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Diaspora-engagement institutions and Homeland Firms' Internationalization

MIM Thesis

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АННОТАЦИЯ

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Название ВКР	Институты взаимодействия с диаспорами и интернационализация отечественных фирм
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Описание цели, задач и основных результатов	Цель этого исследования заключалась в том, чтобы выяснить, как институты взаимодействия с диаспорами влияют на интернационализацию отечественных фирм. Эта цель была достигнута с помощью тематических исследований пяти институтов взаимодействия с диаспорами и четырех отечественных фирм. Автор исследует различные способы сотрудничества между институтами взаимодействия с диаспорами и отечественными фирмами. Автор утверждает, что ключевые динамические возможности, полученные от институтов взаимодействия с диаспорами, повышают степень интернационализации отечественных фирм.
Ключевые слова	институты взаимодействия с диаспорами, интернационализация, динамические возможности

ABSTRACT

Master Student's Name	Hu Yiming
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Description of the goal, tasks and main results	The goal of study was to understand how diaspora engagement institutions influence the internationalization of homeland firms. This goal was reached thanks to five DEIs and four firms case studies. The author investigates different cooperation modes between DEIs and homeland firms. The author argues that the essential dynamic capabilities gained from DEIs enhance the degree of homeland firms' internationalization.
Keywords	Diaspora engagement institutions, internationalization, dynamic capability

**ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ
ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ**

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06.06.2021(Дата)

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Introduction

In recent years there has been a continued increase in migration-related academic publications(IOM,2020). It has become evident that diasporas members have played a significant role in sociol-cultural, civic-political, and economic areas both in the countries of origin and destination. Diaspora is connected with geopolitics, trade and cultural exchange, and it provides benefits to states, communities and businesses. The value of diasporas members is embodied in providing knowledge transfer and networks(Estrin et al., 2018; Mehrez and Hamdy, 2010,). Among the existing studies based on diasporan resources, only a handful examine the influence of diaspora in the host country on the inward investment patterns of firms from countries of origin(COO) in the host country(Shukla, Pallavi & Cantwell, John,2018). From the perspective of the company level, diasporas members are committed to liability of foreignness of firms in the home country(Panibratov and Rysakova,2020). There are three main channels with which firms can engage with diaspora members: employment of diasporans (Kunczer et al., 2019), ownership as a form of connection between the homeland firms and diasporans(Rabbiosi et al., 2019) and **diaspora engagement institutions(DEIs)** (Agunias and Newland, 2012). DEIs as a significant way with which diasporas members can provide their support has not been fully studied (Panibratov and Rysakova,2020). Therefore, the cooperation forms between DEIs and home firms has not been explored clearly.

Further more **emerging enterprises** are faced with systematic capacity defects, and it is difficult to own **capabilities** at home and abroad(Ai&Tan, 2020). In order to study how the essential capabilities gained from DEIs influence their internationalization, the author introduces the **dynamic capability** theory in this research. In the past few decades, as an active multi-disciplinary research area, dynamic capability has been paid more and more attention in the research of internationalization in recent years (Mudalige, Ismail and Malek, 2019). Teece, Pisano, and Shuen(1997) initially put forward the dynamic capability perspective as an extension of the firm's

resource-based view. The dynamic capabilities were defined as the framework to analyze the sources and methods of wealth creation, and captured by enterprises operating in a technological changing environment. Facing the great uncertainty in the process of internationalization, the dynamic capability view has been used to expand the current internationalization theory from the company level.

In light of the above background, this research study how homeland firms' DCs gained from DEIs influence their internationalization in emerging markets. The author adopted **exploratory case study** approach to generate key insights from contextually rich qualitative data. The data is based on in-depth interviews with experts who work in **5** Chinese DEIs oriented in Russia. The main reason is quite an amount of policies which have become the standard elements of diaspora selection are based on China's immigration policies in the 1980s(Welch,2008). In addition, the Chinese government has founded various DEIs, which are widely regarded as successful in how to “tapping” diasporas members’ resources(Lin et al., 2019). Apart from that, China and Russia have maintained a close relationship, contributing to DEIs development in Russia (Ryazantsev S., Manshin R. 2016). As a result, the the Chinese DEIs in Russia provides the research quite much valuable data and typical cases for this study. The author also select **four companies** that have cooperated with the 5 Chinese DEIs and study their cooperation mode. In-depth interviews were conducted with the top managers of the four Chinese firms to acquire more objective results.

Chapter 1: Literature review: The value of DEIs from the perspective of company level

1.1 The definition and classification of DEIs

Diaspora refers to the voluntary or forced migration of a specific ethnic population from the country of origin and is identified as a minority in the country of destination (Beine, Docquie, Ozden, 2011). However, there is no widely accepted definition of the diaspora in the academic community. In fact, the term is used in various situations. In its classic usage, the term "diaspora" has historically been used to refer to Jews who were forced out of Babylon. Therefore, it has the connotation of a kind of tragedy. Most scholars refer to the diaspora as individuals who identify with their countries of origin but live in other countries or regions. For instance, Beine et al. (2011) defined diasporas as "the stock of people born in one country (origin) and living in another one". In this definition, diasporas are the first generation of immigrants or expatriates from the country of origin to the country of destination and the descendants of diasporas who still maintain contact with their home country. A handful of papers refer to the diaspora as a network of labour, which is mobile and can transfer knowledge and receive newcomers from one company/organization to another (Panibratov, Rysakova, 2020). The author replicates and extends the previous studies that define diaspora as an individual.

DEIs refer to the institutions that serve to emigrants and their descendants. The spread of diaspora institutions is not a new phenomenon, and has existed in various countries since the 19th century (Smith, 2003a; Fitzgerald, 2009; Delano, 2011; Gamlen, 2014). Although in most papers, DEIs are only defined as official institutions that include only formally named, funded, and staffed offices within the executive and legislative branches of national governments (Gamlen 2014a, 182, Gamlen, Michael & Paul 2019, Cummings, Michael 2019), this definition ignores the activities and contributions of quasi-governmental and social-organizational DEIs in the countries

of destinations. this paper summarizes and divides DEIs into the following three types:

1. Governmental DEIs;
2. Quasi-governmental DEIs;
3. Social-organizational DEIs.

The relevant state departments and administrative units usually solve diasporan problems temporarily and isolated (Boyle, Mark,Rob,2014). Nevertheless, to institutionalize the contact with diasporas, some governments set up special offices or directorates within government agencies. These institutions occupy different levels within the government, showing different priorities and organizational levels(IOM,2012). For instance, at the Ministry level, Bangladesh's Ministry of Expatriates' Welfare and Overseas Employment (MEWOE) aims to ensure the welfare of foreign workers and improve their ability to find suitable jobs abroad. The ministry is responsible for handling complaints from migrant workers, providing international placement services and conducting training programs. In addition to the national or federal level, DEIs are more common at the local level. The competition for talents between local governments in China is very fierce. Many cities organize missions to recruit talents overseas even without notifying Chinese consulate officials. For example, the Economic and Technology Division of the Shanghai government's Overseas Office maintains active contacts with alumni associations of all universities in the US since 2004. The goal is to attract Chinese graduates living in the United States to work and start a business in Shanghai(Zweig and Siu, 2005).

The quasi-governmental institutions use private resources to pursue decidedly public goals. For instance, in the Philippines, the CFO set up a business advisory circle composed of government agencies, non-governmental organizations (NGOs) to provide advice and guidance to overseas Filipinos interested in investing in the Philippines.

There is a great variety of social-organizational DEIs, such as hometown associations,

arts and cultural institutions, charitable organization, student unions/associations, etc. The forms of these DEIs continue to evolve and keep pace with the times. Social-organizational DEIs remain more more responsive, purposeful and creative(Boyle, Mark & Kitchin, Rob, 2014).

1.2 The reasons for the rapid emergence of DEIs

Gamlen et al.(2019) found that diaspora institutions are now distributed in more than half of the countries in the world, while these institutions are generally overlooked by relevant academic research(Gamlen, 2014a). The main reason is that the diasporan institutions studies lie in a grey zone between domestic politics and international relations. DEIs extend domestic politics beyond national boundaries project as well as projecting state power abroad. Besides DEIs shape the identity of immigrants and their descendants. For the COO and COR, the governance of DEIs involves many issues, such as national sovereignty, border integrity, economic growth, social values, population, etc.

With the rapid growth and growing importance both in COO and COR in recent years, Gamlen et al. explained the reasons for the rapid emergence of origin-state diaspora institutions from tapping, embracing and governing perspective(Gamlen et al., 2019). The tapping perspective regards diasporas as the sources of material power, which explain the emergence of diaspora institutions starts from an assumption that origin states are primarily interested in exploiting diaspora resources to pursue national interests. For instance, from a political point of view, diasporas can lobby foreign governments and international organizations. From the perspective of the economy, diasporas are considered significant for attracting remittances and philanthropy. This assumption is based on the view that the states are unitary actors driven by material strategies(Smith, S. 2000). The embracing perspective means that the country of origin engages diasporas in its efforts to represent the political communities. In authoritarian regimes, DEIs may help governments to keep watch on dissidents in the

diaspora, while diaspora institutions may also contribute to democratization efforts. For instance, DEIs help diasporas members vote or expand their influence on domestic elections.

The tapping and embracing perspectives tend to focus on the interests and identities of the country of origin, which enables the home states to engage with the diaspora through official and quasi-governmental institutions. However, these two views ignore the role of external socio-cultural and political influences in the 'world society' (Meyer et al. 1997). From the perspective of governance, diaspora institutions further promote the international community's continuous pursuit of a coherent global governance system in the field of migration. From the perspective of global immigration governance, international law is perfect in some areas, while there are obvious gaps in other areas. In addition, the decision-making process and mechanism in policy implementation are insufficient (IOM, 2018). DEIs share the responsibility of managing migration with the countries of origin and destination and also do not need central institutions similar to the International Monetary Fund or the World Trade Organization. Such international organizations are abandoned by sovereign states for fear of incursions on their border sovereignty (GCIM 2005).

1.3 Assessing the contribution of DEIs from “tapping” perspective

Historically, diasporas were disdained as victims, deserters or traitors because of the general perception that immigration is a disadvantage, especially for developing countries. Generally speaking, diasporas include more capable, talented, skilled and self-employed young people, which poses the problem of "brain drain". This view has now been dismissed as dated (Boyle et al. 2014). Rabbiosi et al. (2019) refer to diasporas as the “ethnic groups living outside their COO, who are valuable drivers of development and economic growth in both their country of origin and destination .” How to best benefit, augment, and develop their existing diaspora institutions has become a key challenge faced by states interested in pursuing diaspora engagement

policies(Boyle, Mark & Kitchin, Rob, 2014). Even though origin states interests in 'tapping' the resources of diasporas members and their descendants are not the single cause of widespread of DEIs(this view has draws), the author believes that this is the main driving factor for the establishment of DEIs, especially for developing states as the countries of origin. From the theoretical point of view, rationalist, neorealist, neoliberal and neo-structuralist, all assume states are unitary actors driven by material strategies(Smith 2000, 381).

From the perspective of “tapping” the economic resources of their diasporas, existing scholarly research on DEIs mainly studies in two areas - network and knowledge transfer. Global remittances reached US\$715 billion in 2019, with more than \$550 billion going to low- and middle-income countries (LMICs), which would make remittance flows larger than foreign direct investment (FDI) and official development assistance (ODA) flows to LMICs(World Bank, 2019). Studies have evidenced that diaspora engagement institutions facilitate remittances, investments, philanthropic contributions, and tourism funds from and through diasporas.(Newland and Patrick, 2004; de Haas and Plug, 2006; Agunias, D. and Newland, K. 2012; Cummings and Gamlen,2019). By increasing diaspora members' loyalty and reciprocity, DEIs help increases or facilitate diaspora members' investment into the home country (Cummings and Gamlen, 2015). Among the existing diaspora-FDI studies, most scholars focus on the impact of diasporas' FDI on the home country, and only a few examine the influence of diaspora in a host country on the inward investment patterns of firms from COO in the host country(Shukla, et al. 2018). Therefore, it is worth exploring the relationship between DEIs as a channel and firms from COO.

Knowledge transfer is the effective mechanism with which diasporas can impact the host/home countries and firms, improving their competitiveness. DEIs can be regarded as the centre of enterprises' consultation and support. DEIs can provide information and guidance on a wide range of topics such as market opportunities, tax and accounting systems, intellectual property, labour and company law, language

requirement, ICT and marketing, etc. They can also be served as the channels for transferring technology and scientific knowledge, which can reduce the market uncertainty in global expansion.

This paper takes 35 Chinese DEIs oriented in Russia as a potential research object, mainly because quite the amount of policies that have become the standard elements of diaspora selection based on China's immigration policies in the 1980s(Welch,2008). The Chinese government has founded various DEIs, which are widely regarded as successful in “tapping” diasporas members’ resources(Lin et al., 2019). Furthermore China and Russia have maintained a close relationship which have contributed to DEIs development in Russia (Ryazantsev S., Manshin R. 2016). The Chinese DEIs in Russia provides quite much practical data and typical cases for this study.

1.4 The development of Chinese diaspora engagement institutions

The cultural background for the rise of Chinese DEIs overseas

Chinese diaspora is one of the most significant fields in the study of diaspora members and their activities (Guercini et al., 2017; Wong and Primecz, 2011). One of the potential reasons is that overseas Chinese diaspora is one of the largest immigrations spread over the world (Poston and Wong, 2016). According to the data of IOM report(2020), around 11 million of Chinese-born emigrants resided overseas. Chinese diasporas members attach importance to their social relations, which is why they are interested in establishing DEIs. In addition to the natural relationship of brothers, sisters and other relatives, Chinese diasporas tend to expand the scope of communication by organizing various associations and participating in the activities to build their social networks. This kind of social networks enable Chinese diasporas members to survive and pursue their career all over the world, or to resolve disputes and enhance the cohesion among individuals. Therefore, the Chinese social network is regarded as the resource(Tung-Ju et al. 2016). This social network is also called

“guanxi” in China. The concept of “guanxi” originated from the Confucianism and had a profound influence on Chinese society. Because Confucianism not only provides the role of individuals in society, but also the rules of getting along with others, as the basic principle of getting along with others-"guanxi" has become a significant value of interpersonal relationship in real Chinese Society (Gamlen et al. 2019). The social network can be regarded as an important medium for enterprises to obtain resources. Small and medium-sized Chinese enterprises seeking internationalization can obtain valuable resources through social networks to improve corporate performance. Therefore, the social network will affect the habits and customs of Chinese diasporas in residence and influence their strategic decision-making or investment.

Institutional forms of Chinese DEIs

Since the 1970s and 1980s, a tremendous amount of economic and academic Chinese social-organizational DEIs have been established in the countries where diasporas members gather together, with the United States, Canada, Europe and Southeast Asia as the leading ones. It is estimated that there are several tens of thousands Chinese DEIs in the countries of residence nowadays (Liu & Els, 2016). The DEIs can be divided into city oriented, regional and global organizations according to their organizational scale; DEIs can also be divided into business-oriented and professional associations by membership classification. Professional associations have absorbed the new generation of Chinese diasporas members and students who study abroad. According to properties, DEIs can be divided into political, economic, educational and other service providing institutions. Although these institutions may still be organized on the basis of consanguinity or regionality, today's membership system is more open in practice and oriented to business networks.

Chinese official DEIs are committed to expanding cooperation with foreign social-organizational DEIs. In recent decades, the Chinese government has

implemented certain policies and programs, and established a series of DEIs, which are widely believed to be successful in "utilizing" the resources of overseas Chinese members(Lin et al., 2019). From the central to the local levels, there is a sophisticated and integrated set of institutional mechanisms. Several integrated policy mechanisms at the central and local levels play a role in the transnational field, linking domestic and foreign affairs(Li Hong al et., 2016). These institutions are comprised of the Overseas Chinese Diasporas Committee of the National People's Congress (NPC); the China Zhigong Party, the State Council Overseas Chinese Affairs Office (OCAO); the Hong Kong, Macau, Taiwan Compatriots and Overseas Chinese Affairs Committee of the CPPCC; the All-China Federation of Returned Overseas Chinese (ACFROC) and et.(Liu hong, 2010) These institutions work with the Ministry of Foreign Affairs and other ministries to formulate and implement policies for Chinese diasporas members. The country's policy towards overseas Chinese is pragmatic. In the early stage of reform and opening up, Chinese overseas policy was closely linked with economic development goals. "Attracting investment" was the focus of the Chinese government's diasporan policy in this period. Introducing talents and luring knowledge" has become the slogan of formulating new policies since the 1990s. The policy focused on recruiting top global Chinese diasporas talents, especially new immigrants born and raised in China, who share the same cultural and political identity with their mainland compatriots. Apart from 'going in' or bringing the talent diaspora to China, the policies also contain a 'going out' part, which is to encourage domestic and foreign enterprises to cooperate in economic and technological aspects. By strengthening the ties with overseas Chinese institutions, the governmental DEIs play the role of bridge in business cooperation. Since overseas DEIs have various business resources in their country of residence and have a dual understanding of the culture of their home country, the cooperation between the two sides can effectively reduce the entry cost and promote the successful implementation of the internationalization strategy of home country' enterprises. With the implementation of China's The Belt and Road Initiative, the policy linked to foreign DEIs are becoming more valuable.

Chinese DEIs in Russia

Since the 18th century, many Chinese workers and business people earn their living in Russia. The main reason is that the development process led to strong demand for labour, and the speed of Russian immigration was extremely slow — most of the Chinese work in Russia's mines, forests, railways, villages or towns. To a large extent, the reason why the overseas Chinese were able to survive in such a bad environment at that time was due to their cohesion, uniqueness and efficient organization (Larin, Alexander 1995). Although the Chinese in some places are relatively concentrated, there is no such social organization as "Chinatown" classified by clan, hometown and industry in Russia. In the early 19th century, with the social progress and the need to protect the interests of Chinese diasporas members, modern Chinese organizations were established one after another. However, Czarist Russia and the Soviet Union were not immigration countries, which had more restrictions on foreign immigrants. Historically, the government had two contradictory attitudes towards Chinese immigrant organizations. On the one hand, the Russian authorities treat the Chinese organization with suspicion and regard it as another power source in the territory. The government set quite strict restrictions on these organizations' activities or banned them according to specific circumstances. From Czarist Russia to the early days of the Soviet Union, the government did not allow the establishment of Chinese associations, except for some Chinese businessmen, workers and other organizations directly funded and led by the Foreign Affairs Department of the Chinese government. It was not until February 1994 that the Moscow Federation of overseas Chinese was approved for the first time. On the other hand, the Russian government was aware of its own weakness and needed Chinese organizations as auxiliary institutions to manage Chinese diasporas members. The development of the Far East and the First World War stimulated the huge demand for Chinese labor. However, the labour also created a whole complex of economic, political and social problems for the Russian

government. For instance, most Chinese labourers were not very literate and did not speak Russian, not to mention understanding the local laws. The Russian authorities found that, to a certain extent, these organizations helped to maintain law and order in the territory. In short, Chinese DEIs in the Czarist and the Soviet Union period were unstable. To a large extent, they were affected by political changes, local authorities' supervision methods on the immigration situation, economic infrastructure, etc.

After the collapse of the Soviet Union, Russia implemented an open policy and turned to the market economy. Great changes have also taken place in the immigration situation along the Sino Russian border: economic, cultural and political relations have been restored, and Chinese and Russian citizens could easily cross the border. In the Far East and Siberia, the number of Chinese immigrants has increased dramatically. According to the data of the Ministry of the Interior of the Russian Federation in 2019, there were more than 1.78 million Chinese tourists in Russia; nearly 96000 people went to study in Russia; more than 140000 people were staying in Russia with work visa; almost 30000 people visited Russia for private reasons; around 190000 Chinese being in Russia with other types of visa; and 3730 Chinese citizens are living in Russia which accounts for 0.66% of all permanent resident foreign citizens in Russia; and more than 2.31 million Chinese immigrations registered in temporary residence, accounting for 12.21% of all foreign citizens living in Russia. A summary of information on Chinese immigration in Russia can be found in appendix 1. The increase in immigration has also contributed to the prosperity of DEIs. Except for the official agencies represented by consulates, more and more social-organizational DEIs have been established. However, the local community is very reluctant to accept representatives of overseas Chinese (with a few exceptions) as participants in the power structure, and the activities of overseas Chinese are usually limited to the commercial field (Ulijanova Irina Vadimovna (Ульянова Ирина Вадимовна), 2016). In addition to various informal and close ties, the trade and industrial elements played a decisive role in the social-organizational DEIs. For instance, the Yueqing Chamber of Commerce, founded in June 2003 in Moscow, has

more than 500 members and mainly engaged in the clothing trade, hardware, catering and other industries kinds of business. Yueqing Chamber of Commerce in Russia aims to provide a platform for economic and cultural activities for Chinese diasporas members. It is also committed to uniting the Chinese diasporas in Russia, safeguarding the rights and interests of fellow villagers, and strengthening cooperation and exchanges in economic, trade, culture and other fields between the two countries. Apart from business-oriented institutions, cultural and artistic oriented institutions are also widely established. For instance, The Russian-Chinese Artists Association, established on May 27, 2010, is a formal association registered in the Russian Federation. The association is an international non-governmental professional organization that unites and absorbs Chinese artists from China and Russia. The association's purpose is to carry forward Chinese excellent culture and art and create oriental classic art brands. The purpose of the association is to promote the excellent culture and art of China and create the Oriental classic art brand. Meanwhile, it also encourages and rewards outstanding artist dedicated to creation and innovation.

There are several reasons why this paper selects Chinese DEIs in Russia as the research objects. Firstly, the author has mentioned in the above context that quite the policies that have become standard elements of the Diaspora option are selectively based upon the immigration policies formulated by China since the 1980s(Welch & Zhang, 2008). Since the relationship between China and Russia began to thaw in the 1990s, many modern diasporan institutions were established, which provides reasonable choices to investigate DEIs. Secondly, there are limited studies on diasporas members with emerging countries as destinations. Most papers imply developed countries as diaspora destinations(e.g. the Chinese and Indian diaspora in the Silicon Valley). They found the positive effects from diasporas members, especially for diasporas' countries of origin. However, the studies in which the context is represented with emerging economies as destinations are scarce(Panibratov, Andrei & Rysakova, Liana, 2020). As a result, this paper studies Chinese DEIs with Russia as

the destination as typical cases contribute to exploring the migration issues in developing countries.

Chapter 2: Literature review: Dynamic capability as a theory of studying internationalization

2.1 Dynamic capabilities provided by DEIs

Emerging market multinational enterprise(EMNEs) are faced with systematic capacity defects, and it is difficult to own capabilities at home and abroad(Ai&Tan, 2020). In order to investigate how home firms engage with DEIs and analyze how DEIs influence the internationalization of enterprise from countries of origin, we introduce the dynamic capability theory to explain this process.

Teece et al.(1997) initially put forward the notion of dynamic capabilities. The concept of dynamic capabilities refers to "the firm's ability to integrate, build and reconfigure internal and external competencies to address the rapidly changing environments", which has become a significant area of management research. However, the definition provided by Teece is broad enough; it provides an opportunity for other scholars to improve, reinterpret and expand the concept. Therefore a universally accepted definition has yet to emerge. Peteraf et al.(2013) summarized the differences between the various understandings of dynamic capability expressed in two seminal works. The first view, proposed by Teece et al. (1997), emphasizes path dependency, causal ambiguity and organizational learning. The dynamic capabilities are defined as higher-order "abilities" or "capacities", which can lead to changes in lower-order capabilities and be constrained by organizational practices(Teece, 2007). Eisenhardt and Martin (2000) have presented divergent thoughts concerning the concepts of DC. They argue the specific, purposefully developed transformative organizational processes and simple rules that guide these

processes. Di Stefano et al. (2014) summarized the reasons for the emergence of different concepts. The confusion about structure mainly comes from the author representing two different disciplines, evolutionary economics or organization theory.

The dynamic capabilities concept is rooted in the resource-based view (RBV) and regarded as an essential extension and a response to deficiencies associated with the RBV (Barney, J. 1991), as RBV does not help to comprehend how a firm's resource stock evolves over time and how its advantages sustain. In addition, with the rapid changes of the market and technology, the value at risk cannot explain the weakening of the value creation potential of enterprises (Barreto, 2010). The concept of RBV is expanded by solving the problem of how to create valuable, scarce, difficult to imitate and irreplaceable resources, and how to update the existing valuable resource stock in the changing environment. Another theory from the perspective of dynamic capability is the evolutionary theory (Peteraf et al., 2013), from which the attention to routines and path dependence derives. As DCs tackle the barrier and are built upon firms' resources and capabilities, they are considered higher-order organizational capabilities (Winter, 2003; Schilke, 2014a).

Although there is no widely accepted definition of dynamic capability in the academic community, its core elements still exist: the role of dynamic capability is to affect the foundation of existing resources of the enterprise and convert it into a new resource portfolio or allocation. Therefore, enterprises with dynamic capabilities can maintain or enhance their competitive advantages. The value of dynamic capability comes from its output, which determines whether it can create a new set of valuable resources. According to this concept, there are different types of dynamic capabilities. Some are used to consolidate resources, some are used to reallocate resources, and some are used to create new resources.

From theoretical perspectives, how to concretize dynamic capabilities has always been a popular research field. Dynamic capability structure is criticized as vague and elusive (Kraaz and Zajac, 2001), abstract and difficult to handle (Danneels, 2008).

Therefore how to measure DCs has become one of the research directions of scholars. How to measure the dynamic capabilities of enterprises has not been agreed by the academic community.

Luo(2000) argues that there are three essential ingredients of dynamic capability:

capability possession (distinctive resources)

capability deployment (resource allocation),

capability upgrading (dynamic learning)

These capabilities have become increasingly fundamental to global operations and international expansion(Luo, Y. 2000).

Zahra et al. (2006) argue that three essential elements are associated with dynamic capabilities studies. These are:

the ability to solve a problem (an operational capability);

the presence of rapidly changing problems (environmental characteristics);

the ability to change how the firm solves its problems (a higher-order dynamic capability to alter capabilities).

Teece (2007) identifies other three cognitive meta-capabilities:

the ability to sense and shape opportunities and threats;

the ability to seize those opportunities;

the ability to reconfigure assets and structures in order to maintain competitiveness.

Wu(2010) shares that DCs can be divided into resource integration capability, learning capability and Resource reconfiguration capability in volatile environments.

Kuuluvainen and Arto(2012) view four ingredients of dynamic capabilities, which are the capability to recognize, the capability to leverage, the capability to learn, the capability to adjust internal and external common resources and adapt them to international emergencies in the context of international growth of enterprises. Yi et al.(2018) provide another approach of measurement . They argue that the fundamental components of dynamic capabilities can be summarized into sensing the environment capability, learning capability, coordinating and integrating capability, and reconfiguration capability.

Based on the literature review, this paper concludes that the impact of DEIs on the dynamic capabilities of emerging firms in the process of internationalization can be divided into the following two aspects: **Resource Bridging Capability** (Xiaoyun Chen, Jie Wu, 2011) and **Adaptive Capability** (Grewal and Tansuhaj, 2001; Krohmer et al., 2002). From the perspective of resource view, resource bridging capability includes the ability to acquire and integrate resources. EMNEs cannot possess all the necessary resources in the context of international expansion. There are many differences in terms of language, cultural understanding, laws and regulations among countries, and enterprises in emerging markets must obtain and integrate key resources. Therefore, resource bridging ability plays an extremely important role in the international expansion of enterprises. To be specific, resource bridging ability helps enterprises to obtain financial loans, tax preferences, government approval and other resources needed for international business, which is conducive to promoting the internationalization process.

The adaptive capability refers to responding to market changes timely and effectively and maintaining competitiveness in the market competition. The adaptability of an enterprise is embodied in many aspects. Such as putting new ideas into practice timely and quickly; improving existing products and services to meet changing customer demands; improving the characteristics of existing products to explore new markets actively; upgrading products quickly and effectively, etc. The stronger the adaptability of enterprises means that enterprises can grasp market opportunities more efficiently in the process of overseas practice, understand local consumer preferences more accurately, and adapt to overseas market competition more quickly. Consequently, EMNEs are more likely to ensure the sustainable development of international business.

The networks of DEIs and Resource Bridging Capability

As mentioned above, the main objective of DEIs is to dedicate to emigrants and their descendants. DEIs implement programs in research, capacity-building of government and community, provision of social programs, diaspora engagement and their countries of origin, and cooperation with relevant institutions, authorities and enterprises. Accordingly, the scholars propose DEIs as a cluster comprising several sub-concepts, including mission (political and social-economic value creation); vision (government official or social entrepreneur); organization (government organizations and the social enterprise), and feasibility (market orientation). In creating social and economic value, DEIs use a market mechanism to accomplish their mission. DEIs provide **networks** and **knowledge** transfer and reduce the home country firms' liability of foreignness. Networks are defined as regular contacts or similar connections among individual actors (Alleyne and Solan, 2019). Diaspora networks refer to an instrument that plays a significant role in facilitating cross-border professional support, risk-mitigating knowledge and connections, technical know-how and investment capital. (Dayton-Johnson et al. 2009). According to previous literature, the networks of DEIs can be divided into **political** and **business social networks** (Maria Elo, 2014). The political network is a widespread social and economic phenomenon existing both in developed and developing countries, which has a significant impact on a country's economy and society. A great number of literatures prove that from the theoretical perspective of "corruption effectiveness" (Leff and Nathanie, 1964). When the government's administrative efficiency is low, the enterprises try to bypass the government's inefficient regulation and improve resource allocation by political connections through bribery. Therefore, bribery and political connection become the "lubricant" for business success. Especially, when a country's legal system is rigid, and the contract is difficult to implement effectively, the political connection can become an effective self-protection mechanism for enterprises and achieve better results than the automatic contract implementation system (Rajan and Zingales, 1998). In many developing countries where the normative legal environment has not yet been fully established, political connection plays an irreplaceable role in protecting enterprise

property rights, implementing contracts, and even obtaining important production factors(Shaoqing Huang, 2012). Furthermore, the political connection can also transfer the opportunity of creating value from unrelated enterprises to associated firms. The main approach to create value includes preferential trade terms provided by banks or state-owned enterprises, preferential tax rates, preferential procurement contracts from the government, more relaxed government supervision, etc.

Business and social networks can be valuable mechanisms for firms from COO to integrate resources(Ghani et al., 2012). Domestic companies take advantage of their connections with DEIs and their multinational network to seek business opportunities and financing in foreign markets(Nanda and Khanna, T. 2007). Companies from COO use the business and social network of DEIs to obtain local information to reduce risks and costs. Further more, firms from their home country can also set up joint ventures with DEIs to reduce financial pressure. DEIs can also provide human resources for home enterprises regularly.

The knowledge transfer of DEIs and Adaptive Capability

With the continuous improvement of global economic integration and the increasingly fierce international competition, enterprises are learning and acquiring new knowledge, but also creating and exploring knowledge to adapt to their own development needs. A lack of understanding of the social, cultural or political environment can lead to higher uncertainty for foreign companies in the host country than for local companies. By acquiring and using new knowledge, enterprises can effectively reduce operating costs, innovate business models and profit methods, and improve performance. The ability to acquire and use knowledge transfer determines an enterprise's growth and development space to a great extent(Jiang et al., 2015). The process of transferring knowledge from knowledge origins to other departments or organizations include two dimensions: transfer and absorption. The process of knowledge transfer is only successful if the recipient truly learns to master and apply

knowledge. In modern society, knowledge spreads rapidly and widely. In modern society, knowledge spreads rapidly and widely. Enterprises should have a deep understanding of the market development trend and pay attention to the emergence of new technologies and new products. In the process of knowledge acquisition and utilization, enterprises should timely seize new market opportunities, find out unsatisfied demands, and then determine market strategies. Once an enterprise enters the international market, it must integrate internal and external resources and improve its performance through learning and innovation, updating the existing knowledge system, restructuring the value network and finding new profit points.

DEIs can facilitate trade between their COO and COR due to their superior knowledge of the language, preferences, cultural sensitivity that improves interactions, and their home countries' regulatory environment (Hatzigeorgiou, A. 2010). EMNEs can reduce knowledge barriers through cooperation with DEIs. The author believes that the knowledge base provided by DEIs can reduce the cost of collecting and interpreting foreign information. As a result, the company's overseas business in the host country becomes more efficient, and the parent company will invest more resources in COR.

The adaptive capability of enterprises includes the timely and rapid implementation of new ideas; improve existing products and services to meet changing customer needs; improve the characteristics of existing products and actively explore new markets; quickly and effectively upgrade products, etc. Therefore, enterprises can benefit from the knowledge provided by DEI and participate in information arbitrage to improve the internationalization of enterprises. The knowledge provided by DEIs will help enterprises adapt to the new environment and reduce the uncertainty of new markets to a large extent.

2.2 Dynamic capabilities of EMNEs and the degree of internationalization

Internationalization refers to the process of attracting foreign multinational companies to introduce capital, advanced technology, management experience and competitive mechanisms to drive domestic enterprises to develop internationally. According to Sullivan (1994), internationalization is a multidimensional phenomenon with the following attributes: performance, structural and attitudinal(Yusta,2020). Performance indicators represent the financial results and market success of the company brought about by its international expansion. This paper uses sales, profit, market share,number of factories and other indicators to observe the degree of internationalization of EMNEs.

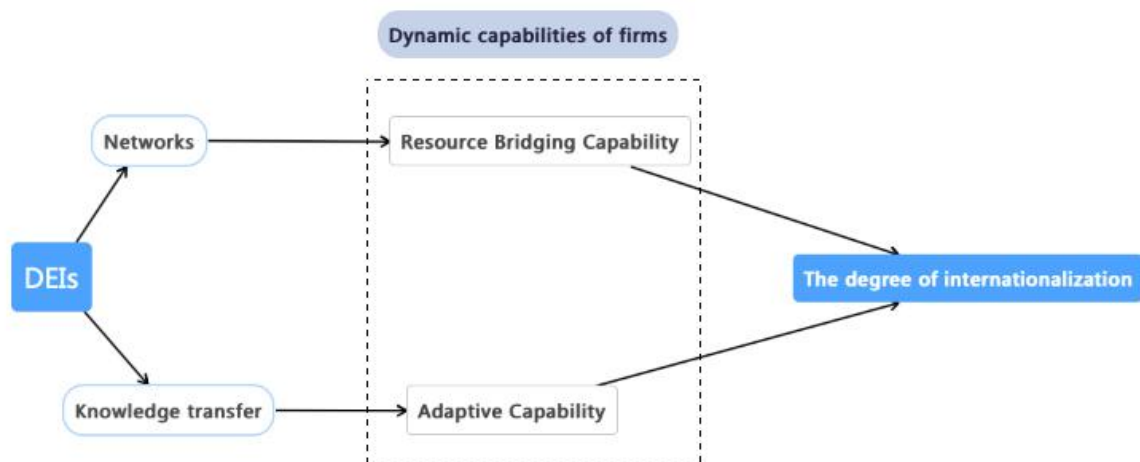
DC is one of the most important concepts emerging in recent decades and has been applied in many areas of management and organization. The main reason is that enterprises compete in the increasingly globalized market and it is of great significance to create, own and manage intangible assets. Distributed control system can be regarded as a meaningful method to integrate resources and create value, enabling enterprises to maintain or enhance their competitive advantages. DCs have become an active research area in the past 10 years in the study of internationalization (Barrales-Molina et al. 2013). The dynamic capability view has been applied to expand existing internationalization theories, such as Uppsala model, Dunning's eclectic model, the network model, and the international entrepreneurship model (Teece, 2014; Lanza and Passarelli, 2014; Al-Aali and Teece, 2013; Schweizer et al., 2010). Villar et al. (2013) proposed that the dynamic capability view can be used as a theoretical framework to explain the internationalization of enterprises.

The development of dynamic capabilities contributes to the success of internationalization, particularly the ability to explore new foreign market (Prange and Verdier, 2011). Dynamic capabilities are among the most recognized determinants of survival and success in emerging market firms internationalization (Swoboda and Olejnik 2016). Due to the latecomer status, weak institutions of the home country, and lack of competitive advantage, emerging enterprises are confronted with systematic

capacity defects, and it is difficult to establish their own competitive advantage both in COO and COR (Ai and Tan, 2020). EMNEs face high uncertainty in the process of internationalization. Before entering the host country, enterprises need to establish a sustainable upgrading capacity to ensure competitive advantages and achieve the goal of internationalization. Enterprises must obtain sufficient strategic assets to ensure the demand of market development and offset the threat of competition from the host country. This is the process of creating dynamic capabilities for enterprises. (Teece, 1994). Prange and Verdier (2011) argue that a successful internationalization processes depends on the deployment of differential capabilities. From their point of view, the major challenge is the quest for survival and profitability, which requires the **consolidation capabilities** for early internationalizing firms.

The conceptual framework developed based on the above literature review are shown in Fig.1.

Figure 1: the conceptual framework



2.3 Limitations of the current theory on dynamic capabilities

The concept of dynamic capabilities stays vague

The concept of DCs has been criticized due to its inherited inconsistencies, variations of understanding and fragmented research (Wójcik, 2020). Although dynamic capabilities provide emerging market economies with a mechanism to constantly adapt, adjust or reallocate their resource base in response to the rapidly changing market and institutional environment, there are different versions of the concept of dynamic capabilities as to whether dynamic capabilities can explain the strategic adaptation of enterprises in the rapidly changing environment (Suddaby et al., 2020). Teece confirmed that dynamic capability is “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly to changing environments” (Teece,1997), while Eisenhardt and Martin argue dynamic capability cannot be applied in a rapidly changing environment and also it was not a source of competitive advantage or superior corporate performance (Eisenhardt and Martin,2020). In their opinion, dynamic capabilities can explain the corporate adaptability in a relatively stable environment, but cannot explain the corporate adaptability in a high-speed environment, as they claim that dynamic capabilities represent best practices. Teeche (2007) rebutted these claims, responding that while best practices do not provide a competitive advantage, they are unlikely to constitute dynamic capabilities. In addition, dynamic capabilities cannot achieve all types of competitive advantage at the same time (Collis et al., 2018). Dynamic capability is an advanced capability to integrate existing resources and form new competitiveness. This capability is based on static efficiency (or lower level capability).

Do DCs influence firm performance?

Although there are a large number of empirical studies on dynamic capabilities and literature on core theoretical principles, the contribution of dynamic capabilities to competitive advantage and corporate performance is unclear (Pezeshkan, et al. 2015). Teece et al. (1997), initially proposed that DCs systematically utilize existing resources while generating new resources and capabilities. This also means that DCs is based on the existing resources to carry out activities in an organized way and solve problems systematically. Therefore, DCs generate new products, processes and new

knowledge, which provides new competitive advantages and benefit to corporate performance (Teece, 2007). Based on a review of existing literature, DCs should be positively correlated with competitive advantage and performance, however, the impact of DCs is still under discussion (Ferreira et al. 2018). Eisenhardt and Martin (2000) argue that "dynamic capabilities are necessary, but not sufficient, conditions for competitive advantage." In their opinion, DCs is the "best practices" that other organizations can imitate. Therefore, the impact of dynamic capabilities on competitive advantage and performance depends on whether the new resource allocation is "correct". Furthermore, EMNEs traditionally have been disadvantaged in the processes of internationalization compared with their Western counterparts. EMNEs still fail to address international market challenges (Mudambi, 2008) as DCs require significant managerial resources to maintain and implement (Helfat and Peteraf, 2015). This potential possibility is that the value created by DCs may be lower than the cost generated. Therefore, the arguments suggest that the concept that DCs should be positively and unconditionally related to competitive advantage and performance may be challenged.

2.4 Research gap and research questions

Among the existing utilizing diasporan resources studies, only a handful examine the influence of diaspora in a host country on the inward investment patterns of firms from countries of origin in the host country (Shukla, Pallavi & Cantwell, John, 2018). There are three main channels with which firms can engage with diaspora members: employment of diasporans (Kunczer et al., 2019), ownership as a form of connection between the homeland firms and diasporans (Rabbiosi et al., 2019) and diaspora engagement institutions (DEIs) (Agunias and Newland, 2012). DEIs, as a significant way with which diasporas members can provide their support, is understudied (Panibratov and Rysakova, 2020). Therefore the cooperation forms between DEIs and home firms has not been explored clearly. Due to the status of the latecomers, the weakness of the domestic system and the lack of competitive

advantages, emerging enterprises are faced with systematic capacity defects, which make it difficult to establish their own competitive advantages at home and abroad (Ai and Tan, 2020). In order to study how DEIs help emerging enterprises acquire the essential capabilities in the process of internationalization, the author introduces the dynamic capability theory in this study. This research gap led to the following research questions:

- 1. What are the cooperation forms between DEIs and home firms in emerging markets?**
- 2. How do DEIs enhance the resource bridging capability of home firms in emerging markets?**
- 3. How do DEIs enhance the adaptive capabilities of home firms in emerging markets?**

On the one hand, this study aims to contribute to understanding how home firms engage with DEIs in emerging markets by analyzing the corporation forms between them. On the other hand, it also aims to contribute to understanding the dynamic capabilities concept by contributing to firms' performance in the initial stage of international expansion. It is assumed that the initial stage of internationalization will take 2-3 years, and firm performance will be examined both in the period. The firm performance will focus on quantifiable factors such as sales income and volume. Finally, to better direct the research, the study will specifically focus on Chinese DEIs in Russia because quite many policies that have become the standard elements of diaspora selection are based on China's immigration policies in the 1980s(Welch,2008). The Chinese government has founded various DEIs, which are widely regarded as successful in using emigrants resources(Lin et al., 2019). In addition China and Russia have maintained a close relationship which has contributed to DEIs development in Russia (Ryazantsev S., Manshin R. 2016). This provides quite much valuable data and typical cases for this study.

Chapter 3. Research methodology

3.1 Rationale behind case study method

The exploratory case study method is adopted in the study, which provides an appropriate platform for answering the "how" and "why" questions (Yin, 2009) and generating key insights from the contextually rich qualitative data. **Exploratory research approach** is usually a necessary first step because it can satisfy researchers' curiosity about DEIs / DCs and can be used to better observe the widespread of DEIs to design follow-up studies more effectively. **Case studies** tend to be used for the exact context, especially when the boundaries between the phenomenon and the context are blurred (Yin, 2014). The case study offers a continuous analysis of the facts, which means that there is no interruption in the process that could limit the validity of the data collected through this work. Case study enables researchers to better understand the real life phenomenon and fully understand what they have observed, because it does not focus on specific variables, which also enables researchers to make practical suggestions. Especially in the specific cases of this study, more detailed information (including information about feelings, opinions and opinions) can be obtained through expert interviews, especially when the internal information is not suitable for public disclosure. Therefore, case study seems to be the most appropriate method for this study. **Multiple case studies** are used in the study to see if the findings are repeated in different cases. This study predicts that the selected DEIs will produce similar results and decide to incorporate a variety of research issues into the expert interviews because one approach is insufficient to fully understand the contribution of DEIs to home enterprises. However, it is quite difficult to collect the key data for this analysis because such detailed financial information is rarely disclosed to the public, even for listed companies. The induction of the case study is not statistical but analytical, which makes the induction random and subjective. Further, we cannot measure exactly the impact of dynamic capabilities

provided by DEIs on the firms' performance. These elements comforted the decision to shift towards a qualitative study.

3.2 Rationale behind the sample selection

The data is based on in-depth interviews with experts who work in 5 Chinese DEIs oriented in Russia, mainly because quite amount of policies which have become the standard elements of diaspora selection are based on China's immigration policies in 1980s(Welch,2008). Chinese government has founded various DEIs, which are widely regarded as successful in "tapping" diasporas members' resources(Lin et al., 2019). Further, China and Russia have maintained close relationships, contributing to DEIs development in Russia (Ryazantsev S., Manshin R. 2016). This provides quite abundant practical data and typical cases for this study. Therefore, **purposive sampling** was used by using judgment to select cases that would best help answer research questions. More specifically, selecting a specific subgroup of potential firms to study (Chinese DEIs in RUssia) is called **homogeneous sampling** (Yin, 2014).

Firstly, this paper reviews the existing theories on the DEIs, dynamic capabilities and internationalization degree. These literatures mainly come from Google Scholar, Science Direct, Scopus and other academic sources. According to the literature research, the author summarizes and divides DEIs into the following three types: governmental, institutional DEIs, quasi-governmental DEIs and social-organizational DEIs. From the governmental points of view, several integrated policy mechanisms at the central and local levels play a role in the transnational field, linking domestic and foreign affairs (Liu, Hong & van Dongen, Els. 2016). Therefore, the selected official institutions are mainly divided into central government and local governmental DEIs.

After studying the relevant theories, three-round in-depth interviews with target experts were held from October 2020 to December 2020. The first round of experts interviews aims to have a more comprehensive list of Chinese DEIs in Russia and

identify research questions. Each interview typically takes 10 minutes, some of which last for half an hour. At the end of the first round of interviews, a number of experts were selected for the second round of in-depth interviews. Experts interviewed in the first round include governmental officials, company executives, company accountants, and journalists familiar to the author. These people have lived in Russia for years and have more or less been in contact with relevant DEIs. The interviews were conducted through social media, telephone and email. There are also some targets obtained by searching keywords on the Internet. The relevant keywords include the Chinese Chamber of Commerce in Russia, Chinese organizations in Russia and Chinese fellow townships in Russia, etc. Through the first round of interviews, the author had a preliminary understanding of Chinese DEIs in Russia.

It should be noted that many DEIs do not operate for a long time because of poor management or being banned by the local government. Therefore, this paper selects the DEIs that have been in an active state of engaging diasporas resources as the research objects. The Internet plays an extremely significant role among diasporas members and the connection between DEIs and companies from COO. Ionescu (2013) argues that the Internet can be seen as an important instrument in expanding the diasporas because it provides a platform for transnational connections. Therefore, the official web of DEIs can be regarded as significant proxy indicator of formal or informal efforts to engage with the members of the widely spreading diaspora. Even though some institutions have online platforms, they will not be regarded as the potential research options because the website's content has not been updated for more than one year and may not operate normally.

Combined with the results of the first round interviews, this paper identified the initial DEIs as the targets in the table 1.

Table 1: Initial list of DEIs identified for the case studies

Central governmental level DEIs	Local level governmental DEIs	Quasi-governmental DEIs	Social-organizational DEIs are comprised of:
the Overseas Chinese Diasporas Committee of the National People's Congress (NPC)	Overseas Chinese Affairs Office of Heilongjiang Provincial People's Government	Chinese culture promotion society	China-Russia young entrepreneurs Association;
the China Zhigong Party	Overseas Chinese Affairs Office of Fujian Provincial People's Government	China General Chamber of Commerce in Russia;	Chinese Association<Unification> (Moscow);
the State Council Overseas Chinese Affairs Office (OCAO)	Overseas Chinese Affairs Office of Zhejiang Provincial People's Government	World Chinese association & world Chinese association(always);	Chinese Association<Unification> (St.Petersburg);
the All-China Federation of Returned Overseas Chinese (ACFROC)	The Overseas Chinese Affairs Office of Shanghai Municipal People's Government	Russia China Association for promoting peaceful reunification;	Russian-Asian Union of industrialists and entrepreneurs Consular offices;
the Hong Kong, Macau, Taiwan Compatriots and Overseas Chinese Affairs Committee of the CPPCC	Overseas Chinese Affairs Office of Shanxi Provincial People's Government	China-Russian Inversment Fund;	Chinese Artists Association in Russia;
	Overseas Chinese Affairs Office of Chongqing Provincial People's Government	Russian-Chinese business Council (CRBC);	Confucius Culture Promotion Association;
	Overseas Chinese Affairs Office of Hu Bei Provincial People's Government	Chinese business centres(SPbU);	Yueqing chamber of Commerce in Russia;
	Overseas Chinese Affairs Office of Nei menggu Provincial People's Government	Chinese Culture Promotion Society	China International Students Association in North West Federation of Russia;
	Overseas Chinese Affairs Office of Xin jiang Provincial People's Government	Russia China "one belt, one road" Trade Promotion Association	Union of Students of China Russia Education.
	Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation	Confucius institutes in Russia	China Council for the Promotion of Interntional Trade Representative Office in Russia(CCPIT)

After having a preliminary understanding of DEIs, the author contacted the target DEIs shown in the Table 1. However only a few DEIs replied and agreed to have interviews with the author, as shown in Table 2. Please note that some of the respondents wanted to remain anonymous and did not provide their names and roles. All interviews were conducted from Noverber 2020 to January 2021.

Table 2 : List of DEIs and interviews conducted

Governmental DEIs	Official website	Name and role of respondents
Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation	http://ru.mofcom.gov.cn/	Anonymous respondent
Quasi-governmental DEIs		
China General Chamber of Commerce in Russia	http://www.cgccru.org/zh/3	Head of the Secretariat:Fu Yanjie
Russia-China Investment Fund	http://www.rcif.com	Project director: An Yongpeng
Social-organizational DEIs		
China Council for the Promotion of Interntional Trade Representative Office in Russia(CCPIT)	http://www.ccpit.org/russia/	Anonymous respondent
China-Russia young entrepreneurs Associ	https://www.russian-yen.com/	The president: Zhang Chuhang

The author conducted in-depth interviews with the relevant managers of the above five DEIs. When searching for employees working in DEIs, it was attempted to find contacts amongst the top managers of the institutions. Top managers were the most likely to have a good overview of corporation with home firms. The duration of the each deep interview is generally over 3 hours. The pre-set questions were sent to the interviewees in advance. These interviews were conducted mainly by telephone, while some conversations were conducted via social media. Despite the pre-set questions, this research tries to induce the respondents to express as much as possible. In the interview process, the author maintained a neutral attitude, and adjust the form and rhythm according to the reaction of interviewees. Although the general interview guidelines mentioned below are used, the interviews are still informal and colloquial so that the interviewees can provide as much information as possible.

Through the second round of interviews, we found and sorted out the list of homeland companies which have corporated with the above four DEIs. The China-Russia young entrepreneurs declined to disclose any information about their partnership home firms. The information about these companies is listed in Table 3 below.

Table 3: Initial list of homeland firms identified for the case studies and contacted

Company	Industry	DEIs as a partner	Company	Industry	DEIs as a partner	Company	Industry	DEIs as a partner	Company	Industry	DEIs as a partner
Shenhua International Ltd	Trade	Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation(ECOERC)	Representative Office of China national technology import and Export Corporation	Trade	China General Chamber of Commerce in Russia	Hangzhou Hkvision Digital Technology Co., Ltd. Russian branch	Manufacturing	China General Chamber of Commerce in Russia	Yangling Jinchuan Pipe Technology Co., Ltd	Agriculture	China-Russia young entrepreneurs Association
Sinopek International Ltd	Petroleum	Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation(ECOERC)	Representative Office of China National Instrument Import and Export Corporation	Trade	China General Chamber of Commerce in Russia	Vivo (Russia) Co., Ltd	Manufacturing	China General Chamber of Commerce in Russia	Yangling Puhuan Agricultural Technology Co., Ltd	Agriculture	China-Russia young entrepreneurs Association
Air China Limited Moscow Sales Department	Aviation	Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation(ECOERC)	TCL Group Representative Office in Russia	Manufacturing	China General Chamber of Commerce in Russia	Chery Automobile Russia branch	Auto	China General Chamber of Commerce in Russia	Kang International Investment Limited	Trade and Investment	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)
Xiaomi Technology Co., Ltd	Internet	Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation(ECOERC)	China Eastern Airlines representative office in Moscow	Aviation	China General Chamber of Commerce in Russia	Megvii	Internet	Russia-China Investment Fund	Representative Office of China National Chemical Import and Export Corporation	Chemical industry	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)
Zhongding Farming	Food	Chongqing International Investment Co., Ltd	China Dasha Pharmaceutical Co., Ltd	Medicine	China General Chamber of Commerce in Russia	zhaogang.com	Internet	Russia-China Investment Fund	China Wanda Trading Company	Trade	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)
Angel yeast (Russia) Co., Ltd	Food	Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation(ECOERC)	Shanxi Yuanda company	Lumbering	China General Chamber of Commerce in Russia	Beaver school	Education	Russia-China Investment Fund	Angel yeast Co., Ltd. Russia branch	Food	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)
ICBC Russia Representative Office	Bank	China General Chamber of Commerce in Russia	European business development investment management center	Retail	China General Chamber of Commerce in Russia	Distinct Healthcare Holdings Limited	Medicine	Russia-China Investment Fund	China Tobacco Import and Export Corporation (Representative Office)	Logistics	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)
Huawei Technology Co., Ltd. Moscow Representative Office	Internet	China General Chamber of Commerce in Russia	Fuyao Glass Russia Limited	Manufacturing	China General Chamber of Commerce in Russia	China-Russia Silk Road Innovation Park	Investment and asset management	Russia-China Investment Fund	Shanxi Zi liability company	Trade	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)
Representative Office of China Certification Group	Service	China General Chamber of Commerce in Russia	Russia Office of SGCC	Service	China General Chamber of Commerce in Russia	Shanxi Xier Business Incubator Co., Ltd	Technology	China-Russia young entrepreneurs Association	Zhejiang hardware and mineral import and Export Corporation Representative Office	Trade	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)
Representative Office of Zhongta livestock northeast Jingling Youth company	Agriculture	China General Chamber of Commerce in Russia	Jidongfa Trading Co., Ltd	Trade	China General Chamber of Commerce in Russia	Xifan Iddijahua Business Consulting Group Co., Ltd	Service	China-Russia young entrepreneurs Association	Yitai international e-commerce Co., Ltd	Electronic Commerce	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)

Firms interviewed

Among the list of 40 firms above, only a few firms responded and agreed to be interviewed, as listed in table 4 below. Please note that some respondent wished to remain anonymous, which is why their name and role is not provided. All interviews were conducted between January and April 2021. In this list, companies that interviewed and provided interesting insights for the research were selected as case studies. The four companies selected for the case study are:

Table 4: list of interviews conducted from target DEIs

Company	Industry	Name and role of the contact	DEIs as a partner
Zhongding Dairy Farming	Manufacturing	Shuyong, general manager of trade department with Russia	Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation(ECOERC)
Chengtong International Investment Co., Ltd	Retail	Han Xuemei, Head of human resources, Greenwood International Trade Center	China General Chamber of Commerce in Russia
China-Russia Silk Road Innovation Park	Investment and asset management	Zhou lixing, Project Manager	Russia-China Investment Fund
Angel yeast Co., Ltd. Russia branch	Food	Zou Kai, Marketing Manager	China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)

3.3 Data collection methods

DEIs case studies: interview method (primary data)

In the first round of interviews, the author general describes the phenomenon of wide spread of DEIs and the purpose of the research. In addition the author inquires how these DEIs cooperate with domestic enterprises and what services they provide. The final question is about the DEIs that the interviewees are familiar with, and whether they could recommend relevant people working in Chinese DEIs in Russia. Another method the author used to contact with target institutions is to find the contact information on the corresponding official website of DEIs. Due to geographical and time difference constraints, we prefer to communicate with interviewees by phone.

The preset questions will be sent to the interviewees in advance before communication.

In the second round of interviews, the author refined some concepts to make it easier for the interviewees to understand these terms.

Dynamic capabilities

In this study, DCs are divided into resource bridging capability and adaptive capability. Resource bridging capability mainly examines the acquisition and integration capabilities of enterprises in the process of international operation. A firm's resource-bridging capability refers to its ability to access and obtain important resources ranging from financial capital, bank loans, land, electricity, and human resources to timely government approvals and use these resources to create new value(Chen & Wu, 2011).

In terms of the adaptive capabilities of enterprises, there are three aspects mainly been investigated: 1) the ability to adapt to the rapidly changing international market and customer needs; 2) The ability to develop new products or services in order to compete with rivals in international expansion; 3) The ability to quickly adapt to the price changes of upstream raw materials and products(Saxenian, Annalee, 1996).

Networks and Knowledge provided by DEIs

Political networks

The networks of DEIs can be divided into **political** and **business social networks**. According to previous studies(Peng, Mike & Luo, Yadong. 2000), the political network includes four aspects: 1) the network with key officials of the local governments; 2) the network with key leaders of industry associations; 3) the network with the competent leaders of the Ministry of Commerce, the General Administration

of customs, the State Administration of Foreign Exchange and other administrative departments; 4) the network with the leaders of major institutions such as commercial banks, law firm and insurance institutions.

Business social networks

According to the literature, business networks includes 1) the networks of DEIs with main customers of home firms in host countries; 2) the networks of DEIs with top managers of main distributors and suppliers of home firms in host countries; 3) the networks of DEIs with top managers of competitors in the same industries of host countries (Peng & Luo, 2000; Park & Luo, 2001). Social networks can be divided into (1) members of DEIs interacts with business acquaintances to obtain new information ; and (2) members of DEIs interact with personal friends and acquaintances to obtain new information (3)members of DEIs strive to acquire and develop relationships with the right people abroad(Bai et al, 2021).

Knowledge transfer

Knowledge is divided into two types: **1) tacit and 2) explicit knowledge**. Explicit knowledge is more tangible. It includes what is written and recorded in manuals, reports, documents, and databases (Goh, 2002). Tacit knowledge is also described as follows: “Tacit knowledge is personal; it is hard to formalize and communicate to others. It is also generally more complex, existing in the mental models and expertise gained over time and through personal insights. This suggests that tacit knowledge may be best transferred through more interpersonal means and using processes that are less structured. Some examples are **mentoring, teamwork, chat rooms, personal intranets, and opportunities for face-to-face conversations** such as **group dialogue** or **personal reflections** on experiences and lessons learned.”

Interview guide for targeted respondents in the first round interviews

- General perception to the phenomenon of wide spread of DEIs and the purpose of the research.
- How do these DEIs cooperate with domestic enterprises?
- What services do the DEIs provide to home firms?
- Whether could you introduce relevant people working in the Chinese DEIs?

Interview guide for targeted respondents in the second round interviews

- General perception to the phenomenon of wide spread of DEIs and the purpose of the research.
- How do domestic SEMs get in touch with your institutions or the reverse?
- What services do these DEIs provide to domestic EMNEs?
- In the process of internationalization, home EMNEs reduce the costs through networks and knowledge transferred by DEIs. The network can be divided into political and social organizational network. What are the channels for transferring network in your organization?
- The network of DEIs can be divided into political networks and commercial networks. To what extent do you think these network help the corporated companies have the access and obtain important resources ranging from financial capital, bank loans, land, electricity, and human resources to timely government approvals?
- Do you think these resources can improve the performance of the companies? Why? Could you please show some examples?
- How homeland companies can integrate these resources and improve the performance?
- Do employees of the corporated companies have enough opportunities and time to apply their network?

- How have the 1) tacit and 2) explicit knowledge been transferred from your organization to domestic companies?
- Do you think knowledge transfer can improve the performance of the companies? Why? Could you please show some examples?
- How has the knowledge been used and created value for homeland firms?
- What is the role of Internet in the process of knowledge transfer?
- Do employees of your firm have enough opportunities and time to apply their new knowledge?
- To what extent does this knowledge promote the home enterprises to adapt to the host markets?
- Which capabilities do you think are the most instrumental for home enterprises to overcome the obstacles in foreign market?
- Whether your institution could provide such capabilities? Why?
- Under what circumstances do you think the cost of cooperation with DEIs will be higher than the value created?
- How do you evaluate the role of DEIs for EMNEs in the process of internationalization? Please use “weak, intermediate and strong” to describe it.

Data collected from the target firms

The author interviewed with top managers, whose companies have corporated with the target DEIs. The interviews were also held in the form of phone or social media, but the questions were obviously a bit different. The purpose of these interviews is to have a more direct and comprehensive understanding of engaging process between DEIs and home EMNEs.

Interview guide for targeted respondents in the third round interviews

- General perception to the phenomenon of wide spread of DEIs and the purpose of the research.
- Why does your company cooperate with DEIs in the process of internationalization?
- What services do these DEIs provide to your company?
- The network of DEIs can be divided into political networks and commercial networks. To what extent do you think these network help your firm have the access and obtain important resources ranging from financial capital, bank loans, land, electricity, and human resources to timely government approvals?
- Do you think these resources can improve the performance of the companies? Why? Could you please show some examples?
- How homeland firms can integrate these resources and improve the performance?
- In the process of internationalization, home firms reduce the costs through networks and knowledge transfer by DEIs. What are the channels for transferring network and knowledge to your company?
- Do employees of your firm have enough opportunities and time to apply their network?
- How have the **1)tacit and 2)explicit knowledge** been transferred to the home firms?
- Do you think knowledge transfer can improve the performance of the companies? Why? Could you please show some examples?
- How has the knowledge been used and created value for homeland firms?
- What is the role of Internet in the process of knowledge transfer?
- Do employees of your company have enough opportunities and time to apply their new knowledge?
- To what extent does the transferred knowledge help the home enterprises to adapt to the host market?

- How to evaluate the role of DEIs for EMNEs in the process of internationalization? Please use “weak, intermediate and strong” to describe it.
- After cooperation with DEIs in a period, like 3 months or half of year, has the company's performance improved significantly? Either the process is a long time run, or there is no obvious effect at all?
- Which capabilities do you think are the most instrumental for home enterprises to overcome the obstacles in Russian market?
- Under what circumstances do you think the cost of cooperation with DEIs will be higher than the value created?
- How do you evaluate the role of DEIs for EMNEs in the process of internationalization? Please use “weak, intermediate and strong” to describe it.

Firm case studies: financial data (secondary/compiled data)

Following the interviews with managers, financial data of the responding firms was investigated where possible, to see if a real financial impact was observable on the firms. Most of the firms interviewed were listed firms, making it easier to find reliable financial data on the Internet. Therefore, their annual financial reports after their international expansion were looked into. The author focuses on the data of these companies within two to three years from the beginning of entering the Russian market. Unfortunately, two things made it impossible to draw strong conclusions from this data. First of all, all firms studied were EMNEs with global activities. Almost none of them displayed public figures where they separated their financial information for Russia from the rest, making it impossible to draw conclusions regarding Russia only. On the other hand, some companies did not issue financial reports during the period of internationalization. Therefore any qualitative public information which could complete the interviews was looked into. These sources of information include government reports, news reports, etc.

Chapter 4. Empirical study

4.1 Background of target DEIs

The paper determines to investigate how diaspora engagement institutions influence the internationalization of home firms. As mentioned earlier, this paper summarizes and divides DEIs into the following three types: governmental DEIs, quasi-governmental DEIs and social-organizational DEIs. And interesting insights from respondents show in the following context.

Governmental level DEIs

Economic and Commercial Office of the Embassy of the people's Republic of China in the Russian Federation

DEI background

The institution is the official representative office of the Ministry of Commerce of China, which aims to manage trade and economic cooperation with Russia. It is also an integral part of the Chinese Embassy in Russia. The DEIs are located in six Chinese consulates in Russia, namely, the consulates in Khabarovsk, Vladivostok, Irkutsk, Yekaterinburg, Kazan and St. Petersburg.

The main functions of this organization are to promote the economic, cultural, educational, scientific and technological, military and multinational cooperation between China and Russia, as well as safeguard the legitimate rights and interests of Chinese citizens and provide consular services; and the organization manages and guides the economic and trade activities of Chinese enterprises in Russia. Meanwhile, it is responsible for organizing and coordinating Chinese enterprises to participate in the exhibition in the host country.

Quasi-governmental DEIs

China General Chamber of Commerce in Russia

Established in April 2006, the organization is the first Chinese self regulatory organization approved by the Ministry of Commerce of China and registered with the Ministry of Justice of the Russian Federation. The purpose of the chamber is to strengthen the economic cooperation between China and Russia, and provide all kinds of policy information, business consultation and legal services for its members. The association is committed to strengthening the communication between Chinese enterprises and Russian government departments and business circles, reflecting their requirements and safeguarding the legitimate rights and interests of Chinese diaspora members. At present, the chamber has more than 4000 member enterprises.

Russia-China Investment Fund (RCIF)

The Russian China Investment Fund (RCIF) is a privately established fund designed to create competitive returns by investing in projects promoting bilateral economic cooperation between China and Russia. The fund was established in June 2012 by two government-supported investment institutions, the Russian Direct Investment Fund and the Chinese Investment Corporation (CIC). RCIF focuses on projects that promote economic cooperation between the two countries. It will invest at least 70% of its capital in Russia and CIS countries and at most 30% in China. The fund's management team consists of top investment professionals with in-depth knowledge of the Russian and Chinese markets. So far, RCIF has acquired a 23.1% stake in JSC Detsky Mir, Russia's largest retailer of children's products. The fund has also invested in other companies, including Nio auto, Didi, Sovcom bank, Moscow exchange, Russian Forest Products group, etc.

Social-organizational DEIs

China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)

Background of CCPIT in Russia

CCPIT is a national non-governmental economic and trade organization composed of representatives, enterprises and organizations in China's economic and trade circles. CCPIT undertakes relevant work and accepts the guidance of Chinese government. The purpose of CCPIT is to promote trade, investment, economic and technological cooperation between China and other countries and regions in accordance with the laws and regulations of the People's Republic of China and with reference to international practices; enhance mutual understanding and friendship between the Chinese people and other countries and regions in the economic and trade field, and safeguard the legitimate rights and interests of Chinese citizens and legal persons overseas. One of the significant tasks of CCPIT is to organize and help Chinese enterprises and individuals to safeguard their rights and handle legal affairs overseas, as well as dealing with anti-monopoly, anti-dumping and other litigation cases involving Chinese enterprises or individuals.

The institution's representative office in Russia is one of the 17 overseas permanent institutions of CCPIT. In line with the "two services" principle of serving the government and enterprises, the representative office of CCPIT in Russia maintains close contact with relevant Russian government departments, business associations and other counterpart organizations. CCPIT is committed to building a multi field and multi-level cooperation platform with relevant institutions and organizations in the host countries in order to serve foreign Chinese enterprises and individuals. Meanwhile CCPIT strives to promote the development of economic and trade relations between China and Russia and other CIS countries, and enhance the exchanges and cooperation between the industrial and commercial circles between China and Russia and other CIS countries.

China-Russia young entrepreneurs Association

DEI background

China-Russia Young Entrepreneurs Association is a non-profit social institution headquartered in St. Petersburg and approved by the Russian Ministry of Justice. It was established in 2015. The main goal of the association is to build a platform for exchanges and cooperation between young entrepreneurs in China and Russia, and actively promote the cooperation in innovation and entrepreneurship between the two countries. The main tasks of the association include:

1. Explore talents in various fields of China and Russia, and provide talent support for enterprises from China and Russia;
2. Improve the entrepreneurial ecology and fully support independent entrepreneurial projects in the two countries;
3. Strengthen the construction of investment and financing platform to provide investment and financing support for the docking of young entrepreneurs;
4. Provide employment platform for Chinese and Russian young talents.

4.2 Company case descriptions

Zhongding Dairy Farming Co., Ltd.

Company overview

Zhongding Dairy Farming was founded on May 23, 2013. The team members are mainly from Mengniu and other famous dairy enterprises in China. At present, the company has nearly 15000 dairy cattle, with a daily output of 150 tons of fresh milk. The main production mode of Zhongding Dairy Farming is to integrate and manage the existing dairy plants as in China, 70% of the small and medium-sized pastures and breeding communities have low breeding level, poor management technology and unstable quality, which directly affect the breeding efficiency and market

competitiveness. Therefore, Zhongding directly dispatched a team of 6 people, including the farm leader, breeder, veterinarian, accountant and data statistician, to fully implement the daily management of each ranch. The profits obtained are shared by the industry owner farmers and the Zhongding Dairy Farming according to the contract.

Company in Russia

In 2015, Zhongding Dairy Farming bought a farm in Ussurisk city initially. On December 19, 2017, Zhongding Dairy Farming and the Russian Far East Development Ministry held the signing ceremony concerning the investment cooperation agreement. The two sides will gather their own industrial resources, invest US \$300 million in the Russia Far East, and build the first cattle breeding complex with 50,000 heads of cattle.

In June 2019, Zhongding Dairy Farming signed an agreement with Sistema Investment Group to expand its farm area in Russia, reaching 100000 hectares, introduce about 50000 lactating cows from China, and produce 1500 tons of raw milk per day.

Zhongding Dairy Farming implements the project of "Sino Russian agricultural and animal husbandry industry demonstration park" in Heilongjiang Province of China and Far East of Russia. The park has established a new model of "one zone, 2 parks", namely, the construction of agricultural and animal husbandry industrial park in Russia for the purpose of raising cattle. The dairy processing park will be built in Mudanjiang City and the feed processing park will be built in Suifenhe City in China.

The Far East Project of Zhongding Dairy Farming makes full use of the resources and environmental advantages of the Russian Far East - the close distance from the Chinese market and the logistics advantages of railway and shipping. With gradually

transferring the cultivation and breeding business to overseas, Zhongding Dairy Farming alleviate the situation of high land cost, high breeding cost and environmental pressure in China, and enhance the competitiveness of China's dairy industry.

Network provided by ECOERC

ECOERC is committed to solving the practical difficulties existing in the operation projects of Zhongding Dairy Farming. Due to the uneven spatial distribution of animal husbandry areas in Russia, long-distance transportation is inevitable. However, transportation infrastructure is backward, especially the railway network density in the Far East is less than 1 / 3 of the average level of Russia, and the highway network density is about 18% of the average level of the state. Transportation costs account for 55% - 70% of the local commodity prices, which is 2-3 times of the average level in Russia. In addition, due to the occurrence of African swine fever and other animal diseases in Russia, some animal products cannot be transported back to China, which limits the development speed of Chinese animal husbandry enterprises in Russia. After contacting the ECOERC in Vladivostok and explain its investment intention, Zhongding Dairy Farming possessed an ideal pastoral area in Russia. The first ranch invested by the company is located in the coastal frontier region. The ranch is fertile and close to the Sino Russian border. Most importantly, the ranch has convenient shipping and land logistics, which greatly reduces the operating costs of the enterprise.

ECOERC deeply participated in the projects of Zhongding Dairy Farming in Russia. In addition to helping the company choose the convenient investment address, the institution also actively promotes the animal Husbandry agreement between the two states. The agreement on China's dairy export and Russia's milk import trade between the two states has brought great policy support to Zhongding Dairy Farming. COERC in Vladivostok also organizes meetings between Zhongding and local government

agencies and enterprises on a regular basis. During these meetings, Zhongding Dairy Farming reached a strategic cooperation intention with Sistema investment group, one of Russia's largest investment industrial companies. According to the agreement, the cooperation between the two companies is extended to forage trade, land resource integration, agriculture and dairy farming, with a total investment of US \$300 million.

Knowledge provided by ECOERC

As a free consultation and assistance platform for domestic enterprises, ECOERC not only provides important information such as policy interpretation, enterprise cooperation exhibition and forum invitation for Zhongding Dairy Farming. At the same time, a highly specialized legal affairs working group has been established by ECOERC to engage local legal, accounting, tax and other intermediary agencies to assist in guiding the construction and operation of the Russian projects of Zhongding Dairy Farming.

Future perspective

Zhongding Dairy Farming and Sistema Investment Group determine to establish a ranch cluster in the Far East. The company now have possessed 10 ranches, involving 50,000 dairy cattle and a planned investment of 2 billion yuan(Zhongding, 2017) Zhongding Dairy Farming has signed cooperation agreements with COFCO and Mengniu Group, and the two major Chinese dairy companies will undertake all the fresh milk transported back by Zhongding in Russian ranches.

Zhongding Dairy Farming has not disclosed its financial information to the public, so the author is unable to obtain its specific financial data. However, the investment model of Zhongding Dairy Farming in Russia has been paid more and more attention by the governments and capital markets of the two countries. The author believes that

the success of Zhongding Dairy Farming's investment in Russia is positively related to the network and knowledge provided by ECOERC.

Chengtong International Investment Co., Ltd.

Company overview

Established in September 2010, Chengtong International Investment Limited is a state-owned enterprise. The company is mainly engaged in investment, management, import and export trade, sales, transportation, processing, business consulting and other business. The company's foreign investment and operation projects include: Moscow Greenwood International Trade Center, Moscow China friendship mall, Moscow friendship supervision warehouse, etc. It should be noticed that the current general manager of the company is also the president of China General Chamber of Commerce in Russia.

Company in Russia

The company has multiple projects in Russia. The author chooses Greenwood International Trade Center as the research object because the project is China's largest business project invested in Russia and the largest Chinese brand marketing center, which aims to establish the most multi-functional platform for exhibition and wholesale of Chinese commodities. The center is designed with four functions, namely, commodity exhibition, commodity circulation, investment promotion and auxiliary services. It also provides settled enterprises with "package services" such as registration, legal support, marketing planning, finance trust, customs clearance and logistics. On September 11, 2008, the government seized more than 6000 containers of goods from China in eight warehouses in Moscow. After more than 20 years of "gray" customs clearance and "big market" sales, Chinese diasporas members in Russia have been fundamentally impacted. With the Russian federal government's severe crackdown on smuggling, bribery and other corruption, as well as Russia's accession to the WTO, it is necessary for Chinese businessmen in Russia to innovate

their development modes. Greenwood International Trade Center was established under this macro background.

Network provided by China General Chamber of Commerce in Russia

The China General Chamber of Commerce actively provides support the trade center with its huge business social network. The Chamber of Commerce has more than 4000 members, almost covering Chinese enterprises and individual industrial and commercial households in Russia. Therefore, at the beginning of Greenwood's establishment, the Chamber of Commerce vigorously publicized the trade center to its members and encouraged overseas Chinese to settle in the center, which significantly improved the status of Greenwood Trade Center among the diasporas members.

Greenwood Trade Center encountered many problems in **human resources** at the beginning of its establishment. The business of Greenwood International Trade Center was quite complex and it was almost impossible to find similar experience in the same industry for the center. As a result, the company suffered from talents shortage. In particular, there has been a lack of professional core staff and senior management staff. In early 2012, the company conducted an anonymous survey, the topic was: what do you think are the existing problems of the company. Employees have written a variety of deficiencies, including the lack of a clear corporate culture, improve management system and the vacation system, etc. When the chairman of the board saw the answers, she sighed that the biggest problem of the company was the lack of industry leaders. With the expansion of the company's business, the problem of insufficient talents has become more and more serious. For instance, in the field of trade, there were few professionals who really understood international trade process of the company, and they were unable to achieve the goals specified by the leaders. From factory inspection to transportation export, tax rebate and other links, professionals should be very familiar with such a set of procedures. However, there were many obstacles for nonprofessionals.

In view of the problems concerning human resources in the trade center, the General Chamber of Commerce of China provided specific solutions. As having more than 4000 members, a huge talent pool, the Chamber of Commerce has provided a significant numbers of Chinese diasporan talents for the trade center. At the same time, the Chamber of Commerce has used its network of relations with Russian officials and social enterprises to recruit relevant talents of Russian nationality which has greatly alleviated the low efficiency of enterprises caused by the shortage of talents for the trade center.

Knowledge provided by China General Chamber of Commerce in Russia

At the beginning, China Chengtong company, the parent company, copied and implemented a set of Chinese company management system in the trade center, which was not suitable for many Russian staff. Besides, a considerable number of Chinese managers have not experienced Russian culture before. For instance, Russians have an authoritarian style in their work environment; Russian have the habit of being late and unwilling to work overtime and Russian employees have clear responsibilities and behaviors for the work, etc. These internal management problems caused by cultural differences greatly reduce the efficiency of enterprises. In view of this situation, the Chamber of Commerce held seminars concerning the culture in Russian for Chinese employees on a regular basis. The chamber will also issue pamphlets on Russian culture. Some member enterprises provide training opportunities on Russian corporate culture for Chinese staff of the trade center.

Furthermore, the chamber regularly invites experts from relevant departments of the Chinese Embassy, the Russian Ministry of Interior, the Customs Department, the tax bureau and other departments to report the latest information on Russia's economic and trade situation, security and compliance, investment environment, financial situation, logistics and customs clearance, in order to guide Chinese enterprises settled

in Greenwood Trade Center to operate in accordance with domestic laws and actively grasp the policies. At the same time, the chamber will also determine countermeasures to safeguard the legitimate rights and interests of Chinese enterprises in Russia. In view of the relevant business information and opportunities, the Chamber of Commerce Center timely shares with top managers of the trade center.

Future perspective

Greenwood International Trade Center is the largest, highest grade and most functional trading platform for Chinese brand commodities in the Russian Federation and Eastern Europe. The commodities in the spot wholesale trade are mainly textile products, mechanical and electrical products, etc. Through cooperation with China General Chamber of Commerce, Greenwood Trade Center has become the best platform for Chinese small and medium-sized enterprises to enter the Russian market. There are 207 tenants in the park, which come from 14 countries and regions including Germany, the United States, South Korea, Belgium, Vietnam, Japan and New Zealand, with an occupancy rate of nearly 90%. Among them, there are more than 100 Chinese enterprises, including Huawei, Haier, Dongfeng Motor, industrial and Commercial Bank of China, China tea sales exhibition center, etc. In view of the one-stop service provided, the trade center is acting as a business incubator and haven. Greenwood International Trade Center, as a commercial platform, drives the trade volume between China and Russia by more than 2 billion US dollars every year(Chengtong, 2019).

China-Russia Silk Road Innovation Park

Company overview

The China-Russian Silk Road Innovation Park was founded on October 13, 2014 during the 19th regular meeting between Chinese and Russian prime ministers. This project is invested by Shaanxi provincial government, Russia China Investment Fund

and other institutions. China and Russia build their own parks respectively according to the principle of "one park, two places and equal importance to both side". The Chinese Park is located in Xi'an, Shaanxi Province. The first phase covers an area of 75000 square meters with a total investment of 635 million yuan. The park was officially opened in April 2018. 53 enterprises and institutions have been settled in the park, including 38 foreign enterprises and 15 Chinese enterprises. Most of the enterprises are small and medium-sized trade and technology innovation enterprises.

Company in Russia

The Russian Park is located in the Greenwood International Trade Center in Moscow. The first phase, with an area of 3342.3 square meters and a total investment of over US \$7 million, was officially opened in August 2018. The park has set up platforms such as "Shanxi Commodity Exhibition and Marketing Center" and 23 Chinese enterprises have settled in the park.

Network provided by Russia China Investment Fund

The Sino Russian investment fund not only provides financial support for the Silk Road Innovation Park, but also render political and commercial networks. The Sino Russian investment fund has invited a number of Chinese and Russian enterprises and organizations to settle in the park. Since its opening, the Sino Russian Silk Road Innovation Park has attracted 40 enterprises, including Russia's Lide Innovation Center, Russia's Bensa Development Group, Russia's Ketch Up Group, Russia's Golden Apple group, etc., of which 22 new foreign capital and joint ventures were introduced in 2019 alone. In addition to landing enterprises, there are also Sino Russian incubation projects such as exoatlet skeleton robot, underwater vehicle and lidar in the park. The General Chamber of Commerce of the Russian Federation, the Russian Federation of Small and Medium Enterprises, the Silk Road Forensic Alliance and other business associations have settled in the park. At the same time,

Russian Grade Examination Center, Silk Road Russian Teachers Union and other institutions are established in the park, covering a series of projects of science and education, humanities, economy and trade.

Knowledge provided by Russia China Investment Fund

The China Russian investment fund provides financial risk identification and prevention services for the Silk Road Innovation Park.

Angel Yeast Co., Ltd Company overview

Angel Yeast Co., Ltd, was founded in 1986 in China. As a high-tech yeast company listed in China, it specializes in producing of yeast and yeast derivatives. After more than 30 years' development, Angel has become a leading enterprise and a benchmark firm in China's yeast industry and has become the fastest growing yeast brand globally through technological progress.

Angel has achieved the goal of building itself into an international and professional yeast company. Angel is moving towards a new vision of internationalization, a professional biotechnology company driven by sustainable development. Angel yeast has ten international advanced production bases in China, Egypt ,and Russia. Angel has more than 50 overseas agencies, eight regional headquarters (technical centers), forming a market service network with sensitive information, rapid response, smooth channels , and efficient services.

Company in Russia

To occupy a certain market share for the new factory after the start of the Russian factory project in 2015, Angel China headquarters required the Russian branch to strengthen the development of the local market. Russian companies set up local

marketing teams in Moscow and Lipetsk to build an online and offline distribution network covering the whole territory of Russia, so as to shorten the distance with dealers and users. Russian branch has improved the response speed to the changes of market demand, increased the market share of products, brand awareness and reputation. In 2019, the sales scale of the Russian market had increased 20 times than that of 2014 (Angel Yeast, 2019).

The Network provided by the China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)

Investing a factory in a right place is conducive to reducing the administrative costs of enterprises and can effectively reduce the tax expenditure of enterprises, as there are different tax policies in various regions of Russia. The CCPIT' staff accompanied Angel yeast's leaders through many investigations and finally chose to invest in Lipetsk. The main reason is that after examining the single index of investment potential and investment risk, they found that Lipetsk prefecture has less public security risk and administrative risk. CCPIT promotes a forum between the local government and Angel. After several rounds of talks, Angel finally settled in the state with a reasonable tax policy.

The knowledge provided by the China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)

Angel yeast invested and built the first yeast factory in Russia in 2015. Angel yeast entered the Russian market before that. However, due to the uncertainty of the Russian market, the consulting suggestion from CCPIT is to occupy the market first and then build the factory. Angel yeast adopted a stable strategy. After several years of exploring the Russian market, having a certain market share, Angel yeast eventually built the first yeast factory in Lipesk state. Besides Angel yeast encountered the same problem as Greenwood International Trade Center after its

establishing of the first factory - shortage of human resources. The suggestion given by CCPIT is to build a localized staff team. CCPIT provided a set of recruitment and training programs for Russian employees to Angel yeast. These plans include recruiting local college students to go to China for a year's training. Besides skills and operation training, Angel culture is also instilled in recruiters. For Russian employees, managers could put forward the goal of building Russian Angel into "Russia's most advanced yeast factory and angel's most advanced production line," which enhances the sense of mission and pride of foreign employees. After three years of development, the localization rate of the existing employees of Angel's Russia overseas company is 95%.

In the past three years after the establishing of the first factory, the number of dealers in Russia's domestic market has increased from three to more than 200. Angel yeast has built a marketing network covering all of Russia. The average annual growth rate of yeast sales is more than 200%, and the sales in Central Asia market have doubled(Angel, 2018).

4.3 Answer to the questions

1. What are the forms of cooperation between Chinese DEIs and home SEMs in the Russian market?

Table 5 summarizes the forms of cooperation between DEIs and domestic enterprises.

Table 5: The corporation between DEIs and domestic enterprises.

DEIs	Main forms of cooperation between DEIs and domestic firms
Economic and Commercial Office of the Embassy of the people's Republic of China in	1.Free consultation and assistance platform for home firms. 2.Establish a safety liaison system for diasporas

the Russian Federation(ECOEC)	members and home firms.
China General Chamber of Commerce in Russia	1.Free consultation and assistance platform only for member enterprises. 2.Provide “package service”s for homeland firms.
Russia-China Investment Fund	1.Participate in the overseas investment of homeland firms in the form of ownership
China Council for the Promotion of International Trade Representative Office in Russia(CCPIT)	1.Serve as a free consultation and assistance platform for diasporas members and homeland firms. 2. As a third-party arbitration institution, the agency solves overseas trade disputes of home country enterprises. 3.The institution provides special consultancy and training services for home firms’ international expansion.
China-Russia young entrepreneurs Association	1.The institution provides compensable international consulting and services as well as human resources for home firms.

Overall, DEIs, including official or social-organizational institutions, can be regarded as consultation and support centers that are leveraging their localized social and business networks and linking them to domestic public and private initiatives. Governmental DEIs do not aim at making a profit, while social organizations provide compensable and professional service for diasporas members and domestic firms. Quasi-governmental DEIs are committed to creating more social benefits through market-oriented mechanisms. With the relationship and network between the home government and diaspora members, quasi-governmental DEIs in emigrant communities is greater than that of the other two types of institutions. .Therefore, the

author argues that the quasi-governmental DEIs provide “package services” for domestic enterprises due to their more access to official and social network resources, as well as the unique approach of knowledge transfer. Therefore, compared with governmental and social organizational institutions, quasi-governmental DEIs effectively improve the performance of homeland enterprises.

2. How do DEIs enhance the resource bridging capability of home firms in emerging market?

Resource bridging capability includes acquiring and integrating resources and plays an essential role in international expansion of enterprises, especially for emerging markets firms. EMNEs cannot possess all the necessary resources in the context of international expansion. Due to the inadequate institutional facilities, differences across countries in languages, cultural understanding, legal regulations, etc., firms in emerging markets must obtain and integrate the key resources. More specifically, resource bridging capability helps enterprises obtain financial loans, tax incentives, land, electricity, human resources, and government approval, and other resources needed in international business, which is conducive to promoting the internationalization process. In the case study, Zhongding Dairy Farming and Angel yeast obtained great assistance from DEIs in the process of choosing the right factory address. The author argues that the **valid factory address** reflects the entrepreneur's consideration in logistics, political risk, tax policy and other aspects. The reasonable factory address will help enterprises reduce unnecessary costs and enhance their efficiency in the long run, which will be conducive to their international performance. **Available human resource** and **effectively utilizing talents** are also can be regarded as essential dynamic capability that DEIs can provide to EMNEs. In Greenwood's case, the chamber of Commerce has provided a significant numbers of Chinese diasporan talents for the trade center. Zhongding Dairy Farming encountered obstacles in the transportation of animal husbandry products due to the trade policies between the two countries. ECOERC also actively promotes the animal Husbandry

agreement between the two states. The agreement on China's dairy export and Russia's milk import trade between the two states has brought great policy support to Zhongding Dairy Farming. Therefore **government approval** influence significantly on the internationalization performance of EMNEs.

The networks of DEIs influence the resource bridging capabilities of EMNEs in different ways. The respondents agree that the political and business network of DEIs positively enhances the resource bridging capabilities of EMNEs; However, different DEIs have various approaches achieve the goal. The table 6 summarizes the approaches in which the DEIs transfer their networks to homeland corporates. Quasi-governmental DEIs usually have more access to political and commercial resources. Through the construction or promotion of industrial parks' related projects, quasi-governmental DEIs provide settled enterprises with "package services" such as registration, legal support, marketing planning, finance trust, customs clearance, and logistics. These services can effectively reduce the cost and expenditure of enterprises in the process of internationalization. These services are considered to effectively reduce the cost of enterprises in internationalization, according to interviewees.

Table 6: Different transferred approaches of DEIs' networks and knowledge

	Political networks	Business social networks
ECOERC	Exhibitions; Seminars; Forum	Exhibitions; Seminars; Forums
China General Chamber of Commerce in Russia	Provide “package services” service to EMNEs via industrial park; Exhibitions; Forums; Member enterprises.	
Russia-China Investment Fund	Provide “package services” to EMNEs via industrial park;	

CCPIT	Exhibitions,; Seminars; Forums	Exhibitions,; Seminars; Forums
China-Russia young entrepreneurs Association	Exhibitions; Seminars; Forums	Exhibitions; Seminars; Forums

3. How do DEIs enhance the adaptive capabilities of home firms in emerging markets?

Adaptive capability refers to responding to market changes timely and effectively and maintaining competitiveness in market competition. The adaptive capabilities of an enterprise are embodied in many aspects. For instance, **putting new ideas into practice timely and quickly; improving existing products and services to meet changing customer demands; improving the characteristics of existing products to explore new markets actively; upgrading products quickly and effectively.** The stronger the adaptability of enterprises means that firms can grasp market opportunities more efficiently in overseas practice, understand local consumer preferences more accurately, and adapt to overseas market competition more quickly. Consequently, EMNEs are more likely to ensure the sustainable development of international business. In the case study, Greenwood international trade center can be seen as the response of Chinese enterprises to adapt to Russia's domestic policy changes.

Knowledge is divided into two types: **1) tacit and 2) explicit knowledge.** Explicit knowledge is more tangible. Tacit knowledge is personal, and it is transferred through **mentoring, teamwork, chat rooms, personal intranets, and opportunities for face-to-face conversations** such as **group dialogue** or **personal reflections** on

experiences and lessons learned. DEIs usually put explicit knowledge on their official website, such as trade policies, business opportunities and Russian market research reports, etc.

Respondents believe that obtaining explicit and tacit knowledge from DEIs and market changes timely and effectively are conducive to improving the adaptive capabilities of EMNEs in foreign market. In the case study, DEIs are committed to organizing and coordinating Chinese enterprises to participate in the exhibition, seminars, and forums with the Russian Ministry of the interior, the Customs Department, the tax bureau, and local enterprises regularly. In order to have a better understanding of Russian culture, the General Chamber of Commerce of China held seminars for Chinese employees in Greenwood. Angel yeast accepted CCPIT's proposal and chose the strategy of "market first, factory behind". This is based on CCPIT's existing knowledge consideration of the current market situation in Russia. This knowledge ultimately promotes the growth of the overseas performance of the case companies.

It should be noted that knowledge transfer from origins to other departments or organizations include two dimensions: transfer and absorption. The process of knowledge transfer can be regarded as successful only if the absorber really learns to master and use knowledge. From the perspective of dynamic capability, knowledge is a static resource, and how to use knowledge and generate new value is the embodiment of DCs. Therefore, we add two other indicators to detect the process of knowledge absorption, which are: 3) enough time for employees to participate in knowledge transfer and make changes; 4) employees have enough opportunities to apply their new knowledge. According to the interviewees with EMNEs' managers, their employees usually have enough time and opportunities to use and apply the knowledge transferred by DEIs. However it takes time to create new value by using the knowledge. For example, it took human resources executives at Greenwood international trade center two to three years to establish a management model which is

suitable for Russian employees. Although they already knew that there were huge cultural differences between the two countries.

4.4 Validation and limitations

The empirical results reported herein should be considered in the light of some limitations. The main limitation of the study is the specificity and therefore possible bias of the sample studied. Our main research objects are five Chinese DEIs which located in Russia. We use Chinese DEIs institutions as the research object, mainly because quite amount of the policies which have become standard elements of the Diaspora option are selectively based upon the immigration policies formulated by China in the 1980s. China has a relatively complete management system of DEIs. From the central to the local levels, there is a sophisticated and integrated set of institutional mechanisms. A number of integrated policy mechanisms at the central and local levels play a role in the transnational field, linking domestic and foreign affairs. Despite these DEIs, which are widely regarded as successful in how to "tapping" overseas Chinese diasporas members' resources, many countries may not be able to replicate this system, which will affects the generalizability of research results. The sample studied was also relatively small as it only consisted of five DEIs. However, given the similarities of the service observed between these DEIs, and taking into account other information provided by SEMs which have corporated with DEIs, the results can be considered as valid for most similar institutions. In addition the research concerning dynamic capabilities theory should be documented in a longer time frame. Due to the deadline for the paper, we believe that the results of the study have been negatively affected by time constraints to some extent. In the future research, quantitative methodology would be applied to the research in order to have a more precise estimate within a large sample size.

4.5 Research implications

Managerial contributions

The first aim of the study is to help managers understand the cooperation mode between DEIs and EMNEs. DEIs can be regarded as the center of enterprises' consultation and support which are leveraging their localized social and business networks and linking them to domestic firms. However the service and cooperation mode provided by DEIs is related to their characteristics and scale. Therefore, it is necessary to specify the content and process of the networks and knowledge transferred by various DEIs, as it is meaningful for EMNEs to balance costs and benefits. This paper provides a comparison on how EMNEs engage with different DEIs in the process of internationalization. More specifically, this paper introduces the different transferred approaches of networks and knowledge from DEIs. These knowledge and networks are beneficial for EMNEs to enhance their dynamic capabilities in emerging markets, so as to achieve the goal of internationalization. The author argues that the quasi-governmental DEIs provide "package services" for domestic enterprises due to their more access to official and social network resources, as well as the unique approach of knowledge transfer. Therefore, compared with governmental and social organizational institutions, quasi-governmental DEIs effectively improve the performance of homeland enterprises.

Contributions for policymakers

This paper provides a comparison on how the three types of institutions engage with domestic SEMs in the process of internationalization. Despite all the DEIs can be regarded as the center of enterprises' consultation and support which are leveraging their localized social and business networks and linking them to domestic public and private initiatives, these institutions tend to cooperate with large scale companies, especially with listed companies and state-owned enterprises. Due to the limited number of DEIs in the host country, small and medium-sized(SEM) enterprises seem to be ignored by these institutions. SEMs tend to cooperate with consulting companies

in the market to reduce their entry costs. how to radiate the resources of government agencies to SMEs is worth considering for policymakers. Therefore, policymakers have to oblige DEIs to facilitate the international expansion of more SEMs.

Theoretical contributions

In most of the existing literature, DEIs are defined as official institutions which include only formally named, funded, and staffed offices within the executive and legislative branches of national governments(Gamlen 2014a, 182, Gamlen, Michael & Paul 2019,Cummings, Michael 2019). However, this definition ignores the activities and contributions of quasi-governmental and social-organizational DEIs in the countries of destinations. The author summarizes and divides DEIs into the following three types: governmental DEIs, quasi-governmental DEIs and ocial-organizational DEIs. Furthermore the existing studies on DEIs mainly focus on how to use immigration resources from the perspective of home country. Only a handful examine the influence of diaspora in a host country on the inward investment patterns of firms from countries of origin(Shukla, Pallavi & Cantwell, John.,2018). This papaer investigates how DEIs influence the internationalization of home firms in the host countr, which fills an important gap in the existing literature.

Conclusion

This study aims to contribute to understanding how homelan firms engage with DEIs in emerging markets. DEIs can be regarded as consultation and support centers which are leveraging their localized networks and knowledge and linking them to domestic public and private initiatives. The author summarizes and divides DEIs into the following three types: 1.) Governmental DEIs; 2.)Quasi-governmental DEIs; 3.)Social-organizational DEIs. The author introduces the **dynamic capability** theory in this research to investage how the essential capabilities gained from DEIs influence home firms' internationalization. The data is based on in-depth interviews with

experts who work in **five Chinese DEIs** oriented in Russia. The author also selected **four companies** that have cooperated with the target DEIs and study their cooperation mode. This study helped draw more general advice for managers to cooperate with DEIs. The study also contributes to the current literature on the topic of DEI, as it is a significant way with which diasporas members can provide their support is understudied.

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Appendix 1. A summary information of Chinese immigrations in Russia in 2019

Figure 2 Indicators of foreign immigration in the Russian Federation from Jun. to Dec. in 2019 (Before the pandemic)												
	Number of invitations	Number of visas issued	Actual number of foreign citizens and stateless persons registered for migration	Immigration Statistics							Actual number of foreign citizens and stateless persons removed	
				Have a place of residence	Home ownership	In which						
						Subtotal	According to the purpose of entry					
							Tourism	Study	Work	Private issues		Other
Total	506451	348458	19518304	567300	18951004	13863521	4187536	681832	5478249	2524118	991786	16547999
Chinese	92059	92737	2318094	3730	2314364	2235884	1780980	95784	140084	29292	189744	2225847
Proportion (%)	18.18	26.61	11.88	0.66	12.21	16.13	42.53	14.05	2.56	1.16	19.13	13.45

Source: «ОТДЕЛЬНЫЕ ПОКАЗАТЕЛИ МИГРАЦИОННОЙ СИТУАЦИИ В РОССИЙСКОЙ ФЕДЕРАЦИИ 2019» «Partial indicators of the immigration status in Russian Federation in 2019», official website of the Ministry of interior of Russia: <https://www.mvd.ru>, accessed 26 March 2021