

THE IMPACTS OF INSTITUTIONAL DISTANCE ON THE LOCATION OF CHINA'S OUTWARD FOREIGN DIRECT INVESTMENT IN ASEAN: An Empirical Research Based on CAGE Distance Framework

Xue Ye^{1*}, Mohd Sobri Don¹, A. S. A. Ferdous Alam²

¹.School of International Studies, Universiti Utara Malaysia, Changlun, 06010, Malaysia

².School of Business Management, Universiti Utara Malaysia, Changlun, 06010, Malaysia

*Corresponding Author: Xue Ye Email: xueye8926@163.com

ABSTRACT

As the world political and economic environment continues to change, the external environment faced by Chinese OFDI enterprises was becoming increasingly complex, with the impacts of institutional distance becoming more prominent.

KEYWORDS

China's OFDI; Institutional distance; CAGE Distance Framework; Investment location choice.

1. INTRODUCTION

Nowadays, it has been a crucial way for Chinese enterprises to achieve competitive advantages through the development and expansion of foreign investment activities (Kang, 2018; Tian and Deng, 2021). The global economy was affected by the COVID-19 pandemic, which complicated the international situation and slowed economic growth. Against this backdrop, China's OFDI remained on an upward trend. Reports from China's Ministry of Commerce indicated that OFDI from China has increased by 12.3% and 16.3%, respectively, from 2020 to 2021 (Ministry of Commerce, PRC, 2020; 2021). Many international institutions anticipated that China's OFDI scale would continue to grow (UNCTAD, 2022).

In the field of international business, there has been a great deal of research interest in China's choice of location for OFDI (Chen et al., 2023). It was discovered that China's OFDI was broadly dispersed but unevenly (Liu et al., 2017). Compared to developed countries, China's OFDI started late and China's OFDI was characterized by small scale and few investment sectors (Guo et al., 2018). Soon after, the Chinese government introduced the strategy of 'Going Global' to encourage Chinese companies to expand their foreign investments and to explore different types of foreign markets (Lv and Liu, 2021). China's collaboration with the nations along the routes has developed into a bright light in terms of foreign investment since the BRI's introduction (Song and Liu, 2023) and then China's OFDI mainly invested in Singapore, Indonesia, Malaysia, Laos, Vietnam, the United Arab Emirates, Cambodia and Thailand (Tang and Zhang, 2023). The ASEAN countries have gradually become the primary host countries for China's OFDI (Li and Feng, 2023). Thirty years after the establishment of dialogue relations between ASEAN and China in 1991 and China and ASEAN have successfully cooperated on economic and trade matters over the past 30 years (Yue, 2021). The cumulative bilateral direct investment between China and ASEAN has been in excess of 250 billion

US dollars, there has been a rapid expansion of diversified economic and trade cooperation (Hu and Long, 2021). ASEAN has gradually emerged as a major economy in the world in which China's OFDI is primarily invested (Ministry of Commerce, PRC, 2020).

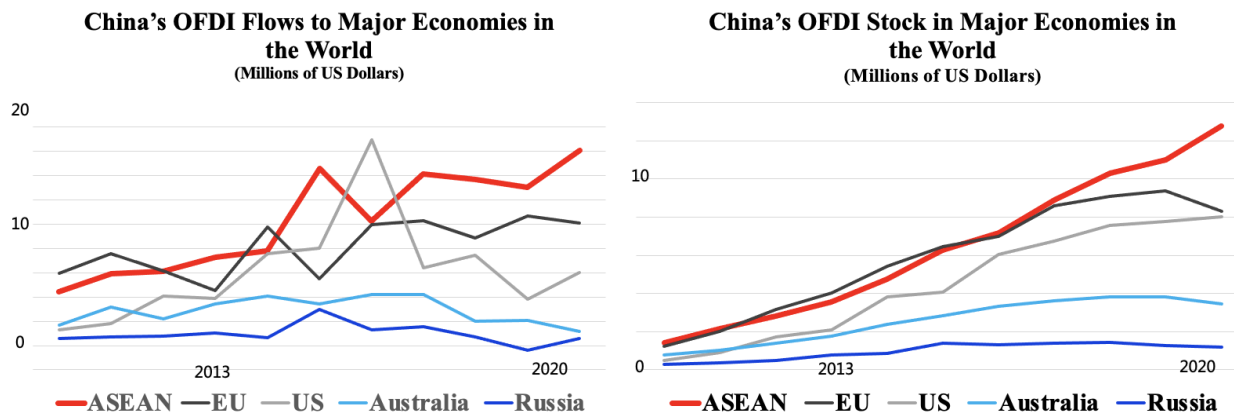


Figure 1. China's OFDI Flow/Stock to major economies in the world.

Source: Ministry of Commerce, PRC (2020)

China's OFDI location choice in ASEAN depended on many factors. Institution, as a non-economic factor, has a significant impact on OFDI's location selection. Each country has its own unique political institution, economic institution and cultural environment. When the home country conducts OFDI, it is inevitable to face the institutional differences between the home country and the host countries (Hong and Deng, 2023). The majority of earlier research only considered the specific impact of a single institutional factor on Chinese enterprises' decisions about the location of the OFDI, ignoring the all-encompassing impact of several factors (Yang et al., 2022). To sum up, although China's OFDI boom has aroused scholars' extensive attention and thinking, there are still shortcomings in the current research: First, the existing literature rarely discusses the multi-dimensional institutional distance in detail, resulting in a single-sided understanding of the investment effect of institutional distance. Institution was a huge, multi-dimensional and extensive system that provided services for national economic development, so selecting only one dimension of institutional distance for research might inevitably cause errors (Liu and Li, 2018). Secondly, the existing literature rarely focused on a specific region for analysis. Focusing on ASEAN countries, this study can further understand the impact of institutional distance on country-specific investment and contribute to the implementation and promotion of the Belt and Road Initiative. What impacts would the multidimensional distance have on China's decision about the location of its OFDI in ASEAN? This study will make an attempt to provide an answer by empirically analyzing the effect of institutional distance on China's choice of OFDI location in ASEAN and by offering useful recommendations for Chinese businesses based on empirical findings.

2. LITERATURE REVIEW

2.1. Institutional distance

In recent years, institutional factors were one of the focuses of many scholars in the study of OFDI activities (Feng and Xin, 2015). North (1990) referred to institutions as 'the rules of a society's game'. The introduction of institutional factors in the internationalization process could well explain the mechanism of OFDI location choice (Peng and Parente, 2012). The study of institutional factors on OFDI locational choice has become the main body of theoretical international investment systems, but there was still the problem of controversial findings from existing studies (Jia and Chang, 2021), particularly in the results of studies of OFDI locations in emerging markets and developing countries. These inconsistencies have indicated that international business (IB) research field has yet to develop

a comprehensive understanding of the OFDI of EMNEs in different institutional contexts (Zheng et al., 2020; Tang and Buckley, 2022). The majority of the available research on the influence of institutional variables on the placement of OFDIs concentrated on the institutional environment of the host or home nation, while institutional distance was more significant indeed (Kang and Jiang, 2012). The study of the effects of cross-border disparities in institution between nations on OFDI behavior was one of the most meaningful research subjects in IB (Yuan and Li, 2022). Institutional distance was defined as the extent to which the host country differed from the country of origin with respect to the institutional environment (Kostova, 1996; Gaur and Lu, 2007). From the existing literature, there are two main controversies regarding the impact of institutional distance on OFDI location:

2.1.1. The hindering effect of institutional distance

MNEs needed to gain legitimacy for production and operation in the host country if they were recognized by the official institution and social culture of the host country (Huang and You, 2010). Legitimacy was the degree to which a foreign firm was recognized and accepted by its stakeholders for its behavior based on the institutional and cultural milieu of a particular society (Suchman, 1995). From an economic point of view, MNE legitimacy was an operational resource that MNEs abstracted from a specific institutional and cultural environment that could be used to achieve their business objectives (Suchman, 1995). Due to the enormous institutional distance between home and host countries, MNCs faced difficulties in gaining legitimacy in host countries and hindering the development of OFDI (Xue and Shuai, 2019).

Secondly, Hymer (1960)'s theory of the monopoly advantage argued that MNEs engaged in commercial activities in host countries were inevitably treated differently by host governments, by host firms and by consumers (Hymer, 1960). As a result of these differences, MNEs incurred the cost of operating overseas, which was one of the downsides of MNEs (Huang and You, 2010). Zaheer (1995) defined this disadvantage as the 'Liability of Foreignness'. The costs of doing business abroad due to foreignness liability were mainly made up of the differences of institution, culture, economics and geographic distance (Eden and Miller, 2004; Ma and Ratcliff, 2020; Zheng et al., 2020). Of these costs, geographic distance primarily besought explicit costs (Li et al., 2020). It was necessary to take note of the invisible costs arising from institutional distance that are hard to measure and avoid (Ji, 2014). Institutional distance between home and host countries increased OFDI unpredictability, which could compromise the occurrence, persistence, and efficiency of investment activities abroad (Zaheer; 1995). Therefore, institutional distance imposed additional costs on MNEs and acted as a barrier to the development of OFDI (Siegel et al., 2013).

2.1.2. The promoting effect of institutional distance

While institutional distance led to an undermining effect of foreignness liability, this could also result in the 'Asset of Foreignness' (Mallon and Fainshmidt, 2017). This foreignness asset has the potential to provide benefits to MNEs and to promote OFDI activities (Jiang, 2017; Wang et al., 2020). Due to distinctions between both sides of the investment, MNCs offered differentiated productions and services, leading to a stronger competitive advantage, thereby creating the foreignness asset (Zheng et al., 2020). 'Asset of Foreignness' was often closely related to the differentiation strategies of MNEs (Evans and Mavondo, 2002), and cultural differences between home and host countries provided the basis for MNCs to implement differentiation strategies and build unique brands in host countries (Bhaumik and Co, 2011). As a result, MNEs could benefit from product differentiation by making rational use of the distance between both sides (Zheng et al., 2020). The role of institutional distance in the facilitation of OFDI was also reflected in the practical activities of OFDI from developing or emerging markets to the developed world. Firstly, the quality of formal institutions in the countries of origin of developing or emerging markets was generally found to be lower than that of developed countries (Luo and Tung, 2007; Hernández et al., 2022). MNEs in developing countries or emerging markets were extremely attracted to the relatively robust legal protections and the freer economic

environment of the developed world (Johanson and Vahlne, 2015). Some MNEs in developing countries and emerging markets ‘escaped’ from their home countries due to the large institutional distance from developed countries (Institutional escapism) (Johanson and Vahlne, 2015). Institutional escapism triggered by institutional gaps had to some extent contributed to the internationalization of MNEs (Witt and Lewin, 2007).

2.2. CAGE Distance Framework

The notion of institutional distance is comprehensive and complex (Li et al., 2020; Yang et al., 2022). Under a variety of theories, it has different dimensions. How to select dimensions of institutional distance is therefore a contentious issue. In order to fully explore the effect of institutional distance on OFDI locational choice, a thorough analytical model is required. The CAGE Distance Framework proposed by Ghemawat (2001) was introduced in this paper in order to comprehensively explore the impacts of institutional distance on the choice of OFDI location. The CAGE distance framework was a comprehensive model with multidimensional variables (Dow and Karunaratna, 2006), which helped to address the problem that the research finding of a single distance could not cover the broad impacts of distance on the OFDI location decision (Ankomah et al., 1995). Pankaj Ghemawat published his work *Distance Still Matters* in 2001 and pointed out that distance still has a significant influence on the strategic decisions of international companies (Ghemawat, 2001). MNEs’ strategic decisions primarily included location choice and mode of entry, that was, the distance between the home country and the host country played a crucial role in OFDI location choice (Wu and Yao, 2019). For MNEs entering overseas markets, operating costs and risks were usually caused by distance barriers (Tang and Buckley, 2022). According to Ghemawat (2001), the concept of distance was not just physical geographic distance. In formulating their internationalization strategy and in choosing whether or not to enter a country's market, transnational companies should measure the distance between two countries from four points of view: culture, administration, geography, and economics. Among them, administrative and economic distance could be considered as formal institutional distance, while cultural distance could be considered as informal institutional distance (North, 1990; Yang et al., 2022). In the case of the CAGE distance framework, it was feasible to analyze the influence of the institutional distance between countries on the location of transnational investment (Ferreira and Falcão, 2019; Tokas and Deb, 2020). Scholars have used the CAGE distance framework to analyze OFDI activities of MNEs through empirical studies for the past few years. Beugelsdijk et al. (2017) examined the effects of distance on multinational manufacturing enterprises in Europe using the CAGE distance framework and concluded that the effects of cultural, economic, and managerial distance were more pronounced than those of geographic distance. Saleh and Moalla (2019) empirically analyze the impact of four distance dimensions by using data from 203 French transnational firms. While the results showed that administrative and economic distance had significant impacts on the choice of mode of market access and location, the impacts of cultural and geographic distance were relatively weak (Saleh and Moalla, 2019). Ferreira and Falcao (2019) used the CAGE framework to analyze the negative impact of the institutional distance between MNEs and host countries on the flow of FDI into Brazil. The CAGE distance framework, although applicable to developed and emerging economies, appears to be especially useful in understanding the process of internationalization of EMNEs (Yang and Liu, 2020). The existing literature has clarified that distance indeed had a critical impact on OFDI activities but CAGE framework was not yet widely used (Paul and Feliciano-Cestero, 2021).

Combining the CAGE framework with the location of China's OFDI can better explain the impact caused by institutional distance on the location of OFDI in emerging economies. First, all stages of internationalization were impacted by cultural distance, which served as a surrogate variable for informal institutional distance (Beugelsdijk et al., 2018). Most scholars believed that cultural distance brought the liability of foreignness, which hindered the location choice of OFDI (Huang & You, 2010; Wang, 2018; Ji et al., 2018). The study of liability of foreignness pointed out that the existence of

cultural differences would not only hinder the communication between the two sides, but also cause conflicts due to misunderstanding (Bi et al., 2020). Conflicts resulted in high market transaction costs and corporate governance costs, which would further impede the investment behaviors of MNEs in host countries (Lan et al. 2018). This was because local enterprises resisted the entry of foreign competitor due to their own interests (Xu et al., 2017). Godinez and Liu (2015), Ji et al. (2018), Li et al. (2020) conducted empirical tests on OFDI behaviors of Chinese enterprises, the results showed that the amount of investment of Chinese enterprises decreases with the increase of cultural distance between investment country and host country. China and ASEAN countries were connected by land and sea and had a history of frequent population movements, and some ASEAN countries had also become major settlements for overseas Chinese (Zhu, 2007; Li and Nie, 2012). This is a major reason why ASEAN countries attract China's OFDI (Hu and Fan, 2017). However, in a specific analysis various ethnicities and religions converge in the countries of ASEAN, forming a complex cultural environment, which troubled China's OFDI (You et al., 2017).

Administrative distance in the CAGE distance framework assessed differences in legal systems, political environments, and trade alliances between countries (Ghemawat, 2011). Existing studies considered administrative distance also as political institutional distance, which together with economic institutional distance constituted formal institutional distance (Tokas & Deb, 2020; Yang et al., 2022). Administrative distance, which was the primary factor for investors in the choice of investment destinations, was the degree of resemblance and divergence between the political institutional environments of both sides (Yao et al., 2022). This political institution was closely linked to OFDI because the unique laws, administrative policies and system could be viewed as a special endowment of resources, which might be attractive to foreign investors (Li et al., 2020). transaction costs (Lu, 2011). An effective and well-developed political institutional environment in the host country significantly reduced the uncertainty in transactions and lowered the transaction costs of OFDI activities (Chen & Guo, 2021). When making OFDI location decisions, the emerging economies preferred the host country with positive institutional distance, and the larger the distance indicates the better institutional environment of the host country, the lower the transaction cost of OFDI (Demir, 2016). Secondly, the institutional constraints and resource access barriers of the home country of emerging economies pushed emerging economy MNEs to choose 'aggressive' and 'leapfrog' internationalization strategies to directly enter developed countries with well-developed institutions and abundant strategic assets, so as to make up for the institutional constraints of the home market and quickly acquire strategic assets (Luo & Tung, 2007; Pan et al., 2020; Yang & Liu, 2020). In addition, emerging economies tended to OFDI towards developed countries with a large distance, which also reflects the motivation of seeking strategic assets (Shan et al., 2019). Chinese OFDI enterprises also tried to seek a more favorable institutional environment and freer markets through OFDI to developed countries (Qi & Zou, 2013; Quer et al., 2019). According to a research based on China's OFDI into Asian nations and regions, China typically chose to invest to nations with large institutional distance (Yue and Fan, 2014).

Since the quality of economic institutions determines the magnitude of economic institutional differences across countries (Wang et al., 2018), the main determinant of prosperity differences across countries is the difference in economic institutions (Acemoglu et al., 2005; Wang and Anwar, 2022). Economic distance is often considered to have a negative impact on MNCs' investment preferences in potential host countries (Zaheer et al., 2012; Liu et al., 2017; Fang and Zhao, 2017). However, when studying OFDI locations, it was found that emerging economies prefer host countries with large economic distance (Shi, 2020). When the host country's economy lags behind that of the home country, the products and services of home country enterprises generally had a competitive advantage in the host country over local firms (You & Wang, 2019). The greater the economic distance, the more significant the transformation of firm-specific advantages into competitive advantages in the host country (Wang et al., 2018; Xue & Shuai, 2019). When the host country's economic situation is significantly better than that of the home country, emerging economies were eager for the host

country's perfect business environment and strategic assets (Chen & Jia, 2020). After years of rapid economic development, China's economy has begun to develop from high-speed to high-quality (Yang et al., 2022). Many Chinese enterprises showed the quest for leading global technology and cutting-edge knowledge, and the desire of improving their position in the global value chain (Shi, 2020).

Besides, geographical distance is a tangible factor in international economic activities that directly affects the location of OFDI (Cezar and Escobar, 2015). In terms of the relationship between geographic distance and China's OFDI, scholars generally believed that geographic distance between two countries hindered the OFDI activities of transnational firms (Wang et al., 2014).

3. METHODOLOGY

This study collected data on China's OFDI stock in ASEAN from 2003 to 2020 and institutional distance data. China (mainland) is the home country and the 10 ASEAN member countries are the host countries. China's OFDI location is used as the dependent variable in this study. OFDI stock was typically chosen as a proxy for OFDI location (Liu et al., 2018; Wang and Wang, 2019; Tian and Deng, 2021). Cultural distance, administrative distance, and economic distance are among the independent variables in this study. The methods used in this study are those of Wei et al. (2019), Kogut and Singh (1988), Shi et al (2016) and Ji et al (2018) to compute the cultural distance, the administrative distance, and the economic distance. Cultural distance, as informal institutional distance, is one of the core variables in institutional distance research. Scholars usually measured cultural distance between countries or regions based on Kogut and Singh's (1988) cross-country cultural distance model with data of Hofstede's cultural dimensions. However, the data of Hofstede's cultural dimensions didn't cover all ASEAN countries (missing Laos, Myanmar, Cambodia and Brunei), this study refers CAGE distance framework's cultural dimensions and chooses religion distance and gene-distance as cultural distance. Drawing on Wei et al (2019)'s study of cultural distance in ASEAN countries, the combination of genetic distance and religious distance together constitutes cultural distance. A measure of the distance of the economic institution is the Index of Economic Freedom (IEF). The Report of Index of Economic Freedom, an annual report published by the Wall Street Journal and the Heritage Foundation, covers 186 countries and regions around the world and is one of the world's authoritative indicators of economic freedom. In this study, the IEF is chosen to assess the economic situation of China and ASEAN countries, and drawing on Shi et al (2016), Ji et al (2018), this study calculates the economic institutional distance by subtracting the IEF score of the home country from the score of the host country. The control variables for this study include geographical distance and inflation rates of the host countries. Because the focus of this study is primarily on the impacts of institutional distance, geographic distance is considered the control variable. Much of the literature used physical distance between capital cities. Data are from the CAGE Comparator™ database. The data value of the physical distance is too large, so the natural log of the OFDI stock is taken for computational convenience. One of the most widely used indicators of stability in a country's economic and financial environment was the rate of inflation (Tian and Deng, 2021). The stability of the host country's economic and financial environment tended to lead to more FDI inflows (Cleeve, 2008). The explanations and sources of the data could be seen in Table 1.

This study then describes the sample data of each variable in order to gain preliminary insight. Descriptive statistics show that the statistical characteristics of each of the variables are in a reasonable range. Table 2 shows the descriptive statistics for each variable.

Descriptive statistical analysis indicates that the sample data used in this study are accurate and reasonable. The correlation analysis is then used to find the initial level of correlation between the variables in order to see if there is a serious problem of multicollinearity. Table 3 shows that China's OFDI into ASEAN is significantly correlated with the cultural distance, administrative distance,

economic distance, and the control variables. While at the same time significantly correlating the different distances.

Thereafter, the Variance Inflation Factor (VIF) test was performed in this study for the sake of study rigor. The VIF for variables is below the critical value of 10, which again confirms that multicollinearity is not an issue (See Table 4).

Table 1. Variables justification

Dependent variable		
Variables	Definitions	Sources
lnOFDI	The natural logarithm of annual flows of China's foreign direct investment	Ministry of Commerce of the People's Republic of China; UNCTAD
Dependent variables		
ad	Administrative distance (Political institutional distance)	World Bank: The World Governance Indicators (WGI)
ed	Economic distance (Economic institutional distances)	The Heritage Foundation
cd	Cultural Distance	
Gene	The Gene-distance	The CIA Factbook database
Relsim	Religion distance	The Association of Religion Data Archives (ARDA)
Control variables		
Indiso	The natural logarithm geographical distance between China and ASEAN countries	the CAGE Comparator™ database
infla	Inflation rate	World Bank: The World Development Indicators (WDI)

Table 2. Descriptive statistics

Variable	Obs	Mean	Std.Dev.	Min	Max
lnofdi	180	6.627	2.323	-2.040	11.00
cd	180	14.64	10.35	2.541	39.53
ed	180	5.723	13.42	-52	37.70
ad	180	0.789	0.482	0.227	2.130
infla	179	4.390	5.467	-1.261	36.59
Indiso	180	2.088	0.0253	2.054	2.134

Table 3. Correlational matrix

	lnofdi	cd	ed	ad	infla	Indiso
lnofdi	1					
cd	-0.0880	1				
ed	0.273***	-0.0710	1			
ad	0.0670	-0.213***	0.609***	1		
infla	-0.161**	-0.0420	-0.372***	-0.127*	1	
Indiso	0.141*	0.396***	0.502***	0.450***	-0.185**	1

Table 4. VIF test

	VIF	1/VIF
Indiso	2.076	.482
ed	2.071	.483
ad	1.982	.505
cd	1.567	.638
infla	1.186	.843

With regard to model selection, both the F test and the Hausman test support the fixed effect model (See Table 5). For this reason, the fixed-effect model was used for regression in this study.

Table 5. Model choice

	Model 1
F test value	14.90
P value	0.000
Hausman test value	34.73
P value	0.000

4. RESULTS

Table 6. Regression result

VARIABLES	(1) lnofdi
cd	-0.515*** (0.0468)
ed	-0.00249 (0.00516)
ad	0.827** (0.417)
infla	-0.0215** (0.0103)
Indiso	-62.13*** (11.42)
Constant	135.9*** (23.46)
Country FE	Yes
Year FE	Yes
Observations	179
R-squared	0.961

*Note: Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$*

First, it could see that administrative distance was significantly positive in the regression sample, pointing to the fact that a large distance in the political institution dimension favored the growth of China's OFDI. China tended to invest in ASEAN countries that are rather different from its own political institutional environment. Second, the sample regression shows that cultural distance is

considerably negative, showing that it has slowed China's OFD from expanding. China was avoiding investment in countries with large cultural differences. The results of this study are identical to those of Ji et al. (2018) and Lan et al. (2018). Although ASEAN has only ten member nations, they differ widely in race, religion, language, and values. These results show that in the case of diverse and complex cultures, the difficulty of the investor country's cognition and the acquisition of information about the host country's environment has been significantly increased, and the investment decision was faced with greater risk and uncertainty (Li et al., 2020; Yang et al., 2022). It indicated that, compared to political or economic institutional distance, the legitimacy of foreign investment is more difficult to achieve in countries that are more culturally distant from one another (Huang and You, 2010; Wang and Wang, 2019). The coefficient on the economic distance factor is negative but fails to pass the test. The estimation results for the control variables show that geographic distance is significantly negatively correlated across the sample. Inflation rate, as one of the most commonly used indicators of economic and financial stability in the host country, measured price stability, which was a condition for economic equilibrium (Tian and Deng, 2021). The results show that inflation rate in ASEAN countries is significantly negative. In this respect, high or unstable rates of inflation were a clear sign of economic instability and may act as a barrier to FDI (Assunção et al., 2011).

To further clarify the mechanism of the impacts of institutional distance on the disposition of China's OFDI locations in ASEAN, an additional test is performed. Since the proposal of BRI in 2013, Chinese companies have been engaged in more active foreign investment activities (Lv and Liu, 2021) and China's OFDI provision to ASEAN also increased significantly (Yue, 2021). The presence of this important temporal node had a significant impact on OFDI location choice in China (Li et al., 2020). The temporal sample used in this study is split into two subsamples for the period 2003-2013 and 2014-2020, and the robustness test is tested separately, and the results of the estimation are reported in Table 7.

Table 7. Robust Test Robust Test

VARIABLES	After 2013	Before 2013
	lnofdi	lnofdi
cd	-0.354*** (0.0434)	-0.619*** (0.0655)
ed	-0.0240* (0.0126)	-0.00587 (0.00621)
ad	1.117*** (0.357)	2.507*** (0.691)
infla	-0.0413** (0.0198)	-0.0301** (0.0122)
Indiso	-15.05 (10.53)	-105.6*** (18.91)
Constant	42.19* (21.61)	226.1*** (38.87)
Observations	79	100
R-squared	0.983	0.948

Note: Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Empirically, after time heterogeneity test, the administrative distance has significantly positive impact on China's OFDI to ASEAN countries and that cultural distance has significantly negative impact. This finding is consistent with the results of the full-sample analysis suggesting. The

investment effects generated by administrative and cultural distance were durable and stable (Li et al., 2020). It should be noted that the economic institutional distance had a negative correlation after the BRI. This suggests that the economic institutional distance hinders China's OFDI location to ASEAN. China's OFDI into ASEAN nowadays has a healthy growth momentum. But the Chinese government and businesses must still confront the problems and challenges of the investment process. The main evidence of this is the enormous differences in the scale of Chinese OFDI in the various ASEAN member countries (Hu and Long, 2021). ASEAN countries are characterized by highly uneven economic development due to differences in their economic base, geographic location, political institution, and culture (Yue, 2021). China generally preferred to invest in ASEAN countries with a large administrative remoteness. Chinese firms, however, avoided countries with significant cultural differences and economic distance. As a result of the BRI's influence on Chinese OFDI location, there has been an overall rise in Chinese OFDI to ASEAN nations, which has partially offset the negative effects of geographic distance on OFDI.

5. CONCLUSIONS

By analyzing China's investment in 10 ASEAN countries from 2003 to 2020, the following conclusions are drawn: first, institutional distance is a key factor determining the location of China's OFDI. Institutional distance positively affects Chinese firms' OFDI, mainly in countries where the political environment is better than that of China. After years of rapid economic development, China's economy has begun to develop from high-speed to high-quality (Yang et al., 2022). Many Chinese enterprise showed the quest for leading global technology and cutting-edge knowledge, and the desire of improving their position in the global value chain (Shi, 2020). Singapore has the best economic performance among ASEAN countries and is the only developed country. Singapore's well-developed economic institution has created an excellent business environment for foreign investors and has attracted many countries, including China, to invest in Singapore over the years (Zhao, 2018; Li, 2019). Economic institutional distance is not a major factor affecting China's OFDI in ASEAN countries. Finally, the impact of cultural distance is significant. Informal institutional differences were factors that were more difficult to change in a short period of time than formal institutions, and differences in values caused by religion and genetics that stood between home and host countries were largely the main triggers of outward investment risk (Yuan and Li, 2022).

This study tried to use the CAGE distance framework to explore the impact of institutional distance on China's OFDI location choice in ASEAN. Its research importance is as follows. To better understand the effects of institutional distance on the location of OFDI and to identify opportunities and challenges for the growth of Chinese businesses abroad, this study looked at the impact of distance on the location of OFDI from the perspective of institutional distance. The bulk of the currently conducted research concentrated on how one aspect of institutional distance affected OFDI, and the results were inconsistent. This study did an integrated analysis based on the context of ASEAN and introduced the GACE distance framework to OFDI research. From a more thorough standpoint, it is better able to comprehend the effects of institutional distance. On the other hand, the results also offer a fresh paradigm for distance analysis that Chinese OFDI may use to identify market possibilities and optimize investment layout. It is necessary for Chinese enterprises to adopt a differentiation strategy for countries (regions) with different levels of economic and social development, and can make full use of some of the distance advantage to make up for the shortcomings that may be caused by the disadvantages of the outsiders, and also make full use of the potential substitution relationship between the distance factor to avoid risks and improve efficiency.

The present study has the following research limitations, however, which could be improved further in future studies. The first is the limitation on destination countries. This study aims to analyze ASEAN's OFDI from China, and to further test whether the finding can be extended to other countries or organizations. A second limitation relates to the research evidence. This study uses secondary data

on inter-country distance to analyze the impact of comprehensive institutional distance on OFDI locational choice, and firms' subjective cognition of institutional distance can be different from that of comprehensive objective institutional distance (Beckerman, 1956). Future studies can incorporate OFDI firms' subjective cognition based on the CAGE distance framework in order to analyze the impact on OFDI destination choice in depth. Follow up studies will continue to be explored.

FINDINGS

The impacts of institutional distance on China's OFDI location in ASEAN is as follows: (1) Political institutional distance generally promoted China's OFDI, while cultural distance significantly inhibited the impacts of OFDI. Geographical distance also had a significant inhibitory effect on investment location. (2) The Belt and Road Initiative has promoted China's OFDI to ASEAN and weakened the inhibitory effect of geographical distance on OFDI location. In view of this, Chinese OFDI enterprises should pay particular attention to the impact of the specific dimensional institutional distance in their location layout and continuously optimize their investment layout in ASEAN.

PURPOSE

Since China proposed the Belt and Road Initiative, China's OFDI to ASEAN has grown rapidly. China's OFDI location layout has undergone significant changes. Because of the complexity of institutional Distance, CAGE Distance Framework is introduced to measure institutional distance comprehensively.

DESIGN

Based on the data from 2003 to 2020, Stata software was used for empirical analysis to understand the impact of institutional distance on the location of China's OFDI in ASEAN.

DECLARATIONS AND STATEMENTS

The authors have no competing interests to declare that are relevant to the content of this article.

All authors certify that they have no affiliations with or involvement in any organization or entity with any financial interest or non-financial interest in the subject matter or materials discussed in this manuscript.

The authors have no financial or proprietary interests in any material discussed in this article.

Authors are responsible for correctness of the statements provided in the manuscript.

REFERENCES

- [1] Acemoglu, D., Johnson, S. and Robinson, J. (2005). The rise of Europe: Atlantic trade, institutional change, and economic growth. *American economic review*, 95(3), 546-579.
- [2] Ankomah, P. K., Crompton, J. L. and Baker, D. A. (1995). A study of pleasure travelers' cognitive distance assessments. *Journal of Travel Research*. 34(2): 12-18.
- [3] Assunção, S., Forte, R. and Teixeira, A. (2011). Location determinants of FDI: a literature review. *Faculdade de Economia, Universidade do Porto*, 10(433), 1-27.
- [4] Beckerman, W. (1956). Distance and the pattern of inter-European trade. *The Reviews of Economics and Statistics*, 1956, 38(1):
- [5] Beugelsdijk, S., Kostova, T. and Roth, L. (2017). An overview of Hofstede-inspired country-level culture research in international business since 2006. *Journal of International Business Studies* 48, 30-47.

- [6] Beugelsdijk, S., Kostova, T., Kunst, V. E., Spadafora, E. and Van Essen, M. (2018). Cultural distance and firm internationalization: A meta-analytical review and theoretical implications. *Journal of Management*, 44(1), 89-130.
- [7] Bi, Y., Ren, Z., and Bao, K. (2020). Does distance matter in foreign direct investment sub-national location choice? Evidence from China. *Frontiers of Business Research in China*, 14(1), 1-19.
- [8] Bhaumik, S. K. and Co, C. Y. (2011). China's economic cooperation related investment: An investigation of its direction and some implications for outward investment. *China Economic Review*, 22(1), 75-87.
- [9] Cezar, R. and Escobar, O. R. (2015). Institutional distance and foreign direct investment. *Review of World Economics*, 151(4), 713-733.
- [10] Chen, B. and Jia, Y. C. (2020). Facilitating or inhibiting OFDI in China? A perspective based on synchronization of institutional transformation. *Economic Issues*, (8), 28-36.
- [11] Chen, S. and Guo, Y. (2021). Host country's business environment and home country's OFDI: An empirical study based on China's OFDI of countries along the Belt and Road. *World Economic and Political Forum* (03),78-105.
- [12] Cleeve, E. (2008). How effective are fiscal incentives to attract FDI to Sub-Saharan Africa?. *The Journal of Developing Areas*, 135-153.
- [13] Chen, Z. Y., Yang, T. and Cheng, R. T. (2023). China's outward direct investment trend in 2023. *Journal of International Economic Cooperation* (02),48-59+92. doi:10.20090/j.cnki.gjjh.2023.2.5.
- [14] Demir, F. (2016). Effects of FDI flows on institutional development: does it matter where the investors are from?. *World Development*, 78, 341-359.
- [15] Dow, A. and Karunaratna, A. (2006). Developing a multidimensional instrument to measure psychic distance stimuli. *Journal of International Business Studies*.37(5): 578-602.
- [16] Evans, J. and Mavondo, F. T. (2002). Psychic distance and organizational performance: An empirical examination of international retailing operations. *Journal of International Business Studies*, 33(3), 515-532.
- [17] Eden, L. and Miller, S. R. (2004). Distance matters: Liability of foreignness, institutional distance and ownership strategy. *Theories of the Multinational Enterprise: Diversity, Complexity and Relevance*, Vol. 16, pp. 187-221.
- [18] Fang, H. and Zhao, T (2017). Chinese enterprises' research on the international operation mode of 'One Belt and One Road' countries -- Based on the perspective of national distance. *Manage the World* (07),17-23. doi:10.19744/j.cnki.11-1235/f.2017.07.002.
- [19] Feng, H. and Xin, C. G. (2015). An empirical study on the influence of home country institutional factors on China's OFDI. *Research on Institutional Economics*, (03),132-148.
- [20] Ferreira, M. P. and Falcão, M. B. (2019).The Impact of CAGE Institutional Distances and Motivations for Internationalization on the Brazilian Foreign Direct Investment Outflows. *BBR. Brazilian Business Review*, 16(2), 154-173.
- [21] Gaur, A. S. and Lu, J. W. (2007). Ownership strategies and survival of foreign subsidiaries: Impacts of institutional distance and experience. *Journal of management*, 33(1), 84-110.
- [22] Ghemawat, P. (2001). Distance Still Matters: The Hard Reality of Global Expansion. *Harvard Business Review*. (09),138-147.
- [23] Godinez, J. R., and Liu, L. (2015). Corruption distance and FDI flows into Latin America. *International Business Review*, 24(1), 33-42.
- [24] Guo, L. W., Lu, J. Y. and Guo, S. W. (2018). Review and prospect of China's foreign direct investment in the past 40 years of reform and opening up. *Asia-pacific Economic Review* (04),111-121+152. doi:10.16407/j.cnki.1000-6052.2018.04.013.)
- [25] Hernández, V., Nieto, M. J. and Rodríguez, A. (2022). Home country institutions and exports of firms in transition economies: does innovation matter?. *Long Range Planning*, 55(1), 102087.
- [26] Hong, S. F. and Deng, Y .T. (2023). Factor endowment, institutional distance and location choice of China's foreign mining investment. *Journal of Central China Normal University(Natural Sciences)(01)*,36-45. doi:10.19603/j.cnki.1000-1190.2023.01.004.
- [27] Hu, Y. and Long, X. (2021). Thirty years of China-ASEAN dialogue: review and prospect of economic and trade cooperation. *Peace and Development*, (05), 118-134+138.
https://kns.cnki.net/kcms2/article/abstract?v=3uoqIhG8C44YLTIOAiTRKibYIV5Vjs7iy_Rpms2pqwbFRRUtoUImHTmbPFStst6RE368DdmN5T33hsqP6m9I9OgC59rW6oIpanduniplatform=NZKPT.
- [28] Hu, Y. M. and Fan, X. (2017). Bilateral investment agreement and location selection of China's foreign investment--based on the perspective of institutional distance," *China Price*, vol. 6, 8–25.
- [29] Huang, Z. W. and You, X. H. (2010). Social networks, organizational legitimacy and internationalization performance of Chinese enterprises: An empirical study from 122 overseas subsidiaries of Chinese enterprises. *Economic Management* (08),38-48. doi:10.19616/j.cnki.bmj.2010.08.008.

- [30] Hymer, S. H. (1960). The international operations of national firms, a study of direct foreign investment. Doctoral dissertation, Massachusetts Institute of Technology.
- [31] Ji, S. B., Li, S. H. and Ma, S. J. (2018). Research on the multidimensional distance impact of China on the OFDI of 'Belt and Road' countries. *World Economy Studies* (01),98-111+136. doi:10.13516/j.cnki.wes.2018.01.008.
- [32] Ji, X. B. (2014). Analysis of influencing Factors of China's OFDI -- Based on institutional perspective. *International Trade Issues*, (09),98-108. Doi: 10.13510/j.cnki.jit.2014.09.010.
- [33] Jia, Y. C. and Chang, T. (2021). The impact of institutional change synchronization on China's foreign direct investment. *Journal of Shanghai University of International Business and Economics*(01),21-33. doi:10.16060/j.cnki.issn2095-8072.2021.01.002.
- [34] Jiang, G. H. (2017). The entry strategies of Chinese enterprises into the markets of countries along the Belt and Road Initiative. *China Industrial Economics* (09),119-136. doi:10.19581/j.cnki.ciejournal.2017.09.007.
- [35] Johanson, J. and Vahlne, J. E. (2015). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. In: *International Business Strategy*, 1st Edition. Routledge, London, pp. 33-59.
- [36] Kang, Y. and Jiang, F. (2012). FDI location choice of Chinese multinationals in East and Southeast Asia: Traditional economic factors and institutional perspective. *Journal of World Business*, 47(1), 45-53.
- [37] Kang, Y. (2018). Regulatory institutions, natural resource endowment and location choice of emerging-market FDI: A dynamic panel data analysis. *Journal of Multinational Financial Management*, 45, 1-14.
- [38] Kostova, T. (1996). Success of the transnational transfer of organizational practices within multinational companies. Dissertation, University of Minnesota.
- [39] Kogut, B. and Singh, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, 19(3), 411-432.
- [40] Lan, T. L. and W. Q. (2018). A Study on the binary margin of export growth of Chinese cultural and creative products and its influencing factors. *International Trade Issues* (12),67-81. doi:10.13510/j.cnki.jit.2018.12.010.
- [41] Li, J. J., Qiu, J. Y. and He, B. (2020). Cultural distance, institutional distance and outward foreign direct investment an empirical study based on China's OFDI to countries along the 'Belt and Road'. *Wuhan University Journal(Philosophy and Social Science)* (01),120-134. doi:10.14086/j.cnki.wujss.2020.01.010.
- [42] Li, J. B. and Nie, H. H. (2012). Confucian filial piety, economic growth and civilization bifurcation. *Chinese Social Sciences*, (6), 41-55.
- [43] Li, L. Q. and Feng, P. (2023). Prospects of China-ASEAN economic and trade cooperation in the post-epidemic era. *Northeast Asia Economic Research*. (02),69-81. doi:10.19643/j.cnki.naer.2023.02.006.
- [44] Liu, S. Q. and Li, M. Y. (2018). The influence of institutional distance on location choice of OFDI in China. *Journal of Hohai University(Philosophy and Social Sciences)*(02),58-64+91.
- [45] Liu, X. F., Ge, Y. J. and Zhao, Y. B. (2017) Country distance and Chinese enterprises' investment location choice in the Belt and Road Initiative. *Economic Geography* 11),99-108. doi:10.15957/j.cnki.jjdl.2017.11.013.
- [46] Lu, X. Y. (2011). *Neoinstitutional Economics*. Wuhan: Wuhan University Press.
- [47] Luo, Y. and Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, 38(4), 481-498.
- [48] Lv, B. and Liu, W. G. (2021). The impact of key government policy changes on Chinese enterprises' outbound investment: An empirical analysis of large enterprises' 'going global' in the context of the Belt and Road Initiative. *Research of Institutional Economics* (02),76-97.
- [49] Ma, A. C. and Ratcliff, R. D. (2020). Liability of foreignness: product distance, institutional distance and FDI. *International Journal of the Economics of Business*, 27(1), 93-110.
- [50] Mallon, M. R. and Fainshmidt, S. (2017). Assets of foreignness: a theoretical integration and agenda for future research. *Journal of International Management*, 23(1), 43-55.
- [51] Ministry of Commerce, PRC. (2020). 2020 Statistical Bulletin of China's Outward Foreign Direct Investment. Ministry of Commerce, PRC. <http://hzs.mofcom.gov.cn/article/date/202110/20211003207274.shtml>.
- [52] Ministry of Commerce, PRC. (2021). 2021 Statistical Bulletin of China's Outward Foreign Direct Investment. Ministry of Commerce, PRC. <http://images.mofcom.gov.cn/fec/202211/20221118091910924.pdf>.
- [53] North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge university press: Cambridge.
- [54] Pan, S., Ma, X. D. and Shen, M. (2020). Research on the performance of transnational mergers and Acquisitions under institutional Theory and Springboard Theory -- Based on the moderating effect of corporate ownership. *Hubei Social Sciences*(03),81-92. doi:10.13660/j.cnki.42-1112/c.015328.

- [55] Paul, J. and Feliciano-Cestero, M. M. (2021). Five decades of research on foreign direct investment by MNEs: An overview and research agenda. *Journal of business research*, 124, 800-812.
- [56] Peng, M. W. and Parente, R. C. (2012). Institution-based weaknesses behind emerging multinationals. *Revista de Administração de Empresas*, 52, 360-364.
- [57] Qi, C. L. and Zou, C. (2013). Host country institutional quality, institutional distance and China's OFDI location. *Modern Finance and Economics*, (7), 100-110.
- [58] Quer, D., Rienda, L., Andreu, R., and Miao, S. (2019). Host country experience, institutional distance and location choice of Chinese MNEs: the moderating effect of government official visits. *Cross Cultural and Strategic Management*.
- [59] Saleh, Y. and Moalla, E. (2019). Cultural dimension of post-acquisition integration: the case of a French multinational in the Middle East. *Recherches en Sciences de Gestion*, 130(1), 35-58.
- [60] Shah, S. H., Kamal, M. A., Hasnat, H., and Jiang, L. J. (2019). Does institutional difference affect Chinese outward foreign direct investment? Evidence from fuel and non-fuel natural resources. *Journal of the Asia Pacific Economy*, 24(4), 670-689.
- [61] Shi, W. (2020). The influence of country distance on OFDI location choice of Chinese firms: An empirical study based on different expansion directions. *China Circulation Economy* (31),42-44. doi:10.16834/j.cnki.issn1009-5292.2020.31.014.
- [62] Shi, W., Li, S. Y. and Chen, X. K. (2016). The influence of country distance on host country selection of transnational retail firms. *International Trade Issues* (03),117-127. doi:10.13510/j.cnki.jit.2016.03.011.
- [63] Siegel, J. I., Licht, A. N. and Schwartz, S. H. (2013). Egalitarianism, cultural distance, and foreign direct investment: A new approach. *Organization Science*, 24(4), 1174-1194.
- [64] Song, Z. Y. and Liu, W. D. (2023). High-level opening up in the new era and the construction of the Belt and Road Initiative. *Economic Geography* (03),15-22. doi:10.15957/j.cnki.jjdl.2023.03.003.
- [65] Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571-610.
- [66] Tang, R. W. and Buckley, P. J. (2022). Outward foreign direct investment by emerging market multinationals: The directionality of institutional distance. *Journal of Business Research*, 149, 314-326.
- [67] Tian, B. F. and Deng, C. X. (2021). Whether leading trade can adjust the influence of institutional distance on China's foreign direct investment -- Based on spatial econometric analysis of countries along the Belt and Road Initiative. *International Business* 01),48-64. doi:10.13509/j.cnki.ib.2021.01.004.
- [68] Tian, H., Song, Q. and Huang, J. (2019). Quality of host country institution, "the Belt and Road" Initiative and China's OFDI Location Choice. *Statistics and Decision Making*, (11), 148-152.
- [69] Tang, X. B. and Zhang, Y. (2023). Economic complexity measurement and application of the Belt and Road Initiative based on multi-economy perspective. *Journal of Applied Statistics and Management*. doi:10.13860/j.cnki.sljt.20230609-001.
- [70] The United Nations Conference on Trade and Development (UNCTAD). (2022). *World Investment Report 2022*. UNCTAD. <https://unctad.org/publication/world-investment-report-2022>.
- [71] Tokas, K. and Deb, A. K. (2020). CAGE distance framework and bilateral trade flows: case of India. *Management Research Review*, 43(10), 1157-1181.
- [72] Wang, J. B. (2018). Institutional distance, cultural difference and location choice of Chinese enterprises' OFDI. *Asia-pacific Economic Review* (06),83-90+148. doi:10.16407/j.cnki.1000-6052.2018.06.011.
- [73] Wang, Q. and Wang, X. (2019). Cultural factors of 'Belt and Road' countries and China's OFDI. *Modern Management Science*(09),12-15.
- [74] Wang, T., Jia, Y., Wang, K. and Cui, N. (2018). The Internationalization strategy of Chinese enterprises: from the perspective of enterprises in emerging economies. *China's Industrial Economy* (05),175-192. doi:10.19581/j.cnki.ciejournal.2018.05.010.
- [75] Wang, X. and Anwar, S. (2022). Institutional distance and China's horizontal outward foreign direct investment. *International Review of Economics and Finance*, 78, 1-22.
- [76] Wang, X., Cheng, L. and Liu, T. (2020). Impact of cultural differences and institutional quality on China's direct investment in countries along the Belt and Road Initiative. *Investment Research* (11),96-106.
- [77] Wang, Y. Q., Du, J. L. and Wang, K. (2014). Determinants of Location choice of China's OFDI: Institution, tax burden and resource endowment. *Economic Research*, 12, 126-142.
- [78] Wei, Y. G., L, H. and Niu, X. T. (2019). China-ASEAN cultural diversity and cultural similarity measurement and their investment effect. *World Regional Studies*, 2019,28(2):45-57.
- [79] Witt, M. A. and Lewin, A. Y. (2007). Outward foreign direct investment as escape response to home country institutional constraints. *Journal of International Business Studies*, 38(4), 579-594.

- [80] Wu, B. C. and Yao, Y. G. (2019). Asean's 'Reindustrialisation' : Policies, advantages and challenges. *Southeast Asia Studies* (04),50-71+154-155. doi:10.19561/j.cnki.sas.2019.04.050.
- [81] Xu, J. Y., Zhou, S. J. and Hu, A. G. (2017). Institutional distance, proximity effect and bilateral trade: An empirical analysis based on spatial panel model of the Belt and Road Countries. *Journal of Finance and Economics* (01),75-85. doi:10.16538/j.cnki.jfe.2017.01.007.
- [82] Xue, Q. Z. and Shuai, J. N. (2019). The transformation of China's OFDI from the perspective of home-country specific advantages: A case study of listed manufacturing companies. *Modernization of Management*, (06),16-19. Doi: 10.19634/j.cnki.11-1403/c.2019.06.005.
- [83] Yang, T., Chen, Z. Y. and Li, Y. B. (2022). Looking forward to China's OFDI trends in 2022 *Journal of International Economic Cooperation* (01),21-29.
- [84] Yang, Y., Chen, Y., Xiong, L. Y., Luo, Z. M. and Qiu, Y. Q.(2022). The influence of comprehensive country distance on Chinese inbound tourism: An empirical study on the CAGE distance framework. *Tourism Tribune*, 37(2): 62-74.
- [85] Yao, H. T., Zhong, M. Q., Zhang, Y. D. and Wang, H. H. (2022). Multi-dimensional distance and location selection of Chinese listed firms' outward direct investment: the moderating role of the Belt and Road Initiative. *Journal of Tianjin University of Commerce* (03),30-39+64. doi:10.15963/j.cnki.cn12-1401/f.2022.03.007.
- [86] You, H. B., Huang, J. H. and Wen, J. (2017). The influence of political risk on China's direct investment in ASEAN under different investment motives. *Business Research* (12),90-98.doi:10.13902/j.cnki.syyj.2017.12.012.
- [87] You, M. and Wang, L. G. (2019). Home country influence and foreign direct Investment -- Based on the experience of China's investment in countries along the "Belt and Road". *Research on Financial and Economic Issues* (05),104-111. doi:10.19654/j.cnki.cjwtyj.2019.05.014.
- [88] Yuan, L. and Li, Q. C. (2022). Institutional distance, Government attitude and OFDI location choice in China from the perspective of new development pattern. *Macroeconomics* (07),5-21+87. doi:10.16304/j.cnki.11-3952/f.2022.07.012.
- [89] Yuan, L. and Li, Q. C. (2022). The influence of formal institutional distance and informal institutional distance on location choice of OFDI in China. *Journal of Dalian Maritime University(Social Science Edition)* (06),72-80.
- [90] Yue, S. S. (2021). China and Southeast Asia in the fifth international industrial transfer: Competitive advantages and policy options. *Southeast Asia Studies* (04),124-149+154-155.
- [91] Yue, Y. X. and Fan, T. (2014). Institutional environment and the location of Chinese FDI in Asia. *Finance and Trade Economics* (06),69-78. doi:10.19795/j.cnki.cn11-1166/f.2014.06.007.
- [92] Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal*, 38(2), 341-363.
- [93] Zaheer, S., Schomaker, M. S. and Nachum, L. (2012). Distance without direction: Restoring credibility to a much-loved construct. *Journal of International Business Studies*, 43(1), 18-27.
- [94] Zheng, B., Wang, Y., Kamal, M. A. and Ullah, A. (2020). The influence of cultural and institutional distance on China's OFDI efficiency: fresh evidence from stochastic frontier gravity model. *International Journal of Emerging Markets*. 17 (1), 98-119.
- [95] Zhu, Y. Y. (2007). The influence of Chinese culture on Japan, South Korea and Vietnam. Guangxi Normal University Press: Nanning, China.