

The Belt Road Initiative and International Business Policy: A Kaleidoscopic Perspective¹

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Abstract

In this editorial, we take stock of the nature and scope of China's global development strategy named the "Belt and Road Initiative" (BRI), and how it influences international business (IB) policy. We build on the state of the current IB literature on the BRI and the findings of the special issue articles to suggest the need for complex integrative thinking on the initiative. We show that the BRI – like a kaleidoscope – elicits vastly different patterns of opportunities and challenges as we turn the perspective from policymakers in China, to governments in BRI host countries, and to officials in third countries. We illustrate how the application of integrative thinking to these perspectives allows for the identification when BRI projects generate tensions between countries and how this influences their IB policies. We further discuss under which circumstances BRI projects may benefit all sides and which IB policies can help promote these types of projects. We conclude with a discussion of future research directions.

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INTRODUCTION

In 2013, China launched a global development strategy named the “Belt and Road Initiative” (BRI). Touted as the most important international development program of the 21st century and as “China’s Marshall Plan” (Shen & Chan, 2018), the program aims to expand China’s connectivity and economic cooperation with a group of BRI countries that has over time grown in number and become increasingly global in scope (Sacks, 2021). While most BRI projects have been related to infrastructure development (including roads, railways, ports, power plants, 5G networks and fiber-optic cables), the BRI also extends into other areas such as cooperation in science and technology and cultural exchange (Maçaes, 2019).

A central feature of the BRI is the elevated role that foreign direct investment (FDI) plays in its implementation. According to the Center for Strategic and International Studies’ (CSIS) Reconnecting Asia database, Chinese companies were a leading constructor in 87.8 percent of the 294 “Belt Road” projects outside of China for which contractor information was available (Reconnecting Asia Project, 2020). Recent studies have shown that the BRI has already increased FDI outflows from China to other BRI countries by between 20 and 50 percent (Chen, Liu & Liu, 2020; Du & Zhang, 2018; Shao, 2020; Yu, Qian & Liu, 2019).

Despite these trends, international business (IB) scholarship on the BRI remains limited. In eight leading IB journals – the seven that are rated three or higher in the Chartered Association of Business School’s (CABS) Academic Journal Guide 2021 plus the *Journal of International Business Policy* – only twelve articles have mentioned the initiative in the title, abstract or keyword (see Table 1).² This number drops to only five if we exclude the seven articles that are forthcoming in the *Asia Pacific Journal of Management* Special Issue on “Belt and Road Initiative, Globalization and Institutional Changes: Implications for Firms in Asia” (Li, Qian, Zhou, Lu, & Liu, 2022).

[Table 1 about here]

One reason for this dearth in IB studies is likely that the BRI remains a relatively new and opaque phenomenon. Indeed, a recurring observation of BRI is that the initiative’s complex umbrella of projects almost seems void of a clear blueprint (Economy, 2018; Narrins & Agnew, 2020), making it difficult for scholars to develop rigorous research designs. It is in this respect notable that none of the twelve identified papers was published before 2019 and all but four are still forthcoming.

More profoundly, however, much of the extant literature in IB has adopted a firm or industry perspective in the context of the BRI [with notable exception of the work by Lewis, Yang, Moise and Roddy (2021) and Casas-Klett and Li (2022)], an approach that might have unwittingly limited deeper interest into the topic. Indeed, of the twelve articles mentioned above, six have studied how organizational heterogeneities such as state ownership, political ties and ethnicity influence a firm’s IB performance in the

2 The seven CABS journals are: *Journal of International Business Studies*, *Journal of World Business*, *Management International Review*, *Asia Pacific Journal of Management*, *International Business Review*, *Journal of International Management*, and *Management and Organization Review*. For the search, we looked for the term “belt” and verified that it referred to BRI. We did not include book reviews, viewpoints and editorials in our count. The search was done in December 2021.

context of the BRI (Huang, Shen & Zhang, 2022; Li, Liu & Qian, 2019; Li, Van Assche, Li & Qian, 2022; Sutherland, Anderson, Bailey & Alon, 2020; Wang, Li & Wei, 2022; Wang & Liu, 2022); two studies have evaluated firms' CSR and green performance along the Belt and Road (Chen, Ning, Pan & Xiao, 2022; Yang, Wang, Liu & Huang, 2022); and two articles have studied the opportunities and challenges that the BRI presents to expatriates and workers (Mukhtar et al., 2022; Zhang, Huang, Duan & Li, 2022).

We argue that the adoption of an IB policy perspective on the BRI can help extend and invigorate its study in the field of IB. Policymakers take a different lens than managers when looking at IB trends in larger macro contexts such as the BRI (Lundan, 2018; Van Assche, 2018). Beyond questioning how the BRI affects the activities, strategies, structures and decision-making processes of firms, they are concerned with how BRI-induced IB activity intensifies or attenuates local and global societal challenges and what public policies can be adopted to harness these effects (Van Assche, 2022). Quoting Buckley, Doh and Benischke (2017: 1046), we thus call upon IB scholars to adopt a policy turn in their study of the BRI, "with the purpose of advancing IB theory, contributing to important debates with scholars in allied social sciences, as well as actually helping to resolve these difficult challenges our generation is currently facing."

To stimulate this discussion, we issued a call for papers at the *Journal of International Business Policy* to reflect on the nature and scope of the BRI and how it influences IB policy. Five articles in this Special Issue were derived from an open call to academic colleagues. Two other papers are invited commentaries from key scholars engaged in work on the BRI. Table 2 lists the seven articles and commentaries included in the special issue.

[Table 2 about here]

In this editorial introduction to the special issue, we build on the state of the current IB literature on the BRI and the findings of the special issue articles to suggest the need for complex integrative thinking about the initiative. Roberts and Lamp (2021) suggest that complex integrative thinking involves two steps: differentiation and integration. Differentiation refers to the acknowledgement that there are different ways of looking at a complex issue and the ability to see problems from different perspectives. We will indeed show that the BRI – like a kaleidoscope – elicits vastly different patterns of opportunities and challenges as we turn the perspective from policymakers in China, to governments in BRI host countries, and to officials in third countries. Each country type faces different economic, geopolitical and social upsides and downsides of embarking on the BRI, which help shape the initiative. Integration refers to the need to draw insights from each perspective so as to combine them into a coherent understanding or approach. We will show that juxtaposing the different perspectives and identifying overlaps between them allows us to develop a more coherent understanding of how BRI policies develop and why they vary across countries.

CHARACTERISTICS OF THE BRI

Adopting a firm or industry lens to the BRI, much of the IB scholarship – including several articles in this special issue – has mainly focused on three characteristics of the initiative (or a combination thereof) that help explain BRI-related IB patterns: the formal

institutional change that it introduced, the state capitalist nature of BRI projects, and the geographic concentration of BRI activities.

First, IB scholars treat BRI as a *formal institutional change* in China that has helped motivate Chinese firms to internationalize quickly and extensively. China's president Xi Jinping first proposed the BRI during two official visits to Kazakhstan and Indonesia in September and October 2013. In his announcements, President Xi describes the BRI as a program consisting of a series of foreign-invested projects aimed at developing a system of railways, roads, maritime routes, pipelines and more, passing throughout Asia and Eastern Europe, and extending overseas into Eastern Africa. In the ensuing years, the scope of the BRI expanded beyond infrastructure into the areas such as finance, culture, education. At the same time, the geographic scope of the BRI extended beyond Eurasia or Africa. The constitutional amendments in the Communist Party Constitution in October 2017 link the BRI with China's aspiration to "build a community of shared destiny" and to achieve "shared growth" through "discussion and collaboration".

Several studies have used the structural break that the BRI introduced in 2013 to investigate the effect of the initiative on Chinese firms' IB patterns. One set of studies has evaluated how the formal institutional change has temporally influenced Chinese FDI (Chen et al., 2020; Du & Zhang, 2018; Shao, 2020; Yu et al., 2019). Other studies have investigated the temporal impact that the BRI has had on Chinese exports (Li et al., 2019; Ramasamy & Yeung, 2021; Yu, Zhao, Niu & Lu, 2020). A third set of studies has evaluated how the BRI has altered CSR and R&D performance of Chinese multinationals in BRI countries (Yang et al., 2022).

Second, scholars have homed in on the *state capitalist nature* of BRI. The Chinese central and regional governments have a heavy influence on multiple levels and on various aspects of the BRI (Li et al., 2022b). They play a key role in selecting BRI projects and financing them with loans from Chinese state-owned policy banks, commercial banks, and sovereign wealth funds. Although the Chinese government consistently emphasizes that BRI projects are open to all bidders and that it would welcome partnerships with foreign companies on projects, funding by the state-owned entities is mostly tied to the use of Chinese state-owned enterprises (SOEs) for the execution of projects (Ghossein, Hoekman, & Shingal, 2021; Li et al., 2022b). Of the 191 BRI projects outside of China in the CSIS Reconnecting Asia database where both the source of funding and the main contractors were identified, 78 projects were funded exclusively by Chinese sources (See Table 3). In these Chinese-funded projects, Chinese firms (virtually all SOEs) were always identified as contractors, either exclusively (79.5 percent of the projects) or with non-Chinese firms (20.5 percent). Chinese firms were less likely to be exclusive contractors in projects that were not fully financed by China. In the 51 projects that were co-funded by Chinese sources, Chinese firms were exclusively identified as contractors in 66.7 percent of the cases and co-contractors in 25.5 percent of the cases. In the 62 BRI projects that were not funded by Chinese sources, Chinese firms were exclusively identified as contractors in 50 percent of the cases and were co-contractors in 25.5 percent of the cases.

[Table 3 about here]

Consequently, several studies have built on the BRI's state capitalist nature to investigate the differential impact that the BRI has on IB across firm types. Li et al. (2022b) developed a one-stage bargaining game to show how Chinese state capitalism, which fosters effective coordination between industry and government in strategic infrastructure industries, generates new forms of international competition that favor Chinese SOEs over other firm types in BRI projects. Wang and Liu (2022) unveiled that the BRI disproportionately promotes FDI by firms with higher state equity, especially when the equity source is not from the central government. Huang et al. (2022) showed that the governmental support that SOEs receive improves their foreign subsidiaries' performance, but less so in BRI countries.

Third, studies have focused on the *geographic concentration* of BRI. Figure 1 shows how the official list of BRI participants has spread geographically over time (Sacks, 2021).³ Initially, the BRI was mostly a regional initiative that aimed to connect China with neighboring countries in Central, South and Southeast Asia. By 2015, however, the initiative had expanded beyond Asia with several Eastern European and African countries signing BRI-related Memoranda of Understandings with China. By 2018, the initiative had expanded into Western Europe and Latin America, and today there are only 57 countries that have not joined the BRI, the countries being mostly clustered in Europe, North America and Latin America (Nolan & Leutert, 2020).

[Figure 1 about here]

Researchers have built on the selective membership in the BRI to investigate if the initiative disproportionately generated IB between certain groups and regions. Li et al. (2019) show that Uyghur-owned companies in Xinjiang increased their exports more than other Xinjiang firms after 2013 due to their cultural similarity to many of the BRI countries that signed on to the initiative early on. Sutherland et al. (2020) find that the BRI has especially facilitated FDI to developing countries with weaker rule of law and less government accountability.

Taken together, we can conclude that IB scholarship has primarily viewed the BRI as an exogenous macro context and has used the initiative to investigate temporal, organizational and geographical heterogeneities in IB patterns. This has allowed researchers to determine the extent to which the BRI has boosted China's efforts to encourage its enterprises to invest overseas; to evaluate if the initiative disproportionately encouraged FDI and exports of Chinese SOEs compared to private firms; and to analyze if the BRI especially encouraged IB with officially identified BRI countries. As we will discuss, several contributions to this special issue continue to provide further nuances to these questions.

BRINGING IN THE POLITICAL AND POLICY CONTEXT: A KALEIDOSCPIC PERSPECTIVE

³ The figure only depicts countries that have signed a memorandum of understanding (MOU) on BRI with China. It does not include countries such as Russia that have concluded a cooperation agreement or countries such as Australia in which MOUs were signed at the subnational level.

Our contention is that policymakers' decisions to embark on the BRI, to participate in the initiative, or react to it are not exogenous and are heavily influenced by officials' expectations about how IB trends in the BRI may help address societal challenges. As Lewin and Witt (2022) explain in this special issue, "[BRI is,] at its core, a national *political* initiative that plays out in the domestic and global arenas—economics is the means, but politics is the objective." What this means is that we need to better understand the political context behind BRI policy and what role IB prospects play therein.⁴ This implies that the antecedents of IB policy related to the BRI are relevant where they can be traced through to an effect on policy making and, ultimately, to a policy effect.

A key point that we want to emphasize is that it is not only China's political context that shapes the BRI, but also that of BRI host countries and even third countries. To illuminate the full ramifications of the BRI, it is important to recognize its kaleidoscopic complexity (Roberts & Lamp, 2021). Every turn of the kaleidoscope lets the pieces shift and reveals distinct perspectives that countries have about the initiative. In the remainder of this section, we discuss the perspectives of China, BRI host countries and third countries in turn.

Chinese perspective

The Chinese government had several economic reasons to embark on the BRI in 2013. Despite China's continuing role as the leading engine of global economic growth, its economy has been facing some sizeable economic challenges in the last decade which the Chinese government aims to address with the BRI. First, the slowdown of economic growth in the aftermath of the Great Recession of 2008-2009 combined with a saturation in local infrastructure development had fueled an under-utilization of capacity in several heavily state-owned infrastructure sectors including rail, steel, real estate construction, shipbuilding and aluminum (Shen & Chan, 2018). The Chinese government considers the internationalization of these state-owned sectors to be an important way to address the excess capacity problem while at the same time stimulating economic growth.

A second problem was the systematic rise in Chinese income inequality since the beginning of the reform process. While the country had a more equal income distribution than Europe in the late 1970s, by 2013 it was approaching United States (US) inequality levels (Piketty, Yang & Zucman, 2019). A main driver behind this rising income inequality was an increase in regional disparities between the richer coastal provinces and the impoverished Western areas (Zhang, 2021).⁵ The Chinese government considers deeper economic integration with neighboring countries to the West to be a good mechanism to boost the country's under-developed western regions and to reduce regional income inequality (Li et al., 2019). The Chinese "new core of silk road

⁴ See also recent calls by Cui, Hu, Li, & Meyer (2018) and Witt (2019a) to systematically integrate political context in the analysis of IB patterns.

⁵ Zhang (2021) finds that the income gap between the Eastern, Central and Western regions has stabilized and even slightly decreased after 2009 due to the Western Development Strategy initiated in 1999.

economic development zone” that connects China with the “Belt” countries is an example of BRI projects that seek to accomplish this.

Besides addressing these challenges, China sees substantial economic opportunities related to the BRI. As the globe’s leading trading nation, China considers the reduction of transport costs to be a boon for both its own economic development and that of its trading partners. De Soyres et al. (2019) estimate that BRI projects would reduce shipment times by up 3.2 percent and trade costs by 2.8 percent for BRI economies. This would help not only strengthen China’s trade competitiveness but also contribute to a growing demand for China’s goods and services as BRI countries grow. It is primarily for this reason that China has portrayed BRI-induced international business as an overwhelmingly beneficial force and a win-win outcome that would create peace and prosperity in the region.

The Chinese government also has geopolitical reasons to launch the BRI. First, as the world’s largest importer of oil and natural gas, China saw the BRI as a means to shore up its energy security by taking a regional leadership role with its most important neighbors (Zhao, Liu, Wang & Ge, 2019). Second, it considered the initiative to be an important economic lever to further their political influence. China’s economic rise and accompanying surge in geopolitical power challenge the hegemony of the US, and this has recently tilted the balance between cooperation and competition in Sino-US relations toward the latter (Pei, 2020). Indeed, the growing schism is considered a major geopolitical shift that is at the source of de-globalization (Witt, 2019a) and that is creating a bifurcated global governance system, that is, a world dominated by two systems that operate under different rules and struggle for hegemony (Petricevic & Teece, 2019). Several international relations scholars have relied on geopolitical narratives to explain the origin of the BRI. Ferchen (2016) and Economy (2018) interpret the initiative as the consequence of a more assertive Chinese statecraft that is aimed at challenging US hegemony. According to this view, the BRI reflects China’s move towards a more active foreign policy strategy aimed at shaping China’s external environment rather than merely adapting to it (Maçães, 2018). Other scholars have depicted it as pushback against the US Obama administration’s efforts to “pivot” and expand its sphere of influence in Asia (e.g., Chatzky & McBride, 2019). These geopolitical forces have provided further urgency for China to use the BRI to secure energy resources in Central Asia, to quell ethnic unrest on its borders, and to further pull the BRI countries into its sphere of influence (Holt, 2020).

Taken together, we can conclude that China faces a variety of economic and non-economic societal challenges that it believes can be addressed by promoting IB through the BRI. Several papers included in this special issue help us better understand how the BRI influences China’s economic performance and geopolitical position through IB. Yang (2022) focuses on the link between the BRI and innovation in China. Specifically, the author studies how the development of multiple foreign railroad projects in the context of the BRI has influenced the industry’s innovation performance at home. Building on network theory, the author conjectures that the BRI disproportionately boosts

the innovation performance of firms that are in close network proximity with those BRI firms that implement foreign railroad projects, leading to a cascading innovation effect. He further hypothesizes that the knowledge complementarity with BRI firms positively influences a company's innovation performance, and that this relation is stronger for private firms than for SOEs. Using network and patent data from China's railway sector during the period 2013-2019, Yang finds empirical support for these predictions, providing, to our knowledge, the first paper that empirically links the BRI to Chinese innovation performance.

Liu and Wang (2022) concentrate on the factors that drive the speed of FDI along the BRI. The authors focus on three drivers: the degree of industry competition in China, the share of state equity in the firm, and a firm's location in an officially designated BRI province. Using a sample of BRI investment by Chinese listed firms between 2009 and 2019, the authors find that industry competition boosted the organizational speed of BRI investments after the launch of the initiative, pushing firms to escape China through internationalization. However, both state equity and a firm's location in an officially designated BRI province reduce the speed of internationalization. Overall, the paper helps address the scarcity of research on internationalization speed while challenging the traditional narrative that the BRI disproportionately encouraged FDI by SOEs. It also unveils that escapism (i.e., pull effect) is an important mechanism that explains OFDIs under BRI, which highlights some fallacies of contemporary narratives surrounding BRI. Finally, it points out that the regional policies need to be further refined with careful considerations about the subnational differences and positioning of different regions.

Chang et al. (2022) address this call for more research at the subnational level by focusing on the heterogeneity in BRI policies across Chinese regions and by evaluating how this differentially influences firms' internationalization. They use web crawling techniques to develop new measures of provincial governments' formal and informal actions related to the BRI which show wide disparities across China. Their econometric analysis finds that both formal (e.g., laws and regulations) and informal (e.g., network events) BRI actions by provincial governments boost firm internationalization. In contrast, they find that the status of being listed as a key province targeted for development in the BRI does not boost firm internationalization. These results suggest the need for additional research on the antecedents behind regional variations in BRI policies.

In their commentaries, Lin (2022) and Lewin and Witt (2022) lay out the importance of outlining China's geopolitical objectives related to the BRI and linking them to new research questions in IB. Lin takes a more positive view. He points out that it is China's duty as an emerging global power to help promote global economic development and uses a new structural economics perspective to evaluate how BRI and its focus on infrastructure development can generate growth opportunities in developing countries. According to the author, a key role for public policy is to help countries overcome the bottlenecks in hard and soft infrastructure so as to reduce the transaction costs in their businesses and to allow for specialization in sectors with latent comparative advantages.

The BRI can thus assist BRI host countries in structurally transforming their economies by providing them with access to infrastructure investment, which has a large effect on growth in developing countries. In this sense, the initiative elevates China's status and responsibility as an emerging global power. Lin also calls on IB scholars to further research how BRI will evolve and which policies need to be developed to ensure that projects will be implemented and financed in green and clean ways across countries with different legal environments.

Lewin and Witt (2022) take a more cautious view. Taking on a realist political economy lens, they discuss the economic and geopolitical motives for the Chinese government to embark on the BRI and see it as part of a larger effort by China to develop an alternative world economic order. Economically, China aims to develop new growth avenues to counter the slowing growth and overcapacity challenges. Geopolitically, they aim to develop political alliances in their accelerating competition with the current hegemony of the United States. Building on these views, they call on IB scholars to pay closer attention to the link between IB and Chinese political objectives in the BRI context. They also call for more research on the political forces that influence the receptivity of host countries to embark on BRI projects. The authors conclude their commentary with the sentence “[i]t seems to us that a stronger recognition of the political foundations of the BRI would open up a vast and likely highly rewarding range of research opportunities. It is our hope that IB scholars will capture them.” We wholeheartedly agree with this statement.

BRI host country perspective

The political context in BRI host countries helps shape the form and contours of the initiative by, among other things, influencing the terms and conditions under which their governments are willing to embark on BRI projects and their receptiveness to work with Chinese SOEs (Li et al., 2022b). To fully understand the influence of the BRI on IB, it is thus necessary to illuminate the perspective of BRI host countries on the costs and benefits related to the initiative.

Many BRI countries – particularly the small, landlocked, and fragile ones – face substantial infrastructural deficits that leave them poorly integrated in regional and world markets (Ruta et al., 2019). Chinese-funded BRI projects provide these countries with the opportunity to address these infrastructural gaps at a cost that may be lower to what they would be able to receive elsewhere. Like traditional FDI, direct investment from China brought by the BRI may thus help generate economic development in these countries, including income generation, job creation, and knowledge transfer because it is not absolute but relative ownership advantage and the gap-filling compatibilities between FDI and host economies that determine the growth impact of FDI on the host countries (Fu, Buckley & Fu, 2020). Therefore, the host countries may also aim to address the growth and employment challenges through BRI-related international business. In fact, it is found that both Chinese and US OFDI have a significant positive impact on capital accumulation in developing countries. Chinese OFDI is found to have a stronger effect on employment and productivity growth than US OFDI in low-income countries (many of

which are BRI countries), while US OFDI demonstrates significant effects mainly in middle-income countries (Fu et al., 2020).

At the same time, China's state capitalism, its growing clout in the global economy, its increasingly proactive geopolitical stance, and the rising tensions between China and the US all require host countries to also consider China's non-economic motives of BRI investments and the geopolitical ramifications of participating in a BRI project (Li et al., 2022b). A defining feature of the BRI that we have already discussed is the heavy influence of the Chinese government in the selection of BRI projects, its financing, and the promotion of Chinese SOEs for the execution of projects (Ghossein et al., 2021). Even though evidence remains limited (Brautigam, 2020), several critics have suggested that this state capitalism may lead to 'debt-trap diplomacy' (Hurley et al. 2018) where China lures poor countries into agreeing to unsustainable loans to pursue infrastructure projects so that, when they experience financial difficulty, China can seize the asset, thereby extending its strategic or military reach. Others have worried about the harm that participating in the BRI may bring to countries' strategic relations to other geopolitical heavyweights such as India and the US, which have been openly critical of the initiative (Balding, 2018).

BRI host countries do not view these economic opportunities and geopolitical risks in the same manner. A country's political alignment with China may well influence a host country government's willingness to embark on BRI projects (Li et al., 2022b). For countries that are geopolitically aligned with China or are peripheral in the spheres of influence of its rivals, China's call for developing a "community of shared destiny" through the BRI may have a special resonance that increases their willingness to participate in BRI projects (Maçães, 2018; Li et al., 2022b). Other countries – especially those more closely aligned to the US and India – may be more reticent about participation in BRI projects.

The geopolitical context also varies over time. Several BRI projects have led to debt distress, asset seizures and outpourings of negative public sentiment (Buckley, 2020). These tensions have, in turn, influenced local politics in several BRI countries (Balding, 2018). In the run up to the 2018 election, Malaysian Prime Minister Mahathir Mohamed described the BRI as a form of new colonialism that must be rejected. Maldives President Ibrahim Mohamed Solih has vowed to revisit some of the country's BRI projects which he argued have abetted corruption and weakened the country's sovereignty.

Several papers in this special issue have provided further insights into the BRI host-country perspective and how it influences the shape and form of the BRI. De Beule and Zhang (2022) squarely address the question on how geopolitics influence a host country's receptiveness and attractiveness to Chinese FDI in the context of the BRI. They use two measures to evaluate this relation. "Host country BRI sentiment" captures the climate of public opinion related to BRI; "host country policy agreement" identifies if there is an official BRI Memorandum of Understanding between China and a host country. Using fDi Markets data from 2003 to 2019, the authors find that both a higher host country BRI sentiment and a host country policy agreement stimulate Chinese greenfield investment in a host country. Interestingly, these effects are especially pronounced for Chinese SOEs compared to private firms, which provide credence to Li et al.'s (2022b) proposition that

Chinese SOEs face a disproportionately high legitimacy gap in countries that are geopolitically less aligned with China.

Luise et al. (2022) delve deeper into the local political context of a single host country – Italy – to evaluate how different forces shape the willingness to embark on a BRI project. There are a variety of actors in host countries and they have different views and impacts on BRI projects. To complete a BRI project, there must be an alignment between the various actors of the property rights and these actors should reach agreements over the allocation of rights. The property rights determine the bargaining power of individual actors. The study has important policy implications. Chinese investors need to understand the bargaining position and property rights of actors across multiple levels, across space, and be mindful of changes over time when negotiating an infrastructure investment. On the other hand, host-country governments need to have a clear strategy, in this case concerning port infrastructure, to avoid wasting resources in lengthy negotiations and useless infrastructure.

Third-country perspective

The sheer size and scope of the BRI imply that the initiative influences the political context far beyond China and BRI host countries. Third countries such as the US, Japan and India all have been paying careful attention to the economic and geopolitical effects of the initiative and have developed their own IB policies in response.

It is important to point out that the BRI may provide several economic gains for third countries. As we have discussed, the initiative promises to reduce trade costs for the BRI economies by 2.8 percent on average with the rest of the world and by 3.5 percent with other BRI economies, stimulating economic development (de Soyres et al., 2019). The growth in global GDP that these trade cost reductions generate can benefit third countries by creating more demand for their products and by generating greater macroeconomic stability in the BRI region (Hillman, Sacks, Lew, & Roughhead, 2021). It also helps address several Sustainable Development Goals (SDG) related to infrastructure (SDG 9), poverty (SDG 1) and inequality (SDG 10), thus serving as a vehicle for the attainment of the SDGs across critical regions of Asia and Africa by 2030 (Lewis et al., 2021).

Third-country firms can also benefit from the BRI by selling equipment and material required in the production, maintenance, or operation of the infrastructure built in BRI countries (Hillman et al., 2021). While we have shown that BRI projects are dominated by Chinese SOEs, and that third-country firms have to date had limited inroads in BRI projects, the Chinese government's introduction of "Third-Party Market Cooperation" between Chinese firms and MNEs (mostly from developed countries) may provide an opening (Zhang, 2019). For example, Chinese, Japanese, and Thai firms jointly participated in the Eastern Economic Corridor (EEC) of Thailand on projects relating to railways, industrial parks, and smart cities (Eto, 2021).

Pundits have nonetheless identified several negative economic and geopolitical implications of the BRI for third countries. First, there is the concern that China has purposefully structured the BRI in a way that provides an asymmetric competitive advantage for its own SOEs in BRI countries (Teece, 2020). Li et al. (2022b) show how such systemic competition can emerge by portraying firm selection in a BRI project as the outcome of a one-tier bargaining game between China and a BRI host country. They show how close collaboration between the Chinese state and its SOEs gives SOEs a leg up in BRI projects. Institutional and geopolitical forces may nonetheless counter the asymmetric advantage of Chinese SOEs in host countries by increasing the legitimacy gap that they face. Ghossein et al. (2021) argue that the lack of transparency in BRI public procurement helps sustain this asymmetric competitive advantage of Chinese SOEs. Petricevic and Teece (2019) raise the alarm bell that this systemic competition can lead to a bifurcated world order between rule-of-law countries that have a default predisposition towards transparent relations between the firm and home-country governments and rule-of-rulers countries that systematically favor domestic incumbents.

Second, third countries share the concern that the BRI strengthens China's political leverage over BRI host countries, moving these countries away from their own sphere of influence (Hillman et al. 2021). It is for this reason that geopolitical rivals of China have started countering the BRI by proposing alternative sources of funding for infrastructure projects. The US, for example, in 2018 set in motion the BUILD Act that will provide up to \$60 billion in loans, loan guarantees, and political risk insurance to help "de-risk private investment in projects that are needed for modernizing underdeveloped economies" (Pacatte, 2019). In June 2021, the Group of Seven richest democracies (G7) introduced the Build Back Better World (B3W) initiative that would offer developing nations an infrastructure plan that rivals China's BRI.

Integrating the perspectives

We can integrate insights from the three perspectives to develop a more coherent and nuanced understanding of the conditions under which BRI projects emerge, how BRI projects may change over time, when third countries will initiate countering ventures such as B3W, and under what circumstances BRI (and B3W) projects can become win-win situations for all sides.

The Venn Diagram in Figure 2 shows areas of overlap in favorable views about the BRI and B3W projects across the Chinese, BRI host country, and third country perspectives. The area of overlap between the Chinese and BRI host country perspective identifies when both types of countries are willing to embark on a BRI project. It highlights the need for a BRI project to be beneficial for China – either because it is commercially viable or because it addresses non-economic goals; but it also stresses the need for the project to be sustainable in the sense that it makes a reasonable contribution to the

economic, social and environmental development of host countries, takes place in the context of fair governance mechanisms, and does not endanger the country's sovereignty (Sauvant, 2021). The overlap between BRI host countries and third countries in Figure 2 occurs when similar conditions are in place for host countries that engage in B3W projects.

[Figure 2 about here]

Several observations can be made about the overlapping area between China and BRI host countries. First, the definition of a sustainable project varies across host countries. Some host countries put more emphasis on the economic impact of BRI or B3W projects, others are more concerned about their governance, and yet other countries are more wary about the geopolitical implications of further alignment with China or the US. An interesting question for future research is how the institutional and geopolitical characteristics of host countries influence their sustainability demands for BRI projects. Second, the definition of sustainability may well evolve over time. Sri Lanka's struggles to make loan payments for the Hambantota Port, for example, has raised concerns about debt sustainability in BRI projects, increasing sustainable debt reflections among at least some BRI countries. An intriguing question for future research is how China has adapted the governance of BRI projects to address sustainability concerns (whether they were legitimate or not). For example, there are growing signs that China has started promoting green finance and inclusive development more in recent BRI projects. Third, if we add the third-country perspective to the picture, it is clear that they do not always support BRI projects that are a win-win for China and the BRI host country. This can be because the third-country fears that the project diminishes its geopolitical sphere of influence; but it may also be based on governance concerns, for example, the worry that Chinese SOEs have an asymmetric competitive advantage over third-country firms in BRI projects. China has similar geopolitical concerns about B3W projects.

The area in which all three perspectives overlap is where a BRI project is a win-win-win for all sides. It covers BRI projects that are home-country improving for China, sustainable for the host country, that do not raise geopolitical and governance concerns among third countries, and that address global societal challenges that are shared by all sides. China's introduction of "Third-Party Market Cooperation" between firms and institutions from China and third countries can in this respect be seen as an effort to enlarge this overlapping area. The increased involvement of third-country actors in BRI projects will likely ease international concerns about BRI projects (Eto, 2021), and especially if it is accompanied with a governance structure that is transparent, rule-based, inclusive, and binding (Zhang, 2019). Such a governance structure, combined with the tapping into technical expertise and international experience by third-country MNEs, may in turn promote the sustainability of a BRI project, strengthening host countries' willingness to embark on it.

FUTURE RESEARCH AGENDA

Acknowledging the kaleidoscopic complexity of the BRI illuminates the IB policy ramifications of the BRI. Every turn of the kaleidoscope moves the focus of analysis to a different actor and reveals distinct views about the opportunities and challenges that the BRI generates. The shape and scope of BRI projects are formed at the intersection between different perspectives, requiring the need of integrative thinking to determine IB policy actions and reactions. New economic and geopolitical events may alter actors' views and thus induce changes to the configuration of the BRI. By refracting the multifaceted dimensions of the BRI through different lenses and by applying integrative thinking to them, IB scholars can thus develop enriched views about potential IB policy options in the BRI and can identify new future research directions.

A first promising research direction is to dig deeper into several conjectures that come out of our kaleidoscopic analysis. Taking the *BRI host country perspective*, we have argued that host countries are willing to embark on sustainable BRI projects that make a positive contribution to their economic, social and environmental development. Have BRI projects lived up to their promises? Through which underlying mechanisms? And what role did IB play therein? Several studies show that some BRI projects benefited the host countries in terms of transportation infrastructure, income, and job generation (Fang et al, 2021; Li et al., 2022a; Li & Taube, 2018). At the same time, other studies have documented significant resistance against BRI projects in host countries (Balding, 2018). What was the origin of this resistance and what were Chinese MNEs' primary targets? What actions has China taken to mitigate the resistance and were their actions successful? We need further research to discover more facts on the benefits and costs of BRI for host countries. Such investigations could offer insights on how China can tweak its BRI-related IB policies to foster sustainable BRI projects that are beneficial for both their own economy and for BRI host countries as well.

More research is also needed to evaluate how geopolitics influences a BRI host country's willingness to embark on a BRI project and how it shapes IB policy actions and reactions. Chin (2021) offers insights on how politics in BRI countries can reshape projects by studying how the election of a new prime minister in Malaysia in May 2018 resulted in the suspension, review and renegotiations of several BRI projects, providing Malaysia with better financing terms and other economic benefits (e.g., more palm oil exports to China). Adding to this, Li et al. (2022b) develop a one-tier bargaining game model in which China and a host country bargain about the type of firms that execute BRI projects. The authors show that a host country's geopolitical misalignment with China positively influences its bargaining power, thus increasing the likelihood that a host-country firm is selected for a BRI project. There is urgent need for more research to empirically validate the link between geopolitics and BRI-related IB. Furthermore, we still have very limited knowledge of how the participation of host-country firms influences the survival and success of BRI projects. Future studies that focus on the capabilities that firms need to develop to navigate these geopolitical forces and even shape the geopolitical context

would offer significant practical implications. Furthermore, building on studies that have looked at individual host countries in isolation, there is a need to investigate how host countries coordinate with each other in their interactions with China on the BRI. The recent coordinated response by multiple countries to Russia's invasion of Ukraine exemplifies the magnitude that policy coordination across countries can take.

Many issues also remain unclear from *China's perspective*. We have argued that excess capacity in infrastructure industries, regional inequality, and economic integration with new markets were important motives for China to initiate the BRI. Has the initiative helped the Chinese government to achieve its domestic goals? IB scholars have started partially addressing these questions by looking at the implications for firms. Li, Liu and Qian (2019) found that BRI helped small- and medium-sized firms in Xinjiang Uygur Autonomous Region achieve better export performance. Liu and Manzoor (2020) found that investing in BRI countries disproportionately boosts the productivity of Chinese firms compared to investment in non-BRI countries. But what have been the macro implications? Have certain bottlenecks prevented the initiative from reaching the societal goals? Were certain types of IB patterns disproportionately effective in addressing Chinese societal challenges?

Zooming into regional variations across China can be helpful to address some of these questions. Several papers in this special issue have highlighted that the nomination by China's central government as a Key Province or Municipality in the BRI did not promote the internationalisation of the firms in these regions (Chang et al., 2022; Liu & Wang, 2022). So how is the BRI structured and governed to address domestic Chinese challenges? Both formal and informal BRI actions by provincial governments boost firm internationalization (Chang et al., 2022), suggesting that the BRI governance is more decentralized than often thought.

There are also queries related to the role of Chinese SOEs as the main executors of BRI projects. To date, precious little is known about how SOEs are selected to participate in BRI projects (Ghossein et al., 2021) and what actions Chinese private firms and foreign MNEs can take to increase their selection chances. For example, what are the geopolitical jockeying capabilities that firms need to develop to heighten their likelihood of selection (Li et al., 2022b)? Will China make the selection process more transparent as it embarks on new projects such as "Third Party Market Cooperation" and faces competition from the Western-led B3W? Investigations of these questions will enhance our understanding of how the governance of BRI adapts over time and influences the participation of various MNE types in BRI projects.

And questions remain about China's reactions to B3W. Will B3W push China to reconfigure the BRI, and, if so, how? On February 28, 2022, as we were finalizing the editorial, Chinese foreign minister Wang Yi expressed a clear signal that China is willing to work with B3W and welcome the US to join the BRI. If the two initiatives increasingly converge, will this enlarge the win-win-win outcome that we highlighted in the Venn diagram? Even if the two initiatives do not overlap directly, it is likely that BRI and its

implementation will evolve over time. For example, competition between the BRI and B3W may help to increase the transparency and improve the management of BRI projects, especially with respect to environmental protection, labour standards, and community engagement.

Several concerns from the *third-country perspective* remain unaddressed. Are the U.S. Build Act and B3W truly able to compete with the BRI? How do third countries try to harness IB activities in these strategies? Will Western-financed B3W projects use international competitive bidding to select firms, and will Chinese companies be put on a level playing field? Will B3W projects impose stricter sustainability standards and might this cut out host country firms? These questions are relevant to understanding the nature of competition that is emerging between the BRI and Western-led responses.

Participation of MNEs from third countries is another unexplored issue. Though Chinese MNEs are primarily involved in implementing BRI projects (Du & Zhang, 2018), third-country MNEs also participate in the BRI (Li et al., 2022b; Zhang, 2019). To date, third-country firms have usually played only a peripheral role. With such limited participation, it is hard for the BRI to gain legitimacy and generate a large international impact (Casas-Klett & Li, 2022). But so far, we have very limited understanding of what determines their participation. Both academics and practitioners seek information about the competitive advantages that a third-country firm needs to develop to be selected to execute BRI projects, and further, to play a more effective and central role in these projects.

Finally, integrative thinking can be applied to look at specific grand challenges. A first area of importance concerns the implications of the BRI for *Environmental, Social and Governance* (ESG) goals. Lewin and Witt (2022) point out that the BRI is at its core a national political initiative and we, in this editorial, expand this thought by investigating the economic and geopolitical views about the BRI across China, host countries, and third countries. There are many other dimensions, however, that are starting to garner more attention. From a social or environmental perspective, the initiative has the potential to provide global public goods with a substantial global reach, engagement, and impact. Lewis et al. (2021: 59) find a strong alignment in the goals and strategies of the BRI and the SDGs, suggesting that “BRI holds great promise to serve as a vehicle for the attainment of the SDGs across critical regions of Asia and Africa by 2030, and, in turn, the 17 SDGs may potentially provide legitimizing grounds for the BRI.” There nonetheless are many questions that are left unanswered. Will the greenness and sustainability of projects be the emphasis of future BRI development? And what change in home and host country perspectives will lead to this transformation? Will it be driven by China’s desire to boost its status and legitimacy in BRI host countries? Will it come from BRI host countries that lay more emphasis on ESG concerns in their preconditions for BRI projects? Or will it emerge from increasing competition with initiatives from third countries? Addressing these questions will help identify the potential that the BRI provides for addressing the SDGs.

A second grand challenge concerns the importance of resilience in the BRI. The heightened global turbulence that we have witnessed in the past few years has exposed BRI projects to both economic and geopolitical vulnerabilities (Buckley, 2020). For one, the global recession that COVID-19 induced has massively impacted IB and international relationships between countries including the implementation of BRI projects (Van Assche & Lundan, 2020). The influence of COVID-19 on BRI projects goes far beyond putting economic constraints on participating countries. With COVID-19 hampering the global supply chain and transportation, the implementation of BRI projects is curbed.

Moreover, geopolitical disturbances have been testing the resilience of BRI projects. The unfavorable public sentiments toward China have reached historic highs in many Western countries due to the geopolitical tensions after the pandemic outbreak (Silver, Devlin, & Huang, 2020). The ensued pressure can impair the legitimacy of Chinese firms in the host countries, interfering with the implementation of BRI projects (Yiu, Wan, Chen, & Tian, 2021). Consequently, a promising research direction is to study the resilience of BRI projects under major global and regional environmental disruptions. How can policymakers in China and participating countries improve the resilience of BRI projects under major exogenous disturbances and accelerate BRI projects' post-disturbance recovery? How does the public sentiment towards China in a host country affect the survival of a BRI project? How do exogenous disturbances reshape the relative power status among China, BRI countries and non-BRI countries? All these research questions contribute to a better understanding of whether and how trade and investment in the context of BRI and B3W projects is conducive to sustainable growth.

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Table 1. Papers on the BRI published in high-ranking international business and management journals

Reference	Journal	Theory	Method	Major findings
Li, Liu & Qian (2019)	Journal of World Business	Institutional theory; internationalization	Quantitative data; hierarchical regression analyses	BRI has a positive formal institutional effect on the export performance of firms that target the “Belt” countries. Cultural friction and ethnicity moderate the relationship between the BRI and export performance.
Sutherland, Anderson, Bailey & Alon (2020)	Journal of International Business Policy	FDI	Quantitative data; regression	Host-country institutional fragility positively influences Chinese FDI volumes and the impact of institutional fragility on Chinese inward FDI to the host is amplified in the presence of the BRI.
Lewis, Yang, Moise & Roddy (2021)	Journal of International Business Policy	Sustainable development	Conceptual	The realization of synergies between UNs sustainable development goals and BRI hinges on several factors, including geopolitical and public health environments and the adoption of holistic trade and investment strategies.
Casas-Klett & Li (2022)	Asia-Pacific Journal of Management	Narrative economics & institutional theory	Conceptual	The success of BRI projects is based on whether the BRI is values-based, extends an invitation to participate, is open-ended, and is associated with economic performance for both Chinese and non-Chinese participants.
Chen, Ning, Pan. & Xiao (2022)	Asia-Pacific Journal of Management	Pollution haven hypotheses	Quantitative data; quasi-natural experiment	Green insurance reduces corporate outward foreign direct investment. The effect is stronger in regions with higher marketization and is weaker when investing in BRI countries.
Huang, Shen & Zhang (2022)	Asia-Pacific Journal of Management	Institutional theory	Quantitative data; ordinary least squares regression	Home government support has a positive impact on the performance of SOEs’ subsidiaries. This effect is weaker in countries that are cooperating with the BRI than in those that are not.
Li, Van Assche, Li & Qian (2022)	Journal of International Business Studies	Varieties of capitalism; Geopolitics	Conceptual	Institutions and geopolitics influence both the legitimacy gap of Chinese firms in a host country and the host country’s relative bargaining power, affecting the likelihood that host firms and third-country MNEs are selected in BRI projects.
Mukhtar, Zhu, Lee, Bambacas, & Cavusgil (2022)	International Business Review	Social networks	Qualitative interviews	Acculturation experience, cross-cultural networking, networking behaviour, and factors influencing cross-cultural adjustment, enhance the overall performance of BRI projects.
Wang, Li, & Wei (2022)	Asia-Pacific Journal of Management	Resource-based theory	Quantitative data; panel data econometric model	R&D intensity is identified as a burden and political ties as support for corporations’ short-term performance in BRI projects.
Wang & Liu (2022)	Asia-Pacific Journal of Management	Institutional theory, outward FDI	Quantitative data; regression	State equity of Chinese firms pushes their proactiveness in investing in BRI countries.
Yang, Wang, Liu & Huang (2022)	Asia-Pacific Journal of Management	Institutional theory	Quantitative data; difference-in-differences-method	BRI exerts a positive effect on corporate social responsibilities of Chinese MNEs involved in the BRI and the effect is stronger for Chinese state-owned MNEs.
Zhang, Huang, Duan, & Li (2022)	Asia-Pacific Journal of Management	Expectancy	Quantitative data; regression	In BRI projects, cognitive cultural intelligence (CQ) has an inverted U-shaped relationship with organizational commitment, while motivational CQ has a positive linear relationship with organizational commitment, and cultural distance moderates the relationships between CQ and commitment.

Table 2. Special issue papers

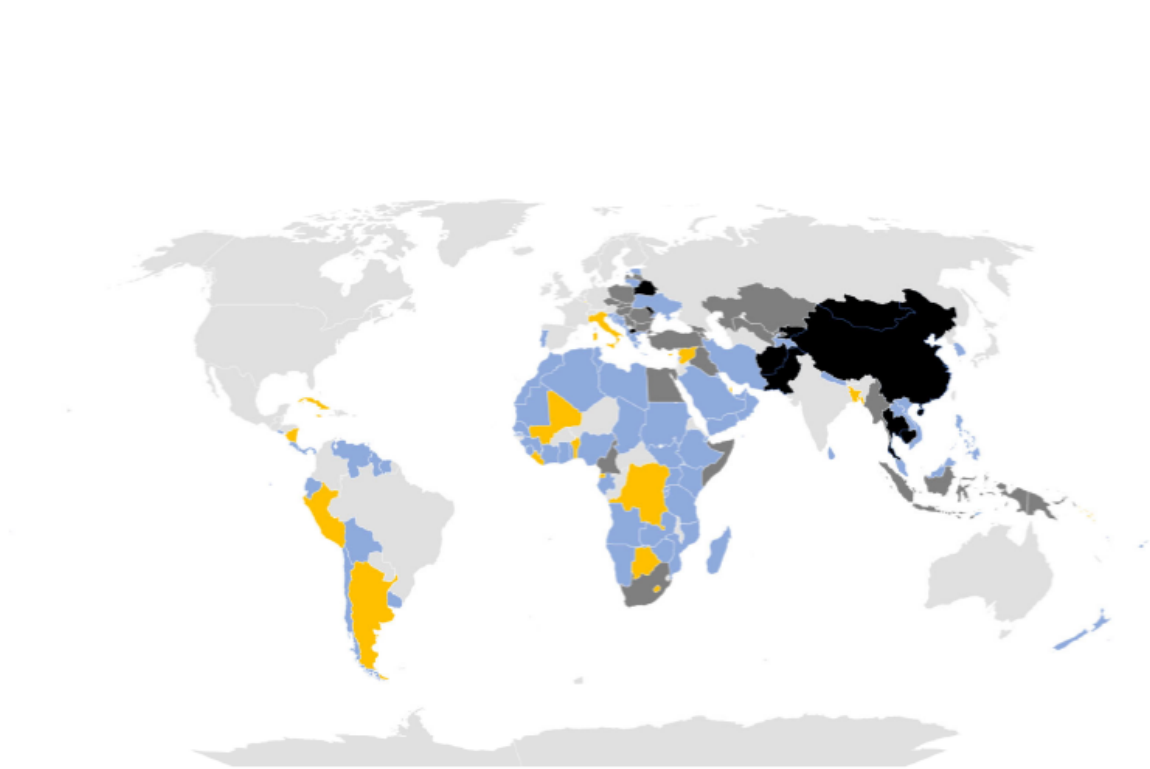
Reference	Theory	Method	Major findings
Chang, de Oliveira, Chung, & Zheng (2022)	Institution-based view; internationalization	Qualitative and quantitative data; multi-level mixed-effects maximum likelihood model	Chinese provincial governments' formal and informal responses to BRI vary significantly and influence firms' internationalization. However, the status of being listed as a key province targeted for development in the BRI does not generate extra momentum for firms' internationalization.
De Beule & Zhang (2022)	Location factors and institutional perspectives	Quantitative data; conditional logit model	A positive public opinion towards the BRI in a host country and the signing of an official BRI Memorandum of Understanding between China and a host country boost Chinese greenfield investment into the host country. These effects are disproportionately larger for Chinese SOEs than for private firms. Institutional distance negatively moderates these effects.
Gao (2022)	Network view of innovation ecosystems	Quantitative data; poisson estimation	The Chinese government's approach to select and finance a limited number of companies to join BRI projects has a cascading innovation effect on non-BRI firms in China's domestic railway innovation ecosystem.
Lewin & Witt (2022)	Realism; international relations	Commentary	BRI is at its core a political initiative that aims to address China's domestic and geopolitical objectives.
Lin (2022)	New structural economics	Commentary	BRI helps host countries to structurally transform their economies by improving their backbone infrastructure, thus generating economic development.
Liu & Wang (2022)	Internationalization	Quantitative data; random-effect regression model	Domestic industry competition boosts the speed with which Chinese firms internationalize under BRI. However, higher state equity and a firm's location in an officially designated BRI province reduces the speed of internationalization.
Luise, Buckley, Voss, Plakoyiannaki, & Barbieri (2022)	Bargaining power; economics of property rights	Qualitative data; comparative case study	The bargaining positions and property rights of local actors across multiple levels influence the implementation of BRI projects.

Table 3. BRI projects by origin of contractor and funding source

	Number of projects	Percent of projects that exclusively use Chinese contractors	Percent of projects that use both Chinese and non-Chinese contractors	Percent of projects that exclusively use non-Chinese contractors
Projects funded exclusively by Chinese sources	78	79.5%	20.5%	0.0%
Projects co-funded by Chinese sources	51	66.7%	25.5%	7.8%
Projects not funded by Chinese sources	62	50.0%	17.7%	32.3%
Total	191	66.5%	20.9%	12.6%

Data Source: Reconnecting Asia Database. Authors' calculations.

Figure 1. Countries that have joined the BRI by signing a Memorandum of Understanding, by period



Data Source: Green Belt and Road Initiative Center.

Figure 2. A kaleidoscopic perspective of the perceived benefits from the Belt Road Initiative (BRI) and Build Back Better World (B3W) projects

