Track #9: Multinationals-government relationships;
Competitive

China's Outward Foreign Direct Investment and Home-country Policies

ABSTRACT

This study investigates how industry- and ownership-specific policies influence outward foreign direct investment (OFDI) of Chinese multinational enterprises (MNEs). Building upon new organizational institutionalism, we examine the coercive, normative, and mimetic institutional pressures on MNEs. We test our hypotheses using monthly data between 2008 and 2015. The empirical analysis reveals that while normative policies influence particularly private-owned enterprises (POEs) – the *Belt and Road Initiative* (BRI) and the *Made in China 2025 Strategy* – the relationship between (central) state-owned enterprises and home-country policies is less clear. We also find that Chinese OFDI is influenced by the internationalization behavior of their home-country peer group.

Keywords: Policy; Investment Promotion; Regulation and internationalization; Institutions

INTRODUCTION

Steered by home-country industrial policies, the East Asian newly industrialized countries (NICs; South Korea, Taiwan, Singapore, Hong Kong), and before them, Japan, were not only successful in transforming their industries of competitive advantage, but also in developing worldwide competitive MNEs (Nem Singh & Ovadia, 2018; Yeung, 2016: 2, 6). In these countries, mainly between 1960 and 1990, and in China today, the government still intervenes in the market through policy measures. The Chinese government aims to develop successful MNEs and shift the competitive advantage of the economy towards sectors that it finds to be of strategic importance (Jayasuriya, 2005; Nem Singh & Ovadia, 2018). The history of economic development in East Asia shows how important it is to understand the role of home-country policies in this context.

Despite a recent shift in focus of institutional international business (IB) research, to study the influence of home-country institutions (e.g., Cui & Jiang, 2010, 2012; Estrin et al., 2016; Li et al., 2018; Lu et al., 2014) next to the host-country institutional environment (e.g., Cuervo-Cazurra, 2018; Davis, Desai, & Francis, 2000; Guler & Guillén, 2010; Meyer, Ding, Li, & Zhang, 2014; Roy & Oliver, 2009), the active role that the government plays in the internationalization process of its MNEs has not been studied with significant attention on home-country policies. Hence, with this article, we aim to narrow this gap by asking the following research question: *How do specific home-country policies influence the internationalization process of emerging market multinational enterprises (EMNEs)?* Herewith, we follow the call for more research on EMNE responses to OFDI related policies (Luo, Xue, & Han, 2010) and the effects of home-country institutions on OFDI (Estrin et al., 2016; Hobdari, Gammeltoft, Li, & Meyer, 2017).

We draw on institutional theory to study pressures of the home-country – coercive, normative, mimetic – (DiMaggio & Powell, 1983) that are exerted from the three institutions pillars – regulative, normative, cognitive – as developed in new organizational institutionalism (Scott, 1995), in the case of China. Institutional IB scholars have often drawn from the institutional theory approach of new organizational institutionalism to provide insights on the process of gaining legitimacy and how institutional pressures influence the behavior of EMNEs (e.g., Cantwell, Dunning, & Lundan, 2010; Hotho & Pedersen, 2012; Kostova, Roth, & Dacin, 2008).

Covering the period of 2008-2015, we include 339 Chinese Global Ultimate Owners (GUOs; mother companies) with 464 OFDI projects. With this, we cover acquisitions and greenfield projects and include both strong growth in Chinese OFDI and the latest OFDI policies. We analyze our firm-level data through a zero-inflated poisson (ZIP) regression with monthly observations. We use GUO's sum of internationalization activities (Li et al., 2018) of the previous 12 months as the zero-inflation parameter.

We begin the analysis by studying regulative OFDI policies that carry the potential to exert coercive institutional pressures on MNEs. The empirical literature reveals that supportive internationalization policies increase OFDI (Globerman & Shapiro, 1999) and that especially state-owned enterprises (SOEs) might be the primary beneficiaries (Luo et al., 2010; Sauvant & Chen, 2014). Hence, our study of a restrictive OFDI policy focusing on central-SOEs (CSOEs) was expected to reveal confirmative behavior. However, our results did not reveal this behavior, which we argue might be due to the included "loophole" in the guideline leaving an opportunity for being exempt from the restrictive measure (c.f. State-owned Assets Supervision and Administration Commission of the State Council, 2012) and the intertwined relationship between CSOEs and state-bodies (c.f. Jones & Zou, 2017).

The institutional pressures of the second type – normative policies – were previously analyzed from an OFDI supportive perspective that revealed a positive relationship between policy announcement/implementation and MNE internationalization (Buckley et al., 2007; Du & Zhang, 2018; Lu et al., 2014). However, research considering state- and private-ownership found different results regarding legitimacy in response to OFDI policies (c.f. Du & Zhang, 2018; Wang, Hong, Kafouros, & Wright, 2012). We assumed that normative OFDI policies would lead MNEs to follow the supportive call along with most previous findings. However, in relative terms, our results show that POEs have a more positive response. We argue in line with Dau (2012) that POEs rely more strongly on market forces, and hence, they might be more susceptible to supportive government measures.

The study of mimetic pressures in the context of the home-country environment concludes this article. Scholars found ambiguous results and developed different lines of argumentation regarding the mimetic behavior of MNEs in their OFDI activities when comparatively analyzed between SOEs and POEs (c.f. Cui & Jiang, 2010; Deng, 2009; Li et al., 2018; Wang, Hong, Kafouros, & Wright, 2012; Xie & Li, 2017). Our study supports the majority of previous research as we found that mimetic pressures lead to an increase in OFDI activity, and thus, the experience of the benchmark group is of importance for the MNEs internationalization activities (e.g., Cui & Jiang, 2010; Deng, 2009; Li et al., 2018; Wang, Hong, Kafouros, & Wright, 2012).

We contribute to the empirical IB research focused on home-country institutions and OFDI of EMNEs by studying institutional pressures exerted through specific home-country OFDI policies, building upon the new organizational institutionalism theory. We further add to IB research by analyzing different kinds of OFDI policies (restrictive/supportive; ownership-/industry specific) and the influence of mimetic pressures on EMNEs' internationalization. Former research on the role of home-country institutions for EMNEs' internationalization included OFDI policies mainly as a somewhat subordinate factor (Gaur, Ma, & Ding, 2018; Wang, Hong, Kafouros, & Boateng, 2012; Wang, Hong, Kafouros, & Wright, 2012) and only rarely as the primary focus (Du & Zhang, 2018). Putting OFDI policies into the spotlight, we follow North's (1990) argument that the home country's political system acts as vital guidance for the operations of MNEs. Third, we enlarge IB research on EMNEs through our comprehensive dataset concerning ownership, listing-status, and the type of OFDI.

The paper is organized as follows. We begin by introducing the institutional home-country environment and its relevance for MNE internationalization, with specific reference to China, Japan, and the Asian NICs. We then define our theoretical framework, drawing upon organizational new institutionalism. After the development of our hypotheses, the methodology is described in section five. We then present the regression results, as well as the robustness tests. Our discussion and conclusion are included in section seven.

OFDI POLICIES

The term "OFDI policies," as applied in this article, is based upon the definition of the OECD (2011), which defines them as *"…specific laws, regulations and administrative practices…providing official incentives and disincentives to international direct investment*". This definition highlights that OFDI policies are designed to support the internationalization of firms and be able to restrict the behavior (c.f. Sauvant, Economou, Gal, Lim, & Wilinski, 2014).

The state-led process of turning home-country companies into national champions and the large industrial transformation reveals a success story in East Asia that is different from the standard Western approach (Yeung, 2016: 2). The development state concept applied to Japan and the East Asian NICs is argued to be partially applicable to China's state-led approach (Hsu, 2018; Nem Singh & Ovadia, 2018; Voss, Buckley, & Cross, 2009). In China today, as before in the East Asian NICs, the government steers the competitive advantage of the economy towards sectors that it finds to be of strategic importance (Jayasuriya, 2005; Nem Singh & Ovadia, 2018).

Shifting its competitive advantage away from low-technology manufacturing and towards higher levels of value-adding manufacturing, the Chinese government issued policies to support this process (e.g., the Made in China 2025 policy). The economic development aims included in the national -, industrial -, and sectoral specific policies are broken down to the firm-level, whereby the government eventually influences SOEs through inner-company incorporated Party Committees (University of Alberta China Institute, 2018). With strong state-interventionism, the internationalization of MNEs might be restricted or supported with the implemented policy (Aggarwal & Agmon, 1990; Luo et al., 2010; University of Alberta China Institute, 2018). As the government gives (in)direct assignments to its SOEs, some might argue that state-owned or state-controlled MNEs are vehicles of the state that holds a not-neglectable position in the achievement of set economic development aims in the home-economy (Bruton, Peng, Ahlstrom, Stan, & Xu, 2015; Cui & Jiang, 2012; Gammeltoft, Pradhan, & Goldstein, 2010; Morck, Yeung, & Zhao, 2008).

The Chinese government introduced a set of OFDI policies starting from the "opening-up" period, with the establishment of the "Go Global" policy, from the end of 1978 onwards (Kissinger, 2012: 335). As highlighted by Yang and Stoltenberg (2014), the establishment of OFDI policies in China goes in line with the development of its MNEs. Figure 1 gives a historical overview of the development of firm internationalization relevant policies introduced by the Chinese government between 1984 and 2016.

[INSERT FIGURE 1 HERE]

The figure reveals cycles of reform period between 1988 to 1993 and between 2001 to 2005. Where the policies around 1991/1992 are within the "active encouragement"-period of the Chinese government, the second reform period takes off with the implementation of the "going global" strategy (Luo et al., 2010; Yang & Stoltenberg, 2014)[i]. Between 2008 to 2015, the OFDI projects increased from 13 projects per year to 104 projects. Central policies concerning internationalization were the following between 2008-2015:

[INSERT TABLE 1 HERE]

Where some policies are ownership specific (see Table 1), others have a focus on a specific industry (e.g., Made in China 2025 - manufacturing). Standing out from the other policies in Table 1 is the "Interim Measures for the Supervision and Administration of Overseas Investment by Central Enterprises," a regulative OFDI restricting policy. All other OFDI policies included are normative.

With a sole focus on CSOEs, the State-owned Assets Supervision and Administration Commission of the State Council[ii] (SASAC) issued on May 1, 2012, the "Interim Measures for the Supervision and Administration of Overseas Investment by Central Enterprises," restricting diversified OFDI of CSOEs. As a result, OFDI by CSOEs were restricted to their core industries unless previously approved by SASAC (State-owned Assets Supervision and Administration Commission of the State Council, 2012).

Also, with an ownership specific focus, however, on POEs and of supporting character, on May 7, 2010, the State Council of the People's Republic of China (State Council) published its "Certain Opinions on Encouraging and Guiding the Healthy Development of Private Investment" (State Council Of the People's Republic of China, 2010). Herein, the State Council motivates private enterprise to undertake OFDI in vaguely predefined areas and addresses the need to establish relevant supportive measures on the institutional home-country level to protect their activities. The support shall be given for the following OFDI activities:

- establishing international R&D centers and sales networks;
- operations in production and marketing;
- and other international business development activities (e.g., market expansion; brand growth).

A joint group of 13 government ministries[iii] published on June 29, 2012, the "Implementing Opinions on Encouraging and Guiding Private Enterprises to Make Active Investment Abroad" (Government Ministries of the People's Republic of China, 2012). Compared to the opinions published by the State Council, the ministerial opinions are more precise (e.g., highlighting a tax credit policy; financing/insurance; customs; foreign exchange). However, both publications do not implement policies directly but are an expression of guidance. As the SASAC opinions, the 13 government ministries speak-out their support for the internationalization of private enterprises. The following internationalization activities of POEs were highlighted by the group of government ministries to be encouraged (Government Ministries of the People's Republic of China, 2012):

- OFDI in natural resource exploitation and energy development, as well as infrastructure construction;
- OFDI in advanced manufacturing, high-technology manufacturing, as well as agricultural and service industries;

- Development of distribution and logistics networks.

In contrast to the ownership specific policies, we will introduce industry-specific policies covering all ownership types hereafter. Xi Jinping, the president of China, first mentioned the Belt-and-Road Initiative (BRI) on September 7, 2013 (Ministry of Foreign Affairs of the Peoples' Republic of China, 2013). To that point, however, only the so-called "Silk Road Economic-Belt" - the land route - was mentioned. During the announcement, Xi Jinping broadly described the aims of the BRI, *i.a.* mentioning the development of an open transportation network across central Asia and promoting trade between countries. The maritime route of the BRI was announced later on in the same year. A white paper focusing on the BRI - "Vision and action to promote the Silk Road Economic Belt and the 21st Century Maritime Silk Road" - was issued on March 28, 2015 (National Development and Reform Commission, 2015). Here, a broad range of relevant industries where bilateral investment shall be promoted through the BRI is described. These include, next to the infrastructure sector, *i.a.* green energy development, natural resources exploitation, agriculture, marine bio-pharmacy, and ocean engineering technology (National Development and Reform Commission, 2015).

Just two months after having issued the BRI white paper, the State Council published on May 19, 2015, a white paper regarding China's "Made in China 2025" strategy (State Council Of the People's Republic of China, 2015). The focus of the strategy is on enhancing the manufacturing sector. The white paper includes a sub-section on performing internationalization activities in this regard (State Council Of the People's Republic of China, 2015: 10).

THEORETICAL FRAMEWORK

Organizational new institutionalism scholars revealed that the process of gaining legitimacy eventually leads to a (partial) homogenization in firm behavior (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). With a focus on the home country, the legitimacy process includes adaptation to institutional pressures (DiMaggio & Powell, 1983) derived from institutional structures (Scott, 1995) at home. Hence, the institutional pressures might influence the behavior of MNEs (Davis et al., 2000; DiMaggio & Powell, 1983), i.e., the internationalization of MNEs might be restricted or supported with the implemented policy (Aggarwal & Agmon, 1990; Luo et al., 2010; University of Alberta China Institute, 2018). For example, in China, a policy for central-state-owned enterprises (CSOEs) was issued in 2012, restricting industry-diversified OFDI (State-owned Assets Supervision and Administration Commission of the State Council, 2012). Second, central home-government institutions publish commentaries and OFDI guiding policies, exerting normative pressures on EMNEs (Du & Zhang, 2018; State Council Of the People's Republic of China, 2010). Third, to learn from the actions of their benchmark-group, EMNEs observe the actions of their competitors in the organizational field (White, 2002). EMNEs might feel mimetic pressures through their peer-group and adapt to their behavior.

Building upon organizational new institutionalism, IB scholars have studied the three institutional pressures of the home-country environment and the process of gaining legitimacy of EMNEs in the context of Chinese SOEs, for example, shown through differences in ownership (Cui & Jiang, 2012; Peng, Tan, & Tong, 2004; Xie & Li, 2017), government involvement and level of government affiliation (Wang, Hong, Kafouros, & Wright, 2012), as well as a study on subnational forces (Li et al., 2018). We use this research to study the legitimacy processes in the relationship between centrally developed OFDI policies and firm internationalization. We argue that with different kinds of policies, the legitimacy pressures felt by the EMNEs might differ. For the definition of legitimacy, we follow Scott (1995): "legitimacy is not a commodity to be possessed or exchanged but a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws." With the increase in legitimacy, the EMNE might gain access to previously not received support from the government and from within the organization (Lu & Xu, 2006; Meyer et al., 2014).

Where OFDI policies are often written with a vague note of expression and leave room for interpretation, mimetic pressures are non-written and developed from within the organization. Arguing that in emerging markets, the government plays an essential role in developing OFDI policies and tries to steer the internationalization activities, the pressure on gaining legitimacy and receiving support is crucial. Including OFDI policies into IB research on institutional pressures and the process of gaining legitimacy, we extend the institutional IB literature.

HYPOTHESES DEVELOPMENT

National policies are broken down into specific industries and development areas through a top-down approach (Sauvant & Chen, 2014). Theoretically, in a top-down led economy, the home-country government should thus, have influenced the internationalization of MNEs. After introducing home-country policies of emerging countries, we reflect on the scholarly work regarding the institutional pressures that might affect OFDI of EMNEs from a home-country perspective below.

Coercive Institutional Pressures

Coercion is well situated as a mechanism of institutional pressure within the regulatory pillar of organizational new institutionalism (DiMaggio & Powell, 1983; Scott, 1995) and the formal institutions of new institutional economics (North, 1990). Coercive institutional pressures are set in a clearly defined regulatory process of "rule-setting, monitoring, and sanctioning," aiming to affect its target group (Scott, 1995: 35). Both industry nonspecific OFDI supportive policies and industry nonspecific FDI restrictive policies have each distinctive effects on (O)FDI (see Globerman & Shapiro (1999), for example on Canada). Globerman and Shapiro, however, only found significant results for OFDI supportive policies. With a focus on emerging markets, Luo et al. (2010) argue that the reduction of regulatory barriers on OFDI enhanced the internationalization activities of its MNEs. Especially state-owned enterprises (SOEs) might gain access to and benefit from supportive policies (Luo et al., 2010; Sauvant & Chen, 2014). Although a direct response by members of the target group to a change in regulative policies might be of "ceremonial" response, they are not petty (DiMaggio & Powell, 1983).

> *Hypothesis 1: The implementation of regulative policies in the home-country leads to coercive pressures on the MNE - to align its OFDI activities accordingly.*

Normative Institutional Pressures

Normative institutional pressures (e.g., norms, values) are of less formal design than coercive pressures and build upon the "social obligation" of the MNE instead of legal obligations (DiMaggio & Powell, 1983; Scott, 1995). Through the grounding upon social obligation, no formal basis of immediate punishment exists. However, the pressure exerted through legal punishment might be replaced by the expectations of society. Thus, legitimacy pressures on the firms might, in this case, be bottom-up, from society to the MNE. Nevertheless, Globerman and Shapiro (1999) found in their analysis on a Canadian normative industry policy negative insignificant results, arguing that another parallel development might have affected the outcome. However, in a more dynamic and relatively more authoritarian context – emerging countries (e.g., China) – normative industry-specific OFDI supporting policies might lead to legitimacy pressures (Luo et al., 2010). For example, OFDI activities of Chinese MNEs increased after the South China tour of Deng Xiaoping in 1992 (Buckley et al., 2007), as well as the announcement of the Belt and Road Initiative (BRI) in 2013 (Du & Zhang, 2018), and a higher propensity to OFDI operations is linked to the implementation of the Chinese "Guidance Catalogues of Countries and Industries for Overseas Investment" (Lu et al., 2014). Were Wang, Hong, Kafouros, and Wright (2012) argue that MNEs with less state-ownership might comparatively face lower levels of normative institutional pressures, Du and Zhang (2018) recognized an increase in OFDI activities by both SOEs and POEs after the announcement of the BRI.

Hypothesis 2: The introduction of normative-level policies leads MNEs to comply accordingly due to social obligations.

Mimetic Institutional Pressures

The third part of institutional pressures is established upon a system of common cultural belief where the prevailing belief develops to a mechanism of "taken for granted" (Scott, 1995) due to the adaptation of action through a large part of MNE's benchmark group (Zucker, 1977). The common belief within the network of unrelated home-country MNEs might arise from ambiguous economic development goals or uncertainty in the market (DiMaggio & Powell, 1983), as in the case of China exerted through market interventions of the government. Hence, the MNE might orientate itself on successful or more legitimate peer-MNEs (the benchmark group) that are as similar to its characteristics as possible (DiMaggio & Powell, 1983; White, 2002; Xie & Li, 2017). As firms observe their benchmark group's operations, they react to the signals heard to survive within the competitive market, decrease the uncertainty, and eventually gain higher legitimacy levels

(Abrahamson & Rosenkopf, 1993; Haunschild & Miner, 1997; White, 2002). SOES compared to POEs might have more sensitive sensors observing the behavior of their peers (Li et al., 2018; Wang, Hong, Kafouros, & Wright, 2012) due to higher legitimacy issues abroad (Cui & Jiang, 2010; Li et al., 2018), the reflection of international expansion as a success factor (Deng, 2009) and the operational ability to (partly) prioritize support activities for the home-country development to performance (Wang, Hong, Kafouros, & Wright, 2012). However, SOEs' tendency to be relatively more mimetic in their OFDI behavior is not shared unanimously. Xie and Li (2017) argue that SOEs have a relatively reduced tendency to mimetic behavior regarding OFDI when compared to POEs. As Xie and Li highlight, this might be due to the institutional struggles that SOEs face abroad. Hence, the authors disagree with Cui and Jiang (2010) and Li et al. (2018). However, the mixed results might also be due to the different benchmark groups that the EMNE was compared with. Hence, with our developed hypothesis, as stated below, we follow the majority of previous results.

Hypothesis 3: OFDI activity of the MNEs' home-country benchmark group leads to mimetic behavior of the MNE.

Summarized we hypothesize that as the "quiver" of China's MNEs is equipped through the home government and its institutions (Ingram & Silverman, 2000; North, 1990; Yang & Stoltenberg, 2014), institutional pressures of the home-country shape the internationalization activities of EMNEs, through restrictive and supportive measures. The effects of institutional pressures on the OFDI process of EMNEs are represented through restrictive regulative policies, supportive normative policies, and the drive to follow the operations of EMNE's benchmark group.

The conceptual model draws from the combined tripartite-set of institutional pressures and -structures and builds the basis whereon we will conduct our empirical analysis, as shown in Figure 2.

[INSERT FIGURE 2 HERE]

METHODOLOGY

Empirical set-up

With the outbreak of the financial crisis in 2008/2009, China gained a stronger hold in the world economy. With its protected financial market, the country was less hit by the crisis than many other countries worldwide, especially the United States and Europe. This situation gave Chinese MNEs the chance to acquire struggling firms abroad and gain missing knowledge. In 2008 China's OFDI was at $56 billion; in 2015, the volume had almost tripled to $146 billion (UNCTAD, 2018). Established home-country policies supported this approach (European Parliament, 2018), for example, the Made in China 2025 (MIC) strategy. Further, FDI was generally more welcome in the crisis-hit countries, as they looked out for investors to stabilize the economy. Hence, we focus on the period of 2008-2015 to analyze MNEs' internationalization from China and the role of its home-country policies.

Dataset

This study's novel dataset consists of several sources and was developed with a carefully conducted and detailed data collection, data cleansing, and data triangulation process. All variables and data sources are included in Table 2 below.

[INSERT TABLE 2 HERE]

Firstly, we used the Bureau van Dijk Orbis (Orbis) database to match foreign affiliates of Chinese MNEs with their GUOs. Hereby, GUOs were defined as the operating unit one level below the respective holding company. Hence, we follow the approach used by the statistical department of UNCTAD for conducting the World Investment Report (WIR) 2017 (Trentini, Skype-interview, July 05, 2018). Foreign affiliates were defined as entities where the GUO holds at least a 50% ownership. This conservative approach is chosen to make sure that the GUO has the power to control the actions of the foreign affiliate and that the subsidiary does not solely receive financial support (Kafouros & Aliyev, 2016). Based upon this dataset, we used the Thomson Reuters Eikon database to look-up the effective dates of acquisitions. This data was supplemented and triangulated through information retrieved from the Wind Database, annual reports, and websites of the companies, Bloomberg, UNCTAD's SO-MNE database (UNCTAD, 2017), and information published by Chinese state-agencies. From these sources, also ownership information was retrieved. During the overall data cleansing process, duplicated companies and companies with no sufficient information were excluded. Following this research-intensive approach offers the opportunity to include listed as well as non-listed Chinese MNEs, both, from the private- and state-sector.

Moreover, the download of 10 subsidiary levels for each Chinese GUO from the Orbis database, and the adjustment of this information to the foreign subsidiary level, through triangulation in the Thomson Reuters Eikon database, offered the chance to analyze which entity of an MNE – the GUO itself or an in China located subsidiary – acquired or established a new subsidiary out of mainland China. Hence, a subsidiary can be a fourth-level subsidiary of the Chinese GUO, but a first-level foreign subsidiary, as the GUO might have two in mainland China located subsidiaries that are ranked in-between. The following figure shall make this constellation more vivid.

[INSERT FIGURE 3 HERE]

Subsidiaries 1.1, 1.2.1, and 1.2.2 would be included in the count of OFDI activities*,* as they were either purchased through an acquisition or established by subsidiary 1 or subsidiary 1.2, *ceteris paribus*. Subsidiaries 2.1. and 2.2, however, were acquired or established through another foreign subsidiary and hence, are not considered for inclusion into the count of OFDI activities.

Table 3 shows the geographic distribution of the headquarters in China and the distribution between ownership types. Overall, we include 339 Chinese GUOs, whereby 30 are CSOEs and directly listed under SASAC, 93 are other SOEs[iv], and 216 are POEs. Of the overall dataset, 271 GUOs are located in eastern provinces, 35 in the intermediate region, and 33 in China's western region. The concentration in GUOs in the economically strong eastern region of China is mirrored in the number of OFDI activities (2008-2015, Eastern region: 376; Intermediate region: 48; Western region: 41).

[INSERT TABLE 3 HERE]

We exclude "classic" tax-havens (Bermuda, British Virgin Island, Jersey, Guernsey, Cayman Islands) from our analysis as this investment might primarily be motivated by taxation aspects (The Economist, 2017). Further, we also do not consider OFDI activities in Macau or Hong Kong due to round-tripping problems.

Modeling Approach

As the dependent variable consists of discrete, non-negative integers, characterized by overdispersion, a standard poisson model is not suitable, and a zero-inflated count model regression should be applied (Greene, 2011). Conducting the Vuong diagnostic test (Vuong, 1989), we test for the appropriability of the zero-inflated negative binomial (ZINB) model and zero-inflated poisson regression (ZIP) against their basic, non-zero-inflated, counterpart regressions (Greene, 2011: 864; Long & Freese, 2014: 548). The likelihood ratio test then compared the outcome under a zero-inflated Poisson regression and a negative binomial zero-inflated Poisson (ZNIP) regression (Greene, 2011: 864; Long & Freese, 2014: 547). Both test results show that a ZIP model is more suitable than a ZINB model for the control variables model. This is also confirmed by performing the Vuong test. As our zero-inflation parameter, the GUO's sum of internationalization activities (Li et al., 2018) of the previous 12 months is used, i.e., we estimated the probability of zero OFDI activities based upon the internationalization behavior within the last 12 months.

Variables and Measures

All variables included in this article are summarized in Table 2. The dependent variable is measured by the number of newly-established/acquired subsidiaries abroad. Measuring internationalization as a count of foreign subsidiaries was found to be a suitable approach within international business research (Huang, Xie, Li, & Reddy, 2017; Li et al., 2018; Xia, Ma, Lu, & Yiu, 2014). To measure the effect of the policy implementation on the firms' internationalization, we use the monthly count of newly-established/acquired subsidiaries. Thus, we can be close to the policy implementation date and do not lose too much of an immediate policy effect (c.f. Cui, 2016; Globerman & Shapiro, 1999), as it would be the case with lagging for a more extended period. The establishment of no subsidiaries in a year of our sample period, 2008-2015, is reflected with a zero. Hence, the dependent variable is a count of whole values.

To capture the coercive and normative institutional pressures on internationalization, the date of implementation of policies and the following 12 months period were considered appropriate to study a potential direct influence. For published official opinions, the respective publication dates and a following 12 months period were assumed suitably. Considering the institutional mimetic pressures on internationalization, we included the sum of newly-established/acquired subsidiaries of comparable Chinese MNEs covering the previous 12 months (Guillén, 2002; Henisz & Delios, 2001; Li et al., 2018; Xie & Li, 2017).

A more comprehensive set of control variables is included to control for company level and other economic home-country effects. As some policies cover all ownership types, in these cases, we controlled for the ownership type (CSOEs, other SOEs, POEs). Moreover, we control for the differences in industrial clusters and infrastructure through a dummy variable for being located in Beijing, being located in China's eastern provinces, and being located in a city at the coast (Fan, Kanbur, & Zhang, 2011; World Bank, 2006; Zhao & Zou, 2002)[v]. We also consider the average wage on the provincial level to control the influence in rising personnel costs and differences across provinces. Finally, we use the Global Economic Policy Uncertainty Index (Davis, 2016) to control worldwide investment uncertainty on the political level.

RESULTS

As provincial GDP per capita and provincial wage revealed to be highly correlated, the former is excluded from the dataset. The descriptive statistics can be found in Table 4 below. The collinearity diagnostic test (Variance inflation factor – VIF) reveals no value above 1.77, which shows that multicollinearity is not a problem within the dataset. As Table 4 reveals, the correlations between the variables seem to be no problem in the dataset. The policy variables 4, 5, 6, and 7 will be included in separate models.

[INSERT TABLE 4 HERE]

The results of the ZIP model are presented in the eight regression models included in Table 5. Where the first model only includes the control models, in the second model, we add the mimetic institutional variable. The following models analyze the included policies individually. Model 3 differs from model 2 by including a proxy for implementing the policy on CSOEs internationalization restriction. Model 4 adds to model 2 a proxy for the publication of the State Council's opinion on POE internationalization. The same approach is followed in model 5, with a proxy for the government ministries' opinion. Model 6 and model 7 both include proxies for BRI events. Model 6 for the BRI announcement through Xi Jinping, model 7 for the publication of the BRI white paper. The last model, model 8, analyses the Made in China 2025 strategy. The dependent variable differs between the models. The count of newly established and acquired foreign subsidiaries covers all ownership types in models 1, 2, 6, 7, and 8. It only counts the internationalization activities of CSOEs in model 3 and POEs in model 4 and model 5. The models focusing on policies and all ownership types (models 6-8) include each a set of interaction variables to distinguish the policy effect between the different types of GUOs. All models, but model 3, are significant according to the chi-square measure.

Hypothesis 1 predicts that coercive institutional pressures from the home-country will influence the OFDI of Chinese firms. As the coercive institutional pressure is a restricting policy, the internationalization behavior is assumed to be negatively affected. In model 3 (2,436 observations), the proxy for the CSOE specific policy is not significant and shows a positive relationship (Model 3: $b=0.089$; $p>0.1$). Hence, the sign of the coefficient shows that the internationalization of CSOEs is not negatively influenced by the implementation of the policy ("Interim Measures for the Supervision and Administration of Overseas Investment by Central Enterprises").

With hypothesis 2, we expect that normative institutional pressures of the home-country affect firm internationalization. Where model 4 and model 5 are ownership specific on POEs (18,144 observations), model 6 to model 8 include policies covering all ownership types (28,476 observations). Model 4 and model 5 do not show significant results for the effect of the announcement of each proxied government body opinion on POE internationalization support. Model 6 confirms the effect of the BRI announcement on firm internationalization ($b=0.278$; $p=0.1$). However, this significant result of the BRI announcement on overall Chinese firms' internationalization activities cannot be supported in the interaction terms between ownership types and the policy announcement. Nevertheless, hypothesis 2 can be supported through the confirmed general effect on internationalization in model 6. The hypothesis can also be supported in model 7. The effect of the BRI implementation on the internationalization of Chinese firms of all ownership types is significant at a 5 percent level (b=0.169). The interaction term for central state-ownership and the BRI implementation shows that compared to POEs, the internationalization activities of CSOEs are less affected by the BRI implementation (b=-0,907; p=0.1). The interaction term between other SOEs and the BRI implementation is not significant (b=-0.030; p>0.1). For the Made in China 2025 policy, focused on model 8, the same interaction terms also show a weaker effect for CSOEs (b=-2.227; p=0.5) compared to POEs. The policy implementation effect on the cross-ownership internationalization observation is significant at 1 percent level (b=0.532). Hence, with model 8, hypothesis 2 can be supported.

Hypothesis 3 suggests that institutional mimetic pressures have a positive influence on firm internationalization. This can be supported throughout models 2 to 8, despite the CSOE-specific model (model 3). In the POE-specific models the variable is significant at the 10 percent level (model 4: b=0.066; model 5: b=0.068) and in the models including all ownership types the significance level is at 5 percent (model 6: b=0.078; model 7: b=0.064) and 10 percent (b=0.059), respectively. In model 2, where the main focus is on the mimetic variable, hypothesis 3 can be supported, as well (b=0.080; p=0.05).

[INSERT TABLE 5 HERE]

DISCUSSION AND CONCLUSION

Discussion

Our article's contribution lies in the novel and detailed analyses of the relationship between a set of OFDI policies and the internationalization behavior of home-country MNEs. Applying institutional theory, the pressures of the three pillars of institutions on Chinese OFDI are analyzed through a policy and mimetic behavior perspective.

OFDI policies. The analysis in this article showed the mixed picture existing in the relationship between home-country regulative OFDI policies and the internationalization activities of CSOEs. This is also confirmed by Jones and Zou (2017) for the relationship between SOEs and China's government. Among the departments at the central government level, different interests exist (Luo et al., 2010), leading to ambiguous interpretations or guidance of policies. The insignificant results, with a coefficient showing that SOEs do not behave in line with the regulative policy - the restriction on diversified OFDI of CSOEs - might nevertheless be unexpected. Thus, we cannot confirm the argument of Li, Cui, and Lu (2014) that CSOEs gain their legitimacy by serving the home-country government. However, looking at this specific policy in detail (see State-owned Assets Supervision and Administration Commission of the State Council, 2012) reveals that diversified OFDI, i.e., cross-industry, might still be allowed after prior approval of the SASAC. As SOE executives are of higher rank than SOE regulators within the Chinese Communist Party (CCP) (U.S. Department of Commerce, 2017), this exemption might potentially be enforced, if needed. Hence, the results in model 3 might be influenced by the "loophole" in the policy and the different interests between SOE executives and SOE regulators. As no other regulative policy was introduced during the observation period, and, as the presented results are insignificant, the question on the importance of gaining home-government legitimacy for CSOEs cannot be explained through our results.

The picture turns clearer once looked at it from a normative policy perspective. The positive results in models 6 to 8 (BRI announcement, BRI implementation, Made in China 2025) highlight the impact that normative policies have on the OFDI of Chinese firms. Compared to POEs through the interaction term, it became visible that especially for POEs' OFDI behavior, normative policies seem to have a positive influence. As argued by Du and Zhang (2018), POEs usually answer the government's calls in supporting to achieve set economic development goals. POEs might be looking out primarily for policies supporting OFDI activities, more than their state-owned counterparts, due to the former's stronger reliance on market forces to survive and gain legitimacy (c.f. Dau, 2012). State-related firms might rather receive the government's support in their internationalization activities (Voss et al., 2009).

If not, as highlighted above, they might try to use their power of holding a high rank in the CCP. Hypothesis 2 can, thus, be supported with a focus on POEs.

Mimetic pressures. Firms planning to go abroad might search for benchmarks in their home country to successfully perform their OFDI processes. Minimizing risk and hence, learning from former experiences of similar companies is of natural behavior. As the benchmark case should probably be - by firm characteristic - as close as possible to the company itself, the positive relationship found in this article might be as expected. This also confirms that EMNEs might try to gain legitimacy by following their peer-group. However, as we do not have a model with a primary focus on SOEs, we cannot directly confirm Li et al. (2018) results. Nevertheless, as the variable on mimetic pressure reveals significantly in the models considering all ownership types that the benchmark group of an MNE might positively affect EMNE internationalization, we can confirm previous research partially.

Conclusion

The motivation for writing this article was to develop a better understanding of the importance that home-country OFDI policies have on internationalization activities in China. As to our knowledge, this article is the first broader attempt in quantitatively analyzing this relationship. Applying institutional theory gives us a solid foundation to build the theoretical framework upon it and empirically test the three pillars of institutions (regulative, normative, cognitive) through a policy-lens. The hypotheses were constructed along the three levels of policies to cover the importance of the different types of policies and be able to include the different layers of institutional pressures. The dataset established to analyze the relationship is constructed through an in-depth data collection process, cleansing, and triangulation.

Analyzing the regression result for testing the coercive institutional pressure on the OFDI activities of CSOEs showed no clear results. However, research regarding SOEs shows that the decision-making behavior is not a one-way street, top-down from the government to the management, but that the behavior of the SOE might also be sometimes against the imagination of some government bodies (Jones & Zou, 2017). Hence, the research of Jones and Zou counterargues, at least partly, the statement made that SOEs might be vehicles of the state (Bruton et al., 2015; Cui & Jiang, 2012; Gammeltoft et al., 2010; Morck et al., 2008).

Studying the relationship between OFDI policies and firm internationalization brings a list of limitations and opportunities for future research. First, the vague language used in policy statements leaves room for interpretation. This brings not only uncertainty to the companies hypothetically affected by it, but on governance level also creates difficulties in policy compliance and policy performance analyses. As argued by North (1990: 4;48), implementing a proper process of control and adjustment, and hence, evaluating policies is essential for having success. Future research might build on our attempt to quantitatively analyzing China's OFDI policies and perform interview-based research to gain company insights regarding policy influences on firm internationalization.

Further, where the geographic focus on one country – China – has its advantages of being able to study several vital policies in more detail, the specific policy environment of China also brings limitations in its scope of generalizability. The multinational-government relationship in the Chinese context is a constellation with many unclear factors. For example, it is still not fully understood if and how multinationals of different ownership in China have a voice in the development process of policies. One of a few China-specific studies was conducted by G. Deng and Kennedy (2010), analyzing business lobbying practices. Further research is needed in the Chinese context of multinational-government relationship to grasp multinationals' importance in this constellation. Thus, we call for more research in IB on the influence of MNEs on the development of policies and the overall co-evolution relationship between Chinese multinationals and the home-country institutional environment.

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[i] For further discussion of the policies, see Luo et al. (2010), Voss et al. (2008), Wang and Gao (2018), and Yang and Stoltenberg (2014).

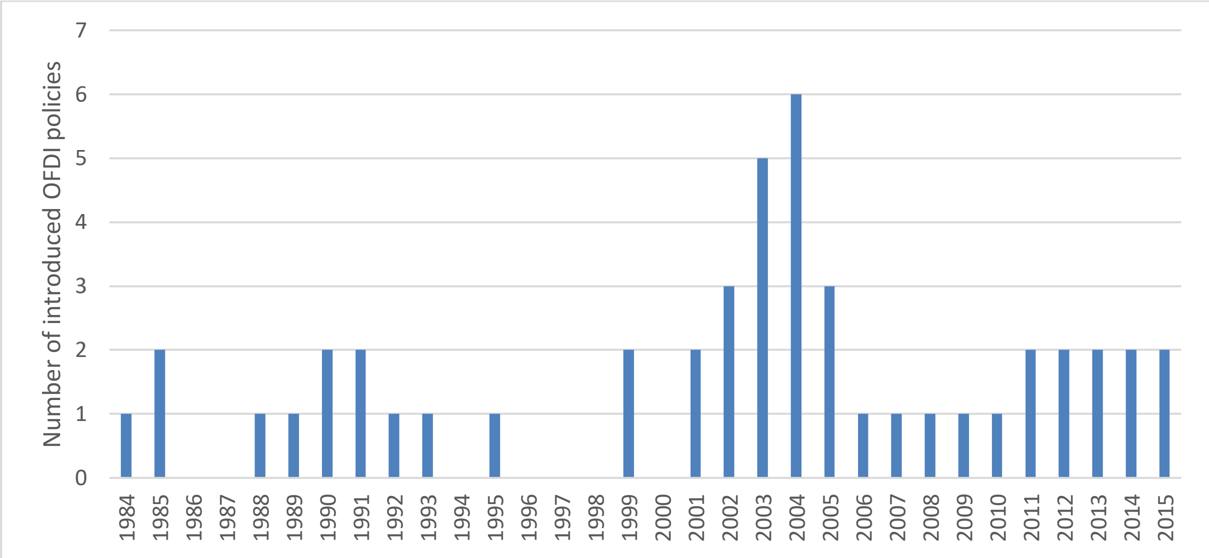
[ii] SASAC (State-owned Assets Supervision and Administration Commission) got established in 2003 to control China's most important SOEs, representing the State Council (Grosman, Okhmatovskiy, & Wright, 2016).

[iii] The 13 government ministries jointly publishing the "Implementing Opinions on Encouraging and Guiding Private Enterprises to Make Active Investment Abroad" are the following: National Development and Reform Commission; Ministry of Foreign Affairs; Ministry of Industry and Information Technology; Ministry of Finance; Ministry of Commerce; People's Bank of China; General Administration of Customs; State Administration for Industry and Commerce; General Administration of Quality Supervision, Inspection and Quarantine; China Banking Regulatory Commission; China Securities Regulatory Commission; China Insurance Regulatory Commission; as well as the State Administration of Foreign Exchange.

[iv] Other SOEs are defined as SOEs administered at the national and provincial level, however not under the supervision of SASAC. Other SOEs are governed either by national Ministries, China's sovereign wealth fund - the "China Investment Corporation", or the provincial government (Chang & Jin, 2016; China Investment Corporation, 2017 ;Li, Cui, & Lu, 2014).

[v] China's eastern region is defined by the National Bureau of Statistics (2018) as comprising the following provinces and municipalities: Beijing, Tianjin, Hebei, Liaoning, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, and Hainan.

Figure 1: Overview of OFDI related government publications



Source: Extension of Voss, Buckley, and Cross (2008).

Figure 2: Conceptual Framework

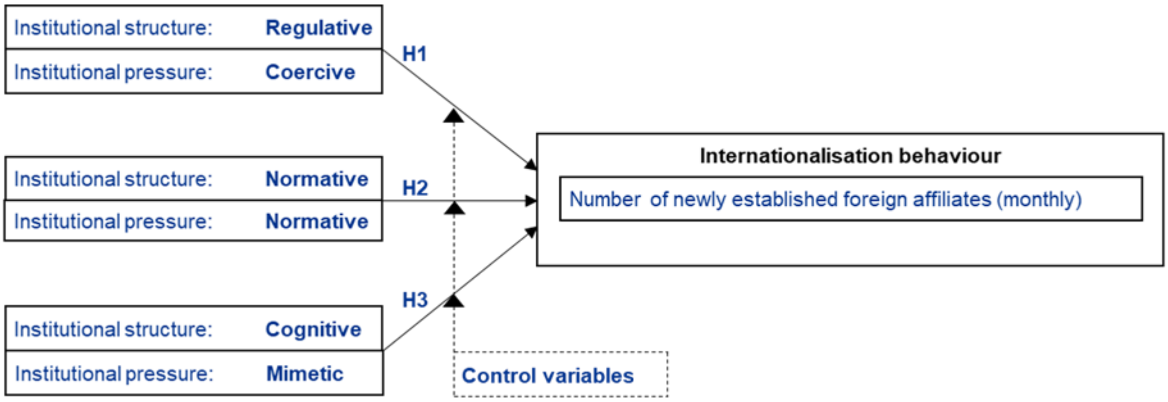


Figure 3: Subsidiary count structure

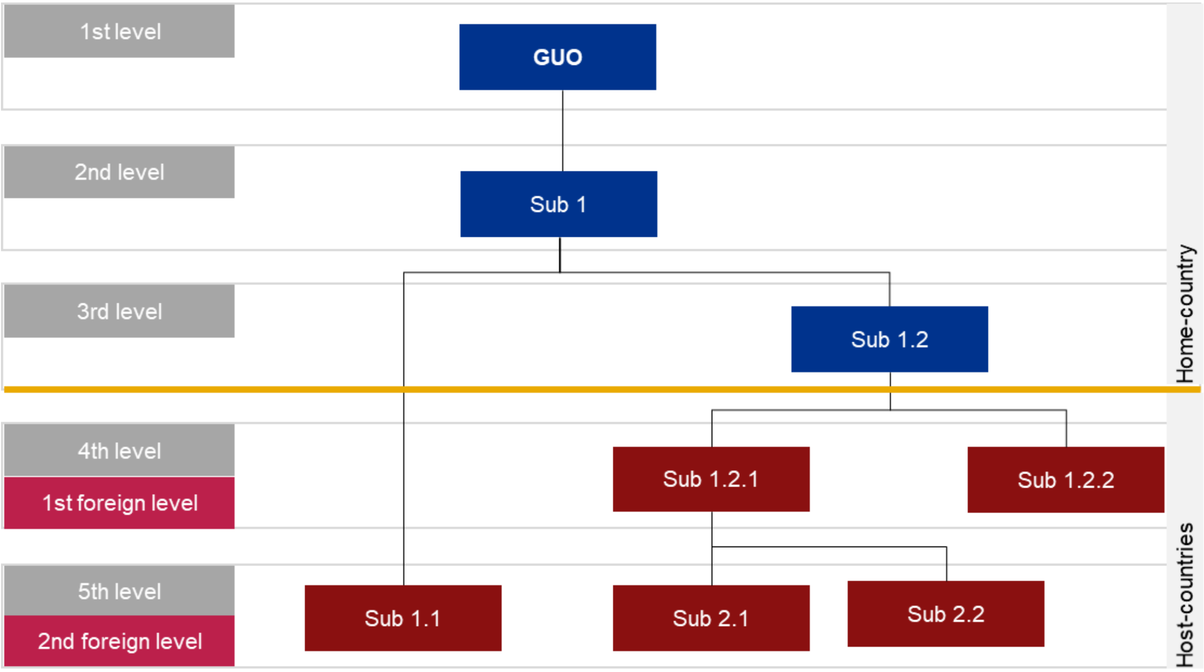


Table 1: OFDI relevant policies; 2008-2015

Year/ Ownership	7.5.2010	1.5.2012	29.6.2012	7.9.2013	28.3.2015	19.5.2015
CSOEs		Restricting cross-industry OFDI for CSOEs		BRI – Announcement	BRI – White Paper	China 2025 – White Paper
SOEs				BRI – Announcement	BRI – White Paper	China 2025 – White Paper
POEs	SASAC opinions supporting POEs' OFDI		Ministerial opinions supporting POEs' OFDI	BRI - Announcement	BRI – White Paper	China 2025 – White Paper

Table 2: Variable description and data sources

Variables	Description and Data Source
OFDI	Outward foreign direct investment is defined as the monthly count of foreign subsidiaries, either established through greenfield investment or taken over, through acquisition. (Bureau van Dijk Orbis; Thomson Reuters Eikon; annual reports; company websites)
State Council Opinions	Proxy for a normative institutional pressure. Binary variable, applied to private ownership and relevant industries. The variable applies to the 12 months period following the policy announcement. Lagged by one month, to counteract the inclusion of internationalization behavior within the month, but before the policy announcement (State Council Of the People's Republic of China, 2010).
Ministry opinions	Proxy for a normative institutional pressure. Binary variable, applied to private ownership and relevant industries. The variable applies to the 12 months period following the policy announcement. Lagged by one month, to counteract the inclusion of internationalization behavior within the month, but before the policy announcement (Government Ministries of the People's Republic of China, 2012; State Council Of the People's Republic of China, 2010).
Restricted CSOE internationalization	Proxy for a coercive institutional pressure. Binary variable applied to central state-owned enterprises. The variable applies to the 12 months period following the policy implementation. Lagged by one month, to counteract the inclusion of internationalization behavior within the month, but before the policy implementation (State-owned Assets Supervision and Administration Commission of the State Council, 2012).
BRI announcement	Proxy for a normative institutional pressure. Binary variable, applied to relevant industries of the BRI to test for prior-BRI implementation spillovers. The variable applies to the 12 months period following the policy announcement. Lagged by one month, to counteract the inclusion of internationalization behavior within the month, but before the policy implementation (Ministry of Foreign Affairs of the Peoples's Republic of China, 2013).
BRI implementation	Proxy for a normative institutional pressure. Binary variable applied to relevant industries of the BRI. The variable applies to the 12 months period following the policy implementation. Lagged by one month, to counteract the inclusion of internationalization behavior within the month, but before the policy implementation (National Development and Reform Commission, 2015).
Made in China (MIC) 2025	Proxy for a normative institutional pressure. Binary variable applied to relevant industries of the policy. The variable applies to the 12 months period following the policy implementation. Lagged by one month, to counteract the inclusion of internationalization behavior within the month, but before the policy implementation (State Council Of the People's Republic of China, 2015).
Institutional mimetic pressures	Proxy for institutional mimetic pressure. Sum of Chinese MNE's internationalization, who operate in the same industry, have the same ownership and are located in the same economic region.
Firm ownership (CSOEs, other SOEs, POEs)	Control variable. CSOEs are defined regarding the official list of SASAC (State-owned Assets Supervision and Administration Commission of the State Council, 2017). Other ownership types are defined regarding the top 10 shareholders of a firm. If a state-entity was within the top 10, the company is defined as other SOE (Xia et al., 2014) (Sources: Thomson Reuters Eikon; Wind Database; UNCTAD's SO-MNE database; annual reports; company website).

Variables	Description and Data Source
Closeness to central state institutions (Beijing)	Control variable. Closeness to central state institutions, or Beijing dummy, is a binary variable for being located in the capital city (Bureau van Dijk Orbis, Thomson Reuters Eikon; annual reports; company websites).
Closeness to industrial clusters (Eastern, Intermediate, Western region)	Control variable. To reflect geographic home-country location advantages, we followed the official division of China into economic regions: Eastern-, Intermediate-, and Western Region (National Bureau of Statistics, 2018).
Coastal access	Control variable. Binary variable indicating whether a GUO is located in a city with coastal access (assessment through Google maps).
Wage	Control variable. Average wage of employed persons in urban units, separated between SOEs and POEs. Currency: Chinese Yuan. Lagged by 1 year and with natural logarithm (National Bureau of Statistics - China Statistical Yearbooks 2007-2016).
Global Policy Uncertainty	Control variable. The Global Economic Policy Uncertainty index quantifies economic policy uncertainty through newspaper analysis. "Global EPU is calculated as the GDP-weighted average [current prices] of monthly EPU index values for the US, Canada, Brazil, UK, Ireland, Germany, Spain, France, Netherlands, Italy, Russia, India, China, South Korea, Japan, and Australia using GDP data from the IMF's World Economic Outlook Database." (Davis, 2016). Lagged by 1 year and with natural logarithm.

Table 3: Dataset

	Eastern region		**Intermediate region**		**Western region**		**Total**	
	GUOs	*OFDI activities*	*GUOs*	*OFDI activities*	*GUOs*	*OFDI activities*	*GUOs*	*OFDI activities*
POEs	178	242	21	30	17	19	216	291
CSOEs	27	51	2	2	1	1	30	54
Other SOEs	66	83	12	16	15	21	93	120
Total	271	376	35	48	33	41	339	465

Table 4: Correlation matrix and descriptive statistics

	Variables	1	2	3	4	5	6	7	8	9	10	11
1	OFDI	1.00										
2	State Council opinion	-0.01	1.00									
3	Ministry opinions	0.00	-0.10	1.00								
4	Restriction on CSOEs	0.00	-0.04	-0.04	1.00							
5	BRI announcement	0.02	-0.13	-0.13	-0.05	1.00						
6	BRI implementation	0.03	-0.11	-0.11	-0.04	-0.14	1.00					
7	Made in China (MIC)	0.03	-0.10	-0.10	-0.03	-0.12	0.87	1.00				
8	Mimetic pressures	0.02	0.01	0.03	-0.04	0.08	0.20	0.18	1.00			
9	CSOE	0.01	-0.10	-0.10	0.36	0.00	0.00	0.00	-0.12	1.00		
10	Other SOEs	0.00	-0.20	-0.20	-0.07	0.00	0.00	0.00	-0.24	-0.19	1.00	
11	Intermediate region	0.00	-0.01	-0.01	-0.01	0.00	0.00	0.00	-0.17	-0.03	0.05	1.00
12	Western region	0.00	-0.02	-0.02	-0.04	0.00	0.00	0.00	-0.18	-0.10	0.15	-0.11
13	Coastal access	0.00	0.05	0.05	-0.06	0.00	0.00	0.00	0.18	-0.16	-0.11	-0.27
14	Beijing	0.00	-0.07	-0.07	0.15	0.00	0.00	0.00	-0.02	0.41	0.04	-0.19
15	Wage	0.02	-0.22	-0.01	0.12	0.21	0.28	0.24	0.18	0.28	0.12	-0.30
16	Policy Uncertainty	-0.01	-0.19	0.51	0.18	-0.18	-0.19	-0.12	-0.11	0.00	0.00	0.00
	Mean	0.02	0.09	0.09	0.01	0.14	0.11	0.08	0.94	0.09	0.28	0.10
	Std. Dev.	0.13	0.29	0.29	0.11	0.35	0.31	0.28	1.50	0.28	0.45	0.30
	VIF	1.00	1.10	1.24	1.11	1.15	2.16	2.04	1.13	1.24	1.18	1.23

Note: Correlations >0.011 are significant at 0.05 level.

	Variables	12	13	14	15	16
12	Western region	1.00				
13	Coastal access	-0.27	1.00			
14	Beijing	-0.18	-0.44	1.00		
15	Wage	-0.22	-0.02	0.60	1.00	
16	Policy Uncertainty	0.00	0.00	0.00	-0.01	1.00
	Mean	0.10	0.40	0.23	10.79	4.82
	Std. Dev.	0.30	0.49	0.42	0.41	0.15
	VIF	1.22	1.45	1.77	1.66	1.27

Note: Correlations >0.011 are significant at 0.05 level.

Table 5: Zero-inflated poisson on OFDI of Chinese companies

Variables	1	2	3	4	5	6	7	8
Other SOEs	-0.131	-0.043				0.036	-0.035	-0.040
	(0.115)	(0.122)				(0.132)	(0.132)	(0.131)
CSOEs	0.282	0.392*				0.479*	0.497**	0.534**
	(0.178)	(0.183)				(0.196)	(0.188)	(0.184)
Intermediate region	0.115	0.177	-0.668	0.230	0.244	0.166	0.138	0.131
	(0.194)	(0.198)	(0.829)	(0.240)	(0.242)	(0.198)	(0.198)	(0.198)
Western region	0.003	0.073		-0.001	0.009	0.066	0.041	0.034
	(0.202)	(0.207)		(0.275)	(0.275)	(0.207)	(0.206)	(0.206)
Coastal access	-0.168	-0.163	0.325	-0.153	-0.162	-0.154	-0.137	-0.132
	(0.148)	(0.149)	(0.455)	(0.170)	(0.170)	(0.149)	(0.150)	(0.149)
Beijing	-0.609***	-0.568**		-0.691**	-0.724**	-0.545**	-0.499**	-0.486**
	(0.192)	(0.195)		(0.244)	(0.242)	(0.197)	(0.200)	(0.198)
Wage	0.834***	0.748***	-0.154	0.864***	0.916***	0.712***	0.627***	0.605***
	(0.161)	(0.167)	(0.557)	(0.198)	(0.197)	(0.175)	(0.179)	(0.174)
Global policy uncertainty	-0.511	-0.409	-1.623	-0.417	-0.359	-0.360	-0.314	-0.348
	(0.322)	(0.326)	(1.533)	(0.411)	(0.555)	(0.332)	(0.339)	(0.338)
Mimetic pressure		0.080**	-0.067	0.066†	0.068†	0.078**	0.064*	0.059*
		(0.032)	(0.179)	(0.035)	(0.035)	(0.032)	(0.031)	(0.031)
CSOE restriction			0.089					
			(0.749)					
State Council opinions				-0.188				
				(0.218)				
Ministry opinions					0.018			
					(0.244)			
BRI announcement						0.278†		
						(0.158)		
BRI announc.*Other SOEs						-0.434		
						(0.302)		
BRI announc.*CSOEs						-0.507		
						(0.432)		
BRI implementation							0.367*	
							(0.169)	
BRI implement.*Other SOEs							-0.030	
							(0.282)	
BRI implement.*CSOEs							-0.907*	
							(0.543)	
MIC 2025								0.532**
								(0.171)
MIC 2025*Other SOEs								-0.017
								(0.292)
MIC 2025*CSOEs								-2.227*
								(1.023)
Constant	-9.071***	-8.801***	6.867	-9.887**	-10.739**	-8.706***	-8.033***	-7.671**
	(2.383)	(2.418)	(10.574)	(3.017)	(3.517)	(2.451)	(2.455)	(2.460)
	28,476	28,476	2,436	18,144	18,144	28,476	28,476	28,476
Observations	-9.071***	-8.801***	6.867	-9.887***	-10.739***	-8.706***	-8.033***	-7.671***

Note: Robust standard errors in parentheses; †, *, **, *** mean significant at, respectively, 10%, 5%, 1%, 0.1% level.