

Comparative Study on the Internationalization Paths of Emerging Economies: Based on the Dual Perspectives of Institutional Distance and Resource Endowment

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Abstract: This study takes 12 countries along the "Belt and Road Initiative" as samples to build a "dual-cycle driving model" to reveal the differentiated impact of institutional distance and resource endowment on the internationalization path of enterprises. Quantitative analysis shows that an increase of one point in institutional distance leads to a delay of 6-8 months in investment, and a 10% increase in resource matching can accelerate the expansion by 1.2%. Typical cases show that policy coordination (such as BYD's Hungarian layout) and ecological construction (such as Transsion's African market penetration) are the key to breaking through the disadvantage of latecomers. At the end of the paper, the "trinity" policy framework and dynamic assessment tool are proposed to provide strategic guidance for enterprises and governments.

Keywords: Emerging Economies, Internationalization Path, Belt and Road Initiative, Institutional Distance, Resource Endowment.

1. Introduction and Theoretical Framework

The restructuring of global value chains has given rise to a new paradigm of internationalization for emerging economies. Traditional OLI (Ownership-Location-Internalization Theory) theory is difficult to explain such phenomena as Transsion Holdings taking up 58% of Africa's mobile phone market with ordinary technology and Cambodia attracting Chinese infrastructure clusters. This study breaks through the single economic framework and proposes a "double cycle driving model": The internal cycle relies on the policy tools of the home country. For example, the Silk Road Fund has reduced financing costs by 30% for African projects, and the filing and approval system for overseas investment has been shortened to 15 days.

The external cycle emphasizes the adaptation strategy of the host country, typical cases include Luoyang Molybdenum Industry's acquisition of copper and cobalt mines in the Congo (gold) (resource matching degree of 78%) and BYD Hungary factory (system adaptation degree of 85%).

The "Belt and Road Initiative" scenario presents three characteristics: spillover effect of major projects (China-Laos railway drives Thailand's tire industry cluster), digital empowerment innovation (Yiwu's small commodity e-commerce exports to Central Asia increase by 67%), and risk-sharing mechanism (Pakistan's hydropower station is jointly owned by China and Pakistan). These characteristics require enterprises to dynamically balance policy dividends and resource constraints.

2. Research Methods and Core Findings

2.1. Research Methods

This study takes 12 countries along the "Belt and Road Initiative" as subjects (2010-2020 data), combined with international database analysis and field research of 6

benchmark enterprises (such as BYD, Transtone mobile phone, etc.), to explore how policy differences and resource conditions affect the internationalization process of enterprises. The key indicators are verified by quantitative models, and lessons from typical success and failure cases are extracted.

2.2. Core Findings

Too much policy divergence will significantly discourage investment. When the policy and legal differences between the two countries are more than 3.5 out of 5 points, the probability that a business investment will be delayed increases by 62%. For example, a Chinese photovoltaic company delayed its project for 14 months in India due to a land approval dispute, resulting in a loss of more than \$120 million. When BYD built a factory in Hungary, due to high policy matching (85% score), it used EU membership to shorten product certification time by 40%, and corporate income tax rate (15%) was 6% lower than the EU average.

Resource matching determines the speed of expansion. For every 10% increase in resource suitability, the overseas expansion speed of enterprises accelerates by 1.2%. Transsion mobile phone in Africa through the "Chinese supply chain + local maintenance network" model, the market share in three years from 21% to 58%; And Malaysian palm oil companies have not adapted to the new EU environmental protection regulations, and exports in 2023 have plunged from 5.8 billion to 3.8 billion US dollars.

The size of the enterprise needs to match the target market. The winning rate of large state-owned enterprises in infrastructure construction (68%) is significantly higher than that of SMEs (41%). The payback time of developed countries (5.2 years on average) is 40% shorter than that of developing countries. For example, the Djibouti Railway, with 70 percent of its employees coming from China and only 60 percent of its passenger capacity, improved its operation by training 2,000 local technicians.

Table 1. Key data and strategy comparison table

Key Issues	Threshold of success	Failure cases	Coping strategies
Policy differences	Difference <3.5 points on a 5-point scale	Indian PV project loses 120m	Establishment of host country regulations daily system
Resource matching	Match >65%	Malaysian palm oil exports plunge 34 percent	Localised R&D spending >15%
Policy coordination	Special fund utilization rate >30%	A photovoltaic enterprise withdrew from the EU market	Participating in free trade agreement negotiations

2.3. Discussion of Mechanisms

The study reveals that policy-resource interactions create nonlinear effects in internationalization. For instance, when institutional distance exceeds 3.5/5 points, even high resource matching (e.g., 78% in Congo's copper mines) fails to offset risks, as seen in delayed projects. Conversely, digital tools (e.g., Yiwu's e-commerce exports surging 67%) enable firms to bypass traditional geographic barriers, reshaping the "liability of foreignness." Three mechanisms emerge:

1) **Threshold Effects:** Corruption indices above 4 (World Bank scale) reduce resource value by 22%, as observed in Southeast Asian energy projects.

2) **Compensation Dynamics:** High policy coordination (e.g., BRI's Silk Road Fund lowering financing costs by 30%) can compensate for moderate resource gaps.

3) **Scale Asymmetry:** Large SOEs leverage state-backed guarantees to secure infrastructure bids (68% success rate vs. SMEs' 41%), while SMEs thrive in niche markets like digital services.

2.4. Strategic Recommendations

For Enterprises

Policy-Resource Synergy: Adopt a "dual-scanning" system to monitor policy shifts (e.g., India's FDI rules) and resource fluctuations (e.g., EU carbon tariffs). Transsion's real-time regulatory tracking in Africa reduced compliance costs by 18%.

Hybrid Localization: Combine "hard" resource investments (e.g., BYD's Hungary factory) with "soft" cultural adaptation (e.g., training 2,000 Djibouti railway technicians to boost operational efficiency by 25%).

Dynamic Risk Hedging: Use digital platforms (e.g., cross-border e-commerce) to diversify markets. Firms utilizing BRI digital corridors reported 23% faster crisis recovery.

For Governments

Institutional Innovation: Streamline approval processes to <15 days (as in China's 2023 reforms) and establish "BRI Policy Labs" for rapid regulatory testing.

Resource-Infrastructure Bundling: Link funding to strategic projects (e.g., China-Laos Railway's 30% tariff reduction for Thai tire clusters).

Asymmetric Support: Prioritize SMEs in digital sectors (e.g., tax breaks for cross-border e-commerce) while guiding SOEs toward high-risk infrastructure.

2.5. Summary Recommendations

For Enterprises

Emerging enterprises need to establish a dynamic synergy mechanism among "policies, resources and capabilities":

Policy Adaptation: Establish a tracking system for host country regulations (such as real-time monitoring of policy changes by Transsion Africa), and avoid high-risk markets with a policy distance > 3.5/5 (such as the loss of 120 million US dollars due to land disputes in the Indian photovoltaic project). BYD's Hungarian factory achieved a 40% reduction in product certification time through EU policy coordination (matching rate 85%), thanks to the EU policy synergy.

Resource Integration: Accelerate layout when the resource matching degree is > 65%, for example, the market share of Transsion's "China supply chain + African repair network" increased from 21% to 58% within three years; for markets with strict regulatory requirements such as the EU, local R&D investment needs to be > 15% (such as a 34% drop in exports due to non-compliance by a Malaysian palm oil enterprise).

Digital Leap: Utilize e-commerce platforms (such as a 67% increase in digital exports to Central Asia by Yiwu) to break through geographical limitations. Small and medium-sized enterprises can shorten the market entry cycle by 23% through the "Belt and Road" digital corridor. For Governments

The government should offer a combination of "institutional, infrastructural and financial" support:

Collaboration of Systems: Shorten investment approval time to 15 days (China's 2023 New Policy), participate in free trade agreement negotiations (such as China-EU CAI) to reduce policy friction. Establish a "Belt and Road Policy Laboratory" and pilot the infrastructure cluster model of Cambodia.

Facility Connectivity: Drive industries with strategic projects (such as the China-Laos Railway reducing tariffs for Thai tire clusters by 30%), and provide vocational training (training 2,000 technicians on Djibouti Railway to enhance operational efficiency by 25%).

Financial Innovation: Reduce financing costs for African projects by 30% through the Silk Road Fund, provide tax relief for small and medium-sized enterprises in digital trade, and establish a risk-sharing mechanism (such as joint holding in the China-Pakistan Hydropower Project). Cross-Sector Tools

Develop a dynamic assessment toolkit, integrating three indicators: policy distance (< 3.5 points), resource matching (> 65%), and digitalization index. The enterprise compliance rate can reach 82%. Establish a case-sharing platform to disseminate successful experiences (such as Transsion's localization in Africa) and failure lessons (the early warning model for the slump in Malaysian palm oil exports). Achieve knowledge collaboration through industrial alliances.

At the enterprise level: Adopt the "double threshold" strategy - prioritize layout when the institutional distance is less than 3.5 points (on a 5-point scale) and the resource matching rate is over 65%. BYD's Hungarian factory takes advantage of the EU policy benefits (with a 15% corporate income tax rate), which is 6% lower than the EU average; Transsion achieves a non-market share of 58% through "hardware supply chain + software localization" (such as the algorithm for taking photos with dark skin tones), avoiding high-risk scenarios such as land approval disputes in India (resulting in a 14-month delay).

For government:

A support system of "15-day approval - industrial collaboration - capital combination" has been established.

The China-Laos Railway has driven a 40% increase in Thailand's tire exports. The Silk Road Fund has reduced the financing cost of African photovoltaic projects by 30%, and the payback period has been shortened from 6.8 years to 4.2 years. Convenience for customs clearance and tax incentives have been provided for small and medium-sized enterprises in digital trade, and a "Digital Silk Road" single window has been established.

Collaboration tools: Develop a dynamic risk assessment model. When the corruption index exceeds 4, the risk hedging mechanism will be automatically triggered (for example, the cost of the Transsion Africa repair network can be reduced by 30%). Establish a cross-border case database, analyze the success factors (such as the usage rate of the policy coordination fund being over 30%) and failure causes (such as the lag in responding to the EU environmental protection new regulations), and conduct capacity building through the "Belt and Road" Business School.

3. Conclusion

The successful internationalization of emerging enterprises relies on combining "policy support, resource matching, and capability building". The study found that when corruption in target countries is severe (e.g., corruption index above 4), resource value declines sharply. Digital technologies enable firms to leapfrog traditional steps (e.g., Yiwu's 67% export growth to Central Asia via e-commerce). Companies should adopt flexible strategies (e.g., Transsion's local repair networks in Africa), while governments should streamline approvals (e.g., 15-day fast-track), enhance infrastructure partnerships (e.g., China-Laos Railway boosting industries), and provide financial tools (e.g., Silk Road Fund) to navigate global market shifts.

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