economic actions are inseparable from the embedding of social relations.

Granovetter (1985) pointed out that due to excessive neglect of social relations, some theories in neoclassical economics are not sufficient to explain current economic behavior. He also pointed out that we should focus on the interaction between economic behavior and social relations structure in current research.

On this basis, Granovetter (1992) pointed out that enterprise behavior is based on the social network. This social network has a wide range of meanings, including the state, religion, ethnicity, family, industry, and position. At the same time, these network relationships can affect an enterprise's strategic decisions.

After the theory of network embedding was put forward, great attention was paid to subjects such as economics, sociology, and management. Scholars have studied the network embedding behavior of enterprises from different angles. Gulati (1998) summarized the study and domestic researchers Xu (2008) and Xu (2012) also conducted corresponding reviews.

With the further development of the research, sociologist Lin (2002) put forward the theory of social resources, namely social capital theory, based on Granovetter's strong and weak ties and embeddedness theory. Lin's theory holds that resources embedded in the social network to which the actor belongs are not directly dictated by individuals but are obtained through direct or indirect relationships through the network they belong to.

Later, many scholars extended their research on the concept of embeddedness (Halinen & Törnroos, 1998; Zukin & DiMaggio, 1990), and its role in the evolution of network relationships in a market economy environment (Halinen & Törnroos, 1998).

At the same time, scholars in China, based on network embeddedness and structure embeddedness proposed by Granovetter (1985), conducted related research from multiple perspectives. In terms of network embeddedness, Xu (2008) constructed a theoretical framework to study how network embeddedness affects organizational technology innovation. Research has found that trust, information sharing and joint problem solving between enterprises can promote the acquisition and utilization of knowledge.

Other studies have pointed out that the impact of network embeddedness on the selection of cooperative technology innovation partners is not obvious, but the impact of structure embeddedness is significant (Zheng & Dang, 2012) and that network embeddedness has a positive impact on the knowledge inflow and management of innovation performance (Xie, Zhao, & Zhang, 2012), as shown in Figure 2.3.

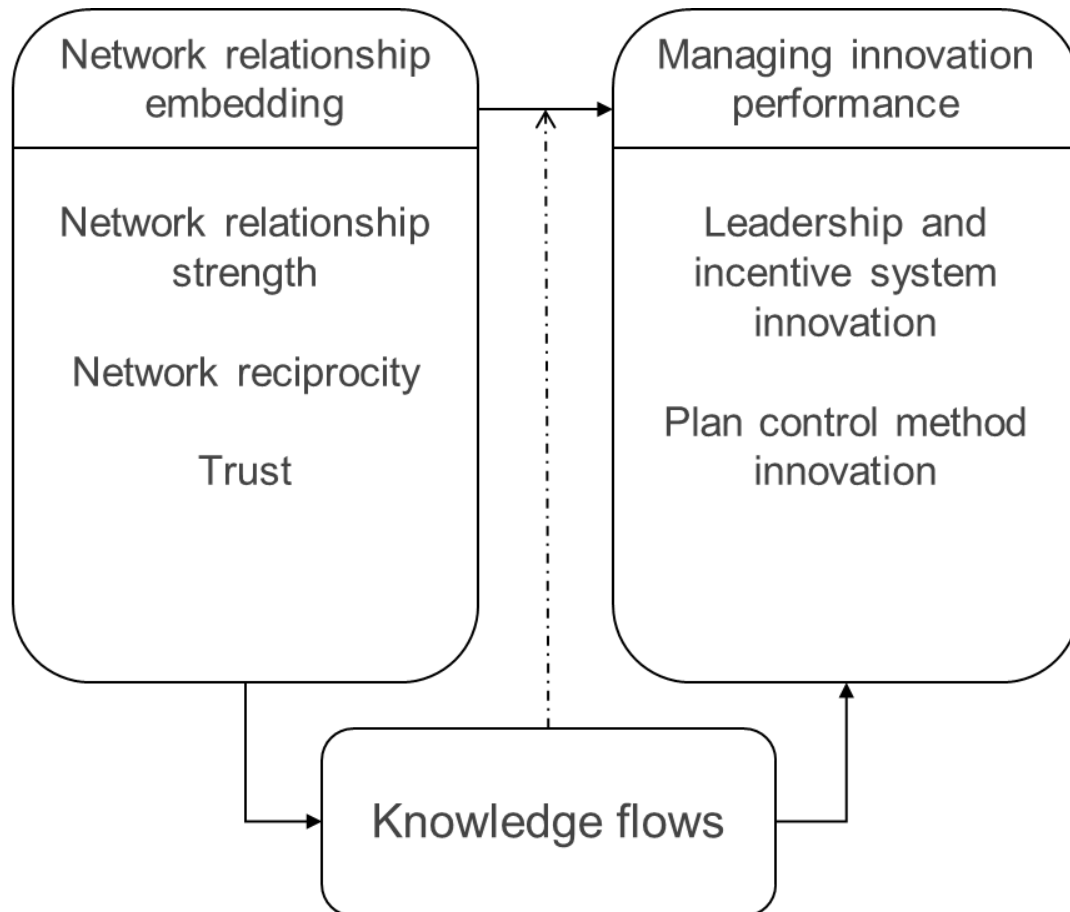


Figure 2.3 The relationship between network relationship embedding and management innovation performance

Source: Xie, Zhao, and Zhang (2012)

In addition, some scholars also analyzed the impact of structure embeddedness on the innovation performance of cluster enterprises based on the innovation network of traditional industrial clusters (Fan et al., 2010). Relevant scholars analyzed network and structure

embeddedness together. For example, Li and Liu (2009) empirically studied the relationship between embeddedness, market new relationship network and family business entrepreneurship; and (Wang & Wang, 2012) found that CEO network embeddedness in non-financial insurance listed companies has a positive impact on changes in the value of enterprises.

2.2.3 Theories of network behaviors

Granovetter (1985) pointed out that the behaviors of enterprises with network embeddedness are also deeply embedded in the network system where they are located. In order to achieve survival and sustainable development, the behaviors of enterprises in the context of the network become the key.

As described by Chen (1996), dynamic competition theory focuses on the competition logic of individual actors: perceiving the competitive behaviors of competitors - behavioral motivation - self-ability assessment - action. At present, organizations and individuals are in a complex system, and behavioral subjects form adaptive behaviors in order to adapt to the system. These adaptive behaviors refer specifically to the interaction of subjects with adaptive ability in the complex system and other subject behaviors. In the process of continuous interaction, learning and experience are accumulated, thus changing their structures and behaviors according to the new knowledge and experience acquired and the overall evolution in the process of adaptation takes place (Tan & Deng, 2001).

In classical social network research, the embeddedness theory (Granovetter, 1985) and structural hole theory (Burt, 2003) have focused on and explained the interaction between network actors' behaviors and social structure to varying degrees. They also analyzed the evolution process of networks, and strengthened the understanding of the evolution of network relationship (Rowley & Baum, 2008).

Other scholars pointed out that the external environment has led to the evolution of internal networks through four forms, namely the proliferation, interaction, consolidation and contraction of networks (Koka, Madhavan, & Prescott, 2006). This is also the reflection of the interaction between "organizations and the environment" and the idea of co-evolution, which holds that the evolution of network relationship in the process of organizational integration into network is the process of organizations' adapting to the environment (March, 1991). The behaviors of organizations and the evolution of the network actually reflect the process of co-evolution of the enterprises' adaptive behaviors and network relationship in the process of the organization's response to the dynamic environment (Wu & Guo, 2010).

Some scholars on industrial clusters have pointed out that the interaction between enterprises' adaptive behaviors and network relationships promotes the development of the clusters. The matching and interaction between the adaptive behaviors of specific actors and network relationship promotes the dynamic development of cluster development (Wu & Guo, 2010). In other words, the network relationship between organizations forms an interactive structure between enterprises, which further involves the background of enterprise behavior embeddedness. Because of the interaction between network relationship and the external environment, a dynamic environment is formed, which in turn affects the behavior choice and behavior effect of enterprises.

With the development of economy and technology, information globalization makes the external environment highly uncertain, and individuals and organizations cannot recognize or anticipate their competitors, nor can they predict where the opportunities arise. What they can feel is the interference of the environment on their own network relationship and the generation and disappearance of resources and opportunities in the network (Luo, Zhang, & Ren, 2014).

Some scholars have pointed out that the emerging strategic entrepreneurial theory emphasizes the balance between the action of creating opportunities and the action of seeking competitive advantage (Ireland, Hitt, & Sirmon, 2003), and have proposed the constructive logic of network and resource decision-making (Sarasvathy, 2009). This logic describes that organizations do not simply make a series of strategic actions for the identified goals. Instead, they need to conduct a series of surveys, constantly adjust their goals, and make corrections to the actions from time to time.

A growing body of research suggests that organizations' own adaptive and dynamic behaviors alternate in the process of adapting to complex systems (Justin Tan & Litsschert, 1994; Koza & Lewin, 1998). On this basis, organizations can obtain possible opportunities, adjust existing strategic plans and goals, evaluate their own strength, determine what actions to take, and establish or cut off certain ties (Luo, Zhang, & Ren, 2014). The logic of action in the network is the behavioral expression of creating and adapting ties between actors, and achieving long-term adaptation of organizations (Padgett & Powell, 2012). This echoes the balance between the decoupling and coupling concept proposed by Granovetter (2002).

Based on the dynamic changes of network relationship in complex systems, behavioral actors respond to external uncertainties through adaptive and active behaviors. March (1991) pointed out that when adapting to the environment of external uncertainty, organizations will adopt two basic strategies, namely exploration and utilization. The exploration strategy is

characterized by discovery, experimenting, effectiveness and innovation, while the utilization strategy is characterized by refinement, quality, efficiency, and selection.

In terms of internal networks, the actors in a complex dynamic environment have both individual networks and organizational networks. In terms of external networks, actors face emotional relationships, market relationships, hierarchical relationships, and other relationships (Ahuja, Soda, & Zaheer, 2012).

Granovetter (2002) proposed that actors can adapt to complex systems by balancing the relationship between decoupling and coupling. Powell et al. (2005) proposed network relationship clustering and network relationship spreading behavior to explain network relationships and organizational evolution processes. In addition, some scholars believe that joint planning, joint problem solving and inter-organizational communication are also manifestations of network relationship behavior, which is conducive to the content innovation of organization's business models (Claro, Hagelaar, & Omta, 2003).

2.2.4 Enterprise network during the internationalization

In the research of enterprises, network theory has been applied from many perspectives, resulting in different classifications of enterprise network and different research directions.

From the perspective of the difference between network nodes, the enterprise network can be further divided into the following three networks.

The first one is the inter-organizational first-level network. It mainly refers to the network between the organization and other members of the network, such as suppliers, distributors and even competitors.

The second one is the second-level network between organizations and non-corporate entities. This kind of network mainly refers to the relationship network formed between enterprises and other non-corporate entities, such as associations, administrative agencies, and banks.

The third kind of network includes other networks.

In terms of research directions, in the Chinese academic community, Xu (2008) pointed out that there are three main research directions for enterprise network: function, relationship, and system.

Of course, the research on the enterprise network has a long history. In 1996, Powell, Koput, and Smith-Doerr (1996) argued that the cooperation network between enterprises and their external organizations can help them obtain resources and enhance their strength. The current literature proves that an enterprise's network has a long-term impact on the enterprise

(Burt, 2003; Nahapiet & Ghoshal, 1998). In 2007, Provan, Fish, and Sydow (2007) revealed that the focus of enterprise network research shifts to the research on the embeddedness characteristics of centrality network. In 2009, Guillén and García-Canal (2009) pointed out that enterprises can gain experience and knowledge through international cooperation networks. Ciravegna, Lopez, and Kundu (2014) believed that the internationalization achieved through network of buyers and suppliers is more passive, while the internationalization achieved through personal networks presents a higher level of strategy and initiative.

On the other hand, Yiu, Lau, and Bruton (2007) concluded that the home country government has a decisive influence on the international network of enterprises. In 2010, Guler and Guillén (2010) further interpreted the factors as positional advantage and intermediary advantage. In 2019, Sedziniauskiene, Sekliuckiene, and Zucchella (2019) called for more extensive research on cross-context and evaluation of various contextual factors in order to promote research on the impact of different types of networks on different aspects of internationalization. The contextualization of the network is very important because we can gain more insights by comparing data from different contexts.

2.2.4.1 The impact of the network on international expansion

A large number of work now proves that the network between enterprises has an important impact on its performance and long-term development (Burt, 2003; Nahapiet & Ghoshal, 1998). At the same time, the network has two kinds of connections, namely business network connections and institutional network connections (Yiu, Lau, & Bruton, 2007).

The business network connection refers to the formal or informal interaction between the enterprise and other participating entities in the process of economic transactions, such as the relationship between enterprises and customers, other enterprises and distributors. In the process of international expansion, the business network an enterprise has in its home country may be useful for foreign direct investment. In particular, emerging market enterprises which are lagging behind in terms of technology and market capabilities because of their latecomer disadvantages may rely on their home country network to enter overseas markets along with their foreign suppliers and customers. This is also a collaborative mode of international expansion that can enhance the position of enterprises in the weak overseas market network and is conducive to improving their competitive structure and improving the network position. For example, it can increase enterprises' bargaining power with customers in the host country and help establish there a legitimate organization and institution to serve the enterprises' international strategic goals.

When investigating the investment of South Korean consortiums in China, Guillén and García-Canal (2009) found that enterprises can obtain international expansion experience from business partners and use this experience to overcome their own disadvantages. Ciravegna, Lopez, and Kundu (2014) pointed out that internationalization through buyer–supplier networks is more reactive, whereas internationalization through personal networks is more likely to be strategically and actively pursued.

The institutional network connection mainly refers to the mutual relationship between the enterprise and other institutions, such as the business relationship network formed by enterprises and banks, agents, administrative functions, universities and institutions. These connections can provide key information, and other resources for the international expansion of EMNEs, and can better play their key advantages. For example, in emerging markets such as China, some enterprises need the permission of the executive authorities to carry out overseas investment and operations. Therefore, the institutional connection is important and critical in countries with imperfect institutions such as China. Due to the disadvantages of outsiders, it is difficult for enterprises to obtain financial support from the host country or region during the overseas expansion process. The central and local governments play a key role, even a decision-making role, in the process of enterprises' foreign investment and in providing support (Yiu, Lau, & Bruton, 2007).

Guler and Guillén (2010) found through empirical research that an enterprise's network in its home country brings two advantages for international expansion: first, the advantage of social status; second, the advantage of intermediary position. Some of the advantages of social status can bring quality or credit advantages to enterprises. In the new market, the social status advantage of an enterprise makes up for the latecomer disadvantage caused by the lack of brand recognition. Intermediaries are a specific advantage of an enterprise's network location and enterprises in this position have access to critical market information. Both of these advantages can effectively enhance the position of an enterprise in the network and change its competitive relationship.

The advantage of social status can encourage enterprises to invest in new overseas markets because they can overcome the disadvantage of entering without recognition. The intermediary position advantage can help enterprises quickly replicate the home country network and bring this network advantage to overseas markets while maintaining their competitive advantage in the network.

Kenny and Fahy (2011) conducted empirical research on the relationship between network capabilities and corporate foreign investment performance. They pointed out that the network

coordination of enterprises and their human capital are positively correlated with the performance of the foreign investment. In turn, Zhou, Wu, and Luo (2007) posited that the home country network of enterprises has played a regulatory role in foreign investment and corporate performance.

In recent years, scholars have begun to pay attention to the impact of enterprise network relationships on the performance of international expansion in the context of local Chinese enterprises.

Peng and Luo (2000) studied in particular the connections of executives and divided them into two categories. The first is the connection among executives themselves and the second is between executives and senior government officials. Enterprises can use these two connections to effectively increase the level of trust, thereby reducing costs and ensuring competitive advantage.

Based on an extensive questionnaire, Qiao and Jin (2009) concluded that the network of senior management has a direct and significant impact on the internationalization strategy of enterprises. Qian, Li, and Yang (2010) refer that there are two kinds of relationships that have a significant impact on the international expansion of enterprises. One is the horizontal relationship and the other is the vertical relationship. The horizontal relationship is the mutual connection between enterprises. This relationship can facilitate enterprises to obtain key resources. The vertical relationship is the connection between enterprises and other administrative agencies.

2.2.4.2 Overview of Local Embeddedness

The concept of local embeddedness was put forward by scholars in the study of multinational enterprises. They referred to the concept and theories of embeddedness mentioned above to explain the network relationship between multinational enterprises and host countries. The essence of local embeddedness is the establishment of a joint venture by investing in the host country and establishing a local social network formed by the formal or informal network, which will exert influence on its local social and economic development (Li & Mo, 2014). Later, researchers proposed other concepts based on network embeddedness, such as social embeddedness and cultural embeddedness, and further described the relationship between enterprise behaviors and social relations, institutional and cultural background. According to the above-mentioned concepts and definitions, Ye (2006) clarified relevant theories, as the following Figure 2.4 shows.

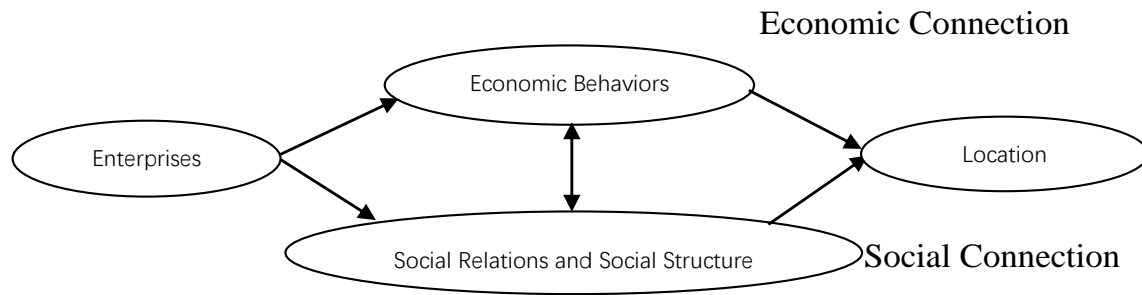


Figure 2.4 Concept relations of local embeddedness

Source: Ye (2006)

As pictured in the above figure, enterprises are the main embedded subjects, and the location (referring to the local market of the host country) is the object. The economic connection is a way of connection or embeddedness between subjects and the object.

In the following case study, this thesis investigates the localization embeddedness behaviors of enterprises in the host country. Therefore, the location is consistent for both subjects and the object, that is, it is “the same location”. In fact, only multinational enterprises can better promote local economic development and better be “integrated” into the local market only by embedding them locally and by establishing local industrial networks in their investment locations. So, the integration of multinational enterprises into the local economic society in the local external network is also an important manifestation of the local embeddedness of multinational enterprises.

2.2.4.3 Local Embeddedness Behaviors of Multinational Enterprises

Current scholars in the field of internationalization mainly explore the strength of network connections between multinational enterprises and host countries from the perspective of economics, and the relationship between related network embeddedness behaviors and organizational performance.

Andersen (1997) took the control relationship between subsidiaries and the parent enterprise as the research subject and divided the embeddedness behaviors into internal embeddedness and external embeddedness. His findings showed that the greater the external embeddedness of the enterprise is, that is, the higher degree of the local embeddedness in the host country, the lower the degree of control of the parent enterprise. The internal embeddedness is inversely related to the degree of parental control. The external embeddedness of subsidiaries also has a significant impact on the behaviors of subsidiaries. The behaviors of the parent enterprise controlling the subsidiaries can also have a significant impact on their behaviors.

Therefore, the parent enterprise's control behaviors of the subsidiaries and their embeddedness behaviors have a significant impact on the subsidiaries' strategy.

Andersson, Forsgren, and Pedersen (2001) found that technology embeddedness has a significant direct impact on enterprise performance while Andersson and Forsgren (2000) argued that technology embeddedness and business embeddedness are two ways of native embeddedness. They found through empirical evidence that the embeddedness behaviors of the external network technology have a certain impact on the role of subsidiaries in multinational enterprises. At the same time, this external embeddedness behavior directly affects the position (namely the importance) of enterprises' subsidiaries in the entire network. Therefore, subsidiaries should work on technology embeddedness to ensure their influence on the parent enterprises' strategic decisions.

Later scholars gradually shifted their attention to the various economic dependencies of the localization of enterprises, such as trade dependence and non-trade dependence. For example, Höchtberger, Zademach, and Grimes (2003) argued that the external embeddedness behavior of subsidiaries has a significant impact on enterprises' competitiveness. This external embeddedness is not only limited to the local embeddedness of the host country, but also includes the connection between enterprises and the global external network, as well as the interconnection and embeddedness with other subsidiaries within the group enterprise. They pointed out that the selection of local network embeddedness by subsidiaries is conducive to the development of enterprises in the host country. The higher the degree of embeddedness of the subsidiaries, the better the development in the local market. At the same time, their research found some features based on network dependence. For example, some enterprises have a network-dependent relationship with other enterprises. After a period of time, this dependence will promote these enterprises' strategic cooperation, and ultimately achieve the embeddedness between them and the external environment.

Sedziniauskiene, Sekliuckiene, and Zucchella (2019) make a call for more expanded research in terms of cross contexts and assessment of various contextual factors to contribute to theory development. The same holds for comparing different typologies of networks and their impact on the different dimensions of internationalization. Contextualization of networks is important because we can gain more insight comparing evidence from different contexts.

Dicken (1998) pointed out that not only the embeddedness behaviors of overseas subsidiaries affect their parent enterprises' strategy or performance, but the market characteristics of the host country such as system and economic characteristics will also affect the strategic behaviors of overseas subsidiaries. This is also true for the overseas investment of

some large multinational enterprises. They must adjust their strategy or policy in the host country to better adapt to local politics, economy and culture. At the same time, they should combine the parent enterprises' superior resources and embed some factors of the host country to form a comprehensive network of overseas subsidiaries, so that they can better manage overseas investment and achieve good transnational operations.

In addition, Schoenberger (1999) pointed out that some large multinational enterprises, including IBM, GE and other famous enterprises, are making production deployment around the globe. In order to better realize overseas operations, multinational enterprises often respond to the uncertainty of the external market in the process of international expansion by using subsidiaries to collect overseas market intelligence. Subsidiaries can then influence the strategic decisions of the parent enterprises on the front line of innovation and R&D. At the same time, the parent company also allows the subsidiaries to have a high degree of autonomy in power distribution to better embed in the local market and adapt to local development. Therefore, from this perspective, the introduction of these behaviors of overseas subsidiaries has transformed the business models of the parent enterprises.

In summary, the network embeddedness behaviors of localization in the host country promote the overseas development of enterprises. This is because only by combining the political, economic, and cultural backgrounds of the host country into their overseas operations can it be possible to achieve smooth operation and better development overseas. At the same time, this kind of embeddedness behaviors also promotes multinational enterprises to obtain more local information and promote the innovation behaviors of the parent enterprises so that they can respond to market demands more quickly and enhance their global competitive advantages.

From this perspective, the localization embeddedness is good for latecomer enterprises to overcome the "post-springboard" dilemma. On the other hand, the extent and scope of localization embeddedness of multinational enterprises will also have a significant positive impact on employment, innovation, and economic development in host countries. Generally speaking, the host governments tend to introduce foreign capital and give some policy support to attract further investment.

2.3 Internationalization process theories

2.3.1 Uppsala model

The Uppsala model is a gradual internationalization theory proposed by the Nordic school scholars Johanson and Vahlne in 1977 based on their study of Swedish enterprises. Johanson and Vahlne (1977) pointed out that enterprises generally go through the following steps in the process of internationalization: accidental export, agency export, establishment of overseas sales organizations, and direct overseas production. In short, the process of enterprise internationalization is a gradual development.

Based on the study of the internationalization process of Swedish enterprises, Johanson and Vahlne (1977) believe that internationalization is the result of a series of gradual decision-makings. The model takes enterprises as the research subject and looks at the gradual acquisition, integration and utilization of overseas markets and knowledge which help gradually deepen the participation behavior patterns in overseas markets. The model also coined the concept of “psychological distance”, namely the sum of various factors that hinder the flow of market information, such as differences in language, education, business practices, culture, and industrial development. As shown in Figure 2.5, Johanson and Vahlne (1977) believe that cultural and linguistic differences between the investor and the host country will determine the pattern of foreign direct investment. From the two perspectives above, the theory has evolved from two approaches, internal approach and external approach.

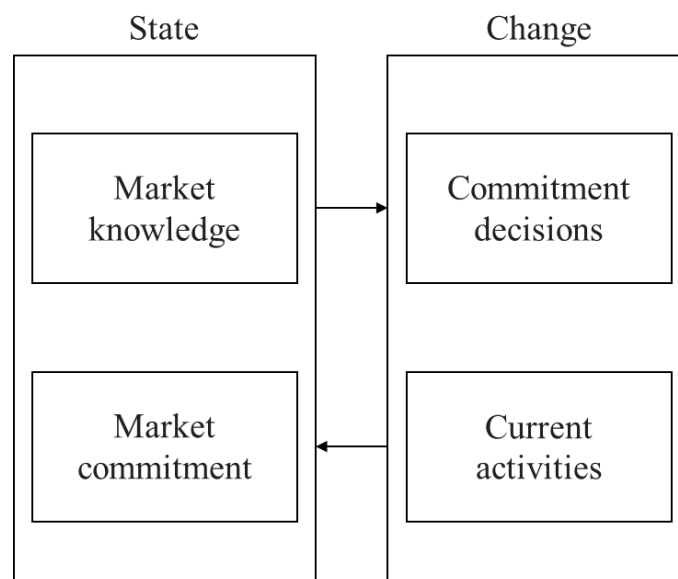


Figure 2.5 The basic mechanism of internationalization: state and change aspects

Source: Johanson and Vahlne (1977)

The internal approach involves enterprises' strategies and decision-makings. With the accumulation of market knowledge, enterprises will experience the above mentioned four stages of internationalization.

However, the internationalization process of enterprises proved to be frog-leaping instead of being gradual, so Johansson and Mattsson (1988) further improved the Uppsala model in 1988 pointing out that there are three exceptions: first, enterprises with sufficient knowledge resources can take bigger internationalization steps; second, in the case of market stability and balance, relevant market knowledge can be obtained from other sources rather than relying solely on experience; third, the experience of enterprises gained from similar markets can be applied to any particular market. This constitutes the currently recognized international Uppsala model.

The external approach focuses on the impact of "psychological distance", that is, the impact of environmental factors such as culture on the model of foreign direct investment of enterprises. Kogut and Singh (1988) argue that the greater the cultural distance between the investor and the host country, the more likely the enterprise is to choose a joint venture or new investment rather than an acquisition. Pennings, Barkema, and Douma (1994) pointed out that organizational learning can overcome psychological distances such as cultural barriers.

Johanson and Vahlne made three revisions on the original Uppsala model in 2009, 2013 and 2017 respectively (Johanson & Vahlne, 2009; Vahlne & Johanson, 2013, 2017). The revisions made in 2009 and 2013 expanded the Uppsala model from the early stage of products selling to multinational enterprises with global business from the internal and external perspectives of the international business field while the revision made in 2017 provided a dynamic and holistic explanation of the evolution of multinational business enterprises (MBEs).

In 2009, Johanson and Vahlne (2009) argued that the key state variables were opportunity recognition and network location, as shown in Figure 2.6. Opportunity recognition is considered the most important element. The ability to identify opportunities is not only critical to the entrepreneurial process, but also essential for enterprises to enter overseas markets and networks. Network location directly and indirectly related to enterprises is the core of the 2009 model. This model proposed to pursue internationalization in networks. Such networks were particularly important for enterprises that do not yet have their own operations and networks in potential host countries. In this model, commitment decision refers to the commitment to networks, instead of the commitment to overseas markets in its earlier version. Such focus on networks emphasizes the necessary role insidership plays in the network for successful

internationalization. Therefore, attention needs to be shifted from the liability of outsiders to the liability of outsidership.

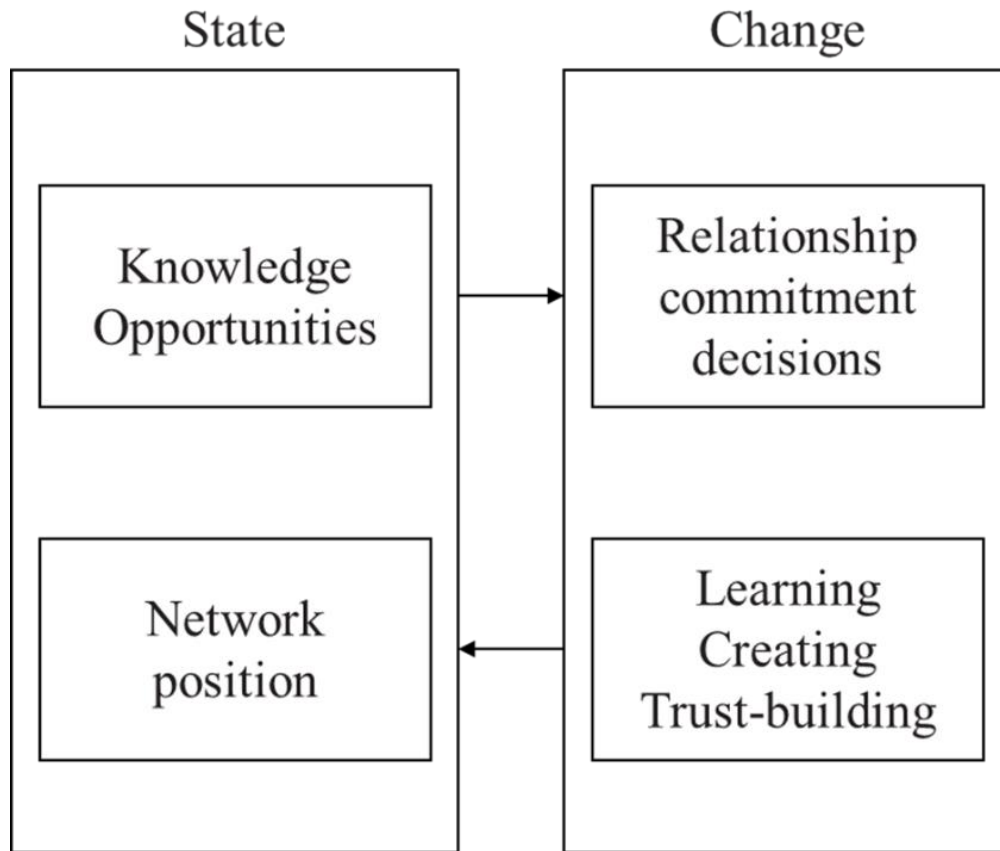


Figure 2.6 The business network internationalization process model (the 2009 version)

Source: Johanson and Vahlne (2009)

To deal with the liability of outsidership, enterprises need to learn and accumulate knowledge. More specifically, the liability of outsidership can be solved through experiential direct learning, namely, learning through one's own experience, and experiential indirect learning, namely, learning from the experience of others. Learning from the experience of others not only includes imitating competitors in the early version of the model, or acquiring another enterprise, or using the knowledge of network partners, but also includes the possibility of indirect learning from internal sources of multinational enterprises. This is because subsidiaries can learn from other business groups of the parent multinational enterprise. The substantial difference from the earlier version of the Uppsala model is that the 2009 model clearly recognized the scattered and unbalanced distribution of knowledge among different units in multinational enterprises.

Later, Vahlne and Johanson (2013) further explored the role of network and network coordination. Changing variables are defined as the relocation of resources and the redesign of the coordination system. According to the theory, an enterprise network includes internal and

external resource configuration and coordination systems. Therefore, learning, creating opportunities, and building trust are conceptualized as processes between organizations.

Vahlne and Johanson believed that dynamic capabilities are developed and utilized through organizational processes. The main mechanism for developing such capabilities is via learning and experience. Organizational resource reconfiguration and coordination processes support dynamic capabilities. This is an important part of the dynamic interaction between the state and changing variables of the Uppsala model.

In recent years, Vahlne and Johanson (2017) continued to adjust the model around static and changing variables. They shifted their focus to the latter, namely commitment and knowledge accumulation. They proposed two starting points for the change of variables:

The first involved the intermittent decision-making process of resource commitment or cancellation; the second involved the continuous knowledge development process through learning, creation and trust building.

This model reflects the earlier model's emphasis on empirical knowledge. It states that the development process of knowledge occurs continuously, thereby changing state variables, namely capability and performance. The intermittent management decision of resource commitment or cancellation of resource commitment and continuous knowledge development influence each other through their influence on state variables. This model further emphasizes that learning is based on past experience and occurs under conditions of risk, uncertainty and partial ignorance of all internal and external network units. Therefore, the model assumes that internationalization will be affected by many emergencies, and the results cannot be determined in advance.

In addition, Johanson and Mattsson (2015) pointed out that the international interdependence between enterprises and within the industry is becoming more and more important. The analysis of international trade, international investment, industrial organization, and international business behavior provides explanations and suggestions for these interdependencies. They believed that the top priority of the internationalization of enterprises is the internationalization process of their network, and then the use of market assets in international competition.

2.3.2 The eclectic paradigm of international production

The eclectic paradigm of international production, also known as the "OLI Theory", was proposed by British scholar John H. Dunning in 1977 in trade, economic activity locations and

multinational corporations: exploring the theory of economic activities and presented in the MNE: a search for an eclectic approach.

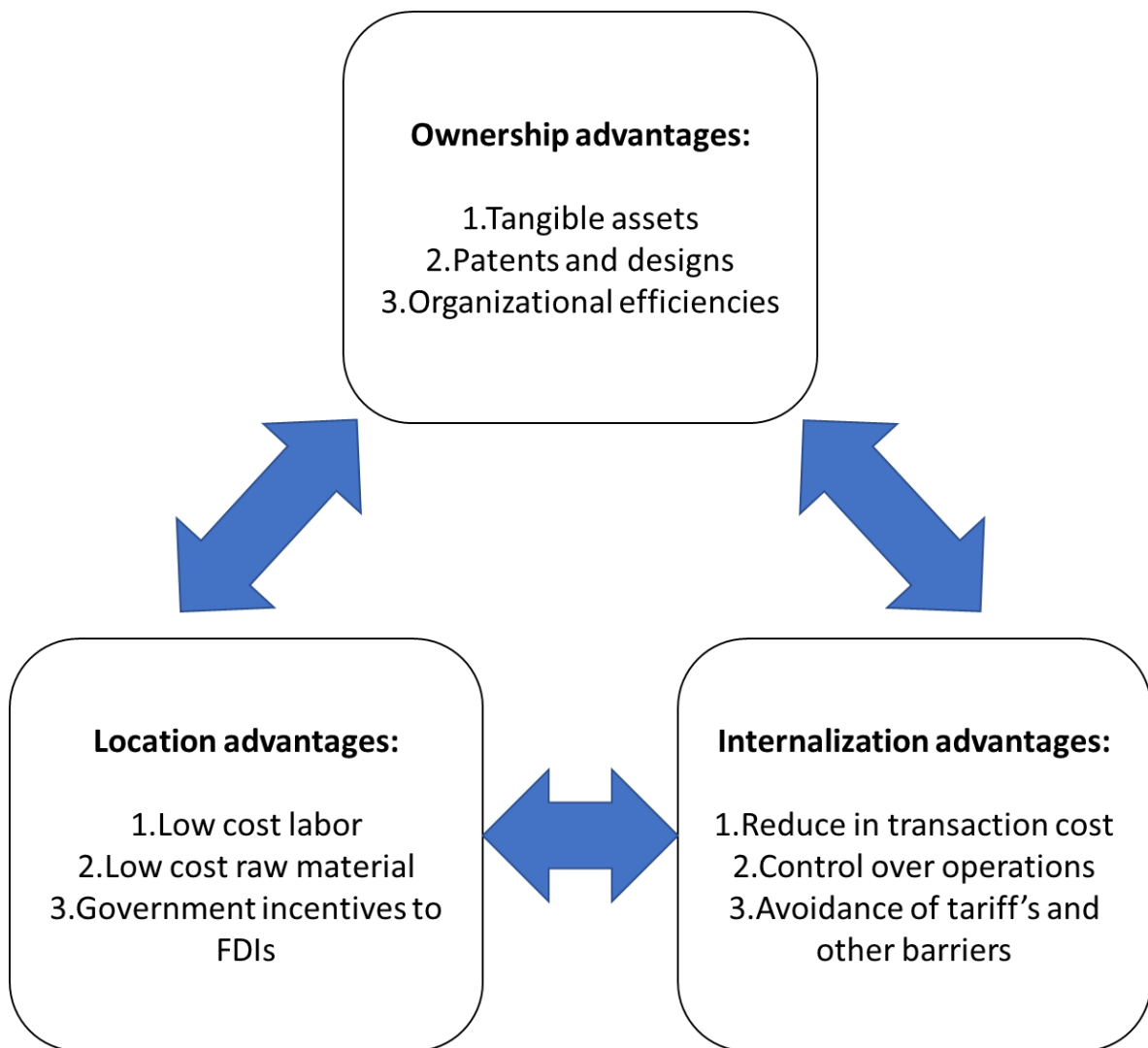


Figure 2.7 The eclectic paradigm of international production

Source: Dunning (1977)

Dunning (1977) pointed out that the previous foreign direct investment theories are only one-sided interpretation from a certain angle, lacking integrated and comprehensive analysis. Therefore, the introduction of the Eclectic Paradigm of International Production is to combine related theories comprehensively to explain the motives of foreign direct investment.

Dunning (1981) conducted further research on the eclectic paradigm of international production in international production and multinational enterprises. Based on the increasing convergence of theories on post-war international trade and international direct investment, the theory advocates the adoption of unified international economic activities and empirical analysis methods to explain the international production patterns and changes of post-war

multinational enterprises and thus establish a unified and comprehensive international production theory.

International production refers to direct production activities driven by the foreign direct investment of multinational enterprises. By analyzing the basis of the formation of international production methods, Dunning elaborated on the determinants of foreign direct investment.

First, Ownership Specific Advantage, also known as Monopolistic Advantage. It refers to the unique ownership advantages that enterprises have, including:

1. the advantage of asset ownership, which is divided into the advantage of tangible assets and the advantage of intangible assets. The former refers to the monopoly advantage in production equipment, factories, capital, energy, raw materials, while the latter refers to the advantages of patents, know-how, trademarks and reputation, technology development and innovation capabilities, management and sales techniques;

2. the advantage of trade ownership, which refers to the advantage of enterprises in transnational operations, rational allocation of various resources, as well as the avoidance of various risks on a global scale, thereby reducing the transaction costs of enterprises.

Dunning believes that the development of foreign direct investment must have the ownership specific advantage mentioned above but having this advantage does not necessarily lead to foreign direct investment. That is to say, the ownership specific advantage is only a necessary condition for foreign direct investment, not a sufficient condition. Only when enterprises have certain ownership advantage, rather than internalization advantage or location advantage, can it be feasible for domestic production exporters or licensing enterprises to exert their advantages.

Second, Internalization Advantage. Internalization advantage is the ability of enterprises with ownership specific advantage to maintain their internal advantage in order to avoid the impact of external markets on the interests of enterprises. Internal transactions can save transaction costs compared with non-equity transactions, especially for technologies and knowledge products whose value is difficult to determine. Internalization incorporates all aspects of trading activities into unified management of enterprises, and stabilizes the production, sales and resource allocation, thus giving full play to the ownership advantage of enterprises.

However, Dunning also points out the ownership specific advantage is only a necessary condition for enterprises' foreign direct investment, rather than a sufficient condition. At the same time, enterprises with the ownership advantage and localization advantage do not

necessarily choose the foreign direct investment, because they can choose to expand production scale and then export domestically.

Third, Location Specific Advantage refers to the advantages of the host country's investment environment factors, including: local foreign investment policy, economic development level, market scale, infrastructure, resource endowment, labor and its cost. If the overseas market is particularly conducive to production and operation compared to the domestic market, then this market will be very attractive to multinational enterprises.

The analysis process and main conclusions of the Eclectic Paradigm of International Production can be summarized into four aspects:

First, multinational enterprises are products of incomplete market, and the market does not completely lead transnational enterprises to possess the ownership specific advantage, which is a necessary condition for foreign direct investment;

Second, the ownership advantage is not enough to explain the motives of foreign direct investment. It is necessary to introduce the internalization advantage to explain the reasons why foreign direct investment is better than licensed trade.

Third, merely considering the advantages of ownership and localization is not enough to explain why enterprises produce and export products abroad rather than domestically. Only by introducing the location advantage can we explain the choice between foreign direct investment and exports.

Fourth, the ownership, internalization and location advantages of enterprises determine the motives and conditions for foreign direct investment.

The Eclectic Paradigm of International Production inherits the core content of the monopoly advantage theory of Hymer (1960). Besides, it also integrates the location advantage factor, and introduces the three variables of ownership specific advantage, the internalization advantage and the location advantage to analyze the investment decision.

Dunning's theory combines theories of the monopoly advantage, the internalization advantage, the production factor, comparative interest, and production field and other theories to provide a general explanation for international direct investment. It is not a simple summary of other theories, but a systematic connection between them, as well as a discussion of foreign direct investment from the perspective of international production of multinational enterprises.

The Eclectic Paradigm of International Production creates a trinity unification of theories of international trade, foreign direct investment and international agreement arrangements. The Paradigm proposes that as long as enterprises possess the ownership specific advantage, internalization advantage and location advantages, they can participate in foreign direct

investment, making it possible for developing countries to have a comparative advantage in foreign direct investment. This can be used to illustrate the booming of multinational enterprises in developing countries in recent years. This is why it is of great practical importance to developing countries.

Although the Eclectic Paradigm of International Production combines various theories of the past and Dunning called it “eclecticism”, it is not a complete compromise. Its basic argument is still concentrated, mainly based on the internalization theory. The ownership specific advantage, internalization advantage and location advantage are interrelated with the internalization advantage at its core.

Therefore, the Eclectic Paradigm of International Production is applicable to explain large multinational enterprises rather than small and medium-sized investment enterprises. In fact, this theory is still based on multinational enterprises in industrialized countries and does not pay sufficient attention to the situation of small and medium-sized investment enterprises in newly industrialized countries.

2.3.3 Theory of international new enterprises

In 1994, McDougall, Shane, and Oviatt (1994) put forward their view on internationalized enterprises, namely those enterprises that focus on the international market from the beginning of their establishment.

In this regard, Knight (1997) had a more detailed definition. In his opinion, an internationalized enterprise is able to make it into the international market and generate more than a quarter of its revenue from the international market within three years after its establishment. Compared with established multinational enterprises, international new enterprises rely more on the overseas experience and cooperation networks of their founders (Rialp et al., 2005). Of course, they also rely on other completely different resources (Autio, 2005).

Autio (2005) believed that the theory further brings about four major requirements under the premise of resources and competition, namely, the value obtained through internal transactions, the resources obtained through the network structure, the advantages of resources and knowledge, and the mastery of special resources.

Autio, Lummaa, and Arenius (2002) studied the reasons, nature and influencing factors of international new enterprises and proposed a model named 3DPLC. The model holds that network location is of great significance to the internationalization of enterprises, and each entity in the network has its own role. The research of Oviatt and McDougall (2005) also

confirmed the great impact of network resources. Coviello and Munro (1995) argued that the internationalization of high-tech enterprises is achieved through the network. Sharma and Blomstermo (2003) pointed out that new overseas customers require new enterprises to acquire new knowledge. Oviatt and McDougall (2005) concluded that the number of a new enterprise's links is positively correlated with the breadth of its overseas market.

2.3.4 Springboard theory

The gradual internationalization of the Uppsala model cannot explain the radical greenfield investment and cross-border mergers and acquisitions of multinational enterprises in emerging economies in recent years.

In this regard, Luo and Tung (2007) used the springboard theory to analyze the unique internationalization path of multinational enterprises in emerging economies. They believe that the international expansion path of multinational enterprises in some emerging economies is fundamentally different from that of similar enterprises in developed countries. Due to latecomer status, and institutional and market constraints, enterprises in emerging economies often adopt cross-border investment strategies, such as mergers and acquisitions and greenfield investments, as a springboard to enter advanced markets. This springboard is good for multinational enterprises in emerging economies to access key business assets and increase their competitiveness in developed and global markets.

There are two main types of incentives for the internationalization of enterprises in emerging economies: one is the seeking of assets and the other is the seeking of opportunities. Although these two motives are explainable for most multinational enterprises, the emerging economies represented by China have their own unique characteristics (Luo & Tung, 2007).

In terms of seeking assets, multinational enterprises in emerging economies, as latecomers, are at a disadvantage in the competition of technological capabilities and market operation capabilities and are therefore committed to obtaining assets such as raw material resources, management capabilities, advanced technologies, necessary knowledge, research and development personnel, market capabilities, and brand advantages in international markets across the globe. For example, some enterprises buy raw materials to meet their business needs and the growing domestic demand. This is often an important reason for Chinese and Indian multinational enterprises to invest overseas.

Another example is the acquisition of enterprises, where multinational enterprises in emerging economies may gain product innovation and process innovation. Through this radical springboard, multinational enterprises in emerging economies can use the advanced technology

they have acquired to upgrade domestic manufacturing and develop new products in the international market (Deng, 2004). Luo, Hongxin Zhao, and Du (2005) pointed out that the foreign expansion will be more proactive if the firm's rent-generating resources such as innovation and marketing are superior.

In terms of seeking opportunities, enterprises in emerging economies are less likely to seek opportunities to minimize costs because their local supply or manufacturing bases enjoy low-cost advantages by vertically integrating global production systems. Instead, they are primarily attracted by the opportunities of survival and development, and the opportunities for entering the international market at a certain price. The opportunities include:

(1) gaining a unique competitive advantage by entering a niche market. For example, Indian enterprises like Infosys, Wipro, Satyam, and Tata Consultancy Services all benefit from the rapid growth of developed markets

(2) access to preferential financial and non-financial assistance from the government for going overseas. For example, the Chinese government gives Lenovo some support in the process of its international expansion

(3) the reputation and the increase in global market share. For example, some Brazilian banks are investing in Europe and Latin America to achieve these goals

(4) circumventing domestic and market system constraints. South African multinational enterprises such as SABMiller fled from the domestic market to avoid government control of foreign exchange use

(5) overcoming trade barriers and entering the mainstream markets of developed countries. For example, some Chinese textile and apparel enterprises have increased their export quotas to the EU by investing in Turkey as a springboard

(6) seizing the opportunity to release and maximize the advantages of low-cost manufacturing. For example, many Chinese enterprises are investing in Southeast Asia to absorb excess capacity

(7) entering developed countries to find opportunities in potential areas.

The influencing factors of springboard activities include "pushing" factors and "pulling" factors. The "pushing" factors include the global latecomer status of emerging economies, the rapid entry of competitors into the home market, the rapid changes in technology and markets, the shortened product life cycle, and the defense of core competitiveness and strategic assets. The "pulling" factors include national policy support, global partners who are willing to sell key resources, global application of technology standards, strategic vision of globalization, and entrepreneurship.

Luo and Tung (2007) noted that, under the influence of the above-mentioned “pushing” and “pulling” factors, enterprises in emerging economies have carried out international springboard activities such as cross-border mergers and acquisitions and greenfield investments. At the same time, these activities also have the unique commonality of the latecomers of emerging economies.

The main purpose of enterprises in emerging economies to seek assets and opportunities is to meet the necessary needs in their international expansion process, including those for their economic activities and for addressing the global competitive disadvantages (Luo & Tung, 2007). Therefore, compared with enterprises in developed countries, the international expansion activities of enterprises in emerging economies have unique implications.

First, different from multinational enterprises in developed countries who mainly make use of the ownership specific advantage (Dunning & McQueen, 1981), enterprises in emerging economies first seek to make up their global competitive disadvantages when entering developed markets. They are eager to enter developed markets through greenfield investments or mergers and acquisitions to gain advanced technological capabilities. At the same time, some advanced enterprises are interested in selling their technology, sales networks, and brands due to funding or other strategic needs, which is in line with the demand of those in emerging economies for acquiring quality international assets (Child & Rodrigues, 2005).

Second, the springboard for the internationalization of enterprises in emerging economies is to help make up for the latecomer disadvantages. Emerging economies are disadvantaged in terms of technology, brand, and customer groups because of their latecomer status. Strategic asset acquisitions in advanced markets can alleviate these unfavorable factors.

Third, internationalization is used as a springboard to help emerging economies to counter foreign competitors in their home markets. Successful enterprises in emerging economies are still highly dependent on the performance in their domestic markets. If the domestic market loses, they will encounter many difficulties and may even be on the verge of extinction. Therefore, they need to enter key overseas markets in order to win domestic consumer support.

Fourth, internationalization is used as a springboard to help enterprises in emerging economies to avoid trade barriers. Enterprises in emerging economies tend to rely more on product export markets than those in developed companies. In order to avoid import barriers in host countries, greenfield investment is often used as a bridge over markets.

Fifth, internationalization is being used as a springboard to help enterprises in emerging economies to reduce their home country constraints. In some emerging economies, imperfect institutions and legal risks can greatly weaken their competitiveness. Entering global markets

can help enterprises in emerging economies avoid these disadvantages and focus on building global competitiveness.

Sixth, internationalization is being used as a springboard for enterprises in emerging economies to receive preferential policy support. Some countries have formulated some preferential policies to attract foreign investment, which attract enterprises in emerging economies to set up subsidiaries overseas, and then make a reverse investment in the home country, thus enjoying certain financial or non-financial preferential treatment.

Seventh, internationalization can serve as a springboard to help enterprises in emerging economies to expand their presence in other emerging economies by leveraging their internal strengths. Enterprises in emerging economies can improve the competitive advantage of their products and increase their global market share in some developing countries by acquiring a large amount of knowledge, technology and international business capabilities through internationalization according to their sale and cost advantages.

In short, the internationalization as a springboard for enterprises in emerging economies is based on a global strategy that seeks to enhance their global competitiveness and catch up with strong competitors in a relatively rapid manner through active asset-seeking and opportunity-seeking activities, and preferential policies in overseas countries (Luo & Tung, 2007). Figure 2.8 shows the knowledge framework of springboard theory.



Figure 2.8 The framework of transnational expansion of enterprises in emerging economies from the perspective of springboard.

Source: Luo and Tung (2007)

2.3.5 Linkage-Leverage-Learning perspective

At present, more and more research from the international community is paying attention to the development of latecomer multinational enterprises, especially Chinese ones. However, both Resource Dependency Theory and the Eclectic Paradigm of International Production focus on the static competitive advantage, which received critics from Mathews (2002). He argues that these theories attempt to explain how to develop or expand enterprise potential resource bases to enhance their competitive advantage rather than to seek to create the advantage.

Later, Mathews (2006) analyzed how Chinese multinational enterprises quickly take the lead in international competition based on the perspective of the latecomer multinational enterprises. Based on this, he proposed the well-known LLL model theory of the latecomer multinational enterprises – Linkage, Leverage and Learning (LLL –International expansion is driven by resource linkage, leverage and learning). This theory points out that the primary international strategy of the latecomer multinational enterprises is to connect with the target enterprises to obtain opportunities. When latecomer multinational enterprises connect with the target enterprises, they can achieve leverage from their resources and learn from them through continuous repetitive and interconnected interactions, and finally obtain dynamic capabilities.

However, the “LLL” paradigm proposed by Mathews (2006) does not explain how the latecomer multinational enterprises make use of organizational learning during “LLL”, though it attaches great importance to organizational learning. More scholars later focus on the role of organizational learning in latecomer multinational enterprises. Papageorgiou (2002) pointed out that the technical gap and the lack of organizational learning input in the production process have caused the economic backwardness of developing countries. Lall (2004) argued that industrial success in developing countries does not depend on cutting-edge innovation in technologies, but on how to master, adapt and improve existing technologies through organizational learning.

Organizational learning capabilities consist of individuals with specific knowledge, skills and experience. Morrison, Pietrobelli, and Rabelotti (2008) combined organizational learning with upgrades to discuss how globalization and global value chains contribute to industrial development and innovation in developing countries, and to study how knowledge flows through global value chains to facilitate learning and innovation processes. Lane, Koka, and Pathak (2006) proposed three learning processes, namely organizational learning, exploratory learning, and change learning. Among these learning, organizational learning is the

development of searching knowledge and information, as well as the digestion and absorption of knowledge.

In the process of globalization, in addition to the traditional international motives of seeking natural resources, markets and efficiency, it is more important to seek complementary strategic assets. These strategic assets are usually at the top of the value chain. Therefore, as a latecomer, it has become a key point of interconnection to strive to embed high-end links in the global value chain.

From the perspective of organizational learning, the knowledge resources of the latecomer multinational enterprises cannot be obtained through open market transactions. The transfer of knowledge needs to be realized through the contract connection between enterprises. That is to say, enterprises can expand their new knowledge resources through the connection with external networks. By being integrated into the global value chain and taking advantage of initial cost advantages, latecomer multinational enterprises with interconnected global economic advantages are able to give full play of the leverage. Mathews (2006) pointed out that the latecomer multinational enterprises seek to leverage the knowledge, technology and opportunities and achieve rapid development by participating in the global value chain that is dominated by leading multinational enterprises, including participating in their production, R&D and logistics.

In fact, building relationships is only the result of a strategy, which includes what can be called an exploratory learning process. Lane, Koka, and Pathak (2006) analyzed the absorptive capacity of enterprises and believed that exploratory learning can promote enterprises to search for sources of external knowledge and acquire it. The process of integrating into the global value chain is essentially the interconnection of knowledge and technology resources. When deploying and utilizing technology and knowledge resources, multinational enterprises must not only make full use of their own advantages, but also strive to obtain advantages they do not have through external channels.

Leverage is a learning process that takes advantage of external quality resources and transforms and internalizes them. The more aggressive the process of leverage, the more effective the transformative learning of latecomer enterprises is, and the stronger the ability to promote the absorption and application of external quality resources. Therefore, leverage means that the latecomer multinational enterprises can fully realize the maximum utility of their own resources through interconnection.

How to strengthen their positions in the network and how to leverage their own resources to catch up with the existing market leaders in resource mobility, transferability and sustainability are a huge challenge for multinational latecomers.

The latecomer multinational enterprises integrated into the international network of localized management tend to gradually establish their quantitative advantages, and continue to enhance their creative value. Eventually “substantial changes” are made, forming endogenous advantages and learning ability or development capability.

The LLL paradigm is the process of knowledge accumulation. The latecomer multinational enterprises will inevitably achieve a “catch-up” in the international market through the continuous accumulation of organizational learning processes and the transformation from quantity to quality in knowledge and technology. This endogenous advantage has also become the key to learning by the latecomer multinational enterprises through value creation.

2.3.6 International opportunity recognition

There has been a long-time debate on the research on opportunity recognition between different theoretical schools, from the argument of “rationality and systematic search” proposed by the school of classical economics to “attention rather than systematic search” by the Austrian school, and then to the theoretical debate between “opportunity discovery” and “opportunity creation” by the entrepreneurial school (Grégoire, Barr, & Shepherd, 2010). Researchers have made a useful exploration of the concept and theoretical boundaries of opportunity recognition, but there is still insufficient attention to the explanation of how opportunities are recognized (Andersson & Evers, 2015).

Characteristics of entrepreneurs

Sources of opportunities

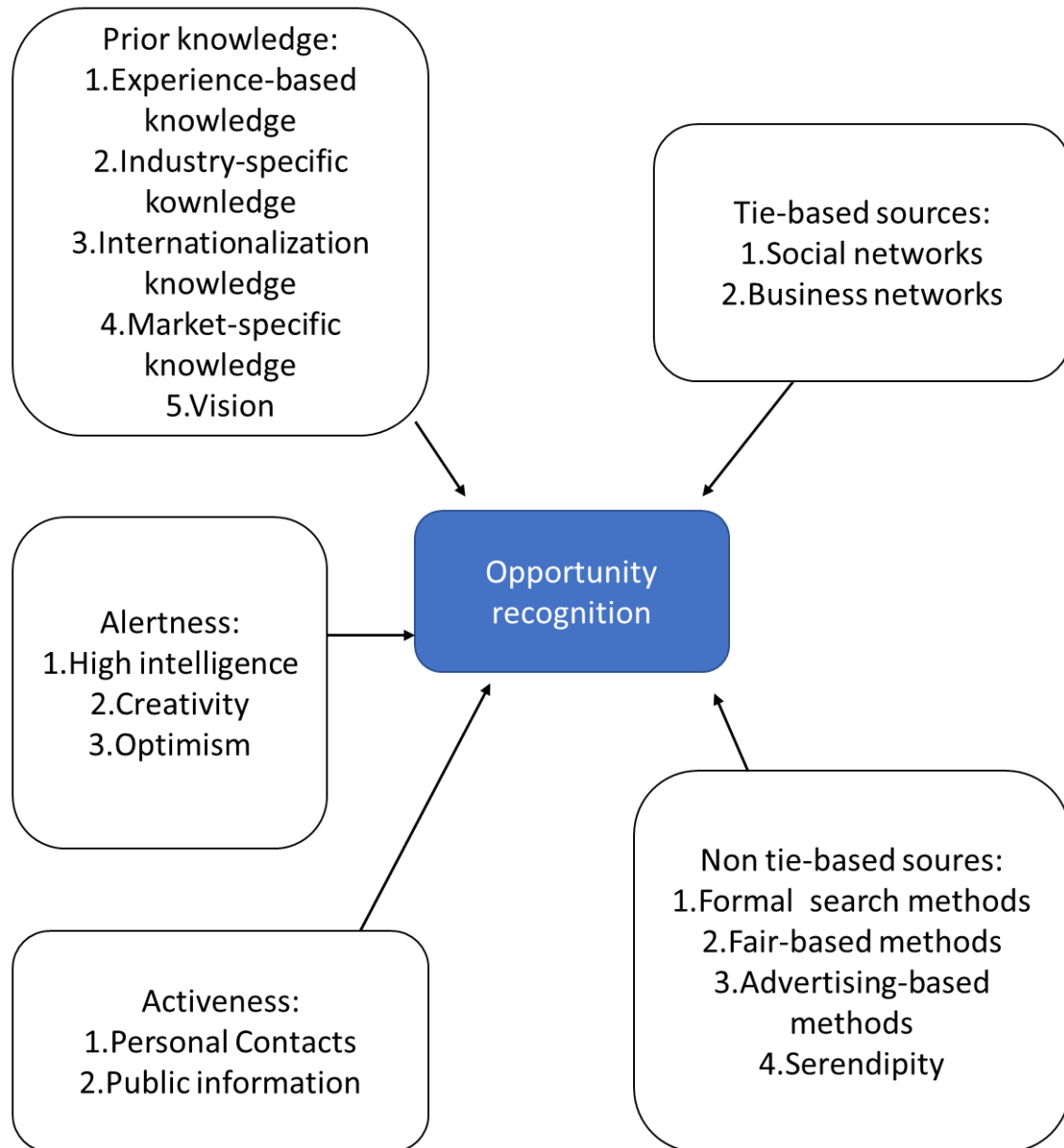


Figure 2.9 Influencing factors of opportunity recognition

As multinational enterprises have become the core driving force for the development of the global economy, scholars in the field of international entrepreneurship have taken the lead in introducing opportunity recognition into the study of multinational enterprises.

Hohenthal, Johanson, and Johanson (2003) pointed out that opportunities are unexpected discoveries in the market that arise from international perception and creativity in the process of globalization. They defined international opportunities as gaps in unbalanced market supply and demand.

Mainela, Puhakka, and Servais (2014) believed that international opportunities are contextual factors integrated from multiple countries and are the manifestations of actions and

interactive economic activities. However, international opportunity recognition is usually presented in a relatively abstract and non-specific manner due to multiple factors such as cross-geographical, institutional, and cultural boundaries, and its recognition process is more complicated (Angelsberger et al., 2017). As a result, it is relatively difficult for the theoretical community to discuss international opportunities (Berglund & Korsgaard, 2017).

Compared with traditional multinational enterprises, EMNEs have obvious incentives to seek market opportunities (Hernandez & Guillén, 2018), but EMNEs do not regard the lack of knowledge and experience as a major obstacle to international expansion, nor does it take a gradual increase in psychological distance to enter and develop new markets. EMNEs seem to be more aggressive, proactive and adventurous in the process of international market expansion (Kothari, Kotabe, & Murphy, 2013). This requires them to keep highly alert to international opportunities in the competition with DMNEs of strong ownership advantages (such as international experience, technology, management and marketing capabilities). Only in this way can EMNEs recognize potential development opportunities.

In fact, although existing research has not yet made in-depth discussions on the recognition of international opportunities for EMNEs, the accelerated and non-linear expansion of EMNEs in the international market clearly reflects the focus on efficiency-oriented “arbitrage opportunities” proposed by Kirzner and Schumpeter’s “innovation opportunities” characterized by technological breakthrough.

Mainela, Puhakka, and Servais (2014) research review on international opportunities pointed out that arbitrage opportunities are seeking efficiency in an imbalanced market, while innovation opportunities are based on the creation of innovative value of competitive defects to shift the market to an imbalanced state.

From the perspective of institutional arbitrage, EMNEs make use of their knowledge of the home country system to find weak links in emerging markets that are similar to the home country’s system for arbitrage (Boisot & Meyer, 2008). This is because they are accustomed and able to deal with such difficulties and uncertainties skillfully (Luo & Zhang, 2016). At the same time, the lack of original technology accumulation has prompted EMNEs to rely on the recombination of external resources to innovate, in order to creatively apply existing technologies in different situations and provide added value (Kotabe & Kothari, 2016).

2.3.7 Inward internationalization

Inward internationalization refers to the trading activities between enterprises and foreign multinational enterprises in their home countries (Buckley, Clegg, & Wang, 2002). According

to the form of equity control of foreign multinational enterprises, inward internationalization can be divided into equity model and non-equity model.

The equity model includes Sino-foreign joint ventures and foreign-owned enterprises, also known as inward foreign direct investment (Inward FDI); the non-equity model includes import, licensing, foundry production and agency services (Welch & Luostarinen, 1993).

Most of the multinational enterprises from emerging economies cooperate with foreign multinational enterprises through the non-equity model (Luo & Tung, 2007). In particular, small private enterprises often form OEM relationships or agency services with foreign multinational enterprises. For example, they work as OEMs or local agents of product service of foreign transnational enterprises.

Domestic transnational investment is also a driver of foreign direct investment in the home country. Ozawa (1992) pointed out that foreign investment in developing countries is the result of dynamic changes in comparative advantages. The level of economic development of countries around the world presents a hierarchical distribution structure. By attracting direct investment from multinational enterprises in developed countries, developing countries will acquire relevant knowledge and technology and strengthen their comparative advantages, thus becoming exporters of foreign direct investment.

The process of transformation of comparative advantages in developing countries is similar to the four stages of international investment:

In the first stage, developing countries are recipients of foreign direct investment and they themselves do not make foreign direct investment;

In the second stage, with the enhancement of comparative advantages, developing countries gradually begin to make foreign direct investment;

In the third stage, the labor-oriented foreign direct investment is shifted to technology-oriented foreign direct investment;

In the fourth stage, developing countries are not only recipients of capital-intensive foreign direct investment, but also exporters of capital-oriented foreign direct investment.

Cavusgil and Naor (1987), Child and Rodrigues (2005), Luo (2002) and Mathews (2002) pointed out that transnational mergers and joint ventures or cooperation between foreign and domestic enterprises have not only created economies of scale and scope, but also transferred the management know-how, professional skills, technology and knowledge to domestic enterprises, which in turn makes up for the comparative advantages of domestic enterprises, improves their international competitiveness of domestic enterprises, and creates positive conditions for their foreign direct investment.

In addition, in China, Ma and Wu (2017) pointed out the change of inward internationalization and domestic resource dependence objects of Chinese enterprises. On the one hand, with the opening of the Chinese market, DMNEs entered the Chinese market, making Chinese enterprises gradually rely on DMNEs instead of completely relying on the government. On the other hand, China's reform and opening up has also allowed Chinese enterprises to set foot in both domestic and foreign markets.

2.4 Summary

Through the above literature review, we find that the internationalization process of enterprises has considerable complexity and dynamics. On the one hand this research discusses Chinese multinational enterprises in the process of internationalization and network development and puts forward theoretical explorations and examples. On the other hand, the internationalization process and network development of Chinese multinational enterprises are characterized by stages. As it develops, it involves dynamic changes of many key elements, which makes it difficult to use pure theoretical derivation and empirical tests to clearly understand this process.

The purpose of this thesis is to explore how Chinese enterprises make use of their resources and social network advantages to successfully achieve internationalization in the host countries along the “Belt and Road” and analyze the internationalization path and expansion model of Chinese multinational enterprises from the perspective of the social network. More importantly, this thesis takes the case of Chinese Road and Bridge Corporation which carries out international operations for qualitative research from the perspective of Chinese enterprises to reveal the general law of Chinese enterprises internationalization. It also puts forward the specific model and concept of internationalization, offers management advice with strong operability for Chinese enterprises, and aims at giving a new theoretical perspective for the study of the internationalization of Chinese enterprises.

Chapter 3: Theory Contextualization

The research on the process of enterprise internationalization originated in the 1960s. Since the 1970s, relevant theories have been continuously developed. By the beginning of the 21st century, theories of internationalization have been further enriched and improved. Today, enterprise internationalization still occupies an important place in the field of international business research. In general, theories of enterprise internationalization have made great progress and produced many important theoretical schools. At the same time, based on the background of economic globalization and the development of management practices, enterprise network theory has gradually expanded to many research fields of enterprise management, expanding the theories of enterprise internationalization and their subsequent development. It has gradually become a theoretical perspective that fits the background of today's global economy and one of the mainstream theories of internationalization research. It also provides a systematic and scientific logical explanation for the study of enterprise internationalization.

Before the 1980s, theories of international direct investment mainly studied developed multinational enterprises (DMNEs), especially American ones. As per Chapter 2 of this thesis, they pointed out that the competitive advantages of multinational enterprises mostly came from superb enterprise management and high technology, product differentiation, large-scale investment and the monopoly of enterprises on the market. However, these theories still have some shortcomings in the analysis of conclusions and analytical perspectives, which limit its scope of interpretation and application in the theoretical system of enterprise internationalization. With the changes in the international economic situation, the development of science and technology and the arrival of new entrants such as China, the complexity and turbulence of the international market environment are intensifying, and the organizational structure, strategy, process and management model of the enterprise are constantly changing.

The strategic behavior of the internationalization of enterprises has already gained new characteristics different from traditional theories. In this new era, this study has gradually turned from the traditional foundation of economics to the foundation of psychology, and the internationalization theories based on knowledge, learning, network and innovative spirit have emerged as seen in Chapter 2.

The internationalization process theory has also been grounded on research results of corporate behavior (Cyert & March, 1963) and enterprise growth (Penrose, 1959). The hypotheses emanating from these theories are based on the incomplete information and the bounded rationality of the enterprise, and it seek to explain and analyze the process of enterprise internationalization through such notions as Psychological Distance, Loosely Coupled System, Establishment Chain, Inputs, and Inputs and Knowledge.

As per Chapter 2, the internationalization process theory points out that the international operation of an enterprise is a “gradual” and “continuous” development process. In this process, the avoidance of uncertainty risks, the drawing of experience, and the acquisition of the knowledge of business operations and foreign markets will all influence the decision-making behavior and resource investment of an enterprise in the host country market. Such causal chain explains the mechanism of the international growth of enterprises. Based on Penrose (1966), Cyert and March (1963) and Aharoni (1966) research, Johanson and Vahlne (1977) further developed the original model and formed the early Uppsala Model. When this model was established in the 1970s, the understanding of the market complexity used to explain the obstacles to internationalization was relatively shallow. With the development of network research in the fields of international marketing and international trade, researchers began to look at the environment faced by multinational enterprises from a perspective of business networks. Their subsequent research further developed this perspective and delved into the business network and its impact on the internationalization process of enterprises.

Research based on business networks believes that the market is a relational network in which enterprises are interconnected in a variety of complex and intangible models. Johanson and Mattsson (1987)’s thesis “Interorganizational relations in industrial systems: a network approach compared with the transaction-cost approach” marks the initial formation of the enterprise internationalization network theory. They regard the entire international market as a network of inter-enterprise business relationships and the process of internationalization can be studied from the perspective of an inter-enterprise relationship network rather than from the traditional theoretical perspective of a single atomic enterprise. As a result, research on internationalization has begun to gradually turn to the network perspective.

Before the 1980s, developed countries and regions represented by the United States, the European Union, and Japan were the driving force of global economic development and the exporters of global innovation technologies while the vast majority of developing countries were the recipients. Back then, most multinational enterprises with transnational operations and international competition originated from these regions and countries. At the same time, the

theoretical community also focused on theories of the internationalization process of developed multinational enterprises and their impact on the technological innovation capability in developing countries and on regional economic development. However, since the 2000s, especially since the outbreak of the global financial crisis in 2008, emerging economies multinational enterprises (EMNEs) represented by “BRIC” countries like China, India, and Brazil have been participating in international competition at an unprecedented scale and speed (von Zedtwitz & Gassmann, 2002). The way EMNEs participate in international competition is different from the traditional joint venture model of DMNEs. EMNEs mainly use investment and mergers and acquisitions to implement multinational business strategies.

Since China’s reform and opening up in 1978, China’s productivity has made a substantial leap through fruitful economic development. China’s severe excess capacity and huge resource demand have generated a strong internationalization urge for Chinese enterprises, which in turn, is driving them to search for an internationalization model that suits their situation. Ramamurti and Hillemann (2018) proposed the concept of CMNEs (Chinese Multinational Enterprises), proposing that they are uniquely different from multinational enterprises in other countries. They also pointed out that the global internationalization and the advantages of the government have provided CMNEs with an unprecedented internationalization speed and strong international competitive advantage.

The current internationalization situation is characterized by nonlinearity, complexity and dynamics. In this context, CMNEs did not choose the same path as that of traditional Western internationalization and opted for their own Chinese uniqueness. For example, they tend to choose international markets with a low degree of legal construction and enter the market through investment in M&A to acquire technology and knowledge and achieve leapfrog internationalization. In some industries, Chinese multinational enterprises have also presented unique models, such as the “overseas aid construction” model in the construction industry and the “rural encirclement of cities” model in the communications industry (Du, Shi, & Chen, 2018). In the context of the “Belt and Road” Initiative, the internationalization process of Chinese multinational enterprises has become an important topic that has attracted the attention of the academic community.

Due to differences in internationalized resources, the strategic adjustments of different types of multinational enterprises in the process of internationalization also have different characteristics. For traditional multinational enterprises, their internationalization process is relatively far-reaching and mature. As for their mechanism of adjusting internationalization strategies, they make overseas strategic commitments based on organizations' resources,

industry and institutional environment. For emerging market enterprises, due to the liability of outsiders, the liability of latecomers, limited international management experience, and insufficient resources in the internationalization process (Luo & Rui, 2009), their strategic adjustment paths and methods are different from those of traditional multinational enterprises. They rely more on resource conditions to formulate and adjust international strategic goals (Cui & Aulakh, 2018).

With the rapid development and wide application of relevant theories such as social embeddedness, market networking, social capital and entrepreneurship, enterprise network theory has become the focus of many scholars. Enterprise network is an organizational form between market transactions and hierarchy (Thorelli, 1986). The enterprise network combines market transactions with hierarchical systems to achieve resource allocation. On the basis of complementing each other and enhancing knowledge, the cooperation network between enterprises can reduce costs, risks and uncertainties. The different definitions of the network are closely related to the theoretical perspectives used by the researchers. Many researchers analyzed the impact of the characteristics of the enterprise network and the network location on business performance. The network characteristics are mainly analyzed from the network as a whole, while the analysis of network location aims to explore its location in the network from the perspective of the enterprise, and analyze the efficiency and effectiveness of the enterprise in the specific network environment.

Some researchers also analyzed the characteristics of enterprise network from the aspects of orientation, connection layer and network layer: network orientation refers to the analysis of network characteristics such as structural holes and network centrality; network connection analyzes the strength and multi-level relationship of network; the overall network is an analytical description of the characteristics of inter-enterprise networks, including network balance, network concentration (Ibarra, Kilduff, & Tsai, 2005). With the continuous evolution of theories, questions like why the enterprise network exists and how it exists have been deeply explained. Management scholars believe that enterprise network is an existing organizational form, including strategic alliances, enterprise groups, clusters, outsourcing, franchising.

Networked organizational forms can help enterprises acquire resources and enhance their capabilities, thereby improving their competitiveness and performance. The main theories involved in this approach include resource-based view theory, and core competence theory, organizational learning theory and knowledge management theory. Since the last century, with the rapid development of social embeddedness theory, market networking theory, social capital and entrepreneurial theory, enterprise network theory has gradually become the focus of

scholars. Especially in the field of international business, internationalization network theory has become one of the mainstream theories in explaining the process of enterprise internationalization and the source of competitive advantage (Zheng & Wang, 2009).

At present, some research has begun to pay attention to the internationalization network of China's latecomer enterprises. Galkina and Chetty (2015) believe that opportunities for the internationalization of enterprises are driven by the way the network is established and the partners of the network. Meyer and Gelbuda (2006) believe that theories of enterprise internationalization should develop towards a more dynamic, networked and contextually dependent direction, and that internationalized enterprise network is characterized by such a dynamic nature.

Based on this theoretical background and on the literature reviewed in Chapter 2, we try to study how Chinese enterprises leverage their resources and network advantages to successfully achieve internationalization in host countries along the routes and put this research in the specific context of the "Belt and Road" Initiative.

Through previous literature review, we found that the internationalization process of enterprises has a specific complexity and dynamics. This research, on the one hand, discusses the management practices of Chinese multinational enterprises in the process of internationalization and network development, and proposes a large number of theoretical explorations and examples. On the other hand, since the internationalization process and network development involve the dynamic changes of many key resources, they cannot be clearly explained through pure theoretical deduction and empirical testing.

The research problem of this thesis is based on the background that the Chinese government has promoted Chinese enterprises to "go global" and participate in international competition extensively through a series of policies in the "Belt and Road" initiative. However, the late start disadvantage (Ramamurti & Hillemann, 2018), the "liability of latecomer" and the "liability of emergingness" (Luo & Tung, 2007) of Chinese multinational enterprises (CMNEs) have caused resistance to their internationalization. Therefore, the thesis discusses how Chinese enterprises can make use of their own resources and network advantages in China and host countries to successfully achieve internationalization in host countries in the context of the "Belt and Road" initiative, and analyzes the internationalization path and expansion model of Chinese multinational enterprises from the perspective of social network theory. More importantly, by conducting a qualitative research of the case enterprise CRBC, the thesis reveals the general laws of internationalization of CMNEs and puts forward specific models and concepts on the direction of internationalization. These models and concepts may also serve as management

suggestions with strong operability, which can further enrich the internationalization theory of CMNEs.

Now the research on the internationalization of CMNEs has received widespread attention in academic circles and has become a hot spot of research but is still at an early stage compared with that of developed multinational enterprises (DMNEs) and emerging multinational enterprises (EMNEs). At this stage, explanations are still insufficient. Therefore, this research is based on a longitudinal case design with its focus on the internationalization practice of Chinese multinational enterprises exploring how CMNEs, though facing a late start of internationalization (Ramamurti & Hillemann, 2018), the “liability of latecomer” and the “liability of emergingness” (Luo & Tung, 2007), can make use of the resources and network advantages of China and host countries to successfully achieve internationalization along the “Belt and Road”. In order to better carry out the research on the subject, based on literature research and observations on business practices, we decompose the main research problem to be studied and subdivide it into the following three research questions:

1. What factors affect the internationalization process of CMNEs in the context of the “Belt and Road Initiative”?

This part of the research will sort out the influence of resource dependence and social network on each stage of the internationalization of CRBC(China Road and Bridge Corporation) and explore the necessary factors for the development of CMNEs in the host markets. CRBC's dependence on resources of China and host countries affects its position in the host country's market network. A more detailed distinction is made on the key resources that CRBC relies on in the process of internationalization and the impact of China's dependence on domestic network resources and that on host countries.

This research selects CRBC, a Chinese enterprise that carries out international business activities, as its research subject, which is closely in line with the research theme, collects, summarizes and analyzes the related data. Research methods of dual-case study and event path analysis are adopted to study the characteristics and resource dependence of internationalization process at different stages.

2. What are the characteristics and unique internationalization paths of CMNEs in the context of the “Belt and Road” initiative?

Multiple cases of CRBC's overseas agencies in four countries are studied to explore the international expansion model of CMNEs. The research on the international expansion model of Chinese infrastructure construction enterprises has its specific complexity. On the one hand, it is necessary to sort out the relevant theories in detail and clarify the context. On the other

hand, it is necessary to go deep into the enterprises and be familiar with the practice of corporate management.

3. How do CMNEs overcome the disadvantage of late start of internationalization, the liability of latecomer, and the liability of emergingness?

In answering to these three questions, we need to understand the gap between theory and practice, and find possible value points and breakthroughs for theoretical research. Since the model of international expansion is usually related to the economic environment, which is in the midst of uncertainty and turbulence, this further increases the difficulty of research. However, the in-depth study and discussion of the international expansion model is of great significance for both theoretical exploration and practical guidance.

Chapter 4: Research Method

4.1 Research ideas

The research problem of this thesis is that the Chinese government promotes Chinese enterprises to "go global" and participate in international competition extensively through a series of policies of the "Belt and Road" initiative. However, the late start disadvantage (Ramamurti & Hillemann, 2018), the liability of latecomer and the liability of emergingness (Luo & Tung, 2007) that Chinese multinational enterprises (CMNEs) are facing, have caused resistance to the internationalization of CMNEs. Based on the internationalization of multiple representative foreign markets of CRBC, the thesis analyzes the influencing factors and path of internationalization, and summarizes the conclusion and guidance that can be used as reference for the internationalization of Chinese enterprises.

We believe that the theory of multinational enterprises still has limitations when facing the development of Chinese multinationals with their unique backgrounds and are not fully adapted to China's special environment. Given the special institutional setting and latecomer status (Dore, 1990), Emerging Multinational Enterprises represented by Chinese multinationals are generally considered to have inherent disadvantages. The direct roots come from two aspects (Hobday, 1995): first, in terms of technology supply, EMNEs are constrained in innovative talents and resources as they are marginal to the center of global technology, making their technical capabilities still lag behind (Mathews, 2002; Mathews & Cho, 1999); second, in terms of market control, EMNEs are isolated from mainstream and complex international markets, thus facing the dual conditions of economic globalization and market segmentation (Lan & Pi, 2011). Against the backdrop of "dual dependence" of technology and market resources (Du & Pang, 2014), the internationalization of CMNEs is a difficult process.

Due to their latecomer status, CMNEs fail to have strong international "resources" or "capabilities" to establish clear advantages and conditions to participate in international competition. In addition, they lack multiple key resources for international enterprises, including advanced technologies and brands, market network, and international business management experience (Luo & Tung, 2007). The steady progress of the "Belt and Road" Initiative as explained in Chapter 1, has accelerated the internationalization of Chinese

companies and promoted their internationalization level. However, the changing political, economic and social environments of the countries along the “Belt and Road” Initiative, as well as the different languages, cultures, business rules, legal systems, and industry standards make it more difficult for Chinese enterprises to adapt to and manage the process of internationalization.

In this research we especially need to analyze the characteristics and mechanisms based on the longitudinal process research. At the same time, we need to explore the influencing factors based on the “Belt and Road” Initiative proposed by China to make up for the shortcomings of the existing literature. Therefore, to this end, this thesis focuses on the development of CMNEs and, based on the experience of developed countries and on the existing theories of MNEs, attempts to contribute to enrich and expand them based on the practice of CMNEs. It also seeks to support practical innovation through theoretical innovation, and studies and analyzes the model path and influencing factors of CMNEs’ internationalization in the new theoretical system.

To this purpose, we believe that the case-based research is an effective way to answer the questions raised in the previous chapter. A case emphasizes the investigation of events, which enables new theoretical models to be constructed in a more realistic way (Eisenhardt, 1989). Although a single case study can adequately describe the existence of a phenomenon (Siggelkow, 2007), a multiple-case study can often provide a more solid foundation for theoretical construction (Yin, 1994). Although both single and multiple-cases can achieve satisfactory results, if conditions permit, the research should choose the multiple-case study as much as possible.

In addition, as the case study requires in-depth material in selected topics, researchers can develop more effective solutions based on practical problems and better answer questions about how and why (Yin, 1994), which are helpful to deeply understand the internationalization path and influencing factors of CMNEs in the context of the “Belt and Road” Initiative. This is consistent with the research question of this thesis. Meanwhile, on the basis of the case, process analysis is a rich and interesting way of describing the whole picture, which can make intricate case materials more regular (Wright & Zammuto, 2013). Therefore, this thesis will analyze the enterprise data materials collected through various channels via the case study and process analysis, explore CMNEs’ internationalization path and influencing factors in the context of the “Belt and Road” Initiative, and seek to conclude the positive experience and mature plans for CMNEs to overcome the latecomer disadvantages in this process.

4.2 Research method overview

4.2.1 Qualitative research

Patton (2005) pointed out that qualitative research is derived from humanities and social sciences. It is a research method that takes the researcher as a research tool. It emphasizes that researchers make use of methods such as field experience, unstructured interviews, participatory and non-participatory observations, literature research, and case investigations in a natural context to describe social phenomena in depth and detail. The analysis method of qualitative research is mainly inductive. It aims to understand the meaning of phenomena or views on things from the perspective of participants, and establish hypotheses and theories on that basis. However, in qualitative research, research results will not be generalized.

The principles of humanities and social sciences are the basis of this method. The origin of qualitative research can be traced back to the research in the fields of anthropology and ethnography. Ethnographic research is to make a detailed, vivid and contextual description of people in a specific culture to explore their lifestyles, behavior patterns and values. The method used in ethnography research was the predecessor of qualitative research. These researchers oppose positivism and advocate the use of self-referential reality instead of objective reality, so that sociology can truly become a living science that guides human development. At the same time, the localization movement of sociology was also prospering around the world. A growing number of people realized that the problems studied by sociology, the theory of construction, and research methods are often affected by certain social and cultural backgrounds. The research on many issues should and must be rooted locally. In this context, people began to rediscover and enrich qualitative research methods, forming a new type of qualitative research.

Qualitative research is a research method that uses field experience, open interviews, participatory and non-participatory observations, literature analysis, case investigations and other methods to conduct in-depth and long-term research on social phenomena in a natural environment. This kind of research usually takes induction as the main analytical method. It collects first-hand information locally at the time, and tries to understand the meaning of actions and views on things from the perspective of participants. Based on that, he/she establishes propositions and verifies the research results through various channels.

This kind of research is often a long-term evolutionary process along which the researcher himself/herself is the main research tool. The influence of the researcher's personal background

and the relationship between the researcher and the research subject on the research process and results must be considered. The research process is an indispensable part of the research results, and must be recorded in detail. This method is mainly developed on the basis of anthropology, sociology and folkloristics. In the early stage of its development, qualitative research had been left out for a long time in the field of social science dominated by positivism due to the lack of a unified guiding ideology and systematic operation system. In the past two decades, qualitative research has gradually developed a set of theoretical and systematic methods of research designing, collecting and analyzing materials, establishing hypotheses and theories, testing validity and promotion among the criticism of scientism and instrumental reasoning. At present, this method has been applied in various fields of social science research and it has become a very powerful challenge, supplement and improvement to quantitative research.

4.2.2 Case based research

Yin (1994) pointed out that the case based research is a method of field study. Researchers select one or several scenarios as objects, systematically collect data and materials, and conduct in-depth research to explore the state of a phenomenon in real life. This method is often used when the boundary between the phenomenon and the actual environment is unclear and not easy to distinguish, or when the researcher cannot design an accurate, direct and systematically controlled variable. It aims to answer questions such as “How does it happen?”, “Why does it happen in this way” and “What is the result?”. It also includes unique design logic, specific data collection and unique data analysis methods. Materials can be acquired by field observations or research of documents.

Yin (1994) pointed out that the case based research is more qualitative, and requires more efforts in data collection and data analysis, such as researchers shall rely on multiple sources of evidence and different material evidence must be able to converge to the same conclusion. Usually there are theoretical propositions or problem definitions that are developed in advance to guide the direction of data collection and the focus of data analysis. It focuses on the inspection of events at that time without considering the manipulation of other events. Through this method, researchers can preserve the integrity of the events and discover meaningful features. Compared with other research methods, the case study allows us to have a solid description and systematic understanding of the situation, grasp the dynamic interaction process and the context, and obtain a more comprehensive and holistic view.

In the study of the internationalization of CMNEs, the research is designed in form of embedded multiple-case (Eisenhardt, 1989; Yin, 2017). This is based on the following three

reasons. First, case studies have unique advantages in identifying different dimensions of CMNEs' internationalization. Second, this thesis focuses on how to overcome the liabilities of "latecomer" and "emergingness" in the process of internationalization of CMNEs. Case studies will help us analyze the causal logic of the internationalization path of the case enterprise and improve the validity of the research. Third, compared with pure single-case studies, the embedded multiple-case analysis has both comparison function and narrative function (Eisenhardt & Graebner, 2007). This thesis adopts the embedded multiple-case design to compare the consistency (the internationalization processes of the six country markets of the same case enterprise share the same research context) and the difference (the same case enterprise has six overseas offices which have differences in their internationalization processes) of the research context (Yin, 2017), to identify the unique attributes of CMNEs' internationalization, and to compare the similarities and differences in the internationalization paths adopted by the case enterprise in different internationalization processes .

4.2.3 Process analysis

This thesis examines the operation problems of the latecomer multinationals in the market-oriented process from the perspective of senior managers. Process research is primarily concerned with tracking companies (Pettigrew, 1990). Most of the process data include such elements as who, where, what, and when. This thesis selects a typical Chinese multinational enterprise, China Road and Bridge Corporation (CRBC), as its subject, which has accumulated many years of historical data, and focuses on the original data retained in the process of internationalization before and after the “Belt and Road” Initiative, as well as data collected from field visits and interviews. In the selection of available event data, the focus is placed on the documents of “market development” and “engineering management” such as the Yearbook, Memorabilia, 12th Five-Year Plan and 13th Five-Year Plan retained by CRBC.

4.2.4 Event path analysis

Event path analysis is a method of analyzing enterprises' development paths and rules by extracting enterprises' long-term major events and displaying these events on a vertical timeline according to their event attributes (Du et al., 2017). The event path analysis method is a qualitative research method, which is mainly used to analyze the management and organization process, and explore the potential rules behind the phenomenon. This method uses the events throughout a process as material to analyze the main dimensions in the development process

and reveal the rules of the process. It is mainly applied to the study of the growth, development and evolution of an object.

4.2.5 Content analysis method

Content analysis method is a specialized method to make objective and systematic quantitative analysis of the content of literature. Its purpose is to clarify or test the essential facts and trends in the literature, reveal the hidden information and content contained in the literature, and provide intelligence and prediction on the development of things (Guthrie et al., 2004). The important concept of internationalization network is a research question derived from reality. This study collects and summarizes relevant news, reports, and journal materials about network development during the internationalization of CRBC through in-depth interviews, historical data collection, and network retrieval. After that, information collected is transformed into data, and meaningful categories are established based on key contents to simplify and decompose the information. This is aimed to objectively analyze some characteristics of the network development practice activities embodied in the data and further clarify the value of the research.

4.3 Case introduction

The purpose of this study is to explore the internationalization path and influencing factors of Chinese MNEs under the influence of the “Belt and Road” Initiative. The research subject should be typical, representative of a large amount of data and should meet the following criteria: first, in order to obtain more process data, the enterprise should have a certain international experience for a certain period of time. Second, in order to eliminate the interference of any investment group on multinational expansion, the enterprise should have an independent operation and its own brand. Third, in order to eliminate the influence of monopoly industries or political factors, the enterprise needs to be in the marketized industry as much as possible. Fourth, in order to collect more abundant event materials, the enterprise shall have as much data as possible. Fifth, to make the analysis typical and representative, the enterprise shall have recognized influence in the industry where it operates. Sixth, in order to facilitate multiple-case studies, the selected enterprise should have international business in multiple representative overseas regions. According to the above criteria, and after the preliminary data collection and analysis, we finally selected China Road and Bridge Corporation (CRBC) as the research subject. The development history, influence and signature projects of CRBC are summarized in Table 4.1 below:

Table 4.1 Introduction to CRBC

Company Name	Industry	Signature Projects	Influence	Development History
China Road and Bridge Corporation	Infrastructure	Pakistan Karakoram Highway Improvement Project	One of the four large State-owned companies in China that earliest entered into the international engineering contracting market	Foreign Aid Office of the Ministry of Communications of China (1958—1979)
		Mauritania Nouakchott Friendship Port Reconstruction		China Road and Bridge Engineering Corporation (1979—1989)
		Zemun-Borca Bridge with Accompanying Roads Project, Serbia	The first Chinese company to enter ENR Top 100 Contractors	China Road and Bridge Construction Corporation (1989—1997)
		Mombasa-Nairobi Standard Gauge Railway (SGR) Project and the Nairobi-Navisha SGR Project in Kenya		China Road and Bridge Engineering Group (1997-2005)
		Hungary - Serbia Railway Project	Mombasa-Nairobi Railway Project won ENR Global Best Engineering Excellence Railway Project Award	China Road and Bridge Corporation (2005-To date)
		Mozambique Maputo Bridge Project		

China Road and Bridge Corporation (CRBC) is one of the four large State-owned companies that first entered the international contracting market. CRBC mainly undertakes contracting, investment, development and operation of road, bridge, port, railway, airport, real estate and industrial park projects. With branches and offices in nearly 60 countries and regions in Asia, Africa, Europe, and the Americas, CRBC has established an efficient and rapid global market network.

The predecessor of CRBC is the Foreign Aid Office of the Ministry of Communications of China. Since 1958, it has been undertaking overseas projects aided and financed by the Chinese government. In 1979, CRBC was formally established and started to embrace the international engineering contracting market. In 2005, CRBC was restructured as a subsidiary of China Communication Construction Company (CCCC) and undertook landmark construction projects with regional and international influence. As a well-known brand of international engineering contracting business, CRBC has received multiple awards in and out of China and won a global reputation.

In response to the Go Global strategy and the Belt and Road Initiative, CRBC commits itself to seizing opportunities and increasing its global competitiveness and has undertaken many renowned projects, such as the Karakoram Highway Improvement Project in Pakistan, the Nouakchott Friendship Harbour Reconstruction and Expansion Project in Mauritania, the Zemun-Borca Bridge in Serbia, the Mombasa-Nairobi Standard Gauge Railway (SGR) Project and the Nairobi-Navisha SGR Project in Kenya and the Railway Project connecting Hungary and Serbia.

Why is CRBC selected? As mentioned above:

(1) CRBC is one of China's first four large state-owned enterprises to enter the international engineering contracting market in 1979. It has a long history of internationalization as old as China's opening up policy.

(2) Since the entry into the international market in 1979, CRBC has always insisted on independent operation and has created a well-reputed brand in the field of infrastructure construction.

(3) Infrastructure construction enterprises in most countries around the world are in the midst of a fully competitive market.

(4) Most projects undertaken by CRBC are key cooperation projects between China and host countries, and there are a lot of social attention and news reports and a large amount of data.

(5) CRBC is the first Chinese company to enter the annual selection of the top 100 of the 225 largest contracting enterprises in the world by the American ENR (Engineering News Record) magazine. In 2018, its Mombasa-Nairobi Railway project undertaken won the Award of Merit of Global Best Projects 2018 by ENR. In 2019, the Thies-Touba Expressway Project in Senegal and the Maputo Katembe Bridge in Mozambique respectively won the Best Engineering Road Award and Best Engineering Bridge Award. CRBC enjoys an impressive reputation and great influence in the international infrastructure market.

(6) CRBC currently has 55 overseas agencies, and its international business covers Asia, Africa, Europe and America. Therefore, it can provide internationalization cases in many countries. On the other hand, Hanemann and Huotari (2016) pointed out that the dominant position of Chinese state-owned enterprises in foreign direct investment is one of Chinese characteristics. Even in 2015, state-owned enterprises accounted for 70% of China's foreign direct investment, and state-owned CMNEs are more representative. CRBC is also such a state-owned enterprise with Chinese characteristics. Therefore, CRBC fully meets the requirements of this research subject and is an ideal choice for this research.

4.4 Data collection

This thesis studies the path and influencing factors in the internationalization strategy-making of Chinese MNEs against the backdrop of the “Belt and Road” Initiative taking CRBC as a representative case. To this end, the first-hand data collected focuses on in-depth interviews with senior managers and witnesses of international events. In addition, strategic meetings held by Chinese MNE (CRBC) are attended to ensure multi-faceted access to data and comparison of raw data. At the same time, before and after the interviews, corresponding second-hand data is also collected, supplementing the original data. These original data collection channels provide important support for our research. Table 4.2 below, summarizes the duration, word number and head count of the two-stage interviews and the documents consulted:

Table 4.2 Data list

Data Type	Resource	Data Information Statistics					
First-hand Data	Interview	Interview at Stage I			Interview at Stage II		
		Duration	Word Count	Head Count	Duration	Word Count	Head Count
		794 Minutes	161,000 Words	10 Senior Executives of Overseas Agencies	830 Minutes	194, 000 Words	16 Senior Executives of Overseas Agencies
	Key Surveys	6 Overseas Agencies of CRBC					
Second-hand data	Second-hand Materials	2 copies of five-year plan of CRBC Milestones in the past 10 years Year-end work summary reports for the past 5 years Work plans of overseas agencies in the past 4 years 41 journal reports 1 documentary of CCTV 13 other materials of overseas agencies 627 news reports 5 speeches by leaders of CRBC					

4.4.1 Interviews

Interviews are recognized as the most common and powerful way to understand people (Fontana & Frey, 1994). In our research, both interviews and informal interviews are conducted. The formal interviews are based on a semi-structured approach, focusing on the research theme: the path and influencing factors in the internationalization strategy of Chinese MNEs under the influence of the “Belt and Road” Initiative. There is no special order for our interviews as they are mainly based on the actual situation at the time (Gummeson, 2000). The whole process of

the interviews was recorded and, to minimize the negative impact, an assistant was invited to record the interviews. After the interview, its contents was immediately checked.

For guarantee accuracy, the following principles were followed: first, the 24-hour principle requiring that the detailed record of the interview needs to be completed within 24 hours after the interview; second, all data is to be included; third, subjective feelings and information provided by the interviewees shall be strictly separated. The duration of each interview was maintained at half an hour to two hours. The current interview records exceed 355,000 words, and the total time is 27 hours.

As shown in Table 4.3, a total of 26 senior executives of CRBC's overseas agencies were interviewed. All of them were decision makers, executors and participants in the internationalization process of CRBC in various countries. At the same time, several discussions were maintained with these interviewees on the path, decision-making and influencing factors of the internationalization of CRBC. These interviewees are mainly responsible for the development, project construction, and institutional operation of CRBC's overseas markets. In terms of the path and influencing factors of internationalization, they have their own personal experience and unique insights. The individual interviews were collected in two stages over a period of eight months. The following table shows the elements of the interviews we conducted each stage, including interviewees, positions, countries of overseas markets, interview duration, and word count.

Table 4.3 Interview list

Stage	Interviewee	Position	Country of Overseas Market	Duration	Word Count
Stage I (2019.5-2019.6)	Mr. Zong	Marketing Manager	Montenegro	95 Minutes	19000
	Mr. Zhang	Director of Budget Contracts	Kenya	63 Minutes	12000
	Mr. Wei	Deputy Chief Engineer	Angola	82 Minutes	15000
	Mr. Chen	Deputy Project Manager	Belarus	74 Minutes	10000
	Miss. Lv	Deputy Manager of Administration Department	Pakistan	75 Minutes	17000
	Zhang Chao	Deputy General Manager	Mozambique	80 Minutes	18000
	Mr. Li	Assistant to General Manager	Gabon	60 Minutes	17000
	Mr. Wan	Deputy Finance Manager	Senegal	82 Minutes	13000
	Miss. Wang	Head of Administration Department	Indonesia	79 Minutes	19000
	Mr. Liu	Project Manager	Pakistan	104 Minutes	21000
Stage II (2019.11-12)	Mr. Zhao	Assistant to General Manager	Cote D'Ivoire	66 Minutes	15000
	Mr. Lu	Administration Manager	Cote D'Ivoire	36 Minutes	9000

Mr. Yu	General Manager	Cote D'Ivoire	56 Minutes	17000
Mr. Yuan	Deputy Chief Economist	Kenya	57 Minutes	14000
Mr. Wu	Deputy General Manager	Kenya	60 Minutes	11000
Mr. Han	Assistant to General Manager	Kenya	47 Minutes	13000
Mr. Xia	Project Manager	Cambodia	54 Minutes	13000
Mr. Wei	Deputy Chief Economist	Cambodia	47 Minutes	10000
Mr. Wu	Assistant to General Manager	Cambodia	49 Minutes	10000
Mr. Ma	Project Manager	Pakistan	44 Minutes	10000
Mr. Wang	Deputy General Manager	Pakistan	50 Minutes	12000
Mr. Liu	Finance Manager	Serbia	69 Minutes	15000
Mr. Shen	Deputy General Manager	Serbia	34 Minutes	9000
Mr. Lu	Assistant to General Manager	Serbia	34 Minutes	8000
Miss. Zhang	Finance Manager	Belarus	46 Minutes	13000
Mr. Liu	Administration Manager	Belarus	81 Minutes	15000

4.4.2 Key data collection

In the first stage of the interview, we selected 10 senior executives from 9 overseas markets that were universal and representative. Then, for the second stage of the interview and key survey, after preliminary analysis, we decided to select two overseas markets from each one of CRBC's three major markets in Asia, Africa and Europe. With the help of the internal working contacts at CRBC, we conducted key surveys on CRBC's 6 overseas agencies and also participated in 16 meetings of these overseas agencies. This has allowed us to further understand the internationalization process of these overseas agencies. The following Table 4.4 shows the brief introductions and reasons for the selection:

Table 4.4 Introduction of CRBC's six offices

Name	Introduction	Reasons
CRBC Cote D'Ivoire Office	The Cote D'Ivoire Office of CRBC was established in 1986. At the beginning of its operation, it entered the market with cash exchange projects that had low competition. It is one of CRBC's African offices that produces the highest overseas benefits. From 2000 to 2011, Cote D'Ivoire was in a state of war, but the CRBC Cote D'Ivoire Office did not give up on the market. It insisted on fulfilling the project commitments and strengthened the trust relationship with the Ivorian owners. Since 2011, against the backdrop of the "Belt and Road" initiative, it has undertaken a number of cash exchange projects and government framework projects, and has entered a stage of rapid business development.	1. Africa is a traditional market for CRBC and Chinese infrastructure construction enterprises. This market has the traditional international characteristics of CMNES. 2. Cote D'Ivoire is the main office of CRBC in West Africa, which is unique and representative.
CRBC Kenya Office	The Kenya Office of CRBC was established in 1984. At the beginning of its operation, it entered the Kenyan market with its low-profit and high-quality projects and	1. Africa is a traditional market for CRBC and Chinese infrastructure

	<p>established a good reputation. From 2009 to 2017, with the help of the development strategy of China and Kenya, it boldly entered the Kenyan railway construction market. At the same time, it maintained its original road construction market share. With many years of technology and resource integration, it completed the world-famous Mombasa-Nairobi Standard Gauge Railway (SGR) Project ahead of schedule. This made CRBC Kenya Office an unquestionable leading enterprise in the host country. Since 2017, with the great reputation of the Mombasa-Nairobi Railway, CRBC has achieved development in various fields of construction, operation and investment in the Kenyan market. As a result, the Kenya Office has become CRBC's most outstanding overseas agency in Africa.</p>	<p>construction enterprises, with the traditional international characteristics of CMNES.</p> <ol style="list-style-type: none"> 2. Kenya is the main office of CRBC in East Africa, which is unique and representative. 3. The Mombasa-Nairobi Railway constructed and operated by the Kenya Office of CRBC sets up an excellent example of CRBC's railway and operating business. It is a key event that cannot be ignored when studying the internationalization of CRBC. 4. Kenya is an important node of the "Belt and Road" initiative in East Africa and an important part of the "Belt and Road" initiative scenario.
CRBC Cambodia Office	<p>The Cambodia Office of CRBC was established in 2001. It entered the local market with the World Bank's cash exchange project. This project is the No. 6 Road project connecting Angkor Wat, the famous world cultural heritage. Its high-standard completion has brought high reputation in Cambodia and has opened up the local cooperation network. In the following years, by leveraging the internal construction resources of the parent company, China Communications Construction, the projects undertaken by the Cambodia Office of CRBC have sprung up. In 2019, the Cambodia Office undertook the Phnom Penh-Sihanoukville Expressway Project through the high-level cooperation between the China and Cambodia and started the business innovation of "investment-construction-operation".</p>	<ol style="list-style-type: none"> 1. Asia is a traditional market for CRBC and Chinese infrastructure construction enterprises. It has the traditional international characteristics of CMNEs. 2. Cambodia is the main office of CRBC in Southeast Asia. It is a unique and representative market. 3. The Phnom Penh-Sihanoukville Expressway that CRBC is currently undertaking is the epitome of CRBC's strategic transformation from "making construction" to "doing business". 4. Cambodia is an important node of the "Belt and Road" initiative in Southeast Asia and an important part of the "Belt and Road" initiative scenario.
CRBC Pakistan Office	<p>As early as the 1960s, the Foreign Aid Office of the Ministry of Communications of China - the predecessor of CRBC - trimmed the Karakoram Highway for the safety of China and Pakistan. In 1994, CRBC returned to the Pakistani market as an enterprise. In 2006, due to the disrepair of the original Karakoram Highway, China and Pakistan decided to expand the road. This task again fell on CRBC. The Phase I & II Projects of Reconstruction and Expansion of the Karakorum Highway are key projects of the "China-Pakistan Economic Corridor" and the "Belt and Road" initiative. These projects have</p>	<ol style="list-style-type: none"> 1. Asia is a traditional market for CRBC and Chinese infrastructure construction enterprises and represents the traditional international characteristics of CMNEs. 2. The Pakistan Office is the main office of CRBC in South Asia and the Islamic region. It is a unique and representative market.

	brought huge economic and political benefits to CRBC.	<p>3. The Pakistan Office of CRBC and its plateau road construction technology are the historical epitome and development achievement of CRBC from the cooperation of its predecessor the Foreign Aid Office of the Ministry of Communications of China to the present.</p> <p>4. Pakistan is an important node of the “Belt and Road” initiative in South Asia, a strategic deployment of China’s Indian Ocean outlet, and an important part of the “Belt and Road” initiative scenario.</p>
CRBC Serbia Office	<p>In 2010, CRBC entered the Serbian market through the Zemun-Borca Bridge Project. This project was called by the Premier Wen Jiabao as "a business card handed by Chinese enterprises to Europe." The project refreshed the engineering efficiency of the local market and won the highest award in China's construction industry. It also became a "signature project" for Chinese enterprises to explore the European market. Since 2014, by analyzing the development of Serbia and the diversified needs of the surrounding markets, the Serbia Office has developed diversified businesses such as roads, railways, parks, investment and operations. With Serbia as a springboard, it successfully opened up the Montenegrin and Croatian markets, and has opened the door of the EU market based on the pivot of Eastern Europe.</p>	<p>1. Europe is a brand-new market for CRBC and Chinese infrastructure construction enterprises. It has the international characteristics of CMNEs entering developed markets.</p> <p>2. The Serbian Office is the main office of CRBC in Central and Eastern Europe. It is unique and representative.</p> <p>3. The Serbia Office of CRBC actively promotes engineering projects including bridges, highways, tunnels, industrial parks and railways. It also expands its diverse business to cover investment, construction and operation, and enters surrounding markets through innovative operation of joint ventures. It is CRBC's current overseas agency that embodies the most comprehensive internationalization strategy.</p> <p>4. Serbia is an important node of the “Belt and Road” initiative in Central and Eastern Europe and an important part of the “Belt and Road” initiative scenario.</p>
CRBC Belarus Office	<p>CRBC won the bid for Belarus’s M5 highway reconstruction and expansion project in 2010. The Belarus Office was established in 2011 to begin</p>	<p>1. Europe is a brand-new market for CRBC and Chinese infrastructure</p>

<p>construction of CRBC's first European standard project. After cautious and lengthy negotiations, the Belarus Office avoided the risks of operating in unfamiliar markets and ensured smooth cooperation with local business owners. This laid a solid foundation for a series of subsequent projects. However, the infrastructure market in Belarus is after all narrow. The Belarus Office of CRBC is seeking a breakthrough in business types and markets. However, due to the Office's cautious working style, the Office has always maintained a wait-and-see attitude for the industrial park projects invited by the Belarusian government. On the other hand, the Belarus Office hopes to develop the surrounding Russian market with its operating experience in the local market.</p>	<p>construction enterprises. It has the international characteristics of CMNEs entering developed markets.</p> <p>2. The Belarus Office is the main office of CRBC in Eastern Europe and the CIS, which is unique and representative.</p> <p>3. Belarus is an important node of the "Belt and Road" initiative in Eastern Europe and an important part of the "Belt and Road" initiative scenario.</p>
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4.4.3 Secondary data

The second-hand information mainly comes from the enterprises under research, news reports and organizational reports. Enterprises The research enterprises provided various types of archive data, including corporate memorabilia, yearbooks, and operational plans for different periods. News reports collected are mainly on major projects in the internationalization of CRBC in recent years, official evaluations and word-of-mouth from the local society. Organizational reports mainly collect relevant data from China International Contractors Association, Asian Infrastructure Investment Bank and the Export-Import Bank of China. Among the news reports, the main sources are the People's Daily, Xinhua News Agency, China Radio International, China Central Television, and Financial Times. In order to collect relevant news reports, "China Road and Bridge Corporation (CRBC)" was used as a keyword of search. We acquired 303, 10, 251, 50 and 13 news reports respectively from People's Daily, Xinhua News Agency, China Radio International, China Central Television, and Financial Times. After that, we sorted the above-mentioned news reports according to the following steps: 1. screen for repeated reports; 2. screen for irrelevant reports with keywords; 3. screen for reports without signatures and sources; 4. select authoritative reports from well-known media. After processing the data with the above four steps, a table of information about the internationalization process of CRBC after the "Belt and Road" initiative was made. See Table 4.5 below for details.

Table 4.5 Secondary data on the internationalization process of CRBC under the "Belt and Road" Initiative

Case Subject	Main Content	Content Scale	Resource
China Road and Bridge Corporation	Founding history, business history, business structure, development strategy, and enterprise scale	2 Copies of Five-Year Plan Of CRBC Milestones in The Past 10 Years Year-End Work Summary Reports for the Past 5 Years 41 Journal Reports 627 News Reports	Periodicals and magazines, news websites, interviewees, official data of enterprises
CRBC Cote D'Ivoire Office	Founding history, business history, business structure, development strategy, and enterprise scale	24 News Reports 2 Journal Reports 2 Articles on Project Introduction 1 Introduction of the Development of CRBC's Overseas Agencies	Periodicals and magazines, news websites, interviewees, official data of enterprises
CRBC Kenya Office	Founding history, business history, business structure, development strategy, and enterprise scale	247 News Reports 28 Journal Reports	Periodicals and magazines, news websites
CRBC Cambodia Office	Founding history, business history, business structure, development strategy, and enterprise scale	49 News Reports 9 Journal Reports	Periodicals and magazines, news websites
CRBC Pakistan Office	Founding history, business history, business structure, development strategy, and enterprise scale	84 News Reports 10 Journal Reports 1 Article on Project Introduction 1 Market Analysis 4 Year-end Summary Reports and Plans for the Next Year 1 Business Summary Report on Business of Overseas Agencies 1 Documentary of CCTV	Periodicals and magazines, news websites, interviewees, official data of enterprises
CRBC Serbia Office	Founding history, business history, business structure, development strategy, and enterprise scale	67 News Reports 11 Journal Reports	Periodicals and magazines, news websites
CRBC Belarus Office	Founding history, business history, business structure, development strategy, and enterprise scale	18 News Reports 3 Journal Reports	Periodicals and magazines, news websites, interviewees, official data of enterprises

The collection of the second-hand information, in-depth interviews, and key researches constitute a "triangular verification." The original data collected from the in-depth interviews and key researches ensure the scientific and rigorous unfolding of the research. The supplement of valuable second-hand data makes the analysis of research problems more effective.

4.5 Data processing

The collected text data in this thesis is processed by manually content analysis. According to Neuendorf (2017), content analysis is a scientific quantitative method of summarizing information, which is not limited to the type of variables to be measured or the context in which the information is created. This objective, systematic and quantitative method much used in researching media reports is a good way to study and organize recorded texts. Essentially, content analysis is a kind of coding, and coding is a form of converting raw materials into standardized materials (Wimmer & Dominick, 2013).

The following research process illustrates how our data is iterated and analyzed into theory.

The development of the core research problem: initially, what attracted our interest was the organization strategy of CMNEs' internationalization under the "Belt and Road" initiative, that is, the path and influencing factors of internationalization. We realized that if we base our research on social network theory, resource dependence theory, and internationalization theory, we might better understand the internationalization process of CMNEs in line with China's "Belt and Road" initiative.

In order to better study the research problem formed by our intuitive judgment, we introduced exploratory interviews. We interviewed 26 senior executives of overseas agencies of CRBC who have long-term experience of overseas business expansion. We collected views of these interviewees on the changes in CRBC's internationalization path before and after the "Belt and Road" initiative, and on what they believe to be the factors that led to these changes. These interviews have precise purposes, such as: the reasons for the establishment of the overseas agencies, business expansion models, core events of overseas development, related difficulties, and special roles played in the local area.

In all interviews, the following core concepts have appeared repeatedly: network embeddedness, resource dependence, trust model, knowledge of internationalization, and resource endowment. For example, Mr. Zhang who is responsible for the Mombasa-Nairobi Railway Project of CRBC pointed out that "in the process of the construction of the Mombasa-Nairobi Railway, the foreign party did not know much about Chinese standards and regulations,

and they were questioning about our standards. Later during the construction process, as well as after the construction, we have effective communications with the supervisor and the owner, persuaded them and demonstrated the achievements. First, we win the owner's trust and support for us. Then after our entire project is completed and the Mombasa-Nairobi Railway is opened and operated, the foreign party is completely convinced that there is no problem with Chinese technology and standards. Chinese technology is reliable, and Chinese equipment is performant. Another example was when they were purchasing locomotives, they did not trust locomotives made in China and required us to use engines made by General Motors. In the end, we withstood the pressure and they all purchased our integrated equipment made in China."

In our preliminary analysis, we sorted and analyzed the collected data every week, looked for the relationships among various data, and looked for commonalities and differences. In the initial data sorting process, the outline of the research subject was gradually emerging and revealed. We noticed that in addition to the Uppsala model, there are other factors that influence the path of enterprises' internationalization.

Then, we began to conduct an in-depth analysis of all the collected information and gradually analyzed the conclusions and key points derived from the previous preliminary analysis. Then we made a series of formal coding for all data and adopted open coding. At the same time, we applied axial coding to explain more about the relationship and restrictions between subjects through conceptual coding. In particular, in the process of open coding, we always focused on our data to verify different types of expressions, problems, and behaviors that develop a series of concepts in a given interaction.

We have further strengthened our understanding of each interaction mode and the impact within all the interactions. In particular, the comparison with the observed data - the comparison with each other - can help us further understand the phenomenon than the small-scale analysis and coding. During this period of analysis, we constantly reviewed our interviews, key research data, and the second-hand data to draw our conclusions. We continued to link theories and phenomena and finally integrated the entire analysis process.

4.5.1 Data coding process

We carried out in-depth research on the problems found and acquired a large amount of text data using scientific methods. However, it was difficult to directly analyze these second-hand data. Therefore, we deleted some of the data and classified these text data. For example, the first-hand data of the Cote D'Ivoire Office of CRBC was marked KT11-KT19. And the second-hand data was marked as KT21-KT29. The first-hand data of the Cambodia Office of CRBC

was marked as J11-J19, and the second-hand data as J21-J29. The first-hand data of the Serbia Office of CRBC was marked as S11-S19, and the second-hand data as S21-S29. After that, we invited groups of members of the same research to encode the data. Each group had 2 members processing data independently. Before encoding, we compiled a set of preliminary data processing methods. These methods were continuously modified and improved during the analysis process. This would help us obtain high-quality coding results. Table 4.6 is an example of some basic principles of encoding processing.

Table 4.6 Encoding list

Encoding Type	Encoding Mark	Encoding Symbol
General Encoding	CRBC Cote D'Ivoire Office	First-hand Data: KT11-KT19, Second-hand Data : KT21-KT29
	CRBC Kenya Office	First-hand Data: KN11-KN19, Second-hand Data: KN21-KN29
	CRBC Cambodia Office	First-hand Data: J11-J19, Second-hand Data: J21-J29
	CRBC Pakistan Office	First-hand Data: BJ11-BJ19, Second-hand Data: BJ21-BJ29
	CRBC Serbia Office	First-hand Data: S11-S19, Second-hand Data: S21-S29
	CRBC Belarus Office	First-hand Data: BE11-BE19, Second-hand Data: BE21-BE29
	Interview	I
	Other Second-hand Data	OSD
Network Relationship	Time	T
	Self-centered	ZXD
	Connection Strength	LJQD
	Trust Relation	XR
Resource Dependence	Resource Demand	ZYXQ
	Entry Method	FS

4.5.2 Vertical events recording process

He and Du (2015) note that the textual record of “events” in the development process of enterprises is not only the “representation” of important nodes in their development process, but also the trend that influences the innovation and development of enterprises. Therefore, these event data and their records are regarded as the "ongoing" interpretation of the target observation during the research process. In this case, theoretic sampling and constant comparison were conducted throughout the collection, organization, classification identification and stage division of the event data.

The rules of event coding are defined according to the acquired event data: 1) event code (8 digits describing the year, month, and day of the event); 2) classification identification

(determining event categories); 3) participants (major participants of the event); 4) Event description (a brief description of the event process).

After several stages of collection, sorting and improvement, a unified database was established and encoded. Through grounded analysis of qualitative research (Strauss & Corbin, 1998), and referring to the process of defining and encoding events proposed by Poole et al. (2000), the following work has also been done during the research: (1) the extracted events were evaluated to ensure that important events are not missed; (2) the copying and editing process was repeated multiple times to make the event description complete; (3) repeated interviews and multi-source data were validated, and event coding was checked times to maintain consistency. The event data will be checked repeatedly before it is encoded and entered into the database, and the textual difference in the event description is controlled to within five percent.

4.6 Reliability and validity

In order to ensure the reliability and validity of this research, several discussions on the research methods have been conducted for five months to ensure the mastery of the qualitative research and case analysis applied in this thesis. Then, data were collected for a year and a half. From the sources of data collection, this research has extensively collected information on CRBC, including news reports, enterprise annual reports, major strategies, meeting records and other materials. We also acquired the first-hand information from senior executives of CRBC's at overseas agencies in Kenya, Serbia, Pakistan, Belarus, Cote D'Ivoire, Cambodia and other countries. In addition, we collected other second-hand information on the "Belt and Road" initiative and corporate internationalization.

A temporary team was then formed to discuss all unclear areas or inconsistent understandings to reach a final consensus, so as to ensure the reliability and validity of all the data in the process of collation and analysis. The members of the team included me, Kou Liangliang, Chen Qiqi and Xie Yu. For example, in the network embeddedness analysis, the self-centeredness, structural autonomy, and direct connectivity of the case study were discussed and confirmed in the group for each important code. We adopted a dual-layer mechanism to ensure the accuracy of the encoding results: first, through in-group discussions the encoding was discussed, inconsistencies were repeatedly worked on, and an agreement was reached. In the intra-group discussion, members completed their encoding independently and then checked the encoding results with each other. If there were inconsistencies, they would discuss and

analyze with each other to ensure the correctness and heterogeneity of the encoding, and finally form the encoding results.

The data and materials mentioned in this section include first-hand data like interviews and key researches and second-hand data. On the basis of the encoding processes and methods, starting from the liability of latecomer in the internationalization of Chinese multinational enterprises, and applying social network theory, resource dependence theory, internationalization theory and other research perspectives, this thesis reveals how Chinese multinational enterprises overcome the liability of latecomers and the liability of emergingness under the influence of the "Belt and Road" initiative. Each chapter shows how to use data and encoding methods to conclude research results.

4.7 Summary

This chapter elaborates on research ideas, methods, data collection and data processing, and provides a basis for chapters to follow.

Chapter 5: Research on Influencing Factors of the Internationalization of CMNEs

The growing turbulence of the global market environment characterized by volatility, uncertainty, complexity and ambiguity has greatly increased the difficulty of international enterprises' prediction and control of environmental changes (Carneiro, Bamiatzi, & Cavusgil, 2018). In the international market, enterprises are required to adopt more flexible and dynamic operation methods, and constantly restructure and update their own resources, capabilities, and networks to improve market adaptability (Day, 2014) which depends on their overseas subsidiaries' acquisition and integrated utilization of heterogeneous resources (Vorhies, Orr, & Bush, 2011).

Due to the lack and restriction of internationalization capabilities and resources, the operation and management of overseas subsidiaries of Chinese multinational enterprises (CMNEs) are facing severe challenges such as the lack of internationalization knowledge which makes it difficult for subsidiaries to rapidly approach and occupy the core position of the network from its edge. It can be seen that the traditional logic that structures determine behaviors cannot effectively explain the growth of overseas subsidiaries and existing research mainly explores the relationship between network embeddedness and the growth of CMNEs (Pu & Bi, 2017), ignoring the influencing factors and the internal mechanisms that drive the changes of the status of network embeddedness. Previous research also lacks in-depth exploration of what kind of network embeddedness structure can maximize the growth of China's overseas subsidiaries to better achieve the internationalization of CMNEs. In the process of adapting to host countries' markets, when subsidiaries face pressure from these countries' institutional environments, it has not been thoroughly answered which factors may drive them to smoothly integrate into host countries' market network. This chapter aims at addressing this issue.

5.1 Motivations of the internationalization of CMNEs

Kojima (2010) summarized and classified the motivations of enterprise internationalization into three categories: market-seeking, natural resource-seeking, and production factor-seeking.

Dunning (1996) also classified these motivations into: market-seeking, resource-seeking, strategic asset-seeking and efficiency-seeking. Later on Dunning (1998) this author wrote that the motivation of strategic asset-seeking is achieved through acquisitions. Resource-seeking is to find resources that enterprises fall short of, such as specific assets like brands and research and development capabilities. Traditional multinational enterprises often have high-quality strategic assets, which can also be obtained through acquisition. CMNEs do not have the advantage of ownership and need to obtain strategic resources such as research and development and design capabilities, technology and knowledge brands through internationalization to make up for their resource disadvantages. Child and Rodrigues (2005) believed that mainstream multinational enterprises are willing to sell and share their strategic assets including technologies, knowledge and brands. However, the 2008 global financial crisis brought financial difficulties and required reorganization strategies enabling emerging multinational enterprises to achieve their goals through acquisitions of strategic assets.

In turn, Deng (2004) studied the motivations of Chinese enterprises to invest abroad and classified them into: technology-seeking, resource-seeking, diversified operation, market-seeking, and strategic asset-seeking. Multinational enterprises from emerging markets (EMNEs) aim to seek resources such as technology, product differentiation, natural resources, economies of scale, and management skills. Most scholars' research on the motivations of EMNEs' internationalization is from the perspective of resource-based theory (Athreye & Kapur, 2009; Cui & Jiang, 2009), and most existing studies have emphasized the motivation of resource seeking. Meyer, Mudambi, and Narula (2011) also studied the motivations of the internationalization of enterprises and found that it will be affected by the demand of tangible and intangible assets as well as by the degree of dependence on local resources. Buckley et al. (2007) revealed that the influencing factors of the internationalization of CMNEs include policy liberalization and resource endowment in the host countries.

In the literature on the motivations of CMNEs' internationalization, Lu and Li (2003) investigated enterprise overseas operations from multiple perspectives, including reducing costs, diversifying business risks, acquiring overseas resources, addressing insufficient domestic demand, expanding overseas markets, acquiring advanced technologies, obtaining information on overseas markets and higher profits, accumulating experience in multinational operations, dealing with pressure from domestic market competition, and training international management talents. There are also discussions from the perspective of enterprise development, such as to promote enterprise development, maximize profits, improve core competitiveness of enterprises, and minimize costs.

Wang (2006) took the transnational operation of TCL, a Chinese electronic multinational, as an example to study the international operation of small and medium-sized enterprises (SMEs). SMEs have the inherent institutional advantages of cross-border mergers and acquisitions, export product advantages which give them advantages in international contractual cooperation. Through the study of TCL cross-border mergers and acquisitions, Wang analyzed the international competitive advantages and strategic choices of SMEs. Song (2007) argued that transferring excess production capacity, occupying the international market, bypassing trade barriers, collecting international market information, and realizing an optimized transnational combination of value chains are the motivations for CMNEs to operate overseas. His argument was proposed based on Dunning (1998)'s summary of the motivations for investing in developing countries.

Liu (2008) believes that the evident motivations for the internationalization of CMNEs include seeking markets, using exclusive advantages, seeking creative assets, overcoming trade barriers, seeking natural resources, executing expansion strategies, and seeking survival and development overseas. Foreign direct investment is also inseparable from the background of international economic integration. Shi et al. (2019) state that in terms of the development stage of internationalization, the internationalization of most CMNEs is still at their early stage. Chinese multinational enterprises that suffer from disadvantages are facing severe resource constraints; therefore, how to seek overseas markets and opportunities in the process of internationalization is very important for CMNEs. For the research on the internationalization of Chinese enterprises, Chinese scholars have mainly analyzed the factors affecting the internationalization from the perspective of resource seeking, but there are few studies that analyzed this motivation from the perspective of social networks. Johanson and Vahlne (2009) argued that knowledge and experience are important driving factors for an enterprise's international network. Knowledge and experience can not only help international enterprises deepen their relationship with existing enterprises, but also help them discover and utilize internal opportunities in external networks. Therefore, we adopt the perspective of social network to analyze the important factors affecting the internationalization of CMNEs.

5.2 Case description

In 1979, China began to reform and open up and introduced the policy of "allowing enterprises to go abroad", which started the internationalization of Chinese multinational enterprises (CMNEs). China Road and Bridge Corporation (CRBC) was established that year as one of the

four large state-owned enterprises that entered the international engineering contracting market for the first time in China and was born with the genes of Chinese multinational enterprises (CMNEs). It can also be said that CRBC is a representative epitome over the four decades' internationalization of Chinese enterprises and has entered several markets such as Côte d'Ivoire which is a traditional African market that CRBC has entered in the 1980s or Serbia, a new European market that CRBC entered in 2010. Considering that these two markets are representative of the internationalization of CMNEs, we will compare and analyze the entrance process of CRBC in these two markets, so as to further develop a richer understanding of the mechanisms and characteristics of the interaction between relational networks and resource dependence.

5.2.1 Internationalization of CRBC in Côte d'Ivoire

5.2.1.1 Stage one: small spot foreign exchange projects (1986 to 2000)

CRBC Côte d'Ivoire Office was established in July 1986. The aim of the Office was to carry out China's aid mission to the country and to develop the local spot foreign exchange market. At that time, limited by China's development level, the CRBC Côte d'Ivoire Office was undertaking small projects with a scale of several million dollars. Côte d'Ivoire was the world's largest cocoa producer with a sound industry and a prosperous market. Even the headquarters of the African Development Bank was once located in Côte d'Ivoire. *"In the 1990s, Chinese Premier Li Peng visited Côte d'Ivoire and said enviously that it would be great if Beijing could develop like Abidjan,"* said Mr. Lu, the manager of the Administration Department of the CRBC Côte d'Ivoire Office, 2016-2020, (see Table 4.3).

The first project of CRBC in Côte d'Ivoire was an 80-kilometer asphalt road project. The project itself was at a loss. Therefore, CRBC had planned to withdraw its headquarters from Côte d'Ivoire at that time but, with the persuasion from the local management team, the headquarters was allowed to continue operating at its own profit and loss. During this period, the CRBC Côte d'Ivoire Office mainly focused on small and medium-sized projects, avoided the fiercely competitive large projects and even engaged in the labor subcontracting business of European construction enterprises. *"At the beginning of the business, due to the limitations of our domestic technologies, including the management skills, we couldn't keep up with our peers. Most of our projects were engineering contracting, and even some labor contracting for European enterprises. These enterprises dominated the projects and we contributed by offering some labor subcontracting. At that time, because China's national strength was indeed not*

evident, nor was the strength of Chinese enterprises." Mr. Zhao, assistant general manager of the Côte d'Ivoire Office, 2019-2020, (see Table 4.3), analyzed. Through continuous accumulation of experience in small and medium-sized projects, the CRBC Côte d'Ivoire Office has gradually gained the trust of the Ivorian owners with its highly competitive prices and excellent construction quality. At this stage, CRBC Côte d'Ivoire Office has successfully completed road projects with a certain scale, including the Abengourou Road Project, the San Pedro-Tabou Coastal Road Project and the Grand Lahou Municipal Road Project.

Under this business strategy that focused on small and medium-sized projects with guaranteed profits, from the late 1980s to 2000, the Côte d'Ivoire Office was able to contribute profits of more than US\$1 million every year. It was among the best offices in overseas markets. *"At that time, Mr. Xu, the General Manager of the Côte d'Ivoire Office, was among the top executives of the corporation. You know, CRBC has several long-standing offices, including Rwanda, Côte d'Ivoire, Madagascar, Yemen, Kenya and many other offices. At that time, the annual profit of one million US dollars was actually very much. That's why he could make himself among the top executives. When the General Manager of the Côte d'Ivoire Office, Mr. Xu, returned to China, even the leaders of CRBC went to the airport to pick him up in person"*. General Manager Yu of the Côte d'Ivoire Office recalled, 2012-2015, (see Table 4.3). During this period, the CRBC Côte d'Ivoire Office began to take shape in the local area and its profits were stable while accumulating rich and mature construction experience and a trustworthy industry reputation in the local market. The excellent performance of the Côte d'Ivoire market had also attracted the attention of the headquarters of CRBC to the West African market, laying the groundwork for future expansion into the West African market such as Angola, Equatorial Guinea, Gabon, Togo and Senegal.

During this period, as China did not have rich experience and obvious advantages in construction technology and business management, the CRBC Côte d'Ivoire Office was not only engaged in the construction of small and medium-sized projects in the host country, but also actively participating in the business of labor subcontracting for advanced construction enterprises in Europe. To sum up, at the stage of small project contracting, the CRBC Côte d'Ivoire Office, through the continuous accumulation of experience in small and medium-sized projects, increased interaction with owners and partners, strengthened trust relationships, and improved knowledge levels gradually gained industry reputation and construction strength. This guaranteed profits and sustainable development in the market of Côte d'Ivoire. The reputation accumulated at this stage has become the key to the brand of CRBC that has been set up in the Côte d'Ivoire market for more than 30 years. *"I think our advantage is that we*

have been here for a long time. When talking about the local market, we have some projects with very good reputation." Mr. Zhao analyzed.

5.2.1.2 Stage two: Civil War (2000-2011)

In December 1999, Robert Guei, a former army general, was asked to become the chairman of the National Salvation Committee after the launching of a military coup. In October 2000, Laurent Gbagbo, the candidate of the Popular Front was elected president. In September 2002, Côte d'Ivoire witnessed a mutiny that triggered a civil war. The government and the rebels formed a north-south confrontation. In March 2007, President Gbagbo and the rebel leader Soro signed an agreement to end the civil war and declared a political transition period. Soro subsequently became prime minister of the transitional government. In October 2010, Côte d'Ivoire held presidential elections. In early December, the Independent Electoral Commission of Côte d'Ivoire announced that the candidate Ouattara was elected president, while the Constitutional Council announced that Gbagbo was re-elected. The two presidents were sworn in and formed their respective governments. In the post-election crisis of "one country, two masters", the confrontation between the two parties eventually escalated into a nationwide armed conflict. Gbagbo was arrested in April 2011 and the post-election crisis ended. During the war, the business scale of CRBC Côte d'Ivoire Office dropped significantly, and the development cycle and continuity of the project could not be guaranteed.

With the outbreak of the civil war, the government of Côte d'Ivoire owed a large number of payments to CRBC and the entire market environment deteriorated rapidly. *"After the outbreak of the civil war, it was not just that the projects we implemented were confiscated or banned from loaning. It was not such a stage. It was a stage of the country's economic stagnation, a stage with the division of the north government and the south government. Some big projects did not stop suddenly after the civil war, nor did the government fail to make payments, but with the country's economic development being stagnant, Côte d'Ivoire had no external bidding, and international funds could not come in, so the number of projects dropped sharply. However, we still managed to secure some small projects of some millions of dollars. As far as I know, there was no such occasion that the government failed to fulfill the contracts. Even when Côte d'Ivoire was in the civil war, and there were few funding sources, the government did not fail to fulfill the contracts and the projects we undertook were all completed normally."* Mr. Zhao recalled. During this period, CRBC successively undertook the Abidjan Municipal Road Project, Mama-Karahi Municipal Road Project, Koumassi Road Restoration

Project, And Aha-Benahouin Road Project, as well as several other road projects such as the foundation renovation project of the northern expressway toll station.

Due to the stagnation of Côte d'Ivoire's economy and the lack of international funding sources during the civil war, the infrastructure market shrank rapidly. However, the south government did not refuse to fulfill the contract due to the war, which created a relatively good level of credibility and market expectations. Therefore, the CRBC Côte d'Ivoire Office at this stage still managed to undertake some smaller projects and continued to operate in the local market. Since CRBC still fulfilled the contracts and completed the construction during the war in Côte d'Ivoire, the trust relationship between the CRBC Côte d'Ivoire Office and the government was further strengthened.

During the civil war, CRBC did not abandon the market of Côte d'Ivoire and still completed the projects it had undertaken in the local areas as scheduled. Such spirits of “sharing weal and woe” and “words must be faithful and deeds must be fruitful” created a high level of trust and friendship in Côte d'Ivoire towards CRBC that laid a solid foundation of trust for the rapid development after the war. In summary, during the stage of civil war, the CRBC Côte d'Ivoire Office maintained its market position with a relatively low investment, greatly improved its trust relationship with local owners and industry reputation, and won high recognition from the government.

5.2.1.3 Stage three: coordinated development stage of framework programs and spot exchange projects (2011-present)

After the Côte d'Ivoire election crisis ended in 2011, the new government actively carried out recovery and reconstruction measures, vigorously supported key sectors such as ports and oil, revitalized pillar industries such as coffee and cocoa, made infrastructure construction, improved the investment environment, and actively sought foreign aid and foreign investment. In terms of infrastructure construction, it not only made use of the advantages of Abidjan Port, the largest natural port in West Africa, playing its role as a core hub in maritime, land transportation and international trade, but also connected major cities to maximize the role of Abidjan Port's "economic umbilical cord" to offer nourishment to all cities in Côte d'Ivoire. At the same time, the country's needs for urban construction have become increasingly prominent to meet its own rapid economic development. In addition, in the context of friendship between China and Côte d'Ivoire and China's “Belt and Road” Initiative, these projects have provided a broad platform for cooperation and strong financial support through high-level dialogues.

Since 2011, the CRBC Côte d'Ivoire Office has entered a stage of rapid development. It successively signed the Agboville-Cicé Expressway Project, the Odienné-Beleban Expressway Project, the Bouaké Cross-city Road Municipal Project, National Expressway Restoration Project, the Tiébissou-Bouaké Expressway Project and the Cocody Cable-stayed Bridge Project, which are the two most representative.

At the end of 2014, the CRBC Côte d'Ivoire Office discovered an opportunity for the Tiébissou-Bouaké Expressway Project: a high-speed logistics route Côte d'Ivoire desperately needed to transfer cargo from the port of Abidjan to Burkina Faso in the north. CRBC took the initiative to communicate with the Ministry of Transport of Côte d'Ivoire to understand their needs and the national planning. After the communication, it quickly provided the preliminary plan of the project and signed an MOU (Memorandum of Understanding) through further negotiations with the government of Côte d'Ivoire. After this, CRBC discussed with the Chinese Embassy and the Chinese Economic Counselor's Office in Côte d'Ivoire based on the preliminary technical data of the project and tried to include the Tiébissou-Bouaké Expressway Project into the cooperation framework between China and Côte d'Ivoire to solve the issue of funding sources. In the international engineering market, different sources of funds directly determine the process of project implementation, the process of project advancing, and the final result. The Tiébissou-Bouaké Expressway Project made use of two excellent loans of Chinese policy banks. The development of this type of project firstly requires the guidance and endorsement of the Chinese Embassy and the Economic Counsellor's Office, and then needs to be incorporated into the intergovernmental framework programs or agreements between China and Côte d'Ivoire. On July 24, 2017, CRBC Côte d'Ivoire successfully signed the contract for the construction of the Tiébissou-Bouaké Expressway Project.

The Cocody Cable-stayed Bridge Project, invested by the Islamic Development Bank, is used to connect the Plateaux area and the Cocody Embassy area, the administrative center of the port city of Abidjan. After completion, it will not only greatly ease the regional traffic pressure, but it will also become one of the landmarks of the business center of the Cocody Bay area that the government of Côte d'Ivoire is committed to creating. In 2017, the funds of Cocody Cable-stayed Bridge Project were included in the national budget of Côte d'Ivoire after which the government launched a public tender. The CRBC Côte d'Ivoire Office first obtained the qualification to bid on behalf of China Communications Construction through the internal coordination, thus avoiding internal competition between internal brother units of the company, CHEC(China Harbour Engineering Company) and CFHEC (CCCC First Highway Engineering Company). In the technical qualification review stage organized by the owners, both China

Railway Group and China Railway Construction Corporation failed to be elected due to incomplete qualifications. Due to the high level of technology required for bridges, only three enterprises were eventually able to compete, namely Bouygues Group from France, China State Construction and CRBC. In the end, the CRBC Côte d'Ivoire Office won the bid of the Cocody Cable-stayed Bridge Project in early 2019 due to its excellent technical level and cost advantage.

The CRBC Côte d'Ivoire Office also carried out innovative expansions of business scope at this stage. It made strategic investments in commercial land, undertook investment projects such as PK26 logistics park and five city central passenger terminals, and actively participated in the Abidjan machinery market project and in tourism projects of handicraft villages in 10 cities including Grand-Bassam.

The landing of the Tiébissou-Bouaké Expressway Project has not only provided a solid foundation, valuable experience and universal praise for the CRBC Côte d'Ivoire Office to further expand the local infrastructure market, but also brought a perfect opportunity to operate the Tiébissou-Bouaké Expressway in the future. *"We need to establish a mechanism. Now the project evaluation standards are much higher than before. Unlike before when as long as there were projects, Chinese financial institutions could invest money. Now we need to examine the feasibility of this project, the country's credit endorsement, the operationalization of this project, and investment results. All these standards are much higher than before,"* said Mr. Lu, *"Because if your preliminary project is completed well, you will be given priority for subsequent projects. Because you have successful work experience and successful construction experience in the host country. This is a huge plus during bidding."*

The successful bidding of the Cocody Cable-stayed Bridge Project has changed the current situation of CRBC Côte d'Ivoire Office that once relied too much on government framework programs, strengthened its own capabilities to develop spot exchange projects and expanded the cooperation network of international financial institutions. On the other hand, bridge engineering has a high technical threshold, which can demonstrate the technical advantages of CRBC and strengthen its reputation and prestige in the special field of the Ivorian market. As Mr. Yu said: *"We once asked our colleagues what are the advantages of China Road and Bridge. Actually, we are talking about comparative advantages. What is our comparative advantage? It is not the business of road construction. Road construction can be undertaken by almost any enterprise. Our advantage is in the construction of bridges, especially the large-scale cross-border complex bridges. It is where our comparative advantage lies."* In addition to that, the CRBC Côte d'Ivoire Office has also used close cooperation with the owners over the years to accurately grasp the hidden needs of the owners, thus strengthening competitiveness of similar

projects and follow-up operations. Manager Yu recalled: “The selection of projects and the understanding of the psychology of Côte d’Ivoire are not something you can achieve in one year. For owners of bridge projects, they need to be assured that the investment is worthwhile. For example, we can set up toll stations to help them create revenue.”

At this stage, through years of intensive cultivation and experience accumulation in the Ivorian market, and backed by the scientific research and technology and the supply chain support of China Communications Construction, one of the world's top 500 enterprises, CRBC's construction capabilities and management levels in Côte d’Ivoire have been significantly improved. Meanwhile, CRBC has successfully transformed its business operation from simply waiting for government tenders to guiding and promoting the landing of projects on the basis of the deep trust established with the Ivorian government to meet its development needs and provide a series of solutions such as capital and technical construction. For example, the Tiébissou-Bouaké Expressway Project is such a landing project led by the CRBC Côte d’Ivoire Office.

In addition, the precise grasp of the financing needs of the Côte d’Ivoire government is also the result of experience and information network accumulated by CRBC in the local area for more than 30 years. "The way they choose projects is different from the way we do. That is to say, the projects you favor may not be able to meet the needs of customers. As for what is most needed by customers, in fact, only those who have been there for many years can understand their needs." Manager Yu recalls, to sum up, in the coordinated development stage of the framework programs and the spot exchange projects, the CRBC Côte d’Ivoire Office uses financing channels and promotes projects to be included into the cooperation framework agreement between the two countries as a breakthrough at this stage. It is also able to integrate network resources to enhance its own competitive advantage and accurately grasp owners’ needs, thereby gaining the favor and awareness of the owners, and further enhancing the brand effect of CRBC in the Ivorian market.

5.2.2 Internationalization of CRBC in Serbia

5.2.2.1 Stage one: entering the market (2010 to 2014)

Serbia experienced frequent wars in the 1990s, and its infrastructure was severely damaged and remained stagnant for a long time. In August 2009, Serbian President Boris Tadic visited China and both countries announced the establishment of a strategic partnership and reached an infrastructure cooperation agreement. At the beginning of 2010, CRBC won the bid for the

Zemun-Borca Bridge Project and established the CRBC Serbia Office in the same year. CRBC became the first Chinese infrastructure construction enterprise to enter the Serbian market.

The Zemun-Borca Bridge, with a total length of 21.26 kilometers, is a two-way six-lane urban expressway with a design speed of 80 kilometers per hour, including one extra-large bridge, 10 small and-medium-sized bridges, one interchange, 17 culverts and related supporting facilities. The project was first tracked by the Market Development Department of CRBC in 2009 and the information was obtained through the Serbian government and the Chinese Embassy in Serbia. At the same time, CRBC contacted the Export-Import Bank of China to finance the project. Since this Bank also intended to make the first European financing project, the two parties hit it off.

Mr. Liu, the Financial Manager of the CRBC Serbia Office, 2014-2020, (see Table 4.3), recalled: *"To put it simply, if we undertake this kind of EPC(Engineering Procurement Construction) project, the most important thing is to meet the needs of the owners. Of course, we need to transform our thinking from being a project manager to a businessman."* The main competitor of CRBC during the bid for the Zemun-Borca Bridge project was the famous Austrian construction enterprise Strabag. CRBC defeated it with its higher cost performance, shorter construction period and significant advantages in solving financing channels. Manager Liu analyzed: *"If the project is to be undertaken by Strabag, it will take a longer period than us. We industrious Chinese are good at conducting labor-intensive projects, and Strabag cannot do this kind of thing. They cannot work overtime, as they only work 8 hours a day. But if it is undertaken by our team, we can work overtime for a united goal."*

The Zemun-Borca Bridge Project started in July 2010 under the witness of Chinese high ranking leader Wu Bangguo and the Prime Minister of Serbia. The opening ceremony was completed in December 2014 under the witnessing of the prime ministers of China and Serbia. It became the first infrastructure project in Serbia to be completed within the budget and within the contract period.

The Zemun-Borca Bridge is the first bridge project undertaken by a Chinese enterprise in the European market and, in 2011 in Budapest, was called by then Chinese Premier Wen Jiabao as "the first business card for Chinese enterprises to enter the Central and Eastern European market". This project greatly enhanced the reputation of the brand of CRBC in Europe. The efficient completion of the Zemun-Borca Bridge and the witnessing of its foundation and opening to traffic by leaders of China and Serbia left an excellent impression of the CRBC Serbia Office in the hearts of the Serbian government, and laid a solid foundation and trust for future business. The Zemun-Borca Bridge Project also won the 2016-2017 Luban Award, the

highest award in China's construction industry, for its outstanding quality in line with European standards. It further enhanced the professional reputation of CRBC. The success of this project has provided CRBC with valuable experience and is a great model for exploring the European market. It has also cultivated and introduced a large number of business backbone talents adapted to the European market environment.

During this stage, CRBC defeated the famous European construction enterprise Strabag through highly competitive prices, construction schedules and financing solutions, and gained the opportunity to enter the Serbian market earlier than other Chinese enterprises. Relying on the significant influence of the Zemun-Borca Bridge and through dialogues of high-level leaders between China and Serbia, the CRBC Serbia Office deepened its role in the cooperation between the two countries and won a great reputation in terms of engineering efficiency and construction quality, and it also trained the team. In summary, at the stage of entering the market, the CRBC Serbia Office defeated strong international opponents through solutions that fully met the needs of the owners. With its own efficiency, quality and significant role in China-Serbia cooperation, it has become a major player in the Serbian market, gained a firm foothold and provided successful experience and business model for further expansion in the European market with this "Iconic Project".

5.2.2.2 Stage two: diversified business operations (2014 to present)

Although the Zemun-Borca Bridge Project scored a great success and made the CRBC brand famous in the Serbian market, the local infrastructure market was silent due to the limited budget of the Serbian government. Mr. Liu analyzed: *"At that time, we submitted a lot of bids of this kind, including spot exchange bids and double-excellence bids, but the per capita GDP of Serbia was only 6,000 U.S. dollars and the entire country has a population of just 7 million people. The budget was not high enough, so many projects were not implemented because of budget problems."* Therefore, the CRBC Serbia Office began to explore diversified business operations. "

The success of the Zemun-Borca Bridge Project strengthened the Serbian government's trust in CRBC, and created conditions for efficient communication regarding the Serbia-China Industrial Park Project. Prior to this, Chinese enterprises in Serbia had to acquire Serbian factories to first ensure the employment of local workers, and then further make investment in the construction of industrial parks, such as Hebei Iron and Steel Plant and Shandong Linglong Tire Industrial Park in Serbia. However, Serbia-China Industrial Park is a cooperation project between the local government and Chinese enterprises, being the government responsible for

providing the land. It is the first industry park in Serbia's history to be invested by Chinese enterprises and, in November 2015, during the 4th Summit of Central and Eastern European Countries & China, CRBC accompanied the Serbian government delegation to visit the Suzhou Industrial Park in Eastern China. The visitors believed that the successful model of this Park was exactly what Serbia's economic development needed. Therefore, a memorandum of understanding with CRBC for the Serbia-China Industrial Park Project was signed. Later on, after lengthy negotiations, at the Second "Belt and Road" International Cooperation Summit Forum in April 2019, CRBC and the Serbian government signed an investment agreement. The Serbia-China Industrial Park Project is located on the north bank of the Danube River in Belgrade, the capital of Serbia, with a total area of 3.2 square kilometers. It is divided into three sub-parks: a processing and manufacturing park, a business logistics park, and a high-tech park.

In addition to the Serbia-China Industrial Park Project, the CRBC Serbia Office also marched into the local railway construction market. As the Mombasa-Nairobi Railway constructed by CRBC in Kenya had attracted worldwide attention, the global railway construction market increasingly accepted CRBC, a latecomer in the field of railway construction. At the same time, China, Serbia and Hungary put forward the idea of jointly building the Hungary-Serbia Railway (Belgrade to Budapest), upgrading the original railway to a modern and fast one meeting EU standards.

The Chinese government hoped to leverage Chinese funds to promote Chinese technology, Chinese equipment, and Chinese high-speed rail brand to go global. Therefore, it recommended China Railway International Group (referred to as "China Railway International") reorganized by the Ministry of Railways to participate in the Hungary-Serbia Railway Project. However, due to the deep cultivation and trust of the CRBC in Serbia, the Serbian government expressed the hope that CRBC should participate in this project together. In November 2015, during the 4th Summit of Central and Eastern European Countries & China, witnessed by the Chinese Premier Li Keqiang, by the Serbian Prime Minister Vučić, and the Hungarian Prime Minister Orbán, the general contract for the modernization and reconstruction project of the Serbian Section of the Hungary-Serbia Railway was signed and financed by the Export-Import Bank of China. In the joint venture, CRBC holds 42% of the shares, and China Railway International holds 58%. Mr. Shen, Deputy General Manager of the General Manager Department of the Serbian Section of the Hungary-Serbia Railway, 2016-2020, (see Table 4.3), analyzed: *"This should be called a strong alliance established on the base of advantages of various parties. It is an excellent idea to use the experience in various aspects of domestic construction technology from China Railway International and CRBC's ability to operate business in the local market."*

The construction of the Serbian Section of the Hungary-Serbia Railway officially started in November 2017.

In the field of road construction where CRBC was originally good at, the Serbian market was also undergoing changes due to the cooperation between China and Serbia under the "Belt and Road" Initiative. In 2016, Chinese President Xi Jinping visited Serbia and both countries announced the establishment of a comprehensive strategic partnership. Under the witness of the two heads of state, CRBC was awarded the business contract of constructing E763 Expressway Surčin-Obrenovac Section (referred to as Section 4 of E763 Project). The project was financed by the Export-Import Bank of China. Serbia's E763 Expressway is the Serbian Section of the Pan-European Corridor 11, with a total length of about 258 kilometers. The distance between Surčin and Obrenovac is 17.582 kilometers. Mr. Liu recalled: *"Section 4 of Project E763 was supposed to be completed on January 5, 2020. However, after considering the progress of our project, including the intention of the local government to improve their credibility, as well as the wish of the Chinese Embassy to improve the image of Chinese enterprises in Europe, the final time was set on December 19, 2019. The opening ceremony was planned. This is the first project to be completed ahead of schedule in Serbia."* The early completion and excellent quality have provided the CRBC Serbia Office with an advantage in tracking follow-up projects. In August 2019, witnessed by Serbian President Vučić, CRBC was awarded the business contract of constructing E763 Expressway New Belgrade-Surčin Section (referred to as PP Section of E763 Project).

In terms of opening up the surrounding markets, the CRBC Serbia Office successfully won the bids for the North-South Expressway Project in Montenegro and the Peljesac Bridge Project in Croatia. This was the result of the excellent reputation of having completed the Zemun-Borca Bridge and the similar economic and trade environment and cultural background of the former Yugoslavia countries (Serbia, Montenegro and Croatia).

In December 2014, CRBC signed the North-South Expressway Project in Montenegro with a contract value of up to 809 million euros. It was the largest project with the largest contract value among the special funds for cooperation between China and Central and Eastern European countries at that time. Then, the CRBC Montenegro Office was established. In January 2018, the CRBC Serbia Office once again successfully signed the Peljesac Bridge Project in Croatia in the form of a joint venture. This was the first time that CRBC had entered the European market, and it was also the first time a Chinese enterprise had won a bid for an EU-funded project. In the same year, the CRBC Croatia Office was established. Mr. Liu said with emotion: *"Behind the Peljesac Bridge, 85% of the funds were provided by the European*

Union, and 15% were provided by the Croatian government. Therefore, it was a real victory for a Chinese enterprise to enter the European market. The project used the financing plan of EU funds instead of the traditional channels like funds from China. Before that project, we used the funds of the Export-Import Bank of China and the China Development Bank. It was like we were using funds from China to complete projects. But for this project, we were using funds from the EU. That's completely different in nature."

The Serbia-China Industrial Park Project expanded the business scope of CRBC in Serbia, transforming the CRBC Serbia Office from a traditional engineering contractor to an investor and operator. The Serbian Section of the Hungary-Serbia Railway not only further diversified the business of the CRBC Serbia Office, but also added a joint venture to its business model which improved the competitiveness of CRBC in key projects. In addition, CRBC continued to use the joint venture model to successfully win the Peljesac Bridge Project with the EU funding, and entered the EU market. The North-South Expressway Project in Montenegro and the Peljesac Bridge Project in Croatia had consolidated the Central and Eastern European market of CRBC, laying a solid foundation for the company to further penetrate the European market.

At this stage, through dialogues of high-level leaders between China and Serbia advocated by the "Belt and Road" Initiative, the CRBC Serbia Office not only maintained its traditional advantages of road construction, but also successfully expanded to industrial park and the railway business through diversified and innovative business models and the Serbian government's trust in CRBC. Taking the Serbian market as a springboard, the CRBC Serbia Office had quickly responded and accurately grasped market trends in Central and Eastern Europe, leveraging key projects in neighboring countries. To sum up, at the stage of diversified business operations, the CRBC Serbia Office had been actively transforming itself into an investor and operator, making use of the joint venture model to enhance its competitiveness to enter key markets, and leveraging the springboard advantage of the Serbian market to develop the base camp for the Central and Eastern European market.

In this regard, Mr. Liu once analyzed and said: *"As far as the entire European market is concerned, the tendering and bidding process is really fast-changing. It is possible that one of the colleagues had lunch in the canteen in Serbia, but you might not see him at night. He may fly to Croatia, or Poland for business, to bid. It is possible that the government may send you a letter on the second day to inform you that you are selected as a candidate and are going to have an interview. So, you need to fly there right way. But if you're in China, it's impossible to seize this opportunity. After all, it's so far from the Europe. So, it means that if we have a base camp here, a springboard here, we can rush forward better. So, it is precisely because we have*

a solid foundation in the base camp here that we have the energy to develop the surrounding markets."

5.3 Case analysis

Based on the analysis of business in different development stages of the CRBC Côte d'Ivoire Office and the CRBC Serbia Office, we can further compare the characteristics and mechanisms of enterprise embeddedness in the international market network society during internationalization through longitudinal case analysis. Next, we will show the changes in the characteristics of embeddedness of the CRBC Côte d'Ivoire Office and the CRBC Serbia Office, and their differences in international operations.

5.3.1 Characteristics of the CRBC Côte d'Ivoire office in different stages

First of all, with the steady business development of the CRBC Côte d'Ivoire Office, the structural embeddedness has made the network location advantage of the CRBC Côte d'Ivoire Office in the host country more obvious. In terms of centrality, at the stage of contracting small spot foreign exchange projects, the CRBC Côte d'Ivoire Office was fighting for construction projects on the front line. There were not many local affiliated entities. The main partners were concentrated in the Ivorian government who was also the owner, European construction enterprises, and Chinese construction enterprises. Compared with the local European construction enterprises which were general contractors in the same period, CRBC was in a secondary position in the cooperation network of Côte d'Ivoire. At the stage of the civil war, other construction enterprises chose to withdraw from the Côte d'Ivoire market, but the CRBC Côte d'Ivoire Office upheld the principle of "credibility first" and completed construction projects as scheduled in an unstable market environment. This greatly improved the position of the CRBC Côte d'Ivoire Office in the host country's cooperation network.

After entering the coordinated development stage of framework programs and spot exchange projects, the CRBC Côte d'Ivoire Office was in the position of the link between China and Côte d'Ivoire. It was not only included in the framework programs, but also in the leading core position in the non-Chinese funded spot exchange projects. In terms of structural autonomy, when the CRBC Côte d'Ivoire Office first entered the local market, it proactively acquired the project information on Côte d'Ivoire market and contacted Ivorian's owners and construction enterprises, the Chinese Embassy, the Economic and Commercial Office of the Embassy and other network entities to form a preliminary cooperation network with structural autonomy. At

the second stage, the CRBC Côte d'Ivoire Office took the initiative to stay with the Ivorian market at the stage of civil war, but it was not exploring new business, so the structural autonomy of this stage declined slightly. At the third stage, the CRBC Côte d'Ivoire Office actively connected with multiple business types and network entities, which improved its structural autonomy greatly. In terms of direct connections, when the CRBC Côte d'Ivoire Office first entered the host country, it actively participated in the bidding and project subcontracting of spot foreign exchange projects, and actively contacted potential partners to establish direct connections. During the stage of civil war, the CRBC Côte d'Ivoire Office had become one of the few construction enterprises that owners could choose. The direct connection (with the owners) had been greatly increased. After entering the coordinated development stage of the framework programs and the spot exchange projects, due to the increasing cooperation between China and Côte d'Ivoire, as well as the implementation of the "Belt and Road" Initiative, the CRBC Côte d'Ivoire Office has entered a period of rapid development. It has played a leading and connecting role in a number of China-Côte d'Ivoire cooperation framework programs. The centralization of the network location also promotes the CRBC Côte d'Ivoire Office to establish communication channels with other external entities on the network, which further enhances its direct connections.

Secondly, over 34 years of operating in the Ivorian market, the CRBC Côte d'Ivoire Office has established a strong dual relationship with the main entities of the host country's market network. In terms of trust, when the CRBC Côte d'Ivoire Office first entered the local market, it mainly contracted small and medium-sized spot foreign exchange projects and subcontracting business with less competition. The trust foundation between the two parties was not strong. When the civil war broke out, the CRBC Côte d'Ivoire Office adhered to the spirit of credibility and showed sincere friendship with the owners in weary and hard times, and the trust relationship with them greatly improved.

At the stage of coordinated development of the framework programs and the spot exchange projects, the CRBC Côte d'Ivoire Office participated in the formulation and implementation of the cooperation framework between China and Côte d'Ivoire. During this process, it won the endorsement of national credibility and the affirmation of the two heads of state, and reached a very high level of trust with the owners. In terms of fine-grained information transfer, when the CRBC Côte d'Ivoire Office first entered the local market, its business was mainly concentrated on small and medium-sized spot foreign exchange projects and subcontracting projects. The fine-grained information acquired mainly focused on the shallow knowledge of project construction and project management. After entering the second stage, due to the complex

safety situation in the Ivorian market, the CRBC Côte d'Ivoire Office actively expanded the information communication with the Ivorian government based on the original construction knowledge, enhanced information acquisition channels, and provided reliable shield for safe construction.

After entering the third stage, due to the substantial increase in business level and business scale as well as the growing connections between high-level leaders of China and Côte d'Ivoire, the CRBC Côte d'Ivoire Office has expanded its understanding of the fine-grained information to cover knowledge of completing difficult bridge projects, expressway projects, and high-level government liaisons. In terms of joint problem-solving arrangements, the CRBC Côte d'Ivoire Office only participated in the construction of small and medium-sized projects at the beginning. And the degree of joint problem-solving was relatively low. During the stage of the civil war, the Office cooperated with the government of Côte d'Ivoire to overcome difficulties together and ensure the safety and smooth progress of the construction projects. At the stage of coordinated development of the framework programs and the spot exchange projects, this kind of joint cooperation had been further improved, and it occupied a core position in the cooperation between the two governments of China and Côte d'Ivoire. CRBC has become not only a satisfier of needs, but also a discoverer and promoter of potential needs. The Tiébissou-Bouaké Expressway Project is the best embodiment of this kind of cooperation.

Thirdly, as the cooperation between China and Côte d'Ivoire deepened, and an increasing number of projects promoted by the "Belt and Road" Initiative landed in Côte d'Ivoire, the CRBC Côte d'Ivoire Office changed its business model. In terms of the business scope, at the first and second stages, the CRBC Côte d'Ivoire Office was only involved in road projects with lower technical requirements. At the third stage, CRBC has expanded its business to expressway projects and bridge projects to meet the cooperation needs of China and Côte d'Ivoire and the development needs of Côte d'Ivoire. In terms of the degree and types of business diversification, CRBC presented a single business model at the first and second stages, and there was only a single product. By the third stage, the Office had expanded from the original single product to expressway projects and a small number of bridge projects with higher technical requirements. As a whole, this shows the characteristics of diversification of leading products although the degree of diversification is relatively low.

Fourthly, at the stage of undertaking small spot foreign exchange projects, the CRBC Côte d'Ivoire Office used its international experience in other markets with the strategic intention of entering the market to accumulate reputation and enhance competitiveness through small and medium-sized projects. At the stage of the civil war, based on its experience in the local market

with the strategic intention of searching for advantages, the CRBC Côte d'Ivoire Office greatly strengthened its position in the host country market and the trust relationship with the Ivorian government with less resource investment. At the coordinated development stage of the framework programs and the spot exchange projects, based on its combined experience from other countries and the host country, with the strategic intention of searching opportunities, the CRBC Côte d'Ivoire Office has promoted its brand and reputation with a number of star projects via multiple measures.

5.3.2 Characteristics of the CRBC Serbia office in different stages

First of all, with the leap-forward development of the CRBC Serbia Office, the structural embeddedness has made its network location advantage in the host country more prominent. In terms of centrality, when the CRBC Serbia Office first entered the local market, it directly undertook engineering projects. As the first Chinese infrastructure enterprise to enter the Serbian market at that time, the Office itself did not have many local network entities with association. The main partners were the owner, the Export-Import Bank of China and subcontracting construction enterprises. At that time, the CRBC Serbia Office was in the sub-center position of the cooperation network. After entering the diversified business operation stage, the CRBC Serbia Office began to coordinate the needs of all parties. Not only did it become a link for cooperation between China and Serbia, as a Chinese enterprise trusted by the Serbian government, it also worked with China Railway International(China Railway International Co.,Ltd.) to enter the Central and Eastern European market as a joint venture partner. China Railway International is the subsidiary responsible for the external promotion of China's high-speed railway of China National Railway Group Limited. It also introduced the successful model of Suzhou Industrial Park to Serbia, and promoted the landing of the Serbia-China Industrial Park. It has become a dominant player and the core of the cooperation network.

In terms of structural autonomy, the CRBC Serbia Office proactively acquired as much business information as possible in the Serbian market, and contacted local owners, the Chinese Embassy, China Economic and Commercial Office and other network entities to form a smooth communication channel. It showed a certain degree of structural autonomy. After entering the second stage, driven by the policy of the "Belt and Road" Initiative, the CRBC Serbia Office has been more proactive in expanding its business scope. Its communication channels with external networks have become larger and its business types and market scopes have developed by leaps and bounds, which significantly increased its structural autonomy. In terms of direct connections, the CRBC Serbia Office actively participated in international project bidding at

the first stage, and actively contacted with potential customers, showing high direct connections. At the second stage, thanks to the driving force of the “Belt and Road” Initiative, the CRBC Serbia Office has won strong trust and recommendation of the Serbian government, and participated in the landing and implementation of many local projects, further strengthening its direct connections.

Secondly, over the ten years of operation in the Serbian market, the CRBC Serbia Office has established a solid dual relationship with the host country's network entities. In terms of trust, it undertook the bridge construction business at the first stage and strictly fulfilled the contract. It contracted the first infrastructure project in the local market that had been completed within the construction period with guaranteed quality and quantity thus gaining the trust of the Serbian government (the owner). At the second stage, as the “Belt and Road” Initiative spreads throughout the Central and Eastern European markets, the CRBC Serbia Office has promoted the implementation of a number of cooperation framework programs based on the advantage of brands including the “China Road”, “China Bridge” and “China Railway”. The trust on the CRBC Serbia Office continues to increase significantly, and it is even trusted in the entire Middle East market.

In terms of fine-grained information transfer, the CRBC Serbia Office was mainly involved in bridge projects at the early stage of entering the local market. At this time, the fine-grained information acquired mostly focused on the shallow knowledge of project construction and project management. After entering the second stage, due to the need to participate in railway projects, newly expanded industrial park projects, and bridge and tunnel projects in surrounding markets in the form of joint ventures, the acquisition of fine-grained information has been greatly strengthened. In terms of joint problem-solving arrangements, the CRBC Serbia Office actively communicated with the Serbian government at the first stage to address project financing issues. At the second stage, the CRBC Serbia Office and the Serbian government are actively communicating and jointly solving the business difficulties that each other cares about and values, whether it is the Serbia-Hungary Railway Project or the Serbia-China Industrial Park Project.

Thirdly, as the cooperation between China and Serbia deepened and an increasing number of projects promoted by the “Belt and Road” Initiative landed in Serbia, the CRBC Serbia Office also changed its business model. In terms of the business scope, at the first stage, the CRBC Serbia Office only involved in bridge projects, but at the second stage, its business has been expanded to railways, industrial parks, bridges, tunnels, and expressways in surrounding markets to meet the development needs of Serbia and the cooperation needs between China and

Central and East European countries. In terms of the degree and types of diversification, at the first stage, the CRBC Serbia Office had a single business model, and there was only a single product. After entering the second stage, the CRBC Serbia Office has expanded from the original single bridge projects to projects of railways, industrial parks, expressways and tunnels, and introduced the joint venture model to enter the surrounding markets. As a whole, it has shown unrelated diversification with a high degree of diversification.

Fourthly, based on its international experience in other markets with the strategic intention of entering the market, the CRBC Serbia Office defeated the internationally renowned contractor Strabag with highly competitive prices, construction schedules and financing solutions and became the first Chinese-funded enterprise to enter the Serbian market. At the stage of diversified business operations, based on its business network experience of the host country market with the strategic intention of searching opportunities, the CRBC Serbia Office adopted diverse and innovative business models to win the base of trust from the Serbian government. It not only maintained its traditional advantages in expressway projects, but also successfully expanded into the business of industrial parks and railways. Taking the Serbian market as a springboard, it responds quickly and accurately grasps the market trends in Central and Eastern Europe, leveraging key projects in neighboring countries.

5.3.3 Comparison of the CRBC Côte d'Ivoire office and the CRBC Serbia office at the current stage

Through the case analysis, it can be found that the changes of the social embeddedness characteristics in the above two market networks have an impact on the degree of international operation of the CRBC Côte d'Ivoire Office and the CRBC Serbia Office at the basic level. These two Offices have also formed different internationalization results, which affected their operation and development in the host countries, as shown in Table 5.1.

Table 5.1 Comparison between Cote d'Ivoire office and Serbia office

Country	Côte d'Ivoire	Serbia
Ongoing Projects	Agboville-Ciche Road Project, Odienné-Beleban Road Project, Tiébissou-Bouaké Expressway Project, Cocody Cable-stayed Bridge Project, Bouaké Cross-city Road Municipal Project, National Highway Restoration Project	Serbia-China Industrial Park Project Serbian Section of the Hungary- Serbia Railway Project E763 Expressway Project North-South Expressway Project in Montenegro Peljesac Bridge Project in Croatia

Financing Sources	The Export-Import Bank of China, Islamic Development Bank	The Export-Import Bank of China, European Union Funds
Infrastructure Franchising Involved	No	Yes
Investment Involved	No	Yes
Engineering Types Involved	Roads, expressways, bridges, municipal projects	Industrial parks, railways, expressways, tunnels, bridges
Network Resources	Entire Industry Chain Support from China Communications Construction Company Financing Channels from China High-level Dialogues of Cooperation between the Two Countries Deep Trust from the Host Country Outstanding Reputation in the Host Country Rich Market Experience and Knowledge in the Host Country	Entire Industry Chain Support from China Communications Construction Company Financing Channels from China High-level Dialogues of Cooperation between the Two Countries Deep Trust from the Host Country Sincere Friendship with Leaders of the Host Country Outstanding Reputation in the Host Country High-quality Localization Talents Strong Joint Venture Partnership

As shown in table 5.1, in terms of projects at the current stage, the CRBC Côte d'Ivoire Office has more ongoing projects than the Serbia Office, but the latter has more types of projects. The Côte d'Ivoire Office still focuses on traditional business including roads and bridges while the Serbia Office has expanded its activity to industrial parks, railways, tunnels and expressways. In terms of project funding sources, both offices have maintained the advantage of traditional Chinese funding channels such as the partnership with the Export-Import Bank of China, and expanded international funding channels with extensive influence in the local market. The CRBC Côte d'Ivoire Office has developed a partnership with the Islamic Development Bank, while the Serbia Office has established cooperation with EU funds.

In terms of infrastructure franchising, the Côte d'Ivoire Office has not yet been involved, while the Serbia Office is already undertaking franchising through the Serbia-China Industrial Park Project and the Hungary-Serbia Railway Project. The Serbia Office has begun to try to transform itself from a construction enterprise to an operator. In the investment field, the Côte d'Ivoire Office has not made any investment yet, while the Serbia Office has made an attempt to transform itself into an investor through the Serbia-China Industrial Park Project. In terms of network resources, although both offices have a series of common advantages such as the sound industrial chain support from China Communications Construction Company, China's financing channels, high-level cooperation between the two countries, the deep trust of the host country government, and the outstanding reputation in the host country, the Serbia Office has given full play to the advantages of the host country's high-quality localization talents through

diversified operations and gained the sincere friendship from its leaders with its outstanding achievements in many fields.

5.4 Conclusion and discussion

As shown in table 5.2, through the analysis of the internationalization process of the CRBC Côte d'Ivoire Office and the CRBC Serbia Office, this thesis explains the network embeddedness process of CMNEs after entering the host country market, and analyzes the interactive patterns and characteristics of structural embeddedness and relational embeddedness at each stage. We have made a further theoretical abstraction of the influencing factors in the process of internationalization, which can be summarized into the following six influencing factors.

Table 5.2 the network embeddedness process of Côte d'Ivoire office and Serbia office

Concept	Variables for Measurement	CRBC Côte d'Ivoire Office			CRBC Serbia Office		
		Stage of Small Spot Exchange Contracting	Stage of Civil War	Stage of Coordinated Development of Framework Programs and Spot Exchange Projects	Stage of Entering the Market	Stage of Diverse Business Operations	Stage of
Structural Embeddedness	Centrality	Medium	Relatively high, increased slightly	High, increased slightly	Medium	High, increased greatly	
	Structural Autonomy	Medium	Relatively low, dropped slightly	Relatively high, increased greatly	Medium	High, increased greatly	
	Direct Connections	Medium	High, increased greatly	High, maintained the same level	Relatively high	High, increased slightly	
Relational Embeddedness	Trust	Relatively low	High, increased greatly	High, maintained the same level	Relatively high	High, increased slightly	
	Fine-grained Information Transfer	Relatively low	Medium, increased slightly	Relatively increased slightly	Relatively high	High, increased slightly	
	Joint Problem-solving Arrangements	Relatively low	Relatively high, increased greatly	High, increased slightly	Relatively high	High, increased slightly	

1. In the host country market, the centrality of structural embeddedness in the social network is an important factor influencing the internationalization of CRBC.

Centrality refers to the degree to which an individual in the network occupies a strategic position through many important relationships (Wasserman & Faust, 1994). An enterprise has established a large number of connections with different distances and strengths from different members and it is the combination of these relationships that defines the position of the enterprise in the network. In the above cases, it is embodied in the structural position of CRBC in the relational network of the host country. The closer the connection distance is, the stronger the connection strength is, and the higher the centrality. With the increasing centrality of CRBC in the social network of the host country, CRBC has been able to expand its business scope and business sources in the local market due to a more favorable network location.

At the stage of small spot exchange contracting, the CRBC Côte d'Ivoire Office did not have many affiliated entities in the local market. The main partners were the Ivorian government as the owner, European construction enterprises and Chinese construction enterprises. After entering the stage of civil war, other construction enterprises started to withdraw from the Côte d'Ivoire market but the CRBC Côte d'Ivoire Office continued to complete the construction projects in an unstable market environment. The connection strength and distance were strengthened, and the network position was improved. After entering the coordinated development stage of the framework programs and the spot exchange projects, the CRBC Côte d'Ivoire Office has promoted the cooperation between China and Côte d'Ivoire. It has not only been included in the framework programs, but also in the core position of non-Chinese funded spot exchange projects and it has expanded its business scope from road construction to the construction of bridges, expressways, municipal projects and infrastructure investment. Business sources have also expanded from the local government to the Islamic Development Bank. As Mr. Zhao said: *"At present, our Office is also undertaking investment projects. The most important way is to deeply participate in the development planning of this country, including this country's key regions and cities. First of all, we have to make contact with some key departments of the government, including the Planning Department, Transportation Department, Highway Department, and departments of aviation, logistics, and port. Then we need to take the initiative to make contact with them, make consultations, and inform them of the progress of projects and understand their needs to participate in the development planning of their entire country and cities"*.

Likewise, when the CRBC Serbia Office first entered the local market, as the first Chinese infrastructure enterprise to enter that market, it did not have many local affiliated network

entities. The main partners were the owner, the Export-Import Bank of China and subcontracting construction enterprises. After entering the stage of diversified business operations, the CRBC Serbia Office has become the link of the cooperation network between China and Serbia, driving China Railway to enter the Central and Eastern European markets as a joint venture partner. It also introduced the successful model of Suzhou Industrial Park to the Serbian government and promoted the establishment of Serbia-China Industrial Park. As Mr. Liu of the CRBC Serbia Office said: *"The landing of Serbia-China Industrial Park Project is due to excellent results of previous two projects. Therefore, the biggest advantage at present is our great communication channels and mutual trust with the Serbian government. This is the reason for the establishment of projects like Serbia-China Industrial Park."*

2. In the host country market, the structural autonomy of structural embeddedness in the social network is an important factor influencing the internationalization of CRBC.

Wasserman & Faust pointed out that, in a relational network, if there is no structural hole at one end of an entity, but a structural hole at the other end of an entity connected, the entity is called to have structural autonomy. This means that the entity does not have the problem of information asymmetry and other network entities cannot acquire the potential benefits brought by the lack of structural holes. The entity can use the structural holes of other network entities to obtain information earlier than others, and then maximize its own information and control benefits. In the cases analyzed above, the dominant position of CRBC is embodied in the relational network of the host country. As CRBC becomes more important in the cooperation network and the information obtained becomes more comprehensive, its structural autonomy will be higher. With the improvement of CRBC's structural autonomy in the social network of the host country market, it can explore more diverse market opportunities from more different network entities in the market network of the host country.

When the CRBC Côte d'Ivoire Office first entered the local market, it proactively contacted the Ivorian owners and construction enterprises, the Chinese Embassy, China Economic and Commercial Office and other network entities to form a preliminary cooperation network. At the second stage, the structural autonomy of CRBC Côte d'Ivoire Office declined slightly. Although it chose to stay in the war-torn Ivorian market, it did not explore new businesses and the information acquired was limited. After entering the third stage, the structural autonomy was greatly improved and the CRBC Côte d'Ivoire Office took the initiative to undertake more types of business, actively partnering with multiple network entities, grasping more potential business information, and exploring more market opportunities. As Mr. Zhao of the CRBC Côte d'Ivoire said: *"For example, in 2017, there was an African Cultural Exchange Forum in Côte*

d'Ivoire. It was organized by the local Ministry of Industry. After we got the news, we took the initiative to contact with the ministry to see if there were any project plans. Later we learned that they wanted to use this cultural forum as an opportunity to invest in several tourism and cultural villages across the country. That is to say, they intended to develop the tourism industry, attract foreign tourists, and at the same time preserve local cultural traditions. After we obtained this information, we signed a memorandum with them. The main content is that we, CRBC, would help them build tourism and cultural villages".

On the other hand, the CRBC Serbia Office proactively collected as much business information as possible in the Serbian market during the entry stage. It actively contacted local owners, the Chinese Embassy, the China Economic and Commercial Office and other network entities to form smooth communication channels. After entering the second stage its structural autonomy improved greatly and has been more proactive in expanding its business scope. Its communication channels with external networks have become larger and business types and market scope have developed by leaps and bounds. As Mr. Liu of the CRBC Serbia Office said: *"The Zemun-Borca Bridge Project is the first bridge built by the Chinese on the Danube River in Europe. Although the cost of the bridge was not high at the time, it's mainly for entering the market of Serbia and has opened up communication channels and partnerships across all sectors in Serbia."*

3. In the host country market, the direct connections of structural embeddedness in the social network is an important factor affecting the internationalization of CRBC.

Wasserman & Faust pointed out that, when an entity in a social network has a direct connection with some entities, but no connection, or disconnection with other entities, structural holes will appear in the network. Direct connection is the attribute of two network entities directly connected. In the cases analyzed above, it is specifically reflected in the degree to which CRBC can directly contact other network entities in the host country's relational network without intermediaries. The more network entities that generate direct connections, the higher its direct connections. As the direct connections of CRBC in the social network of the host country market have improved, it has become closer to network entities such as owners and partners, saving contact and operating costs and creating good conditions for business development.

When the CRBC Côte d'Ivoire Office first entered the host country, it actively participated in the bidding and project subcontracting of the spot exchange projects, contacted potential partners, and established direct connections. After entering the stage of the civil war, the number of direct connections between the CRBC Côte d'Ivoire Office and the owner was increasing

and it had become one of the few construction enterprises that owners could choose. After entering the coordinated development stage of the framework programs and the spot exchange projects, the direct connections of the CRBC Côte d'Ivoire Office have been further enhanced and the centralization of the network location caused by the "Belt and Road" Initiative also promoted the CRBC Côte d'Ivoire Office to open up channels of communication with other external entities in the network. It also played a leading and linking role in a number of China-Côte d'Ivoire cooperation framework programs. As Mr. Zhao of the CRBC Côte d'Ivoire Office said: *"The most important way is to deeply participate in the development planning of this country, including this country's key regions and cities. First of all, we have to make contact with some key departments of the government, including Planning Department, Transportation Department, Road Department, and departments of aviation, logistics, and port. Then we need to take the initiative to make contact with them, make consultations, and inform them of the progress of projects and understand their needs to participate in the development planning of their entire country and cities. And then we use professional strengths from China Communications Group and CRBC to provide our customers with a complete set of solutions. After selecting some high-quality projects, we will inject our funds into the projects in many forms, including public-private partnerships and many other forms."*

On the other hand, at the first stage, the CRBC Serbia Office actively participated in international project bidding, made contact with potential customers, and showed high direct connections. At the second stage, the direct connections have been further strengthened. The CRBC Serbia Office has been highly trusted and highly recommended by the Serbian government due to policy-driven benefits, and has participated in the landing and implementation of many local projects. As Mr. Liu from the CRBC Serbia Office said: *"That is to say, our Industrial Park Project in Serbia is exactly what the local government has always wanted to do. They contacted CRBC actively to discuss cooperation. The department that seeks cooperation is called the Innovation and Development Department. This department planned to engage in some high-end technology before, but it had no idea how to do these things. So, the ministry of the department thought that since CRBC is good at building roads and bridges, and if we communicate with each other well, is it possible for us to build an innovative industrial park project? At the same time, this kind of cooperation model was born in Serbia."*

4. In the host country market, the trust of relational embeddedness in the social network is an important factor affecting the internationalization of CRBC.

Uzzi (1997) pointed out that the trust relationship is manifested as a belief that trading partners will not act at the expense of each other's interests. The use of the trust relationship is

not to calculate risks, but to act as an enlightened notion. When the motives and behaviors of others are being explained, supporters of trust relationship tend to assume the best situations and believe trust relationship can speed up the decision-making process and save cognitive resources. In the cases analyzed above, it is embodied in the trust degree of the network entities of CRBC and the host country. The higher the trust degree and the higher the trust foundation, the stronger the trust relationship. With the improvement of the trust relationship of CRBC in the social network of the host country market, CRBC has become the first choice for owners to carry out business cooperation and has increased the brand effect in the surrounding markets.

When the CRBC Côte d'Ivoire Office first entered the local market, it mainly contracted small and medium-sized spot foreign exchange projects and subcontracting business cooperation with low competition. Through this business, the CRBC Côte d'Ivoire Office initially established a foundation of trust with the government of Côte d'Ivoire. After entering the stage of civil war, the trust relationship between the CRBC Côte d'Ivoire Office and the local owners had been greatly improved, showing the sincere friendship with the owners in common misfortunes. At the stage of coordinated development of the framework programs and the spot exchange projects, the CRBC Côte d'Ivoire Office has reached a very high level of trust with the owners, and has won the endorsement of China's national reputation and recognition by heads of state of both countries. It has also taken the lead in participating in the formulation and implementation of the cooperation framework programs. As Mr. of the CRBC Côte d'Ivoire Office said: *"At that time, the Agboville-Ciche Road Project in the south was in the former president's ticket warehouse under the political situation. As a result, as soon as we started the project, his votes directly increased from 10% to 60%, and the government of Côte d'Ivoire thanked us very much. This project also met the needs of regional traffic, and on the other hand, this project had been expected by the locals for decades. In fact, through this project, the government of Côte d'Ivoire has completely trusted us."*

On the other hand, the CRBC Serbia Office strictly fulfilled the contract during the market entry stage and undertook the first infrastructure project in the local market that had been completed within the construction period with guaranteed quality and quantity. Therefore, it gained the trust of the Serbian government as the owner. At the stage of the diversified business operations, due to the Serbian government's strong trust in the CRBC Serbia Office, the wide recognition of the "Belt and Road" Initiative throughout the Central and Eastern European markets, and the help of the brand advantages of "China Road", "China Bridge" and "China Railway", the Serbian government chose CRBC as the preferred partner of the above-mentioned fields, which allowed to secure a number of cooperation framework programs. As Mr. Shen

said, *"The Hungary-Serbia Railway Project was landed during Premier Li Keqiang's high-level visit to Serbia. Thanks to CRBC's local performance, reputation and technical level, the Serbian government hoped that CRBC could participate, so later on the government decided to partner with both CRBC and China Railway International."*

5. In the host country market, the fine-grained information transfer of relational embeddedness in the social network is an important factor in the internationalization of CRBC.

Uzzi (1997) pointed out that the fine-grained information transfer in the relational embeddedness is more proprietary and implicit than the price and quantity data exchange in the normal relationship. It includes information about strategy and profitability, as well as recessive information obtained through practice and learning. In the cases analyzed above, it is embodied in the precise information and local experience obtained by CRBC in the host country's relational network. The more precise information and local experience it obtained, the stronger the transfer of fine-grained information. With the improvement of the fine-grained information transfer of CRBC's social network in the host country, CRBC is more aware of opportunities in the host market and can accurately grasp the "balance point" of the owners' needs.

When the CRBC Côte d'Ivoire Office first entered the local market, the fine-grained information it acquired mainly focused on the shallow knowledge of local project construction and project management. After entering the stage of civil war, the CRBC Côte d'Ivoire Office had not only ensured the acquisition of the original construction knowledge, but also actively expanded information communication with the Ivorian government, enhanced information acquisition channels, and provided reliable guarantees for safe construction. After entering the coordinated development stage of the framework programs and the spot exchange projects, the fine-grained information acquired by the CRBC Côte d'Ivoire Office at this time have begun to cover difficult bridge projects, highway projects, and high-level government contacts. This has greatly improved the business efficiency and success rate between the CRBC Côte d'Ivoire Office and the high-level governments of the two countries. As Mr. Yu said: *"In Côte d'Ivoire, the government actually is desperate for funds. So first of all, you have to understand this situation. You need to meet the needs of our customers, to persuade them, and to convince the Export-Import Bank of China that if you help the government with this project, it will give you more following projects. Many road projects are people's livelihood projects, except expressways. Of course, the proportion of expressway projects is very small in Africa. In this case, how can an enterprise persuade both the Export-Import Bank of China and the host government? This is a very laborious process, but in this way, the client trusts you very much and believes that you are here to help as his friends".*

On the other hand, at the early stage of entering into the local market, the CRBC Serbia Office's acquisition of fine-grained information mostly focused on the shallow knowledge of local project construction and project management. After entering the stage of diversified business operations, the CRBC Serbia Office strengthened its acquisition of fine-grained information, participated in railway projects in the form of joint ventures, and took the lead in actively promoting the implementation of the demand for Serbian government park projects and bridge and tunnel projects in surrounding markets. As Mr. Liu of the CRBC Serbia Office said: *"The Peljesac Bridge Project was signed after the Zemun-Borca Bridge Project and the E763 Road Project. These two projects have won great reputation for us. At the same time, we also do some spot exchange projects in the local market. I know what their game rules are, so I can conclude and improve to a better experience from the existing experience, and apply the experience in projects in European countries, like the Peljesac Bridge Project in Croatia in which 85% of the funding for the project was from the European Union."*

6. In the host country market, the joint problem-solving arrangement of the relational embeddedness in the social network is an important factor in the internationalization of CRBC.

Uzzi (1997) pointed out that relational embeddedness requires joint problem-solving mechanisms that enable participants to coordinate functions and "quickly" solve problems. In the cases analyzed above, it is embodied in the fact that CRBC works with the owners and partners to solve the difficulties encountered in the network of the host country. The more successfully the difficulties are solved, the stronger the degree of joint problem-solving. With the increased degree of joint problem-solving by CRBC in the social network of the host country, the cooperation relationship between CRBC and its owners has become closer and their interests have become more aligned. They have become each other's preferred network entities for satisfying needs and overcoming difficulties.

At the beginning, the CRBC Côte d'Ivoire Office only participated in the construction of small and medium-sized projects, and the labor service was mainly exported, with relatively low degree of joint problem-solving arrangements. At the stage of the civil war, the degree of joint problem-solving was improved. The CRBC Côte d'Ivoire Office and the government as the owner worked together to ensure the safe and smooth progress of construction projects in the war environment. After entering the coordinated development stage of the framework programs and the spot exchange projects, this joint problem-solving was further improved. At this time, CRBC was not only a satisfier of needs, but also a potential discoverer and promoter of needs. The Tiébissou-Bouaké Expressway Project is the best embodiment of this kind of cooperation. As Mr. Zhao of the CRBC Côte d'Ivoire Office said: *"It was at the end of 2014*

when we learned about the Tiébissou-Bouaké Expressway Project. We took the initiative to make a connection with the Ministry of Transport of Côte d'Ivoire to understand their needs and their plans for the entire country. After that, we made a preliminary construction plan, including the cost of technical specifications, and the start and end time of the expressway. After finishing the plan, we discussed it with the government and we signed a memorandum of cooperation. Then, we contacted the Economic and Commercial Office of the Chinese Embassy with the preliminary technical data of this project to discuss if we could include this project in the Industrial framework of cooperation between China and Côte d'Ivoire or the entire Central Africa."

On the other hand, the CRBC Serbia Office actively communicated with the Serbian government when it entered the market to jointly solve project financing issues. At the stage of diversified business operations, the CRBC Serbia Office and the Serbian government are paying more attention to meet each other's needs and overcome difficulties. For example, the Serbian government invited CRBC to participate in the Serbia-Hungary Railway Project, and at the same time CRBC actively promoted the landing of the Serbia-China Industrial Park Project. As Mr. Liu of the CRBC Serbia Office said, *"The Serbia-China Industrial Park Project is the result of the previous two projects that satisfied the needs of the government. So, the biggest advantage at the moment is that we have a good communication channel and won the mutual trust from the government. This is the driving force for the establishment of such a project. The Serbia-China Industrial Park Project is the first in Serbia's history to be invested by a Chinese enterprise while the local government is responsible for providing land. Two parties set up a joint enterprise to complete the project."*

5.5 Summary

Based on the data collected from the CRBC Côte d'Ivoire Office and the CRBC Serbia Office, this chapter conducts analysis of the two cases. It started from the internationalization characteristics of the CRBC Côte d'Ivoire Office and the CRBC Serbia Office at different stages and revealed CRBC's internationalization patterns in its own traditional markets and emerging markets. It also summarized relevant factors affecting the internationalization of CRBC with relevant discussions, and concluded that centrality, structural autonomy, direct connections, trust relationship, fine-grained information transfer and joint problem-solving arrangements in the host country's market network all have important impact on the internationalization of CRBC.

Chapter 6: Research on the Internationalization Paths of CMNEs

Due to differences in internationalized resources and network relationships, different types of multinational enterprises have different characteristics in their internationalization paths. The internationalization path of an enterprise describes in detail the process of its international expansion. The path is often constructed in several parts, and in each part of the path, the enterprise follows a behavior model related to its internationalization (Kuivalainen, Saarenketo, & Puumalainen, 2012). The main research problem and main perspective of the international business research community are the paths of internationalization. Studying the paths of internationalization can help us sort out the complex and changeable internationalization behaviors of enterprises and summarize the preferred strategies and styles of trade-offs in the internationalization of enterprises.

For DMNEs, their internationalization paths are far-reaching and mature. Traditional multinational enterprises may adjust their internationalization strategies based on their organizational resources, industries they are in and institutional environments. For EMNEs including CMNEs, due to their liability of foreignness, liability of latecomers, as well as problems including insufficient transnational management experience and resources in their internationalization paths (Luo & Rui, 2009), the paths and methods of strategic adjustment are different from traditional multinational enterprises. They rely more on resource conditions to formulate and adjust international strategic goals (Cui & Aulakh, 2018).

Since the “Belt and Road” Initiative was proposed in 2013, by 2019 China’s foreign direct investment had increased from US\$87.8 billion in 2012 to US\$136.91 billion (Xu & Shan, 2019). During this period, CMNEs transferred their foreign direct investment to countries along the “Belt and Road” Initiative where China’s cooperation policy exerted a greater impact, and quickly grabbed market share. However, compared with the DMNEs in the United States, Europe and Japan, EMNEs including CMNEs do not have monopoly advantages such as brand, patents and global resources (Li & Oh, 2016), and suffer the liability of foreignness including weak trust, incomplete information and negative image (Wei & Nguyen, 2017). In the face of severe survival and development problems, how can CMNEs overcome the "the liability of latecomers" and "the liability of emergingness" resulted from late internationalization has become an important topic of concern to the academic community and the industry.

In 1987, Johanson and Mattsson (1987) put forward their own point of view. They believed that the market and industrial environment of an enterprise is actually a kind of network, and its internationalization process is in fact the process of embedding in the global market network. This was the first time that the concept of embeddedness had been applied to the theory of the internationalization of enterprises. Since then, more and more scholars on international business started to use the theory of network embeddedness to study the internationalization process (Johanson & Vahlne, 2009). However, most of the current research on this topic adopted a static perspective (Efrat, Gilboa, & Yonatany, 2017), which would lead to different and even contradictory analyses, conclusions and results (Efrat et al., 2017). For this reason, to fill the gap in the application of the social network theory in the field of international business, we will analyze the dynamic embedding process of CMNEs in their host countries' market network by studying how CMNEs use network embeddedness to help their internationalization process in the markets of host countries. By analyzing and cross comparing four overseas offices of CRBC according to the perspective of their market and relational embeddedness in the market network of host countries, the internationalization paths of different types of CMNEs will be revealed, thus providing an effective explanation for how CMNEs overcome the liabilities of latecomer and emergingness in the process of internationalization.

6.1 The internationalization paths of enterprises

The internationalization of enterprises is the main direction and consideration of international business research and can provide a more detailed record of the dynamic and changeable internationalization process revealing leaders' strategic preferences and styles of trade-offs.

At present, according to the Uppsala Model, the internationalization of an enterprise is a process of repeatedly increasing resource input and experience learning. During this process, network location and opportunity identification are important variables that affect an enterprise internationalization (Johanson & Vahlne, 2009). According to the Uppsala Model, internationalization is a gradual process, and its paths often include occasional export, agent export, and establishment of overseas sales and production organizations (Johanson & Vahlne, 1977). As multinational enterprises have become the core force driving the development of the global economy, scholars in the field of international entrepreneurship were the first to introduce opportunity identification into the research of multinational enterprises. For example, Hohenthal, Johanson, and Johanson (2003) pointed out that opportunities are unexpected discoveries in the market that are made based on the perception and creativity in the process of

internationalization. International opportunities are defined as the gap between supply and demand in the unbalanced market. Mainela, Puhakka, and Servais (2014) believe that international opportunities are the crossover and integration of contextual factors from multiple countries that transform enterprises' actions and interactions into manifestations of economic activities.

However, international opportunity identification is usually presented in a relatively abstract and non-specific manner due to multiple factors such as cross-geographical, institutional, and cultural boundaries, rendering the identification process is more complicated (Angelsberger et al., 2017). The result is that it is relatively difficult for the theoretical community to discuss international opportunities (Berglund & Korsgaard, 2017). Compared with DMNEs, CMNEs show significant needs to seek market opportunities (Hernandez & Guillén, 2018), but CMNEs do not regard the lack of knowledge and experience as a major obstacle to international expansion, nor do they enter and develop new opportunities by gradually increasing in psychological distance. They were more proactive in the process of international market expansion (Xu & Shan, 2019), which caused CMNEs and DMNEs to compete in overseas markets to be keenly aware of international opportunities.

The 2009 Uppsala Model (Johanson & Vahlne, 2009) believes that network location is more important in the process of internationalization, and the commitment decision refers to the commitment to the network, instead of the commitment to foreign markets as stated in the earlier version of the Model. Such attention on the network emphasizes that insidership in the network is necessary for successful internationalization. Therefore, attention needs to be shifted from the liability of foreignness to the liability of outsidership. In order to overcome the liability of outsidership, enterprises need to learn and accumulate knowledge. More specifically, the liability of outsidership can be solved through experiential direct learning, that is, learning through one's own experience, and experiential indirect learning, that is, learning from the experience of others. Learning from the experience of others not only includes imitating competitors as stated in the early version of the Model, or through the acquisition of another enterprise, or making use of the knowledge of network partners, but also includes the possibility of indirect learning from internal sources of multinational enterprises, because subsidiaries of an enterprise can learn from other units of the enterprise.

The traditional Uppsala Model can explain the internationalization model of DMNEs. However, as CMNEs develop rapidly, these CMNEs do not develop according to the gradual internationalization path put forward by the traditional theory. In 1994, Oviatt and McDougall (2005) proposed the theory of international start-ups, also known as the theory of innate

internationalization, which refers to enterprises that are oriented to overseas markets at the beginning of their establishment. Knight (1997) pointed out that the premise for the establishment of an enterprise with innate internationalization is that at least a quarter of its sales will come from overseas markets within three years. Oviatt and McDougall (2005) pointed out that international start-ups do not adopt a gradual approach to internationalization and do not have abundant resources. However, international start-ups have special expertise or intangible assets. For them, internationalization is not a risk, but a way of inventory. The radical internationalization path they adopted was then a new phenomenon.

CMNEs are latecomers in the field of internationalization, and they also exhibit the characteristics of radical internationalization and, in turn, Chinese scholars have also been publishing new interpretations applied to the study of the internationalization of CMNEs (Wang, Liang, & Zhao, 2017). In summary, the sole gradual internationalization path is not enough to summarize the internationalization model of CMNEs, whose purpose is not simply to reduce business risks. In an environment full of changes and uncertainties, CMNEs take different paths to internationalization in different development stages.

6.2 Case description

China Road and Bridge Corporation (CRBC) was established in 1979 when the Chinese government proposed the policy of “allowing enterprises to go abroad”. It was one of the four large Chinese state-owned enterprises that first entered the international engineering contracting market. So, it was born with the genes of Chinese multinational enterprises (CMNEs) of which is a representative epitome for more than 40 years.

Through interviews with the senior executives of four foreign offices of CRBC and sorting out relevant second-hand information, we compared and analyzed the internationalization process of CRBC and further analyzed the interaction mechanism and characteristics of network relationships and resource dependence to gain a better understanding of CMNEs internationalization paths. The four offices studied are in Kenya, Pakistan, Cambodia, and Belarus.

Kenia is the most representative country in the traditional African market for Chinese infrastructure enterprises and also an important part of China's “Belt and Road” Initiative in Eastern Africa and the Indian Ocean. CRBC entered the market of Pakistan when it was under the Foreign Aid Office of the Ministry of Communications of China. The development of CRBC

in the Pakistani market perfectly demonstrated its transformation from "blood transfusion" to "blood generation" in the host country market. Cambodia is a representative country in the Southeast Asian infrastructure market, and also the market with which CRBC has the most business types and the largest business scale in Southeast Asia. Belarus is one of the earliest European markets that CRBC has entered and reflects the international exploration of CRBC in that market.

6.2.1 The internationalization process of CRBC in Kenya

6.2.1.1 Stage one: focus on spot exchange projects (1984-2008)

Kenya is a country in the forefront of economic development in East Africa and its industry, tourism and financial industries are quite sound. CRBC entered the Kenyan market in 1984. At that time, it mainly undertook road and bridge projects funded by the African Development Bank and the World Bank and operated through the CRBC Kenya Office.

In 1986, the Catan Highway Project undertaken by CRBC was praised as a "model road" by the Kenyan government and successfully established a foothold for CRBC. After that, the company continued to undertake the construction of some roads and bridges until it won the bid for the A109 National Highway Project funded by the World Bank in 1999. The project connects the port of Mombasa to Nairobi, with a total length of 150 kilometers and a total contract value of US\$49.5 million. In it, the CRBC Kenya Office invested considerable manpower and material resources, and its headquarters also mobilized the best engineering talents from around the world allowing the project to be completed with high efficiency and excellent quality. It was then praised by the representative of the World Bank as "a model of the World Bank's investment projects in Africa".

At this stage, the contracted projects were often small and medium-sized of several million dollars. The business development was relatively slow, and the profits were low. In addition, due to the failure of the Kenyan government to pay in time, some projects even incurred in losses. However, the CRBC Kenya Office has always been optimistic about Kenya's development prospects, so it still chose to deepen the Kenyan infrastructure market. Mr. Yuan, Deputy Chief Economist of the CRBC Kenya Office from 2016 to 2019 (see Table 4.3), analyzed: *"At the early stage, you need time to be familiar with the market and project management. It's a process you must go through. You can't make money as soon as you come into the market. The reason we stayed there is that we know it's important to 'maintain an army for a thousand days to use it for an hour'. Because once you withdraw from the market, you*

will not have the opportunity to take big projects in the future. If you leave, this market will be abandoned. The construction market is different from others. It takes several years to establish, and the cultivation of a project will take several years."

The small and medium-sized projects at the early stage accumulated rich local construction experience for CRBC and formed an extensive cooperation network. The excellent completion of the Catan Highway Project and the A109 National Highway Project further enhanced the local influence of its brand and bestowed CRBC, a Chinese brand, with a new name, CHINAROAD, praised by both the government and the people. In 2003, when of the 40th anniversary of the establishment of diplomatic relations between China and Kenya, CRBC, as a model of Sino-African cooperation, and a well-known infrastructure brand for local Kenyans, also received the honor to be in a stamp with the theme "CHINAROAD" issued by the host country government.

At this stage, although CRBC entered the Kenyan market with low initial profits, it still gained widespread praise from the Kenyan government and the World Bank with its excellent engineering quality, which served to establish a wide and solid cooperation network. These projects strengthened the mutual trust between CRBC and the Kenyan government and laid a good reputation and trust foundation to obtain more important projects.

6.2.1.2 Stage two: focus on framework programs (2009 to 2017)

This stage was accompanied by the introduction of China's national strategy of "going global" and the launch of Kenya's Vision 2030 blueprint. On the one hand, the Export-Import Bank of China, as a policy bank, provided strong financing support for domestic enterprises to "go global". On the other hand, large projects started to emerge in Kenya to promote the rapid development of the country's economy. In 2013, China put forward the "Belt and Road" Initiative, which bridged the cooperation with Kenya's national strategy. All this created the possibility for major cooperation framework programs between China and Kenya and provided unprecedented opportunities for its leap-forward development in Kenya. *"Infrastructure enterprises have a common feature, that is, they should closely follow government investment. The government is the largest investor in the infrastructure industry. Government investment, including investment banks, is inseparable from the investment intensity in Kenya. When their investment intensity increases, the vitality of infrastructure construction enterprises will be greatly increased."* Mr. Zhang, Director of Budget Contracts from the Rail Transit Business Department of CRBC from 2017(see Table 4.3) commented. At this stage, CRBC's operating

organizations in the Kenyan market included the CRBC Kenya Office, the subsequently established General Manager Department of the Mombasa-Nairobi Railway Project and the General Manager Department of the Nariobi-Malaba Railway Project.

CRBC seized the historical opportunities of China and Kenya and actively explored projects under the cooperation of the government in Kenya. In 2009, the Northeast Ring Road Project built by the CRBC Kenya Office was the first engineering procurement construction (EPC) project within the framework programs of China-Kenya bilateral cooperation starting a new chapter of rapid development in the country's market. Mr. Yuan recalled: *"The Northeast Ring Road in Nairobi is the first project implemented by the Chinese government in Kenya under the framework of the government. It was funded by the Export-Import Bank of China, and the background was the "going global" strategy proposed by China. This project was a turning point for CRBC to turn losses into profits in Kenya."* Then, it won the bid for the South Ring Road Project of the framework EPC, the Mombasa Port No. 19 Berth Project, and the Ram Port Project. This was the first time for Kenya in more than 30 years to launch a port project bidding.

CRBC started the Mombasa-Nairobi Railway Project in September 2014. It is the star project of Kenya's Vision 2030, the largest project since Kenya's independence and opened the prelude to the East African railway network. With a contract value of US\$3.8 billion and 480 kilometers length, the Mombasa-Nairobi Railway Project mobilized 3,000 Chinese workers and 30,000 Kenyan workers. It took two and a half years to complete, only half the time scheduled in the contract. From the beginning of the contract signing to the final opening and operation, each important stage witnessed the participation of China's and Kenya's leaders, thus gaining the attention of the global media. Due to the far-reaching political significance and significant economic impact of the Mombasa-Nairobi Railway Project, the headquarters of CRBC set the General Manager Department of Mombasa-Nairobi Railway as an overseas operating agency at the same level as the CRBC Kenya Office, and designated the company's deputy general manager to serve as the general manager of the Mombasa-Nairobi Railway Project to coordinate the project construction and the resource dispatching on a global scale. The Mombasa-Nairobi Railway was successfully opened to traffic in May 2017, making it the most important early harvest project of the "Belt and Road" Initiative.

Relying on CRBC's accumulated popularity and reputation in the Kenyan market, as well as on its prominent position in the cooperation network between China and Kenya, the

successful implementation of the Northeast Ring Road Project and the South Ring Road Project in Nairobi not only reversed the operating profit of CRBC in Kenya, but also its business model.

As an international main railway built with Chinese railway standards, Chinese equipment, Chinese design and Chinese funds, the Mombasa-Nairobi Railway has led many Chinese enterprises to enter the Kenyan market. It is a famous case of Chinese enterprises' international development. This project enabled CRBC to successfully cooperate with China's top railway construction enterprises under the promotion of the "Belt and Road" Initiative and the support of the Chinese government, thus making up for the lack of railway construction experience. This project also enabled CRBC to face and solve new management issues such as large-scale territorial management, environmental protection, public relations, and media response. The high-quality completion of the Mombasa-Nairobi Railway Project ahead of the schedule created a good start for CRBC to obtain the franchise operation of the project, the subsequent construction of the Kenya-Nairobi Railway and the future huge East African railway network. It has won CRBC the highest award in China's construction industry: the "Luban Award" and the Global Excellent Railway Project Award selected by the "U.S. Engineering News Record" (ENR), greatly enhancing the brand awareness of CRBC in the world.

At this stage, the CRBC Kenya Office firmly grasped the policy opportunities between China and Kenya, took framework programs as main business goals, and made use of advantages of the entire industrial chain of China Communications Construction Company (CCCC) and its extensive cooperation with other Chinese enterprises. Mr. Wu, deputy general manager of the general manager department of the Mombasa-Nairobi Railway Project from 2014 to 2018 (see Table 4.3), once sighed: *"Through so many years of overseas and domestic operation, we have accumulated not only technical experience but also management and collaboration experience. We are now using this internal management mechanism to coordinate more social resources together, and then achieve things that our own team could not have done."* CRBC leveraged China Railway's experience in design, construction, and technical knowledge of equipment enterprises and transform these experiences into CRBC's own advantages through cooperation and interaction on the Mombasa-Nairobi Railway Project.

Through the internationally eye-catching "Project of the Century", CRBC forced itself to adapt to new business fields and environments, improved its learning ability, and integrated into a wider range of cooperation networks. According to the owner's follow-up requirements, the construction schedule was scientifically arranged to ensure the quality and quantity of the project that would have taken five years to complete before the Kenyan general election. To

sum up, through the successful experience and professional reputation of many framework programs in Kenya, CRBC successfully expanded its business areas in that market, opened the cooperation network for domestic railway construction, enriched its own professional knowledge, satisfied the core needs of the Kenyan government, established its reputation in the international infrastructure market and became an ideal link for China-Kenya cooperation.

6.2.1.3 Stage three: coordinated development of spot exchange projects, framework programs and investment (2017 to present)

At this stage, CRBC entered a high level of operation in Kenya, and its scale of development has been leading Chinese-funded enterprises in Kenya. On the one hand, because of the great success of the Mombasa-Nairobi Railway Project, CRBC obtained the franchise for its operation, established a railway operating company, and continued to expand the construction with the Nariobi-Malaba Railway Project. On the other hand, the Kenyan government's debt scale is too high, and China's financing policy for Kenya has changed.

The operation of the Mombasa-Nairobi Railway started the upgrading of CRBC from a contractor to an operator in the Kenyan market. Mr. Yuan analyzed: *"We not only participated in the construction of the Mombasa-Nairobi Railway. We also signed a 10-year operation contract after the construction was completed. We completed the transformation and upgrading from being a construction enterprise to an operation enterprise. You don't need to look for new projects every year. Projects are one-off things. But the long-term operation will be stable for the 10 years. We have transformed and upgraded from a contractor to an operator."* Thanks to the support of the "Belt and Road" Initiative, the National Railway Administration of China coordinated professional train drivers, technicians and executives for the operation of the Mombasa-Nairobi Railway. They resigned from the local railway administration in China and joined the African Star Railway Operation Company, a subsidiary of CRBC. At the same time, the African Star Railway Operation Company will gradually reduce the number of Chinese employees in 10 years according to the contract, and through cooperation with Chinese universities, it will cultivate a complete local operating team for Kenya.

During the same period, CRBC presented a coordinated development integrating a spot exchange model, a framework program model, and an investment model specific to the Kenyan market. Mr. Yuan commented: *"Like our industrial parks, such as the Mombasa Special Economic Zone we built, the business opportunity of the Mombasa Industrial Park is currently being tracked. Although it has not yet landed, the preliminary feasibility studies, including some*

preliminary work that should be done, are being done. It is just that the promotion process is relatively slow due to Kenya's policy restrictions, including their infrastructure restrictions, but we are working hard in this regard. " In addition, the CRBC Kenya Office has also made investments in expressways and real estates. Mr. Yuan continued: *"That means we are leveraging our construction with a small proportion of investment. At present in China, PPP projects are very common. For example, the contract value for this project is very large, like 25 billion yuan. If you don't invest in the construction in the early stage, you will surely not be able to undertake the project. You should first invest a small proportion of several hundred million. After the project is secured, in the early stage of your construction, for example, if your infrastructure construction value is 500 million or 1 billion yuan, you may get your investment money back. And at the same time, you still have the right to operate this project. Your small-scale investment will leverage a large amount of investment and give full play to the leverage effect of your investment."*

With the China-Kenya cooperation entering the honeymoon period, more and more Chinese enterprises have poured into the Kenyan market, and price competition has become increasingly fierce. In 2017, China and Kenya reached a comprehensive strategic partnership and more and more state-owned and central enterprises, including local ones have joined Kenya in a swarm, making the competition in the construction industry even fiercer. Therefore, CRBC chose to take a differentiated development route in Kenya. Mr. Yuan triumphantly said: *"Basically, no foreign enterprise can make into the top 5 of the biddings, because Chinese enterprises are fighting the price war. We are determined to win port projects. We propose to monopolize port projects. As long as a port project is open for bidding, CRBC will definitely try its best to win the bidding, and the price will be the lowest and the plan will be the most optimized. So far, the port projects open for bidding have basically all been taken by CRBC."*

The construction and operation of the Mombasa-Nairobi Railway has played a role of "driving on-site management with the market and ensuring the market with on-site management". As the beginning of the East African railway network, the Mombasa-Nairobi Railway will lead to Uganda and Rwanda in the future. Only the successful operation of the Mombasa-Nairobi Railway can promote East African countries to participate in the construction of the railway network and help win more railway markets. Moreover, the successful operation of the Mombasa-Nairobi Railway has also enhanced the reputation of CRBC among the Kenyan people, enhanced their sense of gain, and effectively countered some negative reports. Mr. Yuan recalled: *"At the beginning, from an economic point of view, opening freight transportation was*

enough, because passenger transportation was at a loss. But in that case, the people would not feel any benefit for themselves, because most had no need to transport goods by rail. People were thinking whether they could get from Mombasa to Nairobi by train, only if the price would be cheap, and they could get there quickly. Thus, we lowered the price of the Mombasa-Nairobi Railway to a very low level, only \$10 for 2nd class seats. The price of the meter-gauge railway built in 1895 by Britain is 100 shillings, three times higher than our price. If you take a plane, the price will be 10 or even 20 times higher. Even if you take the bus, the price is higher. We are willing to sacrifice our economic benefits to ensure the social benefits, so that ordinary people have a real sense of gain."

On the other hand, CRBC' s operation of the Mombasa-Nairobi Railway is also an outcome of the lessons of China' s aid in the construction of the Tanzania-Zambia Railway. Giving people fish is not enough; it is also necessary to teach people how to fish. The aim of CRBC is to deliver a prosperous railway to the Kenyan government. Mr. Han, assistant to the general manager of the CRBC Kenya office since 2019 (see Table 4.3) recalled: *"In fact, as far as CRBC is concerned, were it not for ensuring that our railway would not be abandoned like the Tanzania-Zambia Railway at the time, we might not be willing to operate it. Operation is actually very difficult. But the railways were built in accordance with Chinese standards and Chinese models. It' s too risky if you hand the railways over to the locals to operate directly, just like the Tanzania-Zambia Railway. The Tanzania-Zambia Railway was handed over to the locals directly after construction, but now it' s a deserted railway. If you don' t repair, fix, and maintain according to Chinese standards, after a long time, the machine will be strained by lack of maintenance and repairs. The railway will gradually become deserted. Therefore, the operation of the Mombasa-Nairobi Railway can only be entrusted to us. It is unrealistic to hand it over to others."* The Mombasa-Nairobi Railway has won high recognition from the international community for its efficient, safe, and high-quality passenger and freight services. CRBC also continued to follow up with special economic zones, industrial parks and other projects, taking a differentiated route to avoid fierce competition with other Chinese-funded infrastructure enterprises in the Kenyan market.

To sum up, the CRBC Kenya Office has driven its innovation, and achieved progress from engineering construction to integration of investment, construction and operation through the coordinated development of spot exchange, framework, and investment.

6.2.2 The internationalization process of CRBC in Pakistan

6.2.2.1 Stage one: implementation of economic assistance (1966 to 1978)

In the 1960s, both China and Pakistan faced a severe diplomatic environment. China was in a difficult period of being isolated by the West and antagonizing the Soviet Union, while Pakistan also faced the threat of war from India. Close geographical relations and common interest ties promoted the increasingly close exchanges between the two countries. In 1963, the Chinese government proposed to Pakistan to build a China-Pakistan highway and stated that the Chinese government would assist. From August to September 1965, war broke between Pakistan and India, which prompted Pakistan to seek support from China and decided to build the highway as soon as possible. In 1966, China and Pakistan signed an agreement to build the Karakoram Highway (referred to as KKH).

From 1966 to 1978, the Foreign Aid Office of the Ministry of Communications of China, the predecessor of CRBC, was working hard on the icy plateau and cliffs of the Karakoram Mountains. It dispatched more than 22,000 people abroad and provided 278 million yuan of free assistance. Finally, the highway was successfully completed, setting up a road of friendship between China and Pakistan, and creating a miracle in the history of road construction in the world.

The Karakoram Highway is more than 1,000 kilometers long, crossing the Pamirs, the Himalayas and the Karakoram Mountains, all of which have complex and steep terrains. The first phase of the project was completed in 1971 and linked Khunjerab to Halighi; the second phase linked Halighi to Takot; and finally the Karakoram Highway (KKH) was completed and opened to traffic in 1978. China's Vice Premier Geng Biao purposely went to cut the ribbon. *"The Khunjerab area has the most difficult geological conditions and the worst climate. The highest point of the altitude reaches 4733 meters, and then there are plateau frozen soil, various mountain landslides, and natural disasters such as rock flow and ice. Decades ago, the older generation of CRBC people went through fire and water here and built this road. At that time, it was really a heaven road built of flesh and blood."* Mr. Liu, the former project manager (2016-2018) of the first phase of the reconstruction and expansion of the KKH Project of CRBC, (see Table 4.3), said with emotion.

The Karakoram Highway represented the highest level of Chinese construction technology at the time in terms of construction scale and engineering difficulty. The former leader of Pakistan, Zia Haq, once praised: *"Just as the Great Wall was regarded as a miracle of the ancient world, KKH will also be regarded as a miracle of the contemporary era"* (Cheng, 2010).

The highway sacrificed 108 Chinese engineers who stayed there forever. The Chinese Martyrs Cemetery was built in the area and the local people still feel that the place should be guarded under the traditional friendship between China and Pakistan. Ali Ahmed, one of the guards of the Cemetery, received the Friendship Award from Chinese President Xi Jinping in Islamabad in 2015.

At this stage, the Foreign Aid Office of the Ministry of Communications of China, the predecessor of CRBC, was one of the specific implementers of China's foreign economic assistance. Mr. Ma, the project manager of Section D of the Karakoram Reconstruction and Expansion Project of CRBC from 2018 to 2020 (see Table 4.3) recalled: *"I think this is the road that laid the foundation for CRBC to secure the market of Pakistan, because for countries like Pakistan that are not particularly developed, if you help them in their most difficult time, they will always remember a friend like you. That's my point of view."* In summary, the quality of the Karakoram Highway and the lofty reputation in the hearts of the Pakistani people provided a solid historical foundation and sound opportunities for CRBC to enter the Pakistani market, especially to participate in the framework cooperation programs between China and Pakistan.

6.2.2.2 Stage two: focus on small spot exchange projects (1994-2000)

In October 1994, in order to vigorously develop the spot exchange market in Asia, CRBC won the bid for the 4A Road Project in Pakistan's Sindh Province to be financed with a loan from the Asian Development Bank. The total cost of the project was US\$24 million with a total length of 80.5 kilometers. In early 1995, the CRBC Pakistan Office was formally established in Karachi.

On October 26, 1995, the 4A Road Project in Sindh was officially started. At the early stage of the project, the CRBC Pakistan Office faced many difficulties. For example, the road centerline and the coordinates given by the owner were unclear. There were 20 kilometers of soft soil layer and 30 kilometers of extra low-lying water area not mentioned in the original contract. The original pavement thickness was 4 times that of the contract, and the owner subsequently required to increase the number of newly built culverts. These difficulties led to an increase of nearly US\$1 million in the project volume and greatly augmented construction cost, but the CRBC Office in Pakistan was able to overcome all of them. In addition, the Asian Development Bank delegation was also surprised by the ideal construction schedule when inspecting the project. The 4A Road Project in Sindh Province was completed in December 1998 and the maintenance period was completed in December 1999. During this time, the

shooting and killing of a US diplomat occurred in Karachi in 1996, and the local public safety was greatly threatened.

After that, the Pakistan market deteriorated further. Due to the nuclear test in May 1998 and the military coup in October 1999, Pakistan was subject to economic sanctions by the International Monetary Fund and Western countries, and many engineering projects were discontinued. During this period and in order to stabilize its operations in Pakistan, the CRBC Pakistan Office participated in the subcontracting business of the Sukkur Bypass Road Project which was completed on May 19, 2000, winning the early completion award provided by the main contractor. However, with the further deterioration of Pakistan's security situation and economic situation, CRBC finally decided to leave the Pakistan market temporarily. *"Under this situation, after we completed the Sukkur Bypass Road Project, there was no new market in the local area. Our office was in a dormant state, and there was no one there"* recalled Mr. Wang, Deputy General Manager of the CRBC Pakistan Office since 2016 (see Table 4.3).

The 4A Road Project in Sindh was the first spot exchange project of CRBC in Pakistan. The entire project was completed one week ahead of schedule, which was rare in the Pakistani infrastructure market. The construction progress and quality won high recognition from the Asian Development Bank, the owner and the Ministry of Transport of Pakistan. In addition, it also won the project claim through negotiation, which provided valuable successful experience for CRBC to protect its rights overseas in accordance with the law while actively promoting the presentation of mechanized surface dressing to the Pakistani infrastructure market to optimize local craftsmanship.

During this stage, CRBC entered the Pakistani infrastructure market through spot exchange projects, gained valuable experience in crisis management and rights protection, and expanded its cooperation network that included the Asian Development Bank. However, due to the rapid changes in Pakistan's external environment at that time, after a period of conservative management, CRBC decided to close the Pakistan Office temporarily so as to wait for a better operating environment. In summary, at the stage of small spot exchange projects, the CRBC Pakistan Office accumulated experience, acquired a deep understanding of the market, actively sought partners, and temporarily withdrew according to changes in the business environment in order to retain strength for the long-term future.

6.2.2.3 Stage three: focus on framework programs (from 2006 to present)

Under the influence of the 2005 Pakistan earthquake and its long-term disrepair, the original Karakoram Highway was severely damaged and urgently needed to be reconstructed. With the

ever-increasing economic and trade exchanges between China and Pakistan, when Chinese leader Hu Jintao visited Pakistan in 2006, both countries decided to expand the Karakoram Highway and CRBC had the opportunity to return to the Pakistani market. In 2013, Chinese Premier Li Keqiang visited Pakistan and proposed the construction of the "China-Pakistan Economic Corridor". The second phase of the KKH Reconstruction and Expansion Project was regarded as the flagship of the project and CRBC won the bid.

The first phase of the KKH Reconstruction and Expansion Project included two projects: KKH Reconstruction and Expansion Project and KKH Barrier Lake Reroute Project. The first started in 2008 and, after overcoming multiple tests and difficulties such as the collapse of the transportation channel bridge, landslides, flood attacks, and religious conflicts, it was successfully completed in November 2013. In January 2010, a huge landslide occurred near Attabad in the middle of the KKH Reconstruction and Expansion Project. It blocked the river course, forming a barrier lake of 24 kilometers long, completely interrupting the land transportation between China and Pakistan. At that critical moment, the CRBC Pakistan Office faced the difficulties and completed the solution of the barrier lake section and the design drawings of the rerouting project in a short time. At the end of the same year, it signed a commercial contract for the project with the Pakistan National Highway Administration.

After years of hard work and overcoming various challenges and difficulties such as steep terrains, shortage of materials, and complex safety situation, the barrier lake reroute project was finally completed and opened to traffic in September 2015. In the first phase of KKH Reconstruction and Expansion Project, the CRBC Pakistan Office integrated the strength of a number of Chinese construction enterprises, and subcontracted the project according to sections to partners including such as CCCC Tunnel Engineering Company, CCCC-SHEC Second Engineering Corporation, Xinjiang Road and Bridge and Beixin Road Bridge. At the same time, through cooperation with Chinese universities and scientific research institutions, CRBC had overcome the technical problems of construction in natural disaster environments and won the Second Prize of China's National Science and Technology Progress Award in 2010.

As a key framework program between China and Pakistan, the project received great attention and support from the Pakistani government. *"Pakistan is a high-risk country. The area I am now in is close to the tribal area, and it is also an area where the Taliban will spread. At the peak of our project implementation, there were about 2,000 Chinese workers, but the Pakistani government also sent 2,000 soldiers, armed police and security guards to protect us, so all our work on the scene was strictly protected"* said Mr. Wang. The CRBC Pakistan Office also repaid its merits by actively repairing orphanages and roads for the villages along the

project, renovating rivers for free, and giving donations to children who dropped out of school to fulfill its social responsibilities.

The second phase of the Karakoram Highway Reconstruction and Expansion Project starts from Havelian and ends at Takot Bridge, the Sino-Pakistani Friendship Bridge, with a total length of 118.124 kilometers. The project was funded 100% by two loans of the Export-Import Bank of China, and the owner was the National Highway Administration of Pakistan. Pakistani Prime Minister Sharif participated in the groundbreaking ceremony in 2016, and the construction of the project is currently under way.

In addition to tracking development framework programs at this stage, the CRBC Pakistan Office is also actively expanding its business areas and overseas markets, carrying out a strategic transformation from "being a contractor" to "being an operator and investor", and radiating to peripheral markets. During this process, the CRBC Pakistan Office has actively promoted the construction and operation of the park and the development of the Qatar market. In 2019, Li Keqiang visited Pakistan again. The prime ministers of the two countries witnessed CRBC's signing of the Rasakai Special Economic Zone Project, which is a key project under the cooperation framework of the "China-Pakistan Economic Corridor".

The successful completion of the first phase of the Karakoram Highway Reconstruction and Expansion Project has further strengthened the Pakistani government's trust in CRBC. With social responsibility activities to actively improve the local people's livelihood, the project has enhanced the goodwill of the people of Pakistan towards CRBC's reputation. In turn, the Rashakai Special Economic Zone Project has promoted the business diversification of the CRBC Pakistan office, in order to better serve the development needs of the host country and the needs of the owners.

At this stage, the CRBC Pakistan Office relied on its historical relationship and the foundation of trust established by the Pakistani government to obtain support from the national platform through the framework programs, creating external conditions for business development. Moreover, this relationship of trust has been further strengthened by providing technical solutions for natural disasters and actively fulfilling social responsibilities. The Office not only integrated cooperative enterprises and scientific research institutions in China, but also acted as the chairman unit of the Chinese-funded Enterprise Association in Pakistan to coordinate the relations of all parties in the Pakistani market and became an ideal bridge between the two countries. Just like Mr. Wang said: *"I think our resources here mean two things. One is performance and the other is interpersonal network. First of all, we have performance, including performance history and performance stories. Performance cannot be achieved*

overnight. It needs the accumulation of time. Then the second is the interpersonal network. After such a long time in this market, our network accumulation may also mean that it has reached a better height than those newcomers. Knowing key people in key positions may mean getting some key information and being able to handle key issues."

The CRBC Pakistan Office is also actively expanding business diversification and developing markets in neighboring countries to adapt to changes in the external environment. In summary, at this latest stage of the framework programs, the Office promotes project development with a trust basis, strengthens the trust basis with social responsibility, integrates the resources of China and Pakistan, and helps itself complete the leap in business development and technical capabilities.

6.2.3 The internationalization process of CRBC in Cambodia

6.2.3.1 Stage one: focus on small spot exchange projects (2001-2006)

In December 1998, Cambodia reached a national reconciliation and entered a period of peaceful development. In 2001, CRBC won the bid for the World Bank-funded spot exchange project, the Cambodia No. 6 Road Expansion Project. Through this project, CRBC officially entered the Cambodian market and established the CRBC Cambodia Office. The No. 6 Road is used to connect Siem Reap Province, where the World Cultural Heritage Angkor Wat is located, to Kompong Thong Province adjacent to Thailand. Poipet in Kompong Thong Province is the largest land port between Cambodia and Thailand, while the No. 6 Road is the only way from Phnom Penh to Poipet, so it is also one of the most important transportation routes in Cambodia.

In January 2001, the Reconstruction and Expansion Project of No. 6 Road started, with a total length of 72 kilometers, lasted 33 months and was completed in 2003. During the construction of the project, there was a large number of mines laid during the Khmer Rouge period along the construction line, which increased the risk and delayed the construction progress. The road construction equipment was damaged by anti-tank mines for five consecutive times. Fortunately, no one was injured. Mr. Wu recalled: *"According to the agreement, the owner was responsible for mine clearance. The demining team dispatched corps of Cambodian engineers; after their job was done they would give a mine clearance certificate saying that one could enter the area. When our team entered, there were five bombs in a row, which blasted a large flat scraper with tall wheels to a house 30 meters away. Under such a circumstance, we maintained a stable hold there. After that, the road was repaired, but it was not easy."*

At the same time, there were also NGO organizations obstructing the construction, but the CRBC Cambodia Office coordinated through the owner, the Cambodian government, and solved the problem. Mr. Wu said: *"When the No. 6 Road was built, there were soil yards in the local area. We went to collect the soil for construction, but the local NGO said that we were not allowed to use it. In fact, the soil we collected had no effect on the environment of the soil yards and the Japanese workers nearby were also collecting it for road construction. There were no trees there. They allowed Japanese to collect the soil but stopped us from doing so. Later, we turned to the director of the executive office who was in charge of the Cambodian No. 6 Road Engineering Department for help. At that time, the French in charge of the NGO organization was very arrogant. He put his legs on the table to tell us that the road could not be repaired. Later, the director told him that I was the special assistant to Houn Sen, and in Cambodia he should listen to the Cambodian. Later, the French immediately changed his attitude. We included in the contract many situations that could easily lead to disputes, and the owner was responsible to coordinate, so that they would be obliged to solve these problems. A lot of trouble had been avoided from the source."*

Although the reconstructed and expanded No. 6 Road is a tertiary road, the standards adopted by the CRBC Cambodia Office were much higher. Since the civil war in Cambodia had just ended in 1998, it was a time when everything was left to renovate, so there were not too many restrictions on road traffic control. Truck overloading was commonplace, and the No. 6 Road was the only way from Poipet to Phnom Penh. A large number of commodities were imported from Poipet to Phnom Penh and then transported to the whole country. The overloading situation faced by the No. 6 Road was even more severe. In this regard, Mr. Wu recalled: *"Those overloaded trucks were all heavier and taller, like the reinforced concrete trucks with 70 or 80 tons. Later, when we repaired the No. 6 Road, the road built by the Japanese economic assistance was broken. That's because we adopted higher standards and made maintenance at the same time. As for the road built by the Japanese, there were a lot of pits. Because of the overloading problem, some infrastructure enterprises including those of Malaysia and Vietnam couldn't sustain their business. But our quality was very good. The director in charge of this project has now been promoted to the first deputy minister of Cambodia, namely the standing deputy minister. We are well acquainted to officers in the engineering department now, because they are old friends from that first project who have been promoted."* The supervision enterprise of the No. 6 Road Reconstruction and Expansion Project,

PCI from Japan, also praised CRBC as a well-deserved internationally renowned road and bridge contractor for its excellent project quality.

Because Cambodia at that time had just emerged from the civil war and had an urgent desire for development but a shortage of domestic funds, aid loan from the World Bank was used for construction. This type of spot foreign exchange project is often low in profit and small in size. However, CRBC successfully entered Cambodia through the World Bank's spot exchange project such as the No. 6 Road Reconstruction and Expansion Project. It actively interacted with and won the trust of Cambodian owners and established a professional reputation in the market via the construction quality far superior to other infrastructure enterprises and the geographical advantage of the No. 6 Road which connects to the world culture heritage Angkor Wat. All these laid the foundation for a long-term cooperation network.

At this stage, CRBC entered the Cambodian market through spot exchange projects which also frustrated many foreign-funded enterprises: its construction quality was higher than the contract requirements and better satisfied realistic needs. By adopting precautions and contract management, as well as taking the initiative to communicate with the Cambodian government, CRBC avoided many business risks at the source. In summary, at the stage of small spot exchange projects, the CRBC Cambodia Office successfully established a foothold in the Cambodian infrastructure market through its own specialization, established an initial relationship of trust with the government, and solved operational risks by actively interacting with owners to leverage local resources.

6.2.3.2 Stage two: focus on framework programs (2006-2018)

At the beginning of 2006, China Road and Bridge Corporation (CRBC) and China Harbour Engineering Company (CHEC) were merged and reorganized into China Communications Construction Company (CCCC). As an internationally renowned engineering contractor brand, CRBC continued to exist as an overseas business platform of CCCC. In October 2006, Premier Wen Jiabao of the State Council of China visited Cambodia and both countries launched a cooperation framework to provide 200 million U.S. dollars in preferential export buyer's credit loans for Cambodia's reconstruction and development. Witnessed by premiers of both countries, CRBC signed its first framework program, the Cambodian No. 76 Road. Mr. Wu, Assistant to General Manager of the CRBC Cambodia Office since 2018 (see Table 4.3), said:

"Starting from No. 76 Road as a turning point, due to the national double-preferential framework, CRBC's strategy of "going global" has been further improved, and since then it has gradually become bigger and stronger." After that, the CRBC Cambodia Office successively

won nine highway projects and two bridge projects in the form of framework programs as detailed below.

The No. 76 Road Project was implemented in the form of engineering procurement construction (EPC) and it was the first project constructed by the Cambodian government using Chinese preferential loans. The No. 76 Road Project started in Sinu County, Kratie Province, and ended in Sen Monorom City, with a total length of 127 kilometers along primary forests. The project was called a "Model Road" by Cambodian Prime Minister Houn Sen, and he personally awarded the "Personal National Construction Medal" to the project personnel. It also won the 2008 Luban Award, the highest award for Chinese construction enterprises. Mr. Wu recalled: *"In fact, there was a story. Originally, the No. 76 Road Project was given to Shanghai Construction Engineering. However, they failed to repair the No. 7 Road with over 200 kilometers and, in contrast, the No. 6 Road we undertook was well repaired, so the No. 76 Road Project was given to us. With it, we won the China National Quality Engineering Award, the China Communications Quality Engineering Award and the Cambodian Quality Engineering Award. Therefore, it is still the quality that helps a company occupy a market."*

In the past ten years, the CRBC Cambodia Office had also successfully undertaken ten highway projects and two bridge projects in the form of framework programs. With the explosive growth of business volume, the self-operated project model could not meet the development needs of the CRBC Cambodia Office. Mr. Wu said, *"after the completion of the No. 76 Road, the double-preferential framework programs were all subcontracted, but mainly for several sections, to contractors like Jilin Communications Construction. After 2011, units within the Group including the Fourth Highway Engineering Corporation, the Third Harbor Engineering Corporation, and the Road Construction Corporation (in 2013), gradually entered subcontracting cooperation. Later, CCCC stipulated that all subcontracting business should be awarded to units within the Group. Our business model in Cambodia is subcontracting, but in order to eliminate the problem of "replacing management with subcontracting", we also set up our own project manager department with project manager and for each section of the project (as a road was not contracted to one single company), we employed our own engineers to supervise the quality progress and the safety of the work. This is actually also a way to control the project."*

The No. 76 Road Project straightened out the development and business model of the framework program business for the CRBC Cambodia Office, which helped to find the right direction for the rapid development in the following ten years. At the same time, with the reorganization of CCCC, the CRBC Cambodia Office acquired a broader internal cooperation

network and enjoyed more construction and technical resources that could be leveraged. As the CRBC Cambodia Office won the Luban Award, China's highest construction award, and other framework programs started to emerge, its reputation and scale in the Cambodian infrastructure market developed by leaps and bounds.

At this stage, with good reputation accumulated in the previous No. 6 Road Project and trust of the Cambodian Engineering Department, the CRBC Cambodia Office won the Project of the No. 76 Road that Shanghai Construction Engineering failed to undertake. The framework program business model brought about by the No. 76 Road Project became the key to the rapid expansion of the business of the CRBC Cambodia Office. Just as Mr. Wei, deputy chief engineer of the CRBC Cambodia Office since 2018 (see Table 4.3) said: *“the No. 76 Road Project should be said to have laid the foundation for the success of the Cambodia Office’s business.”*

In summary, at the stage of the framework programs, the CRBC Cambodia Office won professional reputation and the trust of the Cambodian Ministry of Engineering to leverage huge framework program resources. As a carrier of CCCC's overseas business platform, it integrated CCCC's huge internal cooperation network and completed a leap in the scale of operation and management in the Cambodian market.

6.2.3.3 Stage three: innovative development

In January 2018, Chinese Premier Li Keqiang visited Cambodia. During the visit, CRBC signed the Phnom Penh-Sihanoukville Expressway Project (referred to as Golden Port Expressway) under the witnessing of the two prime ministers. The Golden Port Expressway connects the capital and the largest port city of Cambodia and is also the first expressway in Cambodian history. It adopted Chinese technical standards, with a total investment of US\$2 billion and an operation period of 50 years.. At this stage, CRBC's operating organizations in the Cambodian market are the CRBC Cambodia Office and the General Manager Department of the Golden Port Expressway.

The Golden Port Expressway Project had been promoted for nearly ten years. The process was full of twists and turns. The Cambodian government's project implementation model has undergone a change from the combination of framework programs and investment to pure investment. The financing model has also changed from "preferential buyer's credit loans" to “preferential buyer's credit loans + commercial loans”, and finally to "full commercial loans". As the Cambodian government planned to build the Sihanoukville Special Economic Zone into Cambodia's "Shenzhen", the Cambodian government had an urgent need for the Golden Port Expressway Project. At the same time, due to the success of the CRBC's Mombasa-Nairobi

Railway Project and the operation of the Mombasa-Nairobi Railway in the Kenyan market, CRBC strengthened its confidence in the construction and operation of the Golden Port Expressway Project.

In this process, CRBC has constantly adjusted its business direction according to the needs of the owners, while insisting on the use of Chinese standards, design and technology construction. It also proposed to adopt the full life cycle management of investment, implementation, operation, and handover in the BOT (build, operate and transfer) model to lay a solid foundation for the final landing of the Project. Mr. Wu recalled: *"In my opinion, the landing of the Golden Port Expressway is like taking ten years to grind a sword. The first MOU was signed in Beijing in 2009 under a bilateral framework funded by the Cambodian side, but it was not until 2014 that they made it clear that there was no money. Then our company leaders made a decision to promote the project with BOT. Later, on January 11, 2018, Premier Li Keqiang witnessed the signing of the agreement. The project was promoted step by step and went through many difficulties. The Golden Port Expressway Project is a loan-aid investment (aid-loan-investment), which is a model innovation."*

The aid-loan-investment meant that the Cambodian government offered some policy aid while the Chinese government offered some aid assistance. At the same time, CRBC offered loans with the support of a syndicate composed by China Development Bank, China Export Bank, and Industrial and Commercial Bank of China and at last CRBC also did invest. Mr. Wei analyzed: *"For the Chinese government, the most important thing is how to use the least money to help the Cambodian government achieve the greatest benefits. For the Cambodian government, the most important thing is how to use the least investment for the best development of social public facilities. For CRBC, the most important thing is how to achieve the maximum profitability of the project with the least capital investment. Everyone wants to achieve this goal, and finally this aid-loan-investment model was the best solution."* The Golden Port Expressway Project started on March 22, 2019. The First Harbor Engineering Corporation, the Third Harbor Engineering Corporation, the Road Construction Corporation, and the Fourth Highway Engineering Corporation, all under CCCC participated in the subcontracting of the project, and the construction is progressing according to plan.

At the same time, due to the rapid economic development of Cambodia in recent years and the increasing demand for industrial development and energy, the CRBC Cambodia Office is actively tracking projects covering railway, dredging, energy, optical cable and other fields through cooperation. The Office is also working hard to develop the surrounding Thai market as Mr. Wei referred: *"We are now working hard to develop the Thai market, but the Thai market*

is involved in the competition within the group, including market access. I think there will be a certain degree of difficulty."

The signing and landing of the Golden Port Expressway Project have greatly improved CRBC's business operation capabilities in Cambodia, satisfied the urgent needs of the government to develop the Sihanoukville Special Economic Zone, and contributed to the business development of CRBC in that market for the coming 50 years. The diversified operation of the CRBC Cambodia Office has also made it possible for the company to be more integrated in the Cambodian economic development network and leverage opportunities.

At this stage, due to the long-term operation of CRBC in Cambodia, CRBC has built more than 1,800 kilometers of roads in Cambodia, laying a leading position in the Cambodian infrastructure market. It has also witnessed and promoted the rapid economic development of Cambodia in recent years. Through the understanding of the needs of the Cambodian government and all parties, after years of unremitting efforts and investment innovation, CRBC has finally achieved the landing and implementation of the important Golden Port Expressway. The 50 years' right to operate the Golden Port Expressway has also made it possible for CRBC to transform from doing "temporary business" to "long-term business" in Cambodia. The advantages of CRBC as an overseas business platform of CCCC have been highlighted during the integration of CCCC's subcontractors, but it also suffered some restrictions on the development of new national markets. To sum up, at the stage of innovative development, CRBC has leveraged investment and innovation to mobilize multiple funding sources to promote the implementation of major projects, accurately understood the needs of all parties in the cooperation network through long-term business interaction and sought development opportunities to transform itself from a pure contractor into an investor and operator via diversified operations.

6.2.4 The internationalization process of CRBC in Belarus

6.2.4.1 Stage one: spot exchange projects (2010-2016)

In September 2010, CRBC won the bid for the M5 Highway Reconstruction and Expansion Project in Belarus. The M5 Highway (also known as the Europe E271 Highway) is a European intercontinental highway from Minsk, the capital of Belarus, to Gomel, the second largest city. It marked the first time that CRBC entered the European infrastructure market and undertook the construction of European standard projects. In May 2011, the CRBC Belarus Office was

established. In 2013, the Belarus M5 Highway Extension Project was supported by China's two excellent loans, and CRBC won the bid in 2014.

In September 2010, CRBC signed a general contract of the M5 Highway Reconstruction and Expansion Project with the owner, the Gomel State Highway Bureau of Belarus, with a contract value of US\$400 million. The design of the project was undertaken by the owner and adopted Belarusian norms and standards. It was the first time that the Belarusian government used Chinese funds in the field of infrastructure construction, with commercial loans provided by the Export-Import Bank of China. In May 2011, CRBC established an office in Belarus. It took CRBC nearly two years to negotiate the financing and supplementary agreement of the project since the loan agreement needed to be signed by the Export-Import Bank of China, by the State-owned Assets Supervision and Administration Commission of China, and by China's State Council. In addition, the Ministry of Commerce of the Belarusian government also needed to approve it.

The Ministry of Finance of Belarus purchased insurance for the project from CITIC Insurance and the loan was granted in March 2012. On the other basis of the original 45 pages of the secured business contract, the CRBC Belarus Office added 4 supplementary agreements of about 200 pages through negotiation to standardize the launching of the project, the measurement of the engineering quantity, the approval process, the requirements of the completion, delivery and inspection conditions, payment procedures, and the bidding of construction equipment. On January 4, 2013, the M5 Project officially started, and after that, CRBC also signed the No. 5 agreement for construction equipment and the No. 6 agreement for the project finishing work with the owner.

Mr. Liu, administration manager of the CRBC Belarus Office from 2016 to 2021 (see Table 4.3) recalled: *"When we were working on the M5 Project, we spent two years before construction because we were going through an adjustment period with the owner. Every supplementary agreement had over two hundred pages. It clearly described some of the foreseeable situations that might occur during our future construction. For our owner, he had not experienced the terms and did not understand the things in the market. We explained the whole implementation step by step because this is the protocol of Chinese funds and the international practice"*. During the construction of the project, the CRBC Belarus Office hired a large number of Belarusian engineers, financial personnel and local subcontractors to meet the requirements of the owners and the country's building codes. In December 2014, the M5 Project was completed with a construction period of 23 months.

In 2014, the CRBC Belarus Office won the bid for the M5 Highway Extension Project (Žlobin-Babruysk) with a total length of 76 kilometers. The owner is the Transportation Bureau of Mogilev Region in Belarus. The M5 Extension Project still used Chinese funds, but unlike the commercial loans for the M5 Project, this time it was a two-preferential loan (preferential buyer and preferential loan).

The M5 was the first project for CRBC to enter the European market and plays a key role in the development of CRBC in Central and Eastern Europe having opened the cooperation network with Belarusian owners, relevant ministries and local subcontractors. CRBC avoided unknown operating risks in the new market through detailed supplementary agreement negotiations. In the end, it proved that the detailed negotiations before the start of construction were worthwhile and did not pose any risk of delay to the construction. They also helped CRBC to obtain the Belarusian owner's approval, trust and good reputation in the Belarusian infrastructure market. The M5 project also allowed the Belarusian government to taste the "sweetness" of using Chinese funds, laying the groundwork for the comprehensive strategic partnership between the two countries and the preferential Chinese loans for the M5 Extension Project.

At this stage, CRBC entered the Belarusian market through spot exchange projects. With M5 and its extension project having met an ideal schedule and compliance with the owners' requirements, CRBC cultivated a business team who are good at business negotiations and proficient in Belarusian regulations and process requirements. In summary, at the stage of undertaking spot exchange projects, the CRBC Belarus Office relied on proactive foresight and long but rigorous negotiations to avoid operating risks in the new market, and acquired standardization and management knowledge through hiring local employees and local subcontractors, thus successfully establishing a firm foothold in the Belarusian infrastructure market.

6.2.4.2 Stage two: development and transformation (2017-present)

With the completion of the M5 Extension Project at the end of 2016, the road market in Belarus has increasingly shown a state of saturation and fierce competition. On the one hand, the quality of the original roads in Belarus is still good, the population is small as well as the traffic volume, so the demand for road engineering is not urgent. On the other hand, after China proposed the "Belt and Road" Initiative, Belarus has actively participated and invested the preferential loans provided by China into factory-type projects to directly generate revenue for the country. Mr. Liu sighed: *"For highway projects, their roads are not toll roads, as those we normally build."*

We only charge foreign vehicles and domestic vehicles over 3.5 tons. Therefore, Belarus actually cannot earn any money and is not very willing to use Chinese funds to rebuild roads."

After the completion of the M5 Extension Project, the CRBC Belarus Office actively participated in the bidding for the M6 Highway Project, which used funds provided by the World Bank. Competitors were mainly Chinese enterprises that had come to the Belarusian market in response to the "Belt and Road" Initiative, including Gezhouba Group, China Power Construction, China Securities International, China Industry International, and the Belarusian state-owned construction enterprise reformed by the local highway bureau. Since World Bank-funded projects do not require Chinese enterprises to participate exclusively in the same way as Chinese-funded projects, and the Belarusian state-owned construction enterprise had closer ties with the owners of the Belarusian Highway Bureau, in the end, Chinese enterprises lost the M6 Project.

Although the previous M5 Project and the M5 Extension Project increased the trust and cooperation foundation of CRBC with the Belarusian government, CRBC was invited to participate in the investment link as a joint venture and solve the problem of funding. Miss Zhang, Manager of the Finance Department of the CRBC Belarus Office from 2015 to 2018 (see Table 4.3), analyzed: *"What the Belarusian government is looking for is to do some spot exchange projects, or some joint ventures, such as the PPP or the BOT model. They hope that we would act as an investor to bring money to help them solve some financial problems with cheap funds. The characteristic of the Belarusians is that they are very cautious when it comes to new things, and they are more worried about various situations, so it is slower for them to push forward projects. They don't know how to push these projects, how they should do so that both parties are in the stage of exploration and discussion."*

In terms of the local fine-grained operation, the CRBC Belarus Office made gratifying progress in the tax field in 2017. Through professional interpretation of Belarusian tax laws and bilateral tax transfer agreements, the CRBC Belarus Office successfully saved millions of dollars in taxes according to the law and became the first Chinese-funded enterprise to receive this treatment. In this regard, Miss Zhang recalled: *"Our chief accountant studied the Sino-Belarusian bilateral tax transfer agreement and found the possibility to allow us to list some of the expenses incurred in China to Belarus, so as to reduce or exempt corporate income taxes. Then we started a long communication process, probably for more than half a year, step by step and got a reply from the Ministry of Taxation of Belarus recognizing the bilateral tax transfer*

agreement between China and Belarus. We had to communicate cleverly, to talk to them again and again and were successful due to the professionalism of our financial personnel."

In addition, planning to build a China-Belarus Industrial Park in Minsk, the Belarusian government actively used the US\$2 billion fund provided by the Export-Import Bank of China to copy the model of the Shekou Industrial Park in Shenzhen, China. However, the business risk of this project is relatively high and is still in the wait-and-see stage. Mr. Chen, the Former Deputy Manager of the M5 Extension Project of the CRBC Belarus Office from 2015 to 2017 (see Table 4.3) recalled: *"At that time, Belarus wanted to be build a China-Belarus Industrial Park. They also asked our opinion. We made an in-depth analysis of the project and concluded that the disadvantage, which are mainly economic risks, outweighed the advantages. But they really want to do it. The government of Belarus wants to build a high-tech industrial park open only to software or technology enterprises and excluding ordinary factories. That's an unrealistic situation."*

Later, considering the saturation state of the Belarusian infrastructure market, the CRBC Belarus Office decided to use its own talent and geographical advantages to develop the Ukrainian and Polish markets and is currently actively promoting the Ukrainian M-22 "Poltava-Alexander" Road Project that bypasses the Kremenchug urban section (including the bridge across the Dnieper River), M14 Highway Reconstruction and Expansion Project, Zaporozhye Bridge Project, and Boryspil International Airport Project. Miss Zhang recalls: *"We now have a Belarusian accountant. When the Ukraine projects were launched, we sent him there to give support, because in fact, Ukrainian policies have many similarities with those of Belarus. We also had a lot of worries when we first came to the Ukrainian market. There were many places that lacked strict management or supervision. So, we made use of the Belarusian employee to help us. When the Ukrainian accountants were dealing with business that had some non-compliance situations or some actions that needed to be adjusted, he would lead the team to help us solve these problems. And he did a great job."*

The successful completion of the M5 Project has further strengthened the Belarusian government's trust in CRBC and its reputation in the local market. However, because the Belarusian government hopes to seek cheaper financial solutions and is exploring engineering models, the Office is still in a state of business development after missing the M6 Project. However, during this period, it has further strengthened and fine-grained its management and is currently using its own resources to actively develop the Ukrainian and Polish markets to promote the diversification of its business scope.

At this stage, due to the changes in the direction of the sources of funds by the Belarusian government, the original operation model of the CRBC Belarus Office is not suitable for the new market requirements, so the M6 Project was missed and the promotion of new projects is limited due to the model exploration of the Belarus government and CRBC's own prudence in operating risks. At the same time, the CRBC Belarus Office continues to exert its efforts in fine-grained and diversified operations. By researching tax policies, it has successfully reduced operating costs through tax deductions and developed neighbor countries to stimulate peripheral markets. To sum up, at the development and transformation stage, the CRBC Belarus Office has further developed its management and diversified operations in order to adapt to market changes, and is striving to achieve business breakthroughs in the saturated Belarusian infrastructure market cautiously.

6.3 Case analysis

Granovetter (1977) proposed to divide network embeddedness into structural embeddedness and relational embeddedness. The structural embeddedness dimension observes the location of the network entity and the effect of the network structure on the resources obtained. The relational embeddedness dimension observes how the network entity, as the transaction object, attaches importance to the needs of both parties. It focuses on the trust relationship of the network entity in the transaction and on the level of mutual cooperation and sharing of information. This thesis divides the network embeddedness of CMNEs into two dimensions: structural embeddedness and relational embeddedness and analyzes the characteristics of the network embeddedness of the case enterprise CRBC's internationalization process in four country markets.

6.3.1 The network embeddedness of the CRBC Kenya office in the host country market

As shown in Table 6.1 and Figure 6.1, in 1986, CRBC entered the Kenyan market with a spot exchange project, the Catan Highway Project.

Table 6.1 The network embeddedness of the CRBC Kenya office

Concept	Measurement Variables	Entry Stage	Development Stage	Maturity Stage
Structural Embeddedness	Centrality	Relatively Low	High, Rised Greatly	High, Basically the Same
	Structural Autonomy	Relatively Low	High, Rised Greatly	High, Basically the Same
	Direct Connections	Medium	High, Rised Greatly	High, Basically the Same
Relational Embeddedness	Trust	Relatively High	High, Rised Slightly	High, Basically the Same
	Fine-Grained Information Transfer	Relatively High	High, Rised Greatly	High, Basically the Same
	Joint Problem-Solving Arrangements	Medium	High, Rised Slightly	High, Rised Slightly

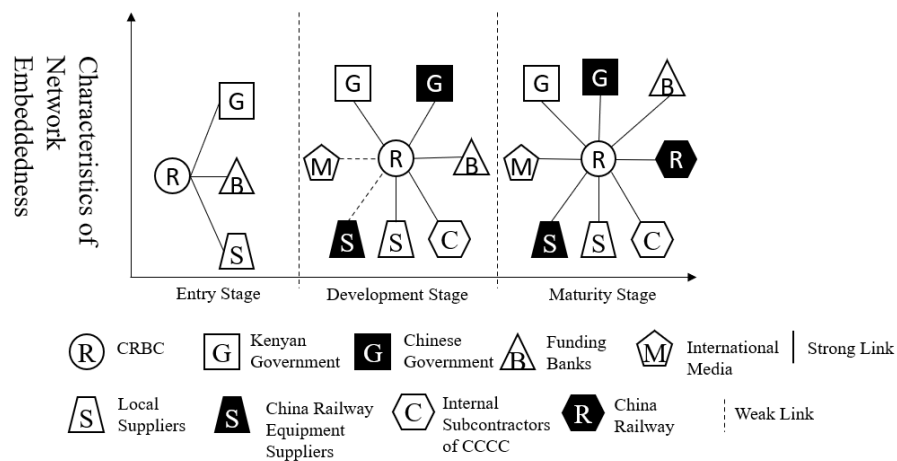


Figure 6.1 Characteristics of network embeddedness of the CRBC Keyan office

At the entry stage of bidding for spot exchange projects, the characteristics of network embeddedness of the CRBC Kenya Office were reflected in the establishment of a strong link with a single type of network entity at the edge of the host country's market network. In detail, from the perspective of the characteristics of structural embeddedness, the projects CRBC undertook at the entry stage were all spot exchange projects with the Kenyan government as the owner. These projects were mainly connected with the Kenyan government, funding banks, investment banks, and local suppliers. Most of the funds for the construction of the Kenyan government came from international financial institutions and the CRBC Kenya Office solved the supply of engineering raw materials through local suppliers. Therefore, in the network connection, the main connection objects were the Kenyan government, funding banks and local suppliers. CRBC had low degrees of centrality and structural autonomy, and a medium degree of direct connections in the host country's market network. In terms of the characteristics of

relational embeddedness, it had frequent interactions with the Kenyan government, funding banks and local suppliers, forming strong links. At this stage, CRBC had high degrees of trust relationship and fine-grained information transfer, and a medium degree of joint problem solving arrangements in the host country's market network.

In the development stage that focused on framework programs, the characteristics of network embeddedness of the CRBC Kenya Office were reflected in the establishment of strong links with different types of network entities. It was in the bridge position of structural holes. In detail, in terms of the characteristics of structural embeddedness, the CRBC Kenya Office brought Chinese financial support to the owner through the “Belt and Road” Initiative and expanded its business scope from highway construction projects to railway construction projects. It also cooperated with the Kenyan government, the Chinese government, the Export-Import Bank of China, the internal subcontractors of CCCC, China Railway equipment suppliers, international media and other various market entities, and became the key bridge connecting them. At this stage, CRBC's centrality in the host country's market network was high, so were its structural autonomy and direct connections. In terms of the characteristics of relational embeddedness, driven by the high-level strategic dialogues between the Kenyan government and the Chinese government, the CRBC Kenya Office established strong links and had frequent interactions with subcontractors, suppliers, funding banks, forming a high degree of trust between each other. In addition, due to business needs to establish weak links with international media and China Railway equipment suppliers, CRBC had high degrees of trust relationship and fine-grained information transfer, and a medium degree of joint problem solving arrangements in the host country's market network.

At the maturity stage dominated by coordinated development of spot exchange projects, framework programs and investment, the characteristics of network embeddedness of the CRBC Kenya office are manifested in the establishment of strong links with more diverse market entities. It continues to occupy the bridge position of structural holes. Specifically, in terms of the characteristics of structural embeddedness, the CRBC Kenya Office has expanded its business to railway operations, industrial parks, real estate and ports. It has also cooperated and made business contacts with market entities including the Kenyan government, suppliers of China and Kenya, China Railway Corporation, and has become a key bridge connecting their relationships. At this stage, CRBC has high degrees of centrality, structural autonomy, and direct connections in the host country's market network. In terms of the characteristics of relational embeddedness, driven by the increasingly fierce market competition and the trust of

the Kenyan government, the CRBC Kenya Office has shown a strong link with market entities in the network connection. In addition, due to the continuous development of the investment-build-operate-transfer model (BOT), the frequency of interaction with market entities continues to rise. At this stage, CRBC has high degrees of trust relationship and fine-grained information transfer, and a medium degree of joint problem solving arrangements in the host country's market network.

6.3.2 The network embeddedness of the CRBC Pakistan office in the host country

Market

As shown in Table 6.2 and Figure 6.2, in 1966, the predecessor of CRBC, the Foreign Aid Office of the Ministry of Communications of China, entered the Pakistani market for the first time with the KKH Project.

Table 6.2 The network embeddedness of the CRBC Pakistan office

Concept	Measurement Variables	Entry Stage	Development Stage	Maturity Stage
Structural Embeddedness	Centrality	Relatively Low	Medium, Slightly	Rised
	Structural Autonomy	Relatively Low	Medium, Slightly	Rised
	Direct Connections	Relatively Low	Medium, Slightly	Rised
Relational Embeddedness	Trust	High	Relatively High, Dropped Slightly	High, Slightly
	Fine-Grained Information Transfer	Medium	Medium, the Same	High, Greatly
	Joint Problem-Solving Arrangements	High	Medium, Greatly	Dropped

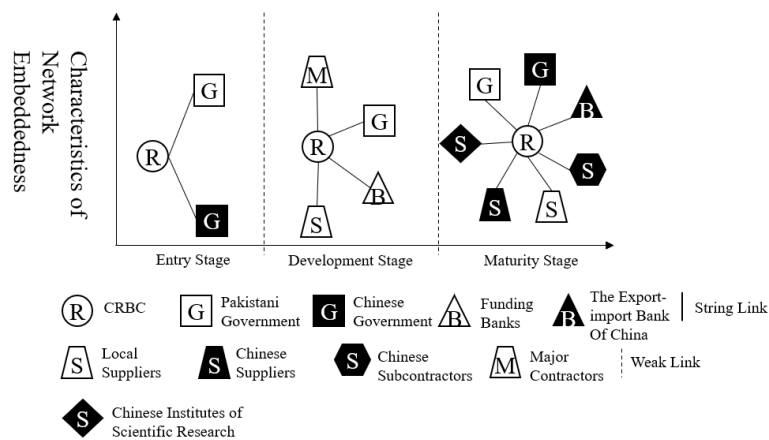


Figure 6.2 Characteristics of network embeddedness of the CRBC Pakistan office

During the entry stage of the implementation of economic assistance tasks, the characteristics of network embeddedness of the Foreign Aid Office in Pakistan were reflected in the establishment of a strong link with a single type of network entity placed at the edge of the host country's market network. In detail, in terms of the characteristics of structural embeddedness, since the Foreign Aid Office aimed to carry out the Chinese government's assistance tasks to Pakistan, it was mainly connected with the two governments. At this stage, CRBC had low degrees of centrality, structural autonomy, and direct connections in the host country's market network. In terms of the characteristics of relational embeddedness, CRBC had made frequent interactions with the Pakistani government and the Chinese government, forming a strong link. At this stage, CRBC had a high degree of trust relationship, a medium degree of fine-grained information transfer, and a high degree of joint problem solving arrangements in the host country's market network.

During the development stage dominated by small spot exchange projects, CRBC returned to the Pakistani market as an enterprise. The characteristics of network embeddedness of the CRBC Pakistan Office were reflected in the establishment of a strong link with a single type of network entity placed at the edge of the Pakistan market network. In detail, in terms of the characteristics of structural embeddedness, the CRBC Pakistan Office had business contacts with the host country government, funding banks, local suppliers, main contractors and other network entities. At this stage, CRBC had medium degrees of centrality, structural autonomy, and direct connections in the host country's market network. In terms of the characteristics of relational embeddedness, it made frequent interactions with the local government, funding banks, main contractors, and local suppliers, forming a strong link with each other. Then, CRBC had a relatively high degree of trust relationship, and medium degrees of fine-grained information transfer and joint-problem solving arrangements in the host country's market network.

At the maturity stage of framework programs, the Pakistani government valued the basis of trust established with CRBC in the past, and invited CRBC to continue to implement the Karakoram Highway Reconstruction and Expansion Project. The characteristics of network embeddedness of the CRBC Pakistan Office were reflected in the establishment of strong links with various market entities thus occupying the bridge position of structural holes. In detail, in terms of the characteristics of structural embeddedness, the CRBC Pakistan Office has expanded its business from highway projects to park projects, cooperated and made business contacts with different types of network entities such as the Pakistani government, the Chinese

government, the Export-Import Bank of China, Chinese subcontractors, local suppliers, and Chinese suppliers, Chinese scientific research institutions, serving as the bridge connecting them. At this stage, CRBC has high degrees of centrality, structural autonomy, and direct connections in the host country's market network. In terms of the characteristics of relational embeddedness, CRBC has established strong links with Chinese subcontractors, suppliers, and scientific research institutions, and made frequent interactions, exhibiting high degrees of trust, fine-grained information transfer, and joint problem solving arrangements in the host country's market network.

6.3.3 The network embeddedness of the CRBC Cambodia office in the host country

Market

As shown in Table 6.3 and Figure 6.3, in 2001, CRBC entered the Cambodian market with the World Bank's spot exchange project, the No. 6 Road Expansion Project.

Table 6.3 The network embeddedness of the CRBC Cambodia office

Concept	Measurement Variables	Entry Stage	Development Stage	Maturity Stage	
Structural Embeddedness	Centrality	Relatively Low	Relatively High, Rised Greatly	High, Slightly	Rised
	Structural Autonomy	Relatively Low	Relatively High, Rised Greatly	High, Slightly	Rised
	Direct Connections	Medium	Relatively High, Rised Slightly	High, Slightly	Rised
Relational Embeddedness	Trust	Relatively High	High, Rised Slightly	High, Basically the Same	
	Fine-Grained Information Transfer	Relatively High	Relatively High, Basically the Same	High, Slightly	Rised
	Joint Problem-Solving Arrangements	Relatively High	High, Rised Slightly	High, Basically the Same	

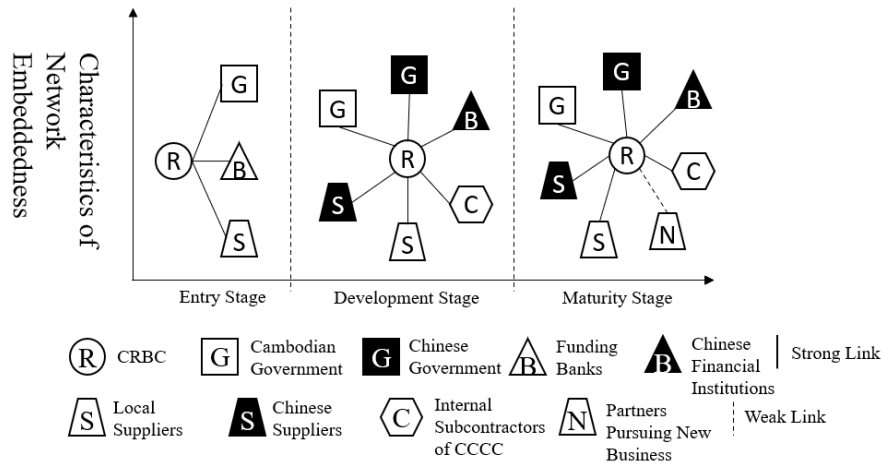


Figure 6.3 Characteristics of network embeddedness of the CRBC Cambodia office

During the entry stage of small spot exchange projects, the characteristics of network embeddedness of the CRBC Cambodia Office were reflected in the establishment of a strong link with a single type of network entity and was then situated at the edge of the Cambodian market network. In detail, in terms of the characteristics of structural embeddedness, it was mainly connected with the host country government, funding banks and local suppliers. At this stage, CRBC had low degrees of centrality and structural autonomy, and a medium degree of direct connections in the host country's market network. In terms of the characteristics of relational embeddedness, it made frequent interactions with local governments, funding banks, and local suppliers, forming strong links with each other. At this stage, CRBC had high degrees of trust relationship, fine-grained information transfer, and joint problem solving arrangements in the host country's market network.

At the development stage dominated by framework programs, the characteristics of network embeddedness of the CRBC Cambodia Office were reflected in the establishment of strong links with different types of network entities and it occupied the bridge position of structural holes. In detail, in terms of the characteristics of structural embeddedness, the CRBC Cambodia Office expanded its business scope from spot exchange projects to framework programs. It also made business contacts with different types of network entities such as the local government, the Chinese government, the Export-Import Bank of China, the internal subcontractors of CCCC, local suppliers and Chinese suppliers and became the key bridge connecting their relationships. At this stage, CRBC had high degrees of centrality, structural autonomy, and direct connections in the host country's market network. In terms of the characteristics of relational embeddedness, the CRBC Cambodia Office had established strong

links with the internal subcontractors of CCCC through frequent interactions. Then, CRBC had high degrees of trust relationship, fine-grained information transfer, and joint problem solving arrangements in the host country's market network.

At the maturity stage of innovative development, the CRBC Cambodia Office had built more than 1,800 kilometers of roads in the host country, occupying the leading position in the Cambodian infrastructure market. The characteristics of network embeddedness were reflected in the establishment of strong links with more different types of network entities continuing to occupy the bridge position of the structural holes. In detail, in terms of the characteristics of structural embeddedness, the CRBC Cambodia Office has expanded from infrastructure construction to infrastructure investment and operation. It also made business contacts with various types of market entities including the local government, the Chinese government, Chinese financial institutions, the internal subcontractors of CCCC, local suppliers, Chinese suppliers, and partners pursuing new business and has become the key bridge connecting them. At this stage, CRBC has high degrees of centrality, structural autonomy, and direct connections in the host country's market network. In terms of the characteristics of relational embeddedness, the CRBC Cambodia Office continues to keep strong links with the internal subcontractors of CCCC through frequent interactions and exhibits high degrees of trust relationship, fine-grained information transfer, and joint problem solving arrangements in the host country's network.

6.3.4 The network Embeddedness of the CRBC Belarus office in the host country market

As shown in Table 6.4 and Figure 6.4, in 2011, CRBC successfully entered the Belarusian market through a spot exchange project—M5 Highway Project.

Table 6.4 The network embeddedness of the CRBC Belarus office

Concept	Measurement Variables	Entry Stage	Exploration Stage	
Structural Embeddedness	Centrality	Medium	Relatively Low,	Dropped Slightly
	Structural Autonomy	Medium	Relatively Low,	Dropped Slightly
	Direct Connections	Medium	Medium, Basically the Same	
Relational Embeddedness	Trust	Relatively High	Medium, Slightly	Dropped
	Fine-Grained Information Transfer	Relatively High	Medium, Slightly	Dropped
	Joint Problem-Solving Arrangements	Relatively High	Medium, Slightly	Dropped

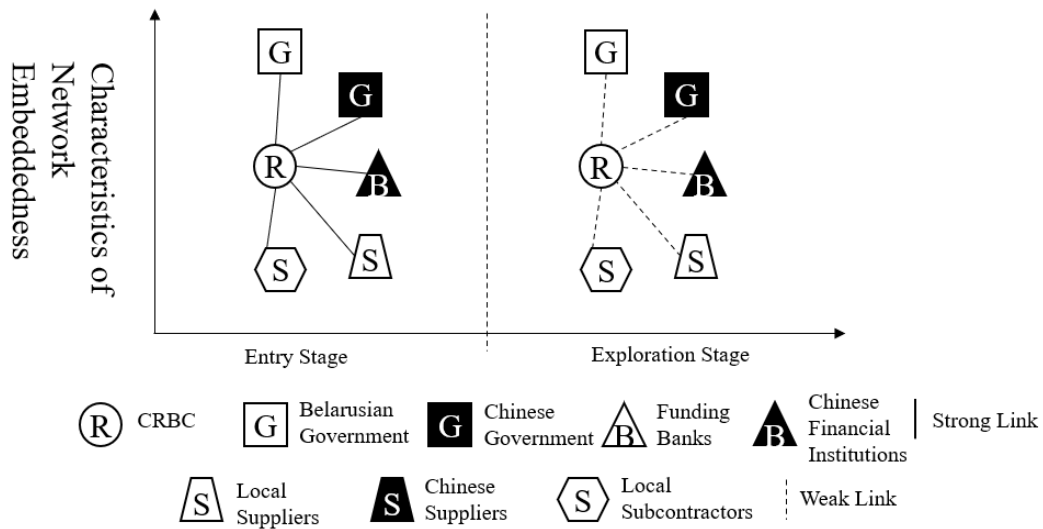


Figure 6.4 Characteristics of network embeddedness of the CRBC Belarus office

At the entry stage that focused on spot exchange projects, the characteristics of network embeddedness of the CRBC Belarusian Office were reflected in the establishment of a strong link with a single type of network entity and it was located at the edge of the Belarusian market network. In detail, in terms of the characteristics of structural embeddedness, it was mainly connected with the Belarusian government, the Chinese government, the Export-Import Bank of China, local suppliers, and local subcontractors. At this stage, it had medium degrees of centrality, structural autonomy, and direct connections in the host country's market network. In terms of the characteristics of relational embeddedness, it had established strong links with the local government departments, suppliers, and subcontractors through frequent interactions, forming strong links among each other. At this stage, CRBC had high degrees of trust relationship, fine-grained information transfer, and joint problem solving arrangements in the host country's market network.

During the exploration stage of development and transformation, the characteristics of network embeddedness of the CRBC Belarus Office are reflected in the establishment of a weak link with a single type of network entity. In detail, from the perspective of structural embeddedness, the CRBC Belarus Office is still mainly connected with the Belarusian government, the Chinese government, Chinese financial institutions, local suppliers, and local subcontractors. At this stage, CRBC has low degrees of centrality and structural autonomy, and a high degree of direct connections in the host country market network. In terms of the characteristics of relational embeddedness, its interaction with the local government, local suppliers, and local subcontractors has also declined, forming weak links showing medium

degrees of trust relationship, fine-grained information transfer, and joint-problem solving arrangements in the host country's market network.

6.4 Case findings

6.4.1 The internationalization paths of CMNEs in the context of the “Belt and Road” Initiative

We established the general path theory model of CMNEs' internationalization based on the two dimensions of structural embeddedness and relational embeddedness in the host country market, as shown in Figure 6.5.

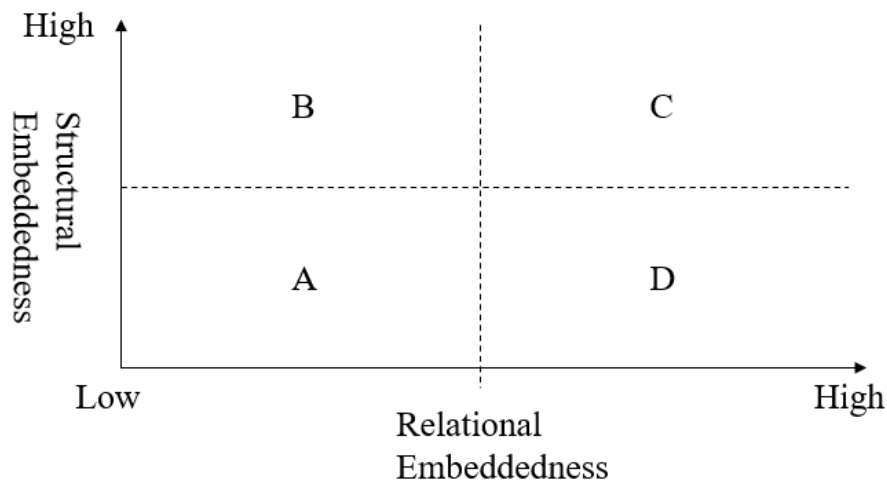


Figure 6.5 The internationalization paths of CMNEs

Based on these two dimensions, the internationalization paths of CRBC, the case enterprise, may be further divided into four types: Progressive Internationalization Path (A-B-C or A-D-C), Radical Internationalization Path (A-C), Leaping Internationalization Path (B-C or D-C) and Tentative Internationalization Path (A-B-A or A-D-A).

1. Progressive Internationalization Path (A-B-C or A-D-C): In 1977, Johanson and Vahlne pointed out that the internationalization of enterprises is a gradual process, from the domestic market to the market of other countries and from a short psychological distance to a long psychological distance. This is the Uppsala Model. Later, Johanson and Vahlne (2009) proposed the pursuit of internationalization based on networks. In this thesis we consider structural embeddedness and relational embeddedness as two dimensions embodied in the process of internationalization from low to high degrees of structural embeddedness and relational embeddedness. A representative of this path is the CRBC Cambodia Office.

As detailed before, the CRBC Cambodia Office entered the Cambodian market through the No. 6 Road Reconstruction and Expansion Project during the entry stage. Through the geographic advantage of the world culture heritage Angkor Wat, it actively interacted with the Cambodian government to leverage local resources to jointly solve risk problems and won great reputation and the trust of the government by its excellent quality, thus laying the foundation for a long-term cooperation network. At the development stage, the CRBC Cambodia Office straightened out the business model of framework programs through the No. 76 Road Project and leveraged a broad internal cooperation network of CCCC to promote itself to the core position of the host country's market network. With the deep trust relationship with the Cambodian government, it had access to the opportunities of the framework programs. At the maturity stage, the CRBC Cambodia Office makes use of its core position in the host country's market network with a solid foundation of trust to successfully capture the development opportunity of the Golden Port Expressway continuously enriching its own business scope, business channels and business vision.

2. Radical Internationalization Path (A-C): In 1994, McDougall, Shane, and Oviatt (1994) put forward the rapid internationalization theory based on "Born Global Firms" referring to those firms that aim to take an international path from the beginning of their establishment. This type of enterprises usually adopts a radical international path. As the first Chinese enterprise established in 1979 to enter the international engineering contracting market, CRBC is a "born global firm." Its process of internationalization with structural embeddedness and relational embeddedness is embodied in the process of internationalization from low to high degrees of structural embeddedness and relational embeddedness. Enterprises that implement radical internationalization paths usually have the following characteristics (Lei, 2017): they have a large number of international network relations and rich international social capital, which can effectively help them open up international markets; their products have large differentiation characteristics which can create unique value for customers. In this thesis, the representative of this path is the CRBC Kenya Office.

During the entry stage, the CRBC Kenya Office initially established a trust relationship with the main players of the Kenyan market network through the small and medium-sized road projects, but the network position at this time was still marginal. At the development stage, the CRBC Kenya Office made use of the policy opportunities of the "Belt and Road" Initiative and managed to become the core position of the China-Kenya cooperation network. Through the Mombasa-Nairobi Railway Project, it successfully transformed the design, construction, equipment, and technology of China Railway into CRBC's own advantages and precisely met

the construction needs of the Kenyan government, the local people's livelihood, and election. CRBC's trust relationship with the Kenyan government had also reached a very high level. At the maturity stage, the CRBC Kenya Office continues to expand railway projects and operations based on the success of the Mombasa-Nairobi Railway, and used the advantages of its extremely high degrees of structural embeddedness and relational embeddedness to get involved in other businesses such as investment and industrial parks.

3. Leaping Internationalization Path (B-C or D-C): In 2007, Luo and Tung (2007) proposed that EMNEs adopt a leaping internationalization path. In this thesis, such process of internationalization with structural embeddedness and relational embeddedness as two dimensions is embodied in that enterprises skip the stage of low structural embeddedness and low relational embeddedness and directly engage in high structural embeddedness and low relational embeddedness, or high relational embeddedness and low structural embeddedness as a starting point for internationalization. The representative of this path is the CRBC Pakistan Office.

During the entry stage, the predecessor of CRBC was the official implementation organization of China's foreign aid. Although CRBC was embedded at the edge of the Pakistan market network at that time, it was able to gain the high trust of the Pakistani government and various partners since the Karakoram Highway Project has won a high reputation for CRBC in the hearts of the Pakistani people. At the subsequent development and maturity stages, the CRBC Pakistan Office strengthened the interaction with the host country's market network entities, established strong links, and won the first phase of the Karakoram Highway Reconstruction and Expansion Project by virtue of its trust and reputation advantages. It also made itself into the core position of the China-Pakistan cooperation network through the excellent engineering quality. With the high trust of the Pakistani government, it later successively won the Barrier Lake Project and the second phase of the Karakoram Highway Reconstruction and Expansion Project and became a leading enterprise in Pakistan's infrastructure market.

4. Tentative Internationalization Path (A-B-A or A-D-A): The tentative internationalization path mentioned in this thesis mainly refers to the unsuccessful internationalization path. The process of the internationalization with structural embeddedness and relational embeddedness as two dimensions is embodied in the fact that the enterprise takes low structural embeddedness and low relational embeddedness as the starting point for its internationalization. After that, it has experienced the process of high structural embeddedness and low relational embeddedness,

or high relational embeddedness and low structural embeddedness. Finally, it returns to the starting state of low structural embeddedness and low relational embeddedness. The representative of this path is the CRBC Belarus Office.

During the entry phase, the CRBC Belarus Office entered the Belarusian market with a marginal network location and a low trust relationship. Through direct interactions with the Belarusian government and other network entities, it initially established a strong link and trust relationship, and successfully completed the M5 Project and the M5 Extension Project. However, at the exploration stage, with the completion of the above two projects, the CRBC Belarus office missed the M6 Project and the China-Belarus Industrial Park Project, and the network location and trust foundation have gradually returned to the original state. At present, the CRBC Belarus Office is looking for opportunities of a breakthrough in the host country and its surrounding markets.

6.4.2 The internationalization expansion model of CMNEs in the context of the “Belt and Road” Initiative

Through further analysis of the case enterprise, this thesis finds that for the effective coordination of structural embeddedness, relational embeddedness, and resource connections in the internationalization path of CMNEs, CMNEs should engage in internationalization by stimulating the effectiveness brought about by configuring different network resource modes. To better understand the internationalization of CMNEs, we need to integrate network relationship theory and resource dependence theory, explore the international expansion model of CMNEs in the context of the "Belt and Road" Initiative, and analyze the uniqueness of CMNEs internationalization. We use "structural embeddedness", "relational embeddedness" and "resource connections" to construct CMNEs' internationalization path models as shown in Figure 6.6.

This thesis divides the internationalization of CMNEs in the context of the “Belt and Road” Initiative into three stages based on the research results—Stepping Out Stage, Planting In Stage, and Going Out Stage as illustrated in Figure 6.6. In the "stepping out" stage, driven by policies or transnational cooperation framework programs or spot exchange projects, CMNEs are encouraged to enter the cooperation network between China and the countries along the "Belt and Road" Initiative, and the link position in the network becomes more and more important. In the "planting in" stage, CMNEs gain trust and fine-grained information to leverage opportunities through relational embeddedness and use network locations to obtain key

resources through structural embeddedness. Relational embeddedness, structural embeddedness and resource connections promote the continued activity of CMNEs and bring emerging internationalization opportunities. In the "going out" stage, through the progressive internationalization path, the radical internationalization path, the leaping internationalization path and the tentative internationalization path, CMNEs make use of their unique network resources to break the industry barriers of the host countries and achieve international expansion in the competition with powerful opponents.

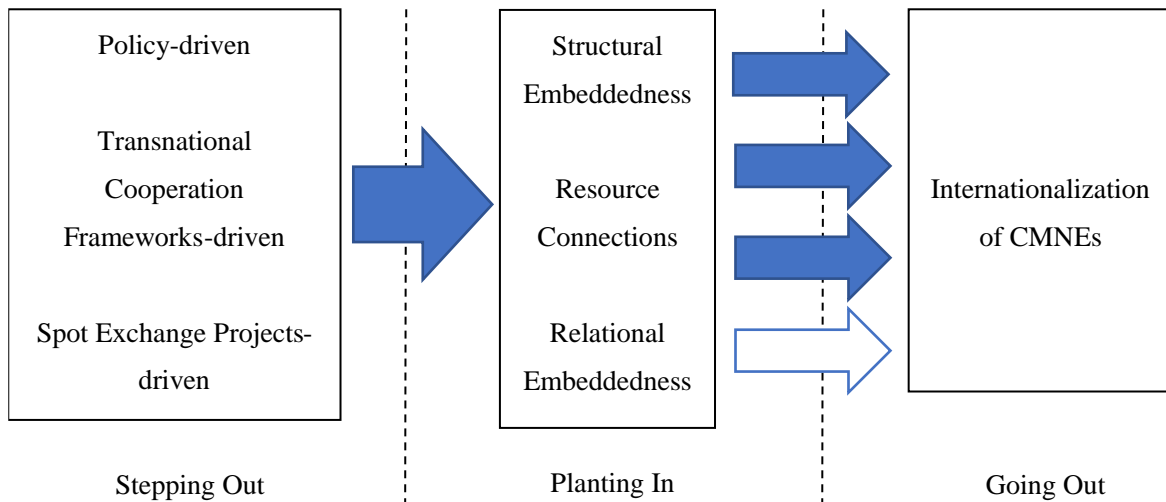


Figure 6.6 The internationalization expansion model of CMNEs

In this international expansion model, CMNEs overcome the liabilities of "latecomers" and "emergingness" in the process of international expansion through the following four aspects:

First, the policy support of the “Belt and Road” Initiative has strengthened the structural autonomy of CMNEs in the host country’ s market network, enabling them to occupy a central position in the network. On the other hand, the framework program model has strengthened the direct connections and established strong links between CMNEs and the main players of the host country’ s market network. The political ties between CMNEs and the Chinese government make it faster and easier for CMNEs to gain the trust of host country customers. Cui and Jiang (2012) believe that the political connection between an enterprise and its government affects the image of the enterprise perceived by the host country government. The CRBC Pakistan Office is just like this. Through the China-Pakistan cooperation framework programs and political connections and trust, it has obtained the policy and resource support of the two countries, and successively won the first phase of KKH Reconstruction and Expansion Project, the Barrier Lake Project and the second phase of KKH Reconstruction and Expansion Project, creating excellent opportunities for its business in the host country.

Second, CMNEs have created a unique network and resources available through joint problem solving and trust relationship to alleviate the impact of competition with DMNEs in the same field under the liabilities of "latecomer" and "emergingness". Compared with DMNEs, CMNEs have no obvious advantages in terms of technical level, brand influence, and international experience, but they rely on their own resource endowments and the special advantages of international networks to effectively connect with the needs of the host country's customers and leverage opportunities in the respective market. Through the integration of the strengths of many Chinese construction enterprises and the successful cooperation with the Pakistani government over the past 40 years, the CRBC Pakistan Office has won several invitations of the Pakistani government among many international engineering contractors to carry out the first phase of the KKH Reconstruction and Expansion Project. As a result, CRBC is located at the core of the China-Pakistan Economic Corridor's construction network and can identify opportunities that DMNEs are difficult to identify. In turn, the CRBC Belarus Office has satisfied the funding requirements and technical specifications of the Belarusian owners through China's financing channels and detailed agreement negotiations with Belarusian owners, enabling CRBC to enter the European market for the first time and identify opportunities that DMNEs have overlooked in the Belarusian market.

Third, with the improvement of network centrality and the occupation of the core position of the host country market network, CMNEs are able to obtain more fine-grained information and resources and take the customers at the edge of the cooperative network as the "breakthrough point" to explore the transformation and upgrading from the low-end market to the high-end market. DMNEs have created a model that relies on budgeting, standardized processes, and authority control through institutionalized technology research and development (Awate, Larsen, & Mudambi, 2015). In this model, DMNEs obtain high profits through high-end products, which also makes them lose those non-high-end customers with potential in the country's market network. However, CMNEs adhere to the strategy of "making small increments into abundance" and "developing from being weak to strong" in the process of internationalization. Through their own rapid feedback, the high cost-effectiveness of products, and their own keen observation of the in-depth needs of customers, they can identify and realize the potential in the edge of the network and opportunities brought about by huge needs of customers.

The CRBC Cambodia Office entered the Cambodian market cooperation network through low-end highway projects at the beginning of this century. By leveraging on the reputation

effect of the world cultural heritage Angkor Wat, it gained a position in the local market to compete with DMNEs. The CRBC Cambodia Office has made small increments into abundance in the local area and built more than 1,800 kilometers of highways. It has also increased the business scope from the construction of tertiary highways to the investment, construction, and operation of highways, completing the radical transformation from the low-end market to the high-end market. The CRBC Kenya Office also entered the Kenyan market cooperation network through small and medium-sized road projects. Step by step, it finally won the world-renowned Mombasa-Nairobi Railway Project with the support of the "Belt and Road" Initiative. It also provided pragmatic and cost-effective financial solutions, technical solutions and operational solutions based on the actual needs of Kenyan owners, creating opportunities for the coordinated development of spot exchange-framework-investment for the CRBC Kenya Office.

Fourth, by obtaining more fine-grained information through deeper relational embeddedness, CMNEs can gain insight into the "balance point" of the customers' needs of the host country, and deeply explore internationalization opportunities based on their actual needs. DMNEs are accustomed to meeting the needs of customers in traditional developed international markets through the latest and best products, but the markets along the "Belt and Road" often have limited consumption levels and low economic levels, making it hard to connect local customers' needs and DMNEs' product supply. On the other hand, CMNEs are good at improving their products according to customer needs and market environment, so as to meet the different needs of customers in the host country. Just as the CRBC Cambodia Office has integrated the funds of many Chinese banks and the construction forces of many enterprises under CCCC, it has met the government needs for the construction of the Golden Port Expressway and made this project possible. Meanwhile, the CRBC Kenya Office adopted Chinese funds, Chinese railway standards, Chinese mechanical and electrical equipment and Chinese design and construction resources in the construction of the Mombasa-Nairobi Railway. This satisfied the transportation needs of the Kenyan government to develop the economy and improve people's livelihood. It also recognized the benefits of opening the railway to traffic ahead of schedule before the general election and seized that opportunity.

6.5 Summary

This chapter conducted studies of multiple subcases, process analysis and event path analysis on the basis of the international data of CRBC's offices in four country markets namely Pakistan, Belarus, Cambodia and Kenya. Starting from the different internationalization paths of these four offices, this chapter summarized the internationalization model of CMNEs in the countries along the "Belt and Road" Initiative and revealed how CMNEs overcome the liabilities of "latecomers" and "emergingness".

Chapter 7: Research Conclusion and Prospects

The main research problem studied in this thesis is the dilemma encountered by Chinese enterprises that are encouraged by the Chinese government to "go global" and participate in international competition extensively through a series of policies advocated by the "Belt and Road" Initiative. However, Chinese multinational enterprises (CMNEs) are facing the problems of late start (Ramamurti & Hillemann, 2018) in the process of internationalization, namely "the liability of latecomer" and "the liability of emergingness" (Luo & Tung, 2007), which cause resistance to their internationalization. This thesis uses standardized case research methods to study different stages of the internationalization process of the six overseas organizations of CRBC, the umbrella case enterprise and focuses on the analysis of the characteristics of network embeddedness of CRBC in different internationalization stages. According to the case analysis, we summarized six factors and four paths of the internationalization of CMNEs in the context of the "Belt and Road" Initiative. On this basis, we further explored the internationalization expansion model of CMNEs. In this chapter, we will further summarize the relevant conclusions, the practical enlightenment of CMNEs' internationalization, the limitations of the thesis and the direction for future improvements.

7.1 Major conclusions

This research takes the six overseas offices of CRBC as the main research cases. First, it summarizes the internationalization and network development characteristics of CMNEs, comprehensively and systematically studies the relationship between enterprise network, resource dependence and CMNEs' internationalization, and analyzes in depth the influencing factors, paths and the expansion model of CMNEs' internationalization in the context of the "Belt and Road" Initiative. Based on the above research results, we draw the following three major conclusions:

First, through qualitative research and multiple-case comparative analysis, it was found that centrality, structural autonomy, direct connections, trust, fine-grained information transfer, and joint-problem solving arrangements of CMNEs in the host country's market network are

important factors affecting the internationalization of CMNEs under the background of the “Belt and Road” Initiative.

Second, through qualitative research and multi-case analysis, four paths of CMNEs' internationalization in the context of the “Belt and Road” Initiative have been identified: progressive internationalization, radical internationalization, leaping internationalization and tentative internationalization. On this basis, the expansion model of CMNEs in the context of the “Belt and Road” Initiative was summarized (Figure 6.6) and internationalization process of CMNEs, namely “Stepping Out”, “Planting In”, and “Going Out” was elaborated.

Third, this thesis reveals how CMNEs overcome the late start of internationalization (Ramamurti & Hillemann, 2018), the liability of latecomer, and the liability of emergingness (Luo & Tung, 2007) in the context of the “Belt and Road” Initiative. Compared with DMNEs in the United States, Europe, and Japan, EMNEs including CMNEs lack traditional monopoly advantages, such as global market resources, brand image, customer loyalty and expertise (Li & Oh, 2016). In addition, they also face the liability of foreignness in the host country, such as negative image labels, lack of trust, and information asymmetry (Wei & Nguyen, 2017). However, CMNEs rely on the cooperation policy stimulus, resource endowment and network location between China and the host country to gain insight into the needs of target customers and integrate resources to provide cost-effective solutions that are highly compatible with customer needs. This greatly mitigates the resource disadvantages and technical disadvantages of CMNEs compared to DMNEs, enabling CMNEs to expand their international business.

7.2 Research contribution

This research theoretically analyzes the development at different stages and network characteristics of CMNEs' internationalization, explores the influencing factors, paths, and expansion model of CMNEs' internationalization in the context of the "Belt and Road" Initiative. It also introduces opportunity recognition in this framework as a key variable to enrich the research ideas of CMNEs' internationalization. The theoretical contribution of this research mainly includes the following three aspects:

First, it partially answers the question raised by Andersen (1993) who pointed out that enterprises' internationalization process model fails to include their development at different stages and the environment. Then, taking from Johanson & Vahlne (2009) it considers that network location is a state variable in the internationalization of enterprises and specifically

demonstrates the changing process of network embeddedness in various stages of CMNEs in the context of the "Belt and Road" Initiative. This thesis broadens the application field of the internationalization process model, which is different from the previous internationalization of manufacturing enterprises by applying it to the study of the internationalization of construction enterprises.

Second, it partly answers the question of how CMNEs overcome the liabilities of latecomer and emergingness proposed by Luo and Tung (2007) in the context of the "Belt and Road" Initiative. CMNEs rely on the cooperation policy stimulus, resource commitment, resource endowment and network location between China and the host countries to gain insight into the needs of target customers and provide cost-effective solutions that are highly compatible with customer needs through the integration of resources. This greatly mitigates CMNEs' resource disadvantages and technical disadvantages compared with DMNEs' and helps CMNEs achieve international expansion.

Third, it summarizes the new internationalization paths of CMNEs in the context of the "Belt and Road" Initiative. The study finds that CMNEs adopt the above four internationalization paths through different forms of structural embeddedness and relational embeddedness, thus forming a three-stage international expansion model of "Stepping Out"- "Planting In", and "Going Out".

7.3 Practical significance

This research theoretically broadens the characteristics of network embeddedness of CMNEs at different development stages. It analyzes the influencing factors, paths, and expansion model of CMNEs' internationalization in the context of the "Belt and Road" Initiative, which has guiding significance for the practice of CMNEs' internationalization. In order to stand out from their international expansion, CMNEs should actively leverage the policy benefits of the "Belt and Road" Initiative, embed in the cooperation network between China and host countries, enter the center of the network, and establish trust relationships. They should also actively master the resources that can be leveraged in the network and tap internationalization and arbitrage opportunities in the network.

The conclusions of this thesis provide the following practical inspirations for the internationalization of CMNEs:

First, network is a way that CMNEs must go through for internationalization. CMNEs should continue to integrate into the cooperation network between China and host countries,

and actively establish contacts with various network entities in the international market. In terms of network embeddedness, CMNEs should not only pay attention to the type and number of network members to be contacted, but also improve the level of connection and trust with important network entities. CMNEs should enhance their awareness of network management and adopt targeted network strategies to strengthen international expansion in accordance with the internationalization goals of CMNEs and their own resource endowment.

Second, in the process of the internationalization of CMNEs, different network strategies should be adopted according to different internationalization stages. Network embeddedness can help CMNEs solve the liabilities of “latecomer” and “emergingness”. It can not only provide enterprises with more resources, information and opportunities, but also address the disadvantaged situation of CMNEs competing with DMNEs. First, in different stages of CMNEs' internationalization, CMNEs should adopt appropriate network embeddedness methods and resource connection models. These methods and models will affect the network structure and network scale of CMNEs, and the network location and trust level are related to the network influence and network reputation of an enterprise. On the other hand, CMNEs should comprehensively use network embeddedness methods and resource connections, because they affect the foundation of CMNEs' internationalization, and the network location and trust relationship determine the degree of CMNEs' internationalization.

Third, the internationalization of CMNEs shows path dependence. CMNEs need to choose appropriate network embeddedness methods according to their own internationalization strategy, internationalization experience and resource endowment. The case enterprise in this thesis shows that although CMNEs in different markets have basically the same international network characteristics, their internationalization paths are different. There is gradual development of “accumulating small increments to make abundance” and leaping development of “inferring other things from one fact”. CMNEs with progressive development often have mature and successful internationalization experience in the host country market, while CMNEs with leaping development often leverage multiple resources in the network. In short, CMNEs need to analyze their own strengths and weaknesses and choose an international strategy that suits their own development.

7.4 Research limitations and future research directions

This thesis preliminarily explains the influencing factors, paths, and expansion model of CMNEs' internationalization in the context of the “Belt and Road” Initiative through a multiple-

case comparative study and detailed analysis of the cases at different stages. Due to the complexity of the research problem and the limitation of conditions, this research has some limitations in the following three aspects which need to be further addressed and improved:

First, the limitation of the research object: In terms of case selection, this research adheres to the principle of typicality and representativeness, and selects China Road and Bridge Corporation (CRBC), the first batch of state-owned construction enterprises to enter the international market after China's reform and opening up, as the research object, which sprawls in three different continents. However, after all, this cannot cover the overall development of the internationalization of CMNEs. Future research can select enterprises in more industries and more forms of ownership to conduct cross-case studies to improve the reliability and validity of qualitative research and consolidate the foundation for theoretical construction.

Second, the limitation of the research on the influencing factors of CMNEs: Analyzing the influencing factors of CMNEs' internationalization has important practical significance, but this research only focuses on the enterprise level. In view of the complexity of the network itself, the factors that affect the internationalization of CMNEs are also complex and diverse. It is difficult for researchers to analyze all the influencing factors, and there are some more influencing factors that need to be studied and explained.

Third, the limitation of research methods: This thesis mainly uses embedded case studies. Although qualitative research can improve the understanding of key concepts, considering the advantages of quantitative research, in future research, quantitative research can be used to study the relationships of existing variables and further build a comprehensive relationship model based on existing conclusions, so as to strive for more universal and persuasive conclusions.

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Annexes

Abbreviation	Full Name
DMNEs	Developed Multinational Enterprises
EMNEs	Developed Multinational Enterprises
CMNEs	Chinese Multinational Enterprises
CRBC	China Road and Bridge Corporation
CCCC	China Communications Construction Company
BOT	Build-Operate-Transfer
EPC	Engineering-Procurement-Construction
SWUFE	Southwestern University of Finance and Economics, China

