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FACULTY OF BUSINESS ECONOMICS
Master of Management

Masterproef

Overseas business incubators - a new form of FDI from emerging countries
A case study on Belgium-based Chinese business incubators

Promotor :
Prof. dr. Pieter PAUWELS

Yang Jiao

Master Thesis nominated to obtain the degree of Master of Management

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Master of IMS

JIAO Yang

1132175

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PREFACE

This master's thesis is the final part to complete my Master's programme in International Marketing Strategy (IMS) at the University of Hasselt in Belgium. The thesis comprises of one term's workload during the second term of 2012-2013. It was my final chance to gain more in-depth knowledge about a business-related subject. I chose the phenomenon of Foreign Direct Investment from emerging countries as my thesis' subject. Since overseas-based business incubators are a new form of the reverse FDI phenomenon, I was immediately attracted to this topic.

Generally speaking, this thesis provides me with an opportunity to get a deep insight into the phenomenon of FDI from emerging countries which can be helpful in the real world. With the cooperation of companies such as Wuhan Eastlake Hi-tech Innovation Center (Wuhan International Business Incubator), Aigo Entrepreneur Alliance and Wallonia Foreign Trade and Investment Agency, this study explains the important role of Belgium-based business incubators from China, which is a new form of FDI from emerging countries, through the case study method. I learned a lot while completing this thesis.

The realisation of this master thesis required a lot of effort and dedication not only from the authors, but also from everyone near to them. Therefore, I would like to say a few words of thanks to all the people who gave me the support which I needed to finish the thesis.

First and foremost, a special 'thank you' goes to my promoters, Prof. Dr. Piet Pauwels and Dr. Jingshu Du, whose advice, patience, motivation and constructive feedback has helped to raise the standard of this thesis to its present level. I also would like to express my appreciation to Mr. Gong, Mr. Wang, Ms. Zhu, Ms. Li and Mr. Wei who kindly accepted intensive interviews with me. Last but not least, I am indebted to my friends and family as well for their unflagging moral support while writing my Master's thesis.

Thank you.

Jiao Yang

SUMMARY

In recent years, an impressive trend of Outward Foreign Direct Investment (OFDI) from emerging countries, especially from China, has been increasing rapidly. This phenomenon attracts me a lot. At the present stage, FDI from China shows some differences in investment mode and purpose, which aims to improve the overall level of Chinese enterprises' scientific and technological ability and international competitiveness. As a special form of investment, overseas-based business incubators capture our attention. In this thesis, by using the case study method, I aim to discover the main role of this new form of FDI, overseas-based business incubators from China, and to find out if it supports or even affects Chinese enterprises' internationalisation.

This thesis is comprised of an introduction, literature review, cases analysis and conclusion regarding the special phenomenon of reverse FDI; overseas-based business incubators from China. Firstly, research questions and methods are introduced. In the second part, for further understanding the field of FDI from emerging countries, research on FDI from both developed and developing countries in terms of theories and motives is reviewed. Meanwhile, for gaining insight into a specific manifestation of reverse FDI, chapter 3 reviews literature in a special field — the incubation industry. In the third part, for analysing the real role of overseas-based business incubators, a case study on “Aigo Entrepreneur Alliance” and the future “Sino-Belgium Technology Center (SBTC)” is applied. The study shows three cases from each of these two projects. In consideration of the fact that there is no case in the project “Sino-Belgium Technology Center” which will not be completed until 2015, three cases are collected from “China Welcome Office” which is the origin of SBTC. By interviewing with the directors and managers of Belgium-based business incubators, the main drivers of Chinese incubators going into Belgium are detected. Furthermore, through analysing six cases the relationship between Belgium-based business incubators and Chinese enterprises which are launching or launched in Belgium through these overseas platforms is explored. Next, some conclusions and lessons are drawn from aspects of business incubators, enterprises and macro environments. Lastly, several research limitations which are expected to be overcome in the future research are pointed out.

Combining literature review with cases analyse, in many motives of FDI, I find that the Aigo Entrepreneur Alliance is more inclined to seeking broader markets, and the Sino-Belgium Technology Center is more inclined to seeking advanced technology, which indicates that because of different major objectives and target groups the motives of each overseas business incubator may have different emphasizes. Furthermore, in line with current contributions, it occurs to me that overseas-based business incubators work as an integration of networks and cross-culture bridges, which indeed support and accelerate the internationalisation of Chinese enterprises. However, the real role of these overseas platforms in the process of enterprises' internationalisation is ultimately determined by each enterprise's comprehensive competence and development strategy. To be Specific, overseas business incubators are more likely to affect small and medium sized enterprises' internationalisation, whereas they are more likely to just assist large-sized enterprises or those enterprises with rich experience in international business or/and with steady market bases. Meanwhile, some implications are obtained. From the Chinese enterprises' perspective, FDI should be based on the current market demands, but not follow the trend blindly. From the countries' perspective, FDI with good management can bring benefits to both countries which aim to share valuable resources (whether science and technology, or huge markets) and to achieve the "win-win" situation finally. Besides, cultural differences should be paid attention during the whole process of the firms' internationalisation.

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Part 1: **PROBLEM DEFINITION AND METHODOLOGY**

CHAPTER 1: INTRODUCTION

1.1. BACKGROUND OF RESEARCH AREA

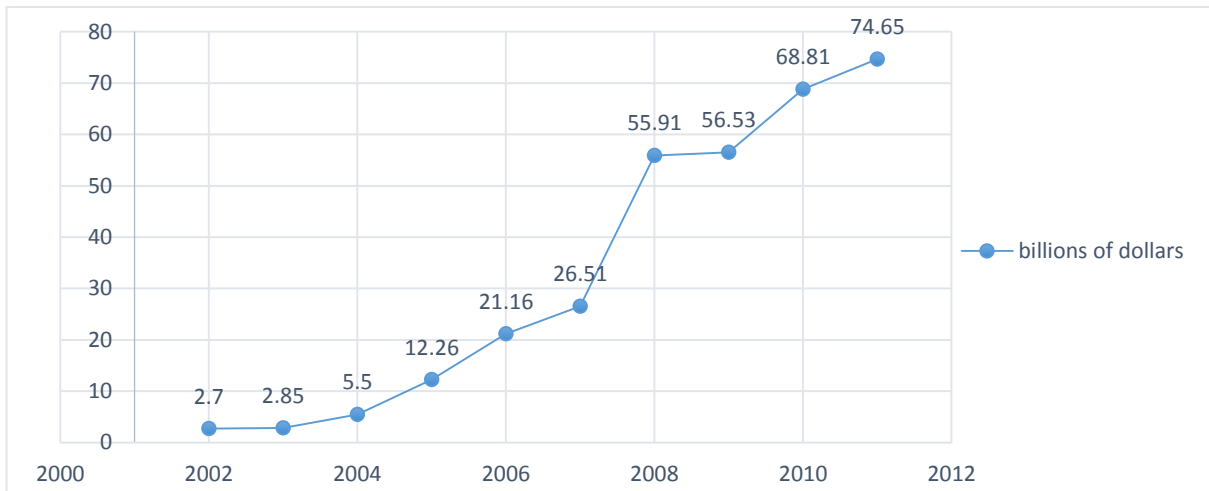
Foreign direct investment (FDI) used to be assumed as investment flows from more industrialised/ advanced countries to less industrialised/ advanced ones. According to the World Investment Report 2005, more than 90 percent of outward FDI was flowing originally from developed countries until the 1980s. However, in recent decades, an interesting phenomenon has appeared around the world, which is the reverse flow of FDI (“reverse FDI” for short) from emerging countries to the developed and/or other emerging countries. This “reverse FDI” is a relatively new phenomenon, but it can be seen as a logical sustainable development of globalisation which has been going on since the late 19th century, interrupted temporarily by the First and Second World Wars and the Great Depression of the 1930s.

As the first Asian country to experience reverse FDI, Japan brought out modern industrialisation as well as realized rapid and sustained economic growth, meanwhile it spent only two decades recovering the aftermath of the Second World War. In the beginning, Japan’s foreign direct investment continuously flowed into nearby countries like Hong Kong, South Korea, Taiwan and Singapore, and later on flowed into other Southeast Asian countries who were in the process of rapid industrialisation. During the period of 1980s-1990s, the overseas expansion of Japan was replicated by some other Asian countries. Currently, more rapidly industrialising economies in Asia, such as Thailand, Malaysia, China and India have kept their paces and are affecting the worldwide investment structure.

An impressively trend of the rapid increasing of outward foreign direct investment from emerging economics in these years attracts our attention. Specifically, the rise of China's outward FDI was witnessed. Chinese globalisation is partly contributed by the Chinese government’s “going out” strategy since 1999, which encourages Chinese Science & Technology intensive firms, especially the successful ones to go global for upgrading the technology and building international brands (OECD, 2008). Figure 1 below shows a rapid increase of outward FDI over the last nine years in China. Remarkably, the outflows of FDI is \$25.3 billion in 2008; a 25.3% increase since 2007. The World Investment Report

2011 shows that China ranked 6th among all economies in terms of outward FDI flows behind United States, France, Germany, Hong Kong and Japan.

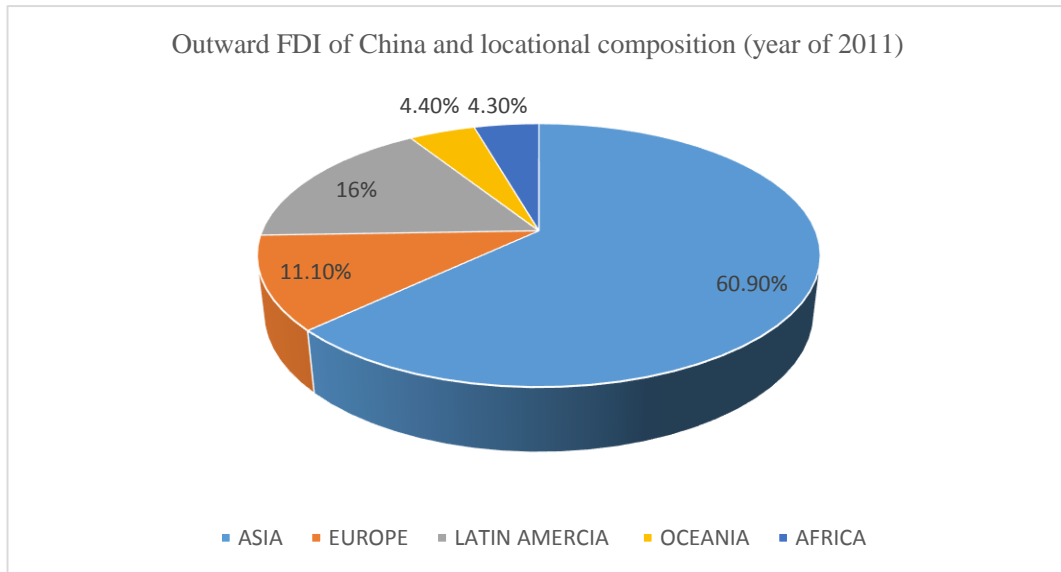
Figure 1-1 China's outward FDI flows from 2002 to 2011



Source: 2011 statistical bulletin of China's outward FDI

Meanwhile, we notice that the amounts of emerging countries' FDI flowing to developed countries keep incessantly growing. Here, we take outward FDI from China to Europe as an example. As shown in Figure 2, in 2011 the outward FDI of China flows 11.1% to Europe, which is the third biggest target region of Chinese outward FDI, with a 22.1% increase since 2010. More specifically, there are 7.56 billions of dollars being invested from China to the European Union, with year-on-year growth of 26.8%. Furthermore, the 2011 statistical bulletin of China's outward FDI shows that the year-on-year growth of FDI in the commercial service industry reached 183% which we may associate with an emerging industry in China — business incubators (also called “high technology innovation centres”).

Figure 1-2 outward FDI of China and locational composition in 2011



Source: 2011 statistical bulletin of China's outward FDI

1.2. OBJECTIVES

The internationalisation of enterprises from developing countries via outward FDI has provoked wide concern from business organisations, policy makers, the international communities and academic circles. Traditional theories on Foreign Direct Investment (FDI) mostly emphasise the unique advantages of large transnational corporations on leveraging a strong technology base in their home countries and benefiting from investments in low labour costs in (usually less advanced) overseas countries (Kuemmerle, 1999). These theories satisfactorily explain the drivers and success factors of large firms (usually from developed countries) conducting FDI in developing countries. However, as most of the existing FDI theories are derived from research on developed countries investing in less advanced countries (De Mello, 1997), they may not be appropriately applied to this new phenomenon of FDI conducted by enterprises from emerging countries into more developed countries.

This thesis will provide readers with explanations for the increasing investment from emerging countries through the analysis of two cases study. The key purpose of the thesis is to identify potential drivers of

reverse FDI and the role of overseas business incubators, which are the specific expression of reverse FDI in the process of enterprises' internationalisation from emerging economies. To clearly understand reverse FDI, this thesis takes the Aigo Entrepreneur Alliance and the Sino-Belgium Technology Center, which are large-scale investments from China into Belgium, as examples.

Generally speaking, this thesis aims to:

- ❖ Gain deep insights into this new type of “reverse FDI” by analysing the underlying drivers and activities, as well as the real causes of overseas hi-tech business incubators from China.
- ❖ Build a rich description of a business incubator in the context of FDI.
- ❖ Explore to what extent an overseas business incubator supports the internationalisation of enterprises from China, thus to enable more emerging countries and SMEs from emerging countries to gain better understanding of this new pattern of FDI – the overseas business incubator.
- ❖ Extend the research field of business incubators with new perspectives. So far, few studies have examined the relationship between international business incubators and the tenants' development in the context of a foreign environment. In other words, most of the studies in this field have simply focused on the problems inside the business incubators, and dealt with incubators in a confined area.

1.3 RESEARCH PROBLEM DEFINITION

To find out what benefits emerging countries may derive from overseas business incubators in the context of reverse FDI and explore the relationship between overseas business incubators and incubatees' internationalisation, the following research questions have been developed.

1.3.1 Central research question

As known from past studies, business incubators provide start-ups with official spaces, shared facilities, and various kinds of supporting services in order to increase incubatees' success rate. Then considering the difficulties of SMEs' internationalisation, we may want to know the main purpose of setting up business incubators overseas and the benefits which are brought to those SMEs from this kind of reverse FDI. Based on the above train of thought, the general question below is suitable to be the central research question:

- ❖ What is the role of an overseas (Belgium-based) business incubator established by Chinese investors in the process of Chinese enterprises' internationalisation?

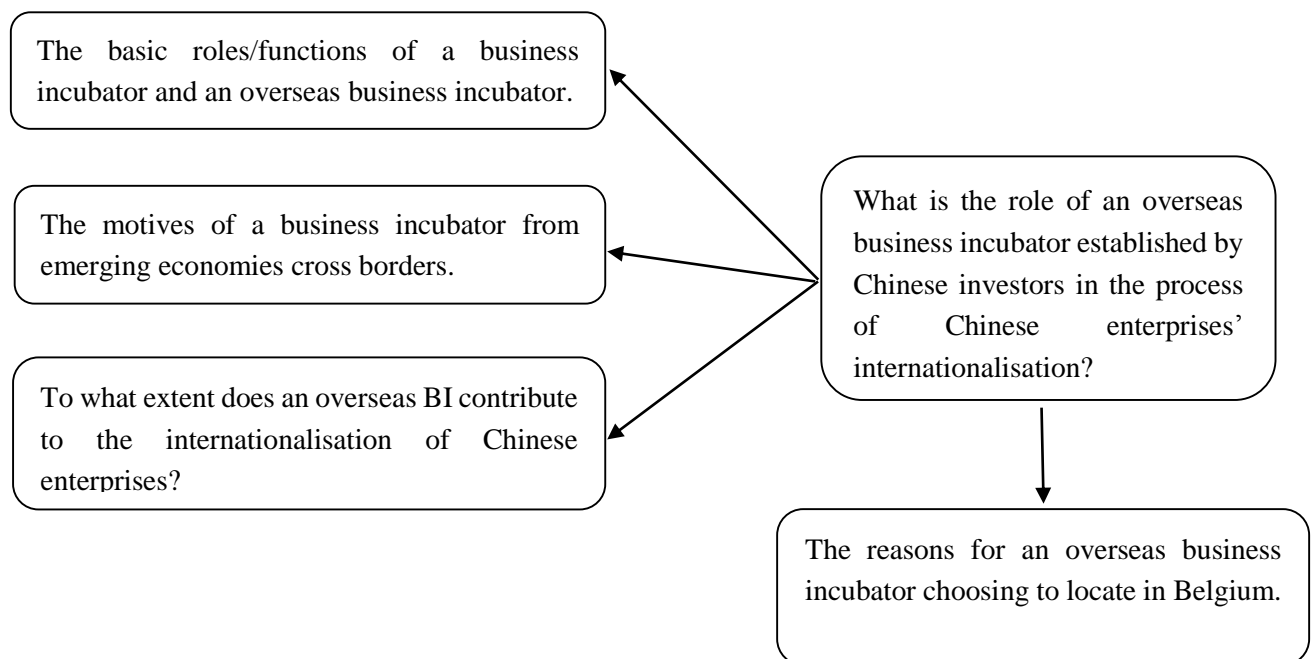
1.3.2 Sub-Research Questions

In order to answer the central research question comprehensively, the following four sub-research questions are settled:

- What are the basic functions of a business incubator and an overseas business incubator?
- Why does a business incubator from emerging economies cross borders?
- To what extent does an overseas BI contribute to the internationalisation of Chinese enterprises?
- Why does an overseas business incubator choose to locate in Belgium?

The thesis will explore the main research question in terms of functions, motives and operational modes of overseas business incubators introduced as one typical reverse FDI from emerging countries from the perspectives of both business incubators and incubatees, or firms who are interested in going abroad via overseas business incubators. Furthermore, as an additional point, the reasons for Chinese business incubators investing in Belgium will be explored.

Figure 1-3 Research questions



1.4 RESEARCH METHOD

Based on the research questions mentioned above, this study draws on qualitative research, which is effective when the research field is broad and complex, and the context is important ((Dul and Hak, 2008; Yin, 1990). Qualitative research is especially useful in a relatively new research area. As we know, most researches on incubators are confined to those which are located in home countries, but little research has been done on those which are located in foreign markets, which means that the overseas business incubator is a totally new research topic. Thus, this research method is typically used to address “how” and “why” questions. In this paper, two of the research questions are represented by “why” questions. Therefore, qualitative research is highly appropriate for addressing my topic.

This research project employs a literature review, case study and in-depth interview methodology, and combines primary data and secondary data together for improving reliability and validity. We are going to gather primary data from the interview with multiple respondent groups which include incubator managers and incubatees, and collect secondary data from various sources, like internal incubator documents; incubator and tenant brochures; websites: sciencedirect.com, ebsco.com with key words: business incubator, role, internationalisation, performance.

❖ Case study

The case study method is particularly appropriate for the research in new areas with a focus on “how” or “why” questions (Eisenhardt, 1989). Two of the research questions are represented by “why” questions, and the research focusing on overseas business incubators is a relatively new field; thus, the case study will be helpful to achieve deeper understandings on the relationship between an overseas incubator from emerging countries and incubatees in these overseas platforms in a real-world context. To be more specific, in this paper, I chose “Aigo Entrepreneur Alliance” and “Sino-Belgium technology center” as the real context and took some incubatees as multi-cases. By analysing these cases, the answers to the research questions will be explored.

❖ In-depth interview

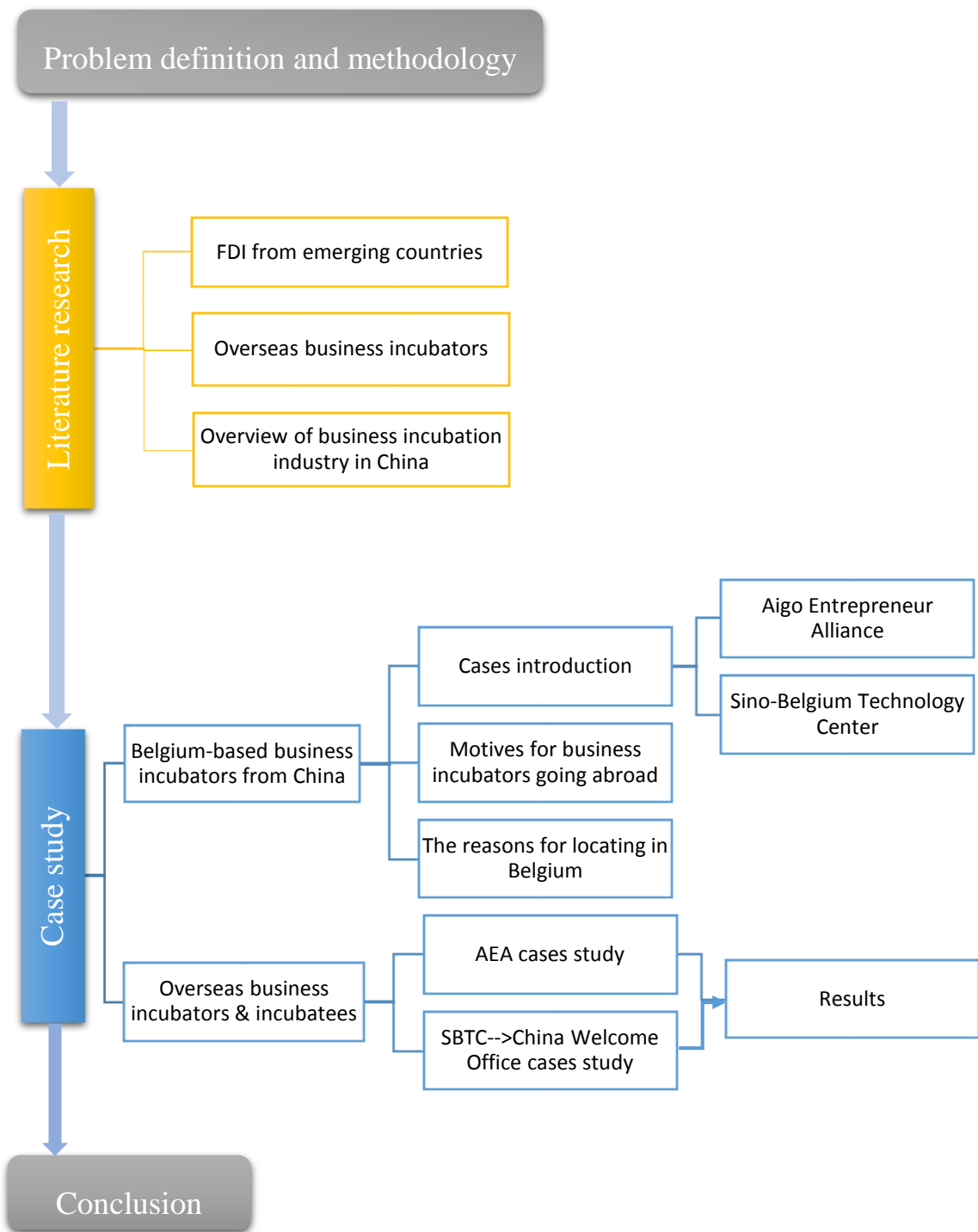
We aim to deeply understand the critical role of the overseas business incubator and how it supports/affects incubatees, so in-depth interview may provide us with heterogeneous respondents in an appropriate sampling frame, bringing us an attractive perspective, fresh insights and new connections among ideas and helping us to uncover greater understanding of overseas business incubators in a holistic view. In consideration of convenience and feasibility, face-to-face and telephone interviews are utilised.

1.3. STRUCTURE OF THESIS

Following the research questions, the thesis framework is established as below.

The first part of this research is the general introduction of the thesis' objectives, research questions and research method. In the second part, literature related to both FDI from emerging economies and business incubators is studied. Next, the third part, through analysing the real-life cases of overseas business incubators from China, aims to explore the critical role played by this kind of overseas business incubator. In the last part, conclusions and lessons learned will be summarised from the results of both the literature review and case studies.

Figure 1-4 Thesis structure



PART 2: LITERATURE REVIEW

As mentioned before, the main purpose of this thesis is to get a deep insight into the outward FDI from emerging countries, and to understand the motivations, roles and operations of this kind of reverse-FDI by analysing special cases of China's outward FDI in Belgium. Thus, this paper reviews the literature on FDI from both developed and emerging countries, as well as the research on business incubators.

CHAPTER 2: FDI FROM DEVELOPING COUNTRIES

2.1 FDI FROM DEVELOPED COUNTRIES

2.1.1 Theories review

Before the First World War, some major countries like United Kingdom, Germany and United States of America had completed the industrial revolution and started the foreign direct investment. During the First and Second World War, the growth of FDI changed slowly, and did not receive enough attention. By the 1960s, theories for explaining the phenomenon of FDI were really beginning. Research by scholars such as Hymer, Dunning, Johanson, Vahlen etc. made a great contribution to the development of FDI theories.

❖ Monopolistic advantage theory

This was presented by Hymer in 1960 to explain why firms can compete in foreign settings against indigenous competitors. Based on empirical analysis of America's FDI during 1914-1956, Hymer points out that transnational enterprises can utilise advantages of scale economy, know-how, differences, branding etc. to offset disadvantages when staying in host countries, thereby reducing investment risks and enhancing market monopoly.

❖ Eclectic theory

The most comprehensive economic theory of the determinants of FDI should be the "eclectic" or OLI framework developed by John Dunning in the late 1970s (Dunning, 1977). As said by Dunning, FDI arises due to three sources: ownership (O), location (L), and internalisation (I) advantages which are prerequisites for enterprises to take part in international production. The major advantage of this framework is the integration of both the dimension that focus on the country-specific advantages and the dimension that considers the firm-specific advantages. Although the OLI theory explains FDI mostly from developed into developing countries, it may not interpret FDI from emerging economies exhaustively.

2.1.2 Mainstream theories on drivers of outward FDI

Tatoglu and Glaister (1998) carried out a survey of 98 Western multinationals in Turkey and listed possible motives of FDI. The results show that the most important reasons for investment abroad are achieving opportunities of entering into new markets and going into the market faster. Possible motives of FDI are listed in the table below:

Table 2-1 Motives of Western multinationals investing in Turkey

Achieving opportunities of entering into new market	Getting faster returns on investment
Going into market faster	Suitable local policies
Scale economy	Avoiding knowledge attrition
Making full use of resources and capabilities	Lack of Intellectual Property protection
Close to inputs	Potential contradiction with representatives

Source: Tatoglu, E., & Glaister, K.W. (1998). Determinants of foreign direct investment in Turkey.

Makino (2004) researched the investment of Japanese firms into 140 foreign countries during 1991-1999 and compared the motives for FDI in developed and less developed countries. He states that being “close to host markets” is the key motive of FDI whether in developed or in less developed countries, and regarding the different points, the motives of being “close to cheap labour” and to “establish a production network” are more obvious when Japanese firms invest in less developed countries; whereas they invest in developed countries mainly for “R&D”, “information collection”, to “avoid exchange risk” and to “avoid trade friction”.

Table 2-2 Motives of Japanese firms’ FDI

Close to host markets	Close to cheap labour
R&D	Establish production network
Information collection	Close to natural resources
Avoid exchange risk	Establish regional headquarters
Avoid trade friction	Invited by foreign governments

Source: Makino, S., Beamish, P.W., Zhao, N.B. (2004). The characteristics and performance of Japanese FDI in less developed and developed countries.

Although the aforementioned scholars only point out various kinds of FDI motivations in detail without categorising them, those specific motives above contribute to the next typology of FDI.

It is worth noting that Dunning's typology of FDI (1993) is already widely accepted and used by the later research. In 1993, deriving from a combination of Behrman's classic typology (1972) of FDI and Dunning's OLI framework, Dunning classified the motives and purposes of multinationals' FDI into four general types.

1) Resource-seeking FDI

There are some multinational enterprises aiming to acquire the natural resources or raw materials located in host countries by foreign direct investment. The FDI's engaging in mining, logging and lumber, oil exploration, fisheries, etc. are examples of resource-seeking FDI's. To some extent, this "worldwide sourcing" helps enterprises from developed countries shore up their positions (Radice, 1975). In the present stage of globalisation, in order to pursue relatively low costs, many enterprises source labour, parts, etc. from developing countries.

2) Market-seeking FDI

In order to gain access to larger and/or rapidly growing markets, some enterprises tend to launch abroad and establish facilities in foreign countries. Take an emerging country--China as an example, the main reason of developed-country enterprises scrambling to enter into China should be to reach China's broad domestic market as well as its relatively low labour costs.

3) Efficiency-seeking FDI

There still are other reasons of enterprises doing foreign direct investment, like to save costs, to increase efficiency, etc. Some multinational enterprises outsource their standardised business, such as call centres, accounting, etc., which is a typical example of efficiency-seeking FDI.

4) Strategic/ capability-seeking FDI

In order to promote enterprises' own long-term strategic purposes, enterprises may carry out investments, alliances, mergers or acquisitions, which can be seen as strategic/ capability-seeking FDI. This kind of FDI is often shown in the purchase of local leading enterprises in host markets. For instance, a firm cooperates with another firm located in the foreign market as a strategic alliance to carry out a mutually beneficial R&D project.

Research on "technology-seeking FDI" was developed from studying outward FDI from developed countries like Belgium America and Japan in 1990s, and mostly focused on technology spillover, technology diffusion and the relationship between FDI and technological development in host countries. This kind of research follows the line that multinational enterprises with advanced technology invest in other countries, and local firms with less advanced technology learn advanced technological skills from those multinationals through daily interactions; thereby, this kind of FDI contributes to the host countries' technological improvement. Although here "technological-seeking FDI" was not mentioned directly, this train of thought in the research lays the foundation for further study: if this kind of technology diffusion exists, why can't we achieve advanced technology actively? Namely, it is possible that technology-poor countries can learn and get advanced technology through FDI in technology-rich countries. Later on, with the rise of FDI from low-tech firms, more and more researchers realised the existence of so called "technology-seeking FDI" or "technology reverse spillover".

In the 1990s, there was a special phenomenon of FDI where investment flowed rapidly from emerging countries to developed countries, and at the same time, from traditional industries to high-tech industries. Researching this phenomenon, Cantwell and Tolentino (1990) developed the technological accumulation theory for developing countries, which indicates that one of the main motives for FDI from emerging countries is to obtain advanced technology from the host countries. Focusing on FDI from developing countries, this theory builds a dynamic framework between industrial upgrading and FDI construction. To be more specific, industrial upgrading represents the improvement of technology, and with the accumulation of technology, decisions on FDI will be impacted accordingly. This theory provides guidance to developing countries for upgrading their industries and improving competitiveness.

Kogut and Chang (1991) studied the activities of Japan's FDI to America, and supposed that the rapid development of Japan's technology had a close relationship with their investment in America. Basing this on Japan's FDI data during 1976-1987, they concluded that there was a positive correlation between Japan's FDI and America's R&D intensity and innovation frequency. Meanwhile, they explained that technology acquisition was a key motive for Japan's outward FDI in America and joint venture was an important means of acquiring Japan's technological improvement from American firms. It was the first time that the existence of "technology-seeking FDI" was proved by empirical analysis.

Soon afterwards, Teece (1992) did research into the phenomenon where a number of FDI's flowed into Silicon Valley (America), and stated that multinationals could obtain specific knowledge locally through information channels in the host countries. Next, following the thoughts of Kogut and Chang (1991), Yamawaki (1993) analysed the activities of Japanese firms entering into the American manufacturing industry. He examined related data of Japanese multinationals' subsidiaries in Europe and America and the results imply that Japanese firms can enter into the host markets by way of joint venture, even if those firms have low technology, and that kind of FDI generally aims to acquire local technology and other competitive advantages. Moreover, compared with Japan's FDI in Europe, their FDI in America shows stronger motives of obtaining technical advantages, which may be explained by a stronger intensity of American advanced technology.

From another aspect, some research on R&D internationalisation can prove the existence of "technology-seeking FDI" as well. One purpose for establishing an overseas R&D centre is to obtain knowledge from centres of excellence (Cantwell and Hodson, 1991). Besides, Serapio and Dalton (1999) point out that as to foreign R&D direct investment in America, home countries' firms use FDI to establish their own R&D centres or acquire established R&D centres in America directly for improving the parent firms' innovation capabilities. Kuemmerle (1990) also studied FDI concerning R&D, and through empirical analysis of R&D bases from 32 multinationals in 15 countries, he concluded that there are two main characteristics of FDI in R&D: one is that R&D bases have often been established near to Universities to easily access more R&D resources; the other is that R&D bases have been built in manufacturing places or close to markets to use conventional technologies. In 1999, Cantwell found an

interesting phenomenon; that the industrial distribution of American multinationals located in the UK has changed. In the past, American multinationals located in the UK concentrated on the industry of electronic equipment (in which American firms enjoy dominant technical advantages), but recently, they have gradually turned to chemistry and the pharmaceutical industry (in which UK firms have dominant technical advantages). This change shows that American firms aim to improve their technical advantages by learning relatively advanced technologies from the host countries. On a deeper level, it implies that the main function of multinationals' R&D centres has changed from technology transformation to the host countries to technology-seeking from the host countries.

Lichtenberg and Potterie (1996) view FDI as a new factor of technical diffusion, and classify it into two types, which are outward FDI and inward FDI. Outward FDI means FDI in technologically advanced countries to acquire advanced technology, which is an essential technology source. By statistically analysing FDI data in 11 countries, they noticed that in outward FDI technical diffusion is significant, but in inward FDI it is not. They then studied the effect of reverse technology spillover based on the related data from the UK manufacturing industry, and the results indicate that this kind of effect is restricted to industries with relatively high R&D intensity. In the meantime, they stated that the degree of industrial agglomeration impacts on the effect of reverse technology spillover, which implies that the higher the degree of industrial agglomeration, the more significant the effect of reverse technology spillover.

This typology of outward FDI has been adopted in some of the empirical studies on the host country determinants of Chinese FDI, which have mainly focused on the significance of Dunning's categories except for efficiency-seeking, which has so far been considered relatively unimportant for Chinese MNEs, because of the relatively low costs of labour and other inputs at home (UNCTAD, 2006).

2.2 FDI FROM DEVELOPING COUNTRIES

2.2.1 Theories review

Developing countries' FDI can be traced back to a century ago (Katz & Kosacoff, 1983). Nevertheless, before the 1970s, the share of reverse FDI was unnoticeable. The really impressive development of reverse FDI has taken place during the last thirty years. There was a rapid growth in shares of reverse outward FDI in the total FDI around the world in the 1990s, which reached about 15%, approximately three times more than that in the 1980s (UNCTAD, 1994-2000). Some East Asian countries and a small number of Latin American countries are the main portion of emerging countries with rapid growth of outflow FDI.

Generally speaking, outward FDI is an essential factor of industrialisation and catch-up of other countries. As to the emerging countries, outward FDI plays an important role in improving countries' global competitiveness by enlightening high-tech development, adjusting market competition and expanding international business communications (Dunning & Narula, 1996).

The research on FDI from emerging countries has developed since the late 1970s. In Lecraw's research in 1977, it was the first time that the topic of FDI from less advanced countries was studied as a research subject. In this paper, Lecraw ascertained the characteristics of enterprises established by foreign direct investment from emerging countries through a questionnaire survey. Subsequently, more and more researchers have paid attention to this subject. At present, the existing literature focuses on the motivations and the invested enterprises' operational mode, as well as explanations of FDI from emerging countries by analysing some specific cases of certain countries, and specific functional problems of enterprises.

Nevertheless, there is a lack of a theoretical framework which can generally illustrate FDI from emerging countries. But traditional FDI theory was used to learn about FDI from emerging economies. For instance, in 1983 Wells studied multinational enterprises from emerging countries in the light of eclectic paradigm (OLI)—ownership, location and international advantages (Dunning, 1988a; 1988b). Based on analysing some multinational enterprises from eight emerging countries, Wells (1985) states

that these multinational enterprises aim to combine the particular advantages of the host countries, which are similar in nature, but different in source to that of the multinational enterprises from advanced countries. More specifically, as to FDI from developed countries, the ownership advantages derive from leading edge technologies, advanced management skills and marketing; by contrast, regarding developing countries, the ownership advantages develop from technologies and management which meet the market and production needs of the host countries. In the literature concerned, there is a general agreement that FDI from emerging countries is more tend to be directed towards other emerging countries nearby. This FDI mode stems from the statement that FDI is based on the advantages of firms in home countries to offset disadvantages challenged by affiliates in foreign countries, and firms from emerging economies lack international competitiveness. Accordingly, when developing countries are planning FDI, it is more reasonable that they should choose to locate in countries with economic, cultural and geographic proximity to reduce the disadvantages. When investors from emerging countries have gained enough experience in doing overseas business and have reached some competitive advantages, investment will flow into more advanced countries on a larger scale (Dunning & Narula, 1996).

However, there still are some criticisms against using mainstream theories to explain FDI from developing countries. Yeung (1998) claims that the interpretation of reverse FDI in this way is misleading and not persuasive. As we know, these mainstream theories developed from the observations of British and American multinationals. While multinational enterprises from developed countries are seen as belonging to the arbitrary status of “mainstream”, those from developing countries are regarded as “unconventional”.

Actually this view is not groundless. As we known, the mainstream FDI theories were mostly based on the observation of FDI from the United States and United Kingdom after the Second World War. The outstanding features of both countries, such as their strong status as powerful multinational countries, made these theories less common.

2.2.2 Drivers of outward FDI from emerging countries

In recent years, although FDI from emerging economies have received more attention from scholars, the literature on “reverse-FDI” is still limited. Obviously, the enterprises from emerging economies do

not have the same monopolistic advantage as those from developed countries; therefore, those traditional FDI theories lack the evidence to explain the special drivers of reverse FDI.

Some scholars have researched the motivations of outward FDI from emerging economies. As mentioned before, Lecraw (1977) started the research on FDI from developing countries. He studied the motivations of FDI in Thailand by surveying approximately 200 multinational firms, and pointed out that motivations of FDI from less advanced countries are quite different from those from advanced countries: the main drivers of less developed countries' FDI in Thailand are spread investment risks and high rates of investment return. By contrast, those of developed countries' FDI tend to be frequently utilising high-tech production skills and making use of advanced marketing strategies. Table 2-3 lists the motivations of FDI in Thailand in detail with a rating from 1 (least important) to 10 (most important).

Table 2-3 Motives of FDI from Developed and Developing countries

Motives	Developed countries	Developing countries
Spread risks	1	7
High local rate of return	3	6
Capitalising high-tech production experience	8	1
Labour-intensive production	1	5
Having local partners	1	5
Utilising advanced marketing	7	1
Looking for broader market	2	6

Source: Lecraw, D. J. (1977). Outward Direct Investment by Indonesian Firms: Motivation and Effects.

Lecraw (1981, 1993) generalizes the characteristics and motivations of FDI from emerging countries. Through analysing a number of enterprises from developing countries, Wells (1983) points out that even though developing countries do not have the same monopolistic advantages as developed countries, they can utilise their specific advantages over countries with similar economic situations or less developing countries. In Wells' "small technology theory", he holds that multinationals from emerging countries

have three major aspects of comparative advantages: owning small-scale production technology which can meet the demands of small markets, having overseas production advantages when producing domestic products and their low pricing strategy.

Then, Hwuy-Chang Moon and Roehl (2001) present the imbalance theory and state that the purpose of developing countries investing into developed countries is to achieve complementary assets to their specific advantages.

Banga explains the phenomenon of FDI from emerging economies by empirical analysis based on three sets of drivers: capability-related drivers, trade-related drivers, and domestic drivers. From the panel data of 13 developing countries of South, East and South-East Asia during the period of 1980 to 2002, he identifies the drivers of outward FDI from those economies. The results show that with competent domestic investors, trade has greatly facilitated the outward FDI from developing economies. Moreover, push factors such as low availability of infrastructure, high labour costs, high tax rate and rigid laws contribute in driving outward FDI.

2.3 CONCLUSION

In order to comprehensively understand FDI from emerging countries, in this chapter the literature on FDI from both developed and developing countries are reviewed, from the aspects of related theories and drivers of FDI. As mentioned before, the behaviour of FDI originated from developed countries and theories of explaining FDI from developed countries can be traced back to 1960s; however, the research on FDI from developing countries has developed since the late 1970s. Hence, the degree of research on FDI from emerging economies is still lower than that of traditional FDI, and there is still the lack of a theoretical framework to extensively illustrate FDI from developing countries.

As known from mainstream FDI theories, one main desire of investing into foreign markets is to exploit existing unique advantages abroad and to improve international competition as one step of the enterprises' strategies. This indicates that the key points of traditional FDI theories tend to emphasise supplying various kinds of resources from FDI. Whereas, because there is a rare unique advantage in

enterprises from emerging countries under the developed economies' background, one main desire of firms in less developed countries investing into developed countries is to seek various kinds of resources which these firms lack, such as more valuable capability, technology, better brand image, broader market, etc.

Besides, although Dunning's typology FDI was derived from mainstream FDI theories, it covers a wide field of FDI drivers and it is even recapitulative and conclusive enough to explain the drivers of multinationals' FDI from emerging countries. This typology classified the motives and purposes of FDI into four general types, which are: resource-seeking, market-seeking, efficiency-seeking and capability-seeking FDI. When we review the research on drivers of reverse FDI, we find that the main motives of FDI from emerging countries are quite different from those of developed countries. However, the main motives of FDI, whether from developed countries or less developed countries, are covered by Dunning's four types of FDI.

According to Dunning's typology FDI with the cases "Aigo Entrepreneur Alliance" and "Sino-Belgium Technology Center", both of which are Belgium-based business incubators invested from China, market-seeking and technology-seeking should be the main types of FDI in these cases. As we know, both of these overseas business incubators are not for manufacturing enterprises. Moreover, in China there are much cheaper labour costs and more natural resources than in Europe. Thus, as to Chinese investors, it is possible to seek for broader markets and more advanced technologies/ capabilities. All in all, this is only the hypothesis based on the literature review in chapter two, and the real answer will be delivered in the case study.

CHAPTER 3: OVERSEAS BUSINESS INCUBATOR—A NEW FORM OF FDI FROM CHINA

3.1 INTRODUCTION

The first business incubator was established in Batavia (New York, US) in 1959 by Charles Mancuso who rented space in Batavia Industrial Centre for start-ups and guided their growth (Mancuso Business Development Group, 2006). The concept of “business incubator” was unique till the 1970s. Thereafter, business incubators have spread around the world (Albert and Gaynor, 2011).

28 years after the Batavia Industrial Centre was established, another American, Rustam Lalkaka, went to China and gave advice on establishing a business incubator in China in 1987. Soon, China built its first hi-tech business incubator — Wuhan Eastlake hi-tech innovation centre - in the same year. Since then, Chinese business incubators have developed quickly. Some statistics in 2006 displayed the amount of business incubators in North America was over 1600 and in China reached 548. As reported in the key targets of China’s 12th five-year plan (2011-2015), the total number of business incubators in China will reach over 1500, including more than 500 national business incubators.

With the development of business incubators, the internationalisation of business incubators becomes an irreversible trend, which is an interesting phenomenon attracting a lot of attention. Meanwhile, an increasing number of FDI from China flows into foreign countries for the further development of its international business incubators and overall competitiveness. As shown in the 2011 statistical bulletin report of China’s outward FDI, the year-on-year growth of FDI in the commercial service industry reached 183%. So far, there are nine international business incubators in China, and seven overseas technology incubators have been built in six countries.

3.2 BUSINESS INCUBATORS

3.2.1 Definitions

What is the business incubator? Many researchers hold different ideas. Until now, there has been no official definition for it. The most commonly-used definitions of business incubators in current studies are listed in the table below.

Table 3-1 Definitions of “business incubator”

Plosila & Allen (1985)	Business incubator should have four basic functions: network organisation, experience of real estate development and management, business service providers, and office facilities and incubating space.
Raymond W. Smilor (1987)	Business incubator is explained from the perspective of incubator systems’ commercialisation. It is an innovative system which aims at supporting the growth of new companies.
Carroll (1989)	Business incubator is the facility which provides spaces for rent with low cost, and whose managers stress maintaining and providing service channels for business development which are necessary for new companies.
Steffens (1992)	Business incubator is one tool to boost economic development, which creates new companies and increases their survival rates, provides start-up firms with spaces at low cost, shared devices, and group relations among entrepreneurs.
Monlar L. (1997)	Business incubator can be seen as the resources for helping firms’ growth, and supporting firms’ survival and success.

UNDP (United Nations Development Programme)	Business incubator is an institution which aims to create a sustainable environment to start-ups for training, supporting and developing some successful entrepreneurs and profit-making enterprises.
NBIA (1993)	Business incubator is a comprehensive business-assistance programme targeted to help start-up and early-stage firms, with the goal of improving their chances to grow into healthy, sustainable companies.
Ministry of science and technology China (2003)	Business incubator is produced by socialised division of labour and it is a socio-economic unit aimed at promoting and reaching industrialisation of high technology industry.

From the definitions above, we can find out some typical characteristics to explain the business incubator. Through providing start-ups a series of supports with respect to business resources and all-round services to accelerate their growth and success, the business incubator can be seen as an effective tool which can finally promote economic development. To be more specific, the business incubator is a place that entrepreneurs can be paid attention initiatively, and obtainable resources like right to use critical tools, information, education, contacts, and capital all can be afforded. A business incubator cannot work very well without any one of these components, which are: spaces and facilities, shared services, talents and the incubator's management group. Moreover, a well-structured incubator provides access to industry, potential investors and strategic partners, technological improvement, business resources and services, financial resources, R&D, technical recommendations, and marketing.

3.2.2 Types of Business Incubators

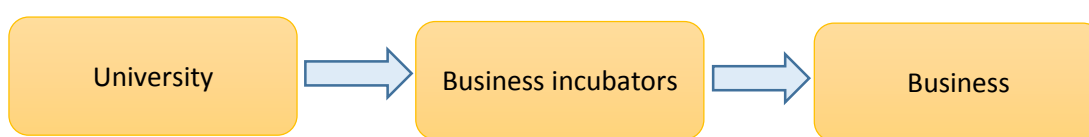
Based on primary financial sponsorship, business incubators can be classified into four types: publicly-sponsored, nonprofit-sponsored, university-sponsored and privately-sponsored business incubators (Kuratko and LaFollette, 1987; Temali and Campbell, 1984). In 1986, Brooks categorised business incubators in a different way. He divided incubators into two groups in the respect to the incubators'

business focus; one of which is property development business incubators and the other is business assistance business incubators. What's more, Plosila and Allen (1985) hold that according to types of incubatees, types of business incubators should be spin-off and start-up business incubators.

All in all, business incubators come in many forms. The following taxonomy of business incubators is used most widely.

- 1) Public incubators: These business incubators are established and sponsored by government and/or non-profit organisations, and the main objective of public incubators is to accelerate economic growth
- 2) Private incubators: Normally venture and seed capital investment groups, or companies and real estate development partnerships, who aim to seek for high return on investment, are the major investors of private incubators.
- 3) Academic-related incubators: This kind of business incubators has academic purposes and mainly focuses on faculty development.
- 4) Public/private incubators: This type of business incubators is jointly managed by the government and non-profit agencies, and government funding can be offered to support incubators' operation and incubatees' growth.

Table 3-2 Academic-related incubators



3.2.3 Objectives of business incubators

From the related literature, we find that the overall objective of establishing business incubators, no matter in which countries or regions, is to create employment opportunities, boost the local economy and facilitate technology commercialisation. However, because each country or region has its specific national conditions, there are still some differences in the purposes of business incubators among

different nations. In the form below, the main purposes and characteristics of business incubators from six different countries - USA, Japan, France, Germany, Israel and China - are listed.

Table 3-3 Main purposes and characteristics of six countries' business incubators

Country	Main Purpose	Main Characteristic
USA	Encourage establishment of start-ups, create employment opportunities and cultivate entrepreneurs.	There are a lot of incubator types. Profitable and business incubators are dominated mainly by government and communities, and then by multi-unities. Business incubators in US have relatively high survival and growth rates.
Japan	Accelerate the development of emerging industry, increase additional value of present industry, and promote commercialisation of technologies.	The concept of the business incubator is wider in Japan, which includes “science park”. Separating between ownership and management rights leads to low efficiency of business incubators in Japan.
France	Creating employment opportunities.	Most business incubators are established by urban councils or other institutions, and managed by non-profitable institutions which set the details about standards.
Germany	Support start-ups, new technology development and extension, technology transfer between universities and enterprises.	Business incubator provides offices for rent, requisite basic facilities and services, full-time management or part-time local government management, and cooperation between producing and researching.
Israel	Support start-ups, especially technological start-ups.	Non-profitable institution, which combines government fund assistance and incubation

		services with good incentive and constraint mechanisms.
China	Promote commercialisation of research findings, improve success rates of entrepreneurship, support high-tech SMEs' development and cultivate successful enterprises and entrepreneurs.	Business incubator decreases entrepreneurial risks and costs by providing high-tech SMEs physical spaces, basic facilities and a series of services support.

Source: Wang, B. X., & Liu, X. Y. (2006). Business incubators' operation and development. Beijing: China University of geosciences press.

According to the statistics from NBIA, business incubators' goals can be included as follows: Create local works (84%); foster entrepreneurial environment (77%); commercialise technology (54%); diversify local economies (48%); accelerate local industry growth (48%); keep firms in community (45%); encourage minority and/or female entrepreneurship (30%); increase revenue (28%); identify potential spin-ins or spin-outs (25%); generate benefits for sponsors (19%) and move people from welfare to work (8%).

Combining the definitions and the results of NBIA's survey, we learn that, regardless of the regions, the objectives of establishing business incubators can be generally categorized into the following three types: 1) To boost economic development and solve employment problems. For example, the first business incubator was built in US during a down economy. 2) To promote the commercialisation of research outputs and support high-tech SME development. For example; in China, normally a business incubator is called a high-tech business incubator and the main target group is high-tech SMEs. In Germany, one of the aims is to support new technology development, and technology transfer between universities and enterprises in order to commercialise the research findings. 3) Other possible purposes from the first two aims, such as to foster successful entrepreneurs, which is one of the key targets of business incubators in China and US.

3.3 OVERSEAS BUSINESS INCUBATORS

So far, research on overseas business incubators is limited, and no source provides a concrete definition of the concept of “overseas business incubators”. In this paper overseas business incubators are the overseas bases established by their parent business incubators from the home countries. Normally, overseas business incubators include domestic institutions, hi-tech enterprises, research centres with professional laboratories, product testing bases and other basic facilities and services to support incubatees’ growth. Because this thesis is based on the case from China, and as previously mentioned, in China business incubators are mainly for high technology enterprises, overseas business incubators mainly focus on high-tech ones.

In point of fact, although the concept of “overseas business incubators” is not really a new term, at least the concept of “business incubators” tells us a lot. As we know from the limited literature on overseas business incubators, they have almost identical components and functions to business incubators other than the macro environment in which they are based. For instance, overseas business incubators have to understand and follow the host countries’ related laws and regulations and the political and economic environment and respect cultural differences between the host and home countries. In other words, from the perspective of internationalisation, overseas business incubators can be seen as overseas subsidiaries of the parent business incubators.

3.4 THEORIES REVIEW

As an effective instrument of promoting knowledge transferred into commodities, business incubators are important in most countries around the world. With the rapid development of business incubators, more and more related research emerges. The research on business incubators mainly includes interdependent co-production modelling (Rice, 2002) and network theory (Nohria and Eccles, 1992) etc. In this thesis, considering the importance and usefulness of these theories, these two theories are introduced in detail.

3.4.1 **Interdependent co-production modelling**

In collaboration with the community in which it operates, a business incubator is a “producer” and the enterprises located in an incubator and operated in an interdependent co-production relationship with the incubator are “customers” of incubation outputs. Rice (2002) explicitly puts the cooperative relationship between incubator managers and incubatees in the interdependent co-production equation which was firstly developed by Parks et al. (1981). The equation describes the value-adding incubation process in the facts of co-creation, which suggests that the incubator manager must well allocate the time intensity of business assistance interventions, meanwhile incubatees must be adequately prepared to make use of the guidance and insights arising from the intervention. In summary, there are four factors which affect the output elasticity related to co-production inputs: The range of co-production; the readiness of talents to participate in co-production; the total time focused on co-production and the intensity of involvement in co-production by the incubator manager.

3.4.2 **Network theory**

Network theory (Nohria and Eccles, 1992) was utilized by Hansen et al. (2000) to claim that networked incubators operate the institutionalised processes in which knowledge can be carefully structured and transferred so as to create conditions that promote incubatees’ development and innovations’ commercialisation. Hansen et al. find that incubation success is greatly affected by the degree of enterprises’ capabilities, economy of scope and scale, and network design. Besides, the findings from Lichtenstein’s research (1992) that building the network relationship is the most essential value-added component of the incubation process again proves the importance of network design. Moreover, network theory addresses the discussion concerning the incubation process’s location instead of locating the incubation process either inside the incubator or in the local community, and states that this incubation process includes and more than an incubator. Therefore, network theory is indeed useful to be utilized in the incubation field.

3.5 CONCLUSION

There are several key findings related to studies theorising about the incubator-incubation concept. Firstly, in order to reduce ventures' failure rates in their early stages, incubators follow a systematic way to control resources and reduce costs. Secondly, incubators' functions should meet the needs of local ventures. Thirdly, the incubation process should be contributed by both the incubator manager and the incubatees. Fourthly, incubatees' success is affected by both the intensity of incubator manager's intervention, and the degree of adaptability between incubator manager and incubatees. Fifthly, knowledge transfers and network relationships increase the chance of incubatees' success.

Normally, business incubators aim to help native start-ups and early-stage firms grow into healthy, sustainable companies in the home countries. With some overseas business incubators invested by emerging countries coming to the fore all over the world, this new form of FDI attracts our attention. As an enterprise, a domestic business incubator from less developed countries invests in developed countries to establish an overseas-based business incubator and to incubate its own country's enterprises in a foreign environment. What are the motives of this form of FDI? Why does it invest in the form of an overseas business incubator?

As is known from the literature review on business incubators, the main purposes of a business incubator is to boost economic development, solve employment problems, promote the commercialisation of research outputs and support the enterprise's development. But all of these results seem to be more favourable to the country in which the business incubator is located. Then the question of "why does the firm invest in the form of an overseas business incubator?" is unresolved.

Actually, as we know from chapter 2, the general purposes of establishing overseas business incubators by Chinese investors may be market-seeking and capability/ advanced technology-seeking. From this train of thought, the home country (China) can benefit a lot from this form of investment; for example, by improving its overall scientific and technological level, by utilising the host country's valuable research outputs, and by increasing its own brand images.

Furthermore, to establish an overseas business incubator via foreign direct investment, both the home and host country's useful resources and markets can be utilised. At present, within business incubators,

the agglomeration of high quality entrepreneurs, ventures, venture capitals, entrepreneurial resources and the diversified development have been observed. International business incubators are now playing significant roles in attracting high-end talents, developing strategic emerging industries, improving regional innovation capacities, promoting the internationalisation of Science & Technology firms, and so on. Meanwhile, through building networks among incubatees (members), universities, domestic business incubators and overseas business incubators, all parties involved in this network will benefit, which is an efficient way to reach the goals and is indeed a worthwhile investment.

Besides, many home country enterprises which lack enough capability to go abroad can be well supported by an overseas business incubator established by the home country via foreign direct investment entering into the host country. Meanwhile, in the process of internationalisation, these enterprises crossing the border together and directly accessing the overseas business incubator will face a much lower investment risk, by getting to know the local market faster and by sharing valuable local information. All of these benefits brought by the overseas business incubator will contribute to well-developed multinationals in the future.

Whereas, to what extent does an overseas BI contribute to the internationalisation of Chinese enterprises? If there are no overseas-based business incubators, which means that these enterprises cannot receive any special treatment in the host country, these enterprises may not maintain their internationalisation but give up/ change their global strategy. In other words, overseas business incubators really affect the logic of these enterprises' internationalisation, which can be one research hypothesis of this thesis.

**PART 3: CASE STUDY—OVERSEAS BUSINESS INCUBATORS
FROM CHINA**

CHAPTER 4: CASE STUDY: CHINESE OVERSEAS BUSINESS INCUBATORS IN BELGIUM

4.1 CHINA'S OVERSEAS BUSINESS INCUBATOR INITIATIVE

The first overseas business incubator from China — US-China Science Park - was established in Maryland, USA in April, 2003. In the same year, another four overseas business incubators were launched successively in Singapore, UK and Russia. Then in the following October, one more overseas business incubator, China-Australia Technology Incubator, began operation in Brisbane. The next, China-Austria Technology Park in Vienna, was established in April 2006. As a matter of fact, in this fervour for building overseas technology parks, only a few of above-mentioned parks still operate as intended.

More recently, in 2011, Aigo Entrepreneurs Alliance, which is an unofficial organisation initiated by several Chinese private enterprises and aims at building overseas business incubators to support the internationalisation of Chinese leading brands, was established in Beijing. After visiting four European countries, in 2012 Belgium was selected as its first overseas accelerator office. In the same year, the first Silicon Valley incubator — InnoSpring, which was dedicated to the cultivation of the China-US cross-border development of startups by providing comprehensive incubation services - went into operation on 11th April, 2012.

Until now, the most recent one is the Sino-Belgium Technology Center (SBTC) in Brussels which is expected to open for business in 2015. As the parent incubator of this project, Wuhan East-Lack hi-tech innovation centre (Wuhan IBI) received a land transfer agreement from New Leuven University in April 2012, and since then the Sino-Belgium Technology Center abroad has taken another step forward.

The establishment of all these overseas business incubators displays the trait of the Chinese government's driving force. It is worth mentioning that Torch High Technology Industry Development Center (Torch Center), as an independent legal entity and subsidiary to the Ministry of Science and Technology (MoST), carries out the Torch Program which is a plan to improve China's hi-tech industries.

For improving the innovation environment, allocating science and technology resources, supporting technological innovation and transformation, promoting the integration of the economy with science and technology and strengthening regional innovation abilities, Torch Center facilitates and assists technology business incubators in different aspects such as funding and/or policies. The above-mentioned Chinese overseas business incubators are supported by MoST, except for Aigo Entrepreneurs Alliance which was initiated by private entrepreneurs and focuses on different industries, rather than technological ones.

According to the degree of government participation, these overseas technology incubators can be classified into the following three observable models:

- 1) Government facilitated incubators with public funding. Incubators under this arrangement are equipped with some quasigovernmental functions, such as coordinating and managing intergovernmental collaborative projects.
- 2) Private sector/ government partnership incubators. These incubators are initiated by either the central or local government, but are invested and managed by private companies as a commercial entity.
- 3) Non-public funding incubators. This kind of incubator does not have any public funding or governmental support, and operates completely as a commercial entity.

4.2 CHINA'S OVERSEAS BUSINESS INCUBATORS IN BELGIUM

4.2.1 Aigo Entrepreneurs Alliance (AEA)

On 29th of June, 2011, advocated by Feng Jun—the president of Aigo Digital Technology Co. Ltd, Aigo Entrepreneurs Alliance announced its opening in Beijing Diaoyutai statehouse. Based on the grand idea of “assisting one hundred Chinese leading enterprises entering the Fortune 500 companies list”, Aigo Entrepreneurs Alliance was founded by Feng Jun through the jointly cooperation of more than ten influential Chinese entrepreneurs who have influential reputations in their own industries. It is a platform for leading entrepreneurs, integrating high end and practical learning and commercial resources both

home and abroad, inviting all entrepreneurs, politicians, investors, bankers, scholars and others to participate fully in it. As a platform, AEA organises a series of training and domestic theme forums, overseas learning, providing a one-step service for all entrepreneurs in learning, social network setup and resource matching.

At the end of 2011, a visiting delegation comprising some of the members of Aigo Entrepreneurs Alliance arrived in Europe. After the visit of four European countries, the entrepreneurs compared the advantages of all aspects, Belgium was selected as the first overseas accelerator office. There is a popular jargon among entrepreneurs which is the win-win mode of 1+1=11. This is the first time a Chinese platform has been built in Europe which has been highly acknowledged by all governments.

In March 2012, a delegation of AEA arrived in Belgium again. The visit was aimed at a further investigation of the local trade policy, the consumption structure and investment environment and implementation of the overseas accelerator plan since the previous inspection. During this investigation, Chinese entrepreneurs were informed about the issues of tax preferential policies, the case study for Chinese enterprise's market research and the European product certification. Moreover, a series of issues about the establishment of overseas offices was discussed between the two sides, including accounting, warehousing, logistics, relocation, housing and so on. Group Bernaerts will provide free office space for the first year. Many members of AEA have recently been making plans to set up offices in Belgium.

4.2.2 Sino-Belgium Technology Center (SBTC)

The incubation project "Sino-Belgium Technology Center" derives from the moment that East-Lake innovation centre (also called "Wuhan International Business Incubator") and Wallonia Foreign Trade and Investment Agency (AWEX) signed an agreement regarding the cooperation of their science parks in 2009. After that, working groups and enterprise service centres were established in each other's country, and then the two sides carried out a series of business forums, communication activities and high-level talks.

In early 2011, the New Leuven University provided an area of land of 10 hectares with 99 years' rent in a special area with the most preferential policies for Wuhan East-Lake Hi-Tech Innovation Center. The land transfer agreement was signed officially on 17th April, 2012. The New Leuven University provides

the proprietary technology required by Sino-Belgium Technology Center to provide technical education and training and also provides a favourable policy environment for the sustainable development of its business activities. East Lake Hi-Tech Innovation Center will build a Technology Center combining domestic institutions with high-tech enterprises, as well as laboratories to establish a research centre and a product testing base in the Park, including the Internet of Things Technology Center, Biological Engineering Technology Center, Sino-EU E-commerce Technology, Green Construction Technology Centre and more. According to the schedule, this project's construction will be started in the first half of 2013 and will be completed in under two years.

As a service platform of science and technology cooperation between Belgian and Chinese enterprises, the Sino-Belgium Technology Center aims to be the bridge of Chinese incubation industry for connecting with the European market, and to be the operational base of the Chinese incubation industry for achieving technology transference and attracting hi-tech talents in Europe. This kind of hi-tech international cooperation is supported by the Chinese government and is expected to achieve the effect of "1+1>2".

4.2.3 AEA vs. SBTC

As overseas business incubators organised by Chinese investors, Aigo Entrepreneurs Alliance and Sino Belgium Technology Center have a similar general direction which is encouraging Chinese enterprises to go abroad and be stronger in the process of internationalisation.

However, in terms of characteristics, there are some differences between AEA and SBTC. To explain clearly, Table 7 shows the main characteristics of AEA and SBTC respectively.

Table 4-1 AEA vs. SBTC

Characteristics	Aigo Entrepreneurs Alliance	Sino-Belgium Technology Center
Incubation type	Private business incubator	Academic-related incubator
Mode of management	Private organisation without public funding	Government-facilitated organisation with public funding

Main Chinese facilitators	AEA was founded by the chairman of Aigo Digital Technology Co., cooperating with other over 10 influential Chinese entrepreneurs	Wuhan East Lake Hi-tech Innovation Center (Wuhan International Business incubator) and Ministry of Science and Technology (MoST)
Main partners	Group Bernaerts	New Leuven University
Target group	Top private Chinese enterprises which are ready to go global and have no field restrictions	Both Chinese and Belgian enterprises which are ready to enter into each other's market mainly in the field of hi-tech communication industry, leading edge bio-tech industry, environmental technology, food processing and urban planning and construction
Sources of revenue	Membership fee, additional business opportunities	Equity, funding, rent
Logistical support	Workspace (1 st year free), coaching, guidance on regulations, logistic/stock service, arrangement of accommodation, assistance with visa application, education for children	Workspace, shared physical facilities, coaching, guidance on regulations, arrangement of accommodation, assistance with visa application (undetermined)
Business support	Market research, media, business partner search, distributor/reseller search, R&D, financial/tax consultancies, special treatment in international/local banking service due to the project membership of ICBC (Chinese bank), recruitment	Market research, financial/tax consultancies, partner search, investment advice, R&D, technology seeking, technical professionals' recruitment, funding support (undetermined)

4.3 MOTIVES OF CHINA'S OVERSEAS BUSINESS INCUBATORS

Because of the different backgrounds and management modes of the AEA and SBTC, these two cases may have different motives for building overseas business incubators. This part, by analysing both cases (AEA and SBTC) as China's overseas platforms, aims to find out the common and contrasting aspects of each of their motives, which may contribute to a deeper understanding of the motives of FDI from China in the form of building overseas business incubators.

4.3.1 Motives of AEA's FDI

Based on the general view of AEA and information collected from interviewing AEA's Belgium manager, the major motives of AEA's outward FDI can be reduced to the following facts.

The idea of AEA establishing overseas business incubators came from the ultimate motive of improving the overall quality of China's own brands and developing more and more Chinese enterprises into globalised enterprises. This motive can be uncovered from Ms. Zhang's words: "For improving the whole level of Chinese own companies and brands, we are going to push and accelerate the real internationalisation of Chinese own brands through the way of going abroad to build overseas business incubators for Chinese private companies and brands."¹ Through AEA's business incubators in foreign markets, Chinese SMEs' internationalisation will be much easier and less risky.

From the market correlated perspective, there are three motives of AEA investing abroad. Firstly, establishing global network platforms to collect markets into one whole would be the main motive. "To build all-round service platforms in the worldwide context"² proves that there will be more than one AEA overseas business incubator based in Belgium. As we know, AEA are planning to land in the Southeast market next. Secondly, close proximity to the host markets is another motive of AEA building overseas business incubators in different regions. The motive for building worldwide incubators is to get closer to foreign markets so that firms in these platforms can receive information quickly and know the dynamic host markets accurately. Thirdly, looking for broader markets is the third motive of AEA's

¹ Quoted in the interview with the Belgium manager in Aigo Entrepreneur Alliance--Ms. Zhang.

² Quoted in Aigo Entrepreneur Alliance's brochure

FDI. Normally, AEA decides which country should be its platform's overseas base, after the alliance has visited different countries and got a clear understanding of those markets' situations. To be specific, European markets are huge and Europeans have a relatively high consumption level. Belgium was chosen as the first country by AEA partly because of its specific location in the European markets. All these show that both the Belgian and European markets are the key considerations in the process of building overseas platforms.

Next, collecting and utilising advanced resources can be seen as another motive, as demonstrated in the quote "to improve Chinese companies' abilities of independent innovation and value innovation"³. It is obvious that one motive of AEA building overseas platforms is to improve Chinese firms' innovative abilities through these platforms. Meanwhile, Belgium, as an advanced economy, owns a knowledge and creativity-based centre of excellence and talents, which can be easily and well utilised by AEA's overseas business accelerators.

In addition to these internal motivations, external ones also play active and vital roles in cementing the idea of going abroad to build incubators. On one hand, AEA members support and agree with AEA's behaviour of establishing overseas accelerators. The AEA alliance has dozens of Chinese enterprise members with excellent company images in various industries. Considering the benefits AEA's overseas business incubators may bring, AEA's outward FDI are strongly supported by its members, especially by the ones who are interested in going abroad. On the other hand, many foreign countries show their kindness, hospitality and willingness to cooperate, which motivates AEA to invest in foreign markets. Take Belgium as an example; Ms. Zhang's words, "Belgian partners support us with partly sponsorship, rent deduction and nearly 40 leading experts group for free consultation"⁴, show the attractive policies Belgium provides. Indeed, host countries' open and cooperative postures with more suitable policies have a positive impact on investors' decisions.

In conclusion, the motives of AEA's outward FDI can be summed up as both internal and external ones. For internal motives, there are three aspects: the motive of improving the overall quality of Chinese

³ Quoted in the interview with the Belgium manager in Aigo Entrepreneur Alliance--Ms. Zhang.

⁴ Quoted in the interview with the Belgium manager in Aigo Entrepreneur Alliance--Ms. Zhang.

enterprises and building increasingly more Chinese international brands, establishing worldwide network platforms, being closer to foreign markets and looking for broader markets, as well as the motive of utilising advanced resources such as advanced knowledge, creative-based technology and talents. For external motives, AEA's internal members support the host countries' attitudes and attractive policies, which motivates the investors of AEA to build overseas business accelerators.

4.3.2 Motives of WHIBI's FDI

Wuhan International Business Incubator (WHIBI) is a major investor in the Sino-Belgium Technology Center (SBTC). According to the interviews with managers of WHIBI in Wuhan and Belgium, several of the main motives of WHIBI investing in Belgium to build SBTC will be discovered step by step.

The director of the China Welcome Office said of WHIBI's investment that in the beginning, the Wallonia-Belgium government and the Chinese government just wanted to cooperate with each other to establish a business office in each other's countries as platforms from which to access foreign markets. Neither country considered doing so much investment so immediately, but after keeping in touch with each other frequently, they knew each other's people, country and culture well, so then both of them were interested in building a mutually beneficial technology centre in Belgium first⁵. According to this statement, we realise that SBTC has developed from the China Welcome Office located in Mons-Wallonia. As a part of the cross incubation projects in China and Europe, the China Welcome Office based in Mons (Wallonia) welcomes and helps Chinese firms to test and launch on the European market. With a clearer view of SBTC project's background, two external motives can be identified. Firstly, WHIBI has the local partner AWEX; they have cooperated with each other and they know each other well, which means that the previous good experience of cooperation between WHIBI and its Belgian partner AWEX is one of the most basic motives behind WHIBI's investment. Secondly, as we know, both the Belgian and Chinese governments hold the idea of establishing incubators in each other's

⁵ Quoted in the interview with the director of the China Welcome Office which is a part of Wallonia Foreign Trade and Investment Agency (AWEX)—Mr. Wang.

country for accessing each other's market. Therefore, the fact that both governments have reached a cooperative agreement has facilitated WHIBI's investment in Belgium.

Next, through analysing the interview results with the director of WHIBI, Mr. Gong, we are given to understand three more motives. Mr. Gong said: "We have 25 years' experience of doing business incubator in China, and the Chinese incubation industry reached to one mature level", and "We going abroad is the inevitable result of incubation's development". As mentioned before, WHIBI is the first business incubator in China, with a rich experience in incubation management. When a company accumulates enough experience in doing business at home, it will try to reach out to a much broader development space, just like the Uppsala model previously explained. Hence, rich experience in incubation is one of the motives of WHIBI going abroad.

Mr. Gong further said: "[C]onsidering we mainly focus on high-tech enterprises, there is an intrinsic motive and inevitable cooperation with companies and/or projects who own advanced technology, which motivates our incubators' activity of going global", which obviously points out that seeking advanced knowledge and technology is one intrinsic motive behind WHIBI's FDI. Meanwhile, both Mr. Gong and Mr. Wang think that Belgium has advanced technology and China has a huge market which can be utilised to achieve mutually complementary relationship and access to mutual benefits. Furthermore, the ultimate objective of so-called "technology-seeking" is to improve the overall technology level of Chinese hi-tech enterprises. Regarding the notion of technology-seeking, Mr. Gong explained it as shown below:

"We don't have to do the repeat researches which is the action of wasting social resources. There [are] no national boundaries in the field of science and technology. We don't want to waste social resources even though there are different countries with different social systems. From this point of view, we should consider [sharing] some technologies having the market value. Europeans don't have [such a] large market. Sharing their technology is better than researching repeatedly".

What's more, WHIBI building SBTC in Belgium is also driven by the idea of improving the rate of technology commercialisation. In Wuhan, there is another University besides WHIBI, and the

interaction between them benefits both. On one hand, hi-tech firms in WHIBI needing valuable advanced technology can be commercialised and then put these new products on the market. On the other hand, universities need their technological achievements to be turned into valuable products to meet the customers' needs. Currently, the situation is that Chinese hi-tech firms have a huge domestic market, but lack enough technology to meet their customers' demands. However, universities in Belgium have a creative-based centre of excellence, but lack enough firms to commercialise the advanced technology they create. Based on this train of thought, the desire to reach a "win-win" result motivates WHIBI in establishing SBTC in Belgium.

To sum up, five main motives for WHIBI establishing SBTC in Belgium have been identified. First of all, one motive for WHIBI's investment is the previous good experience of cooperation between WHIBI and its Belgian partner AWEX. Secondly, both governments reaching a cooperative agreement has facilitated WHIBI investing in Belgium. Thirdly, its rich experience in incubation management drives WHIBI in going abroad. Fourthly, seeking advanced knowledge and technology is an intrinsic motive behind WHIBI's FDI. Lastly, the fifth motive is to improve the rate of technology commercialisation.

4.3.3 Conclusion

Although there are some differences between the projects of the Sino-Belgium Technology Center and Aigo Entrepreneurs Alliance, both of them have characteristics of overseas business incubators. What are the motives of Chinese investors in establishing these overseas projects in Belgium? We performed a detailed analysis on both projects in sections 4.3.1 and 4.3.2.

From the results analysed, some common points are discovered. Firstly, one common motive is to improve Chinese enterprises' overall quality level, whether in technology or in international influence. AEA's Belgian Business Accelerator is partly motivated by the desire to improve the overall quality of Chinese enterprises and build increasingly more Chinese-owned international brands, and WHIBI's establishment of SBTC in Belgium is partly derived from the fact of Chinese enterprises' relatively low science and technology level. Furthermore, both AEA and WHIBI are motivated by the idea of seeking Belgium's advanced knowledge and technology. One of AEA's main motives is to utilise the host country's advanced resources, such as advanced knowledge and creative-based technology and talents.

Also, an intrinsic motive behind WHIBI's FDI is to seek advanced knowledge and technology. Both of them show that sharing worldwide knowledge is time-saving and money-saving. What is more, some external factors, such as the host countries' open attitude and attractive policies and the governments' support, drive the investment of Chinese organisations.

However, in the case studies of both AEA and WHIBI, there are some points which are similar but with a different emphasis. Compared to the AEA, WHIBI shows much more interest in seeking innovative know-how and advanced science and technology. Meanwhile, in the aspect of broader market-seeking, AEA shows much more interest than WHIBI. AEA shows its motive in the market aspect is to establish a worldwide network of platforms, close to foreign markets, from which to look for broader markets. During the interview with WHIBI's director, however, he only stated that market-seeking was a factor after words "market-seeking" were mentioned.

4.4 LOCATIONAL ANALYSIS

There is no doubt that location selection is one of the most crucial success factors in the process of outward FDI. As stated, for the past two years, there have been two Chinese overseas business incubators, one which has been built and the other which is being built in Belgium. After a number of business visits to different countries in Europe, Belgium was chosen as the overseas base of China's business incubators. That produces the question of why Belgium was chosen as the host country for this kind of outward FDI from China. Combining the analysis results of the interviews with AEA's manager and WHIBI's director and some basic locational factors of Belgium, some key reasons for China investing in Belgium, Europe, are concluded below.

Firstly, long historical relations and friendly cooperation between China and Belgium are the bases of the two countries' frequent interaction. From a historical aspect, the friendly relationship between Belgium and China can be tracked back to more than one hundred years ago. Sino-Belgium relations started from the establishment of China's first railway (Beijing-Hankou railway), the money for which was totally loaned by a Belgium bank and technologically supported by Belgian engineers. This railway

was positively affected by the industrial development of middle-China. Then the diplomatic relations between China and Belgium were formally established in 1971. A few years later, in the late 1970s, during China's reform, Belgian companies were amongst the very first to provide China with government loans and advanced technologies, and to enter into joint ventures on the mainland, setting an example for many that followed suit. Belgian companies have since expanded their operations in China. Also, Chinese companies continue to invest in Belgium to expand their European market. In general, all these years of friendship have undoubtedly laid a foundation for long term cooperation between the two countries.

Secondly, Belgium enjoys superior location advantages, being located at the crossroads of Latin, Germanic and Anglo-Saxon influences and having always been a prosperous market place in Europe. On one hand, from its central location in Europe, under the influence of different cultures, Belgium has long nurtured its international outlook. Belgium can be seen as a gateway to Europe. Furthermore, considering Belgium's special location in Europe, although Belgium has a small domestic market, firms can test new products here, and according to the response of Belgian market, they can indirectly familiarise themselves with European markets. On the other hand, Belgium has almost the best distribution location in Europe, which may benefit investors in logistics and distribution. What's more, its brilliant road, rail, sea and air transportation networks in several logistics platforms provide investors with a unique set of options of effective distribution channels. All these unique and incomparable locational advantages would be a major reason for Belgium being preferred by Chinese investors.

Thirdly, the Belgian government's cooperative willingness and effective support attracts a large amount of foreign direct investment flowing into Belgium. From the perspective of an international position, Belgium is not only a founding member of the European Union, but also of OECD and WTO, thus to some extent compensating for its rather small size with a highly competitive industry. Moreover, from the perspective of achievement, Belgium is ranked among the five most attractive regions in Europe for FDI strategy. These aspects show the open economy of Belgium and the way in which it treats inward FDI with an open attitude. Meanwhile, the Belgian government carries out a series of favourable policies, such as financial, tax and accompanying services to support the foreign companies' establishment and

development. Overall, the attitude and treatment of the Belgian government towards foreign companies is not much different from shown to domestic companies, which is a key factor in successfully attracting FDI from foreign countries.

The knowledge and creativity-based centre of excellence in Belgium can be considered the fourth reason for Belgium being chosen as the overseas base of Chinese business platforms. In Belgium, there are 16 universities, some management schools with strong international reputation and a community of world-class scientific institutes. Besides, sets of fiscal incentives for R&D are provided by Belgian government. A fifth reason is the relatively affordable real estate prices, which are considered an advantage when investors select investment locations. Comparatively speaking, Belgium offers cheap real estate, so it provides a somewhat affordable cost of living in this part of Europe. Therefore, in terms of its advanced economy, its position in Western Europe and its comparatively affordable real estate prices, Belgium has a distinct advantage for investors.

The sixth factor is the good living environment in Belgium. Quality of life should be considered when investors decide to set up business. As revealed in the interview with Chinese entrepreneurs who were motivated to invest abroad, the attitude of many Chinese people investing in foreign countries results partly from the motivation of immigration in order to provide a better standard of living and educational environment for their children. Today, Belgium enjoys one of the best environments for a high quality of life. Belgium's major assets lie in the household living space, advanced healthcare system, social services, retirement schemes and good educational environment. All of these excellent living conditions in Belgium surely attract the attention of foreign investors, especially those from countries with relatively poor living conditions.

In general, these six significant advantages for Belgium being chosen as an overseas base for China's business incubators are summarised above, using information gained from interviewing the managers of these two Chinese Belgium-based platforms. Admittedly, these six aspects may not cover all of the reasons for China investing in Belgium, but they do at least cover the most significant and obvious ones.

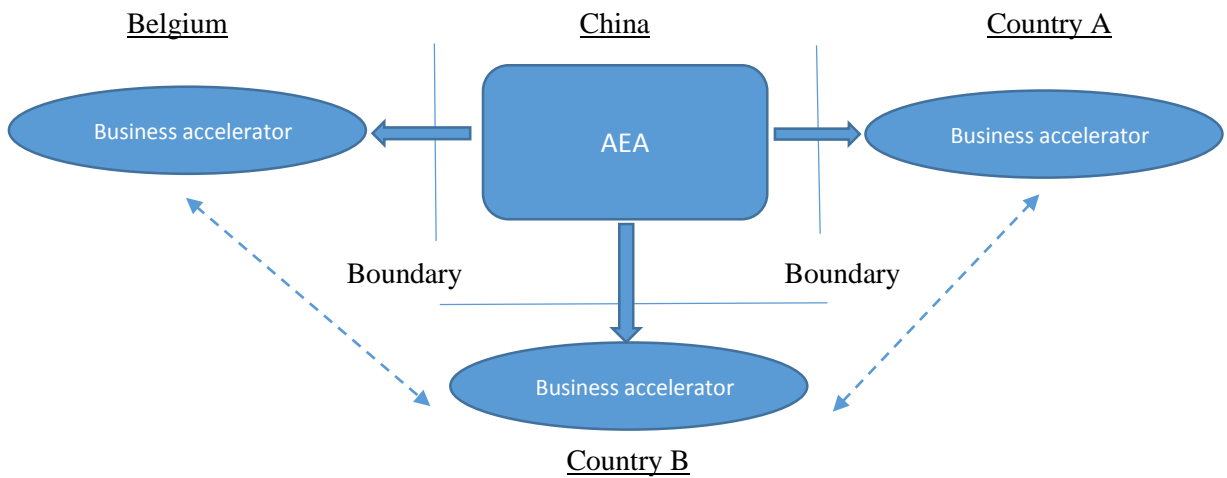
CHAPTER 5: BELGIUM-BASED BUSINESS INCUBATORS AND INCUBATEES

This chapter focuses on the relationship between overseas business incubators and Chinese enterprise investors who go abroad through this kind of platform — overseas business incubators. To illustrate this relationship, six incubatees' cases (the cases of Chinese enterprises invested in Belgium through overseas business incubators) illustrate the functions and roles played by the overseas business incubators. According to the results of the case studies, the real role of overseas business incubators in the process of Chinese enterprises' internationalisation will be concluded.

5.1 INCUBATEES & AIGO ENTREPRENEURS ALLIANCE

As previously mentioned, Aigo Entrepreneurs Alliance (AEA) aims to establish a worldwide network of business incubators for supporting its members in going global. Facing the European market, Belgium is the first overseas base of business incubators. As a next step, AEA are going to set up another similar incubator in the Southeast market. The following framework illustrates the general plan for AEA's worldwide incubators network. Moreover, in AEA's strategic planning, overseas bases of business incubators will cover all over the world; not only the three countries (Belgium and countries A and B) which are shown in Figure 5-1.

Figure 5-1 General plan of AEA's worldwide network of business incubators

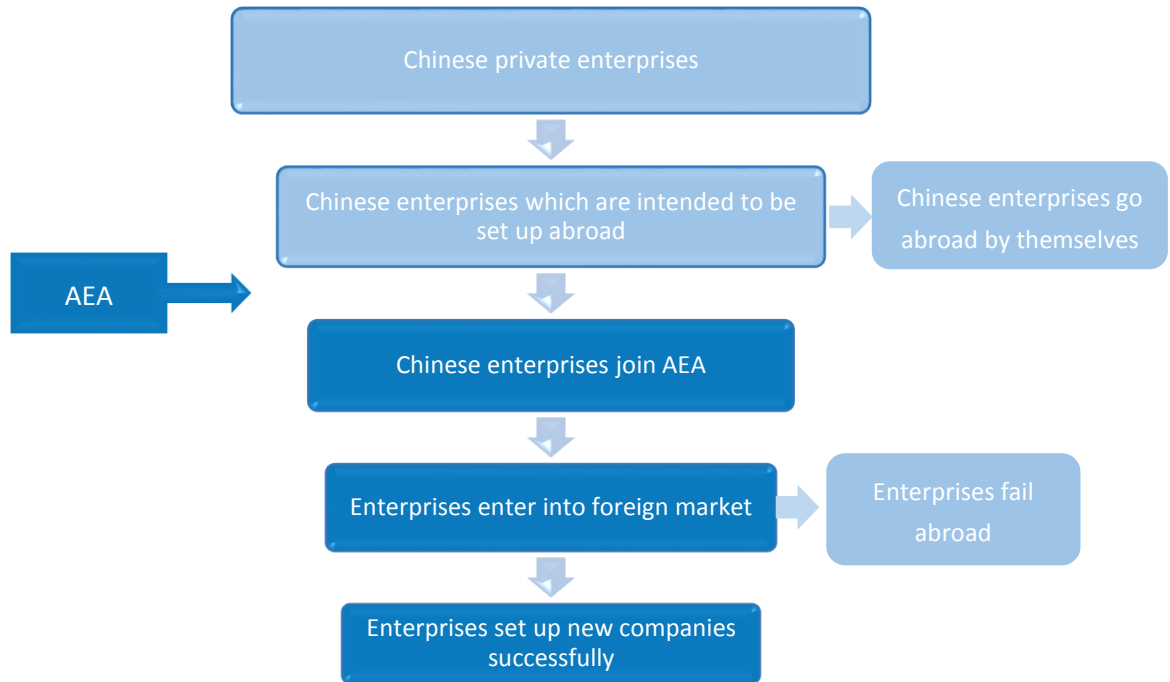


Against the background of Aigo Entrepreneurs Alliance, “incubatees” in this paper means the Alliance members who are going to enter or have entered into the European market via AEA’s overseas business incubator in Belgium.

To illustrate more clearly, Figure 6-2 shows the process of Chinese private enterprises converting to AEA’s “incubatees” and then to multinational enterprises or the enterprises which successfully set up new firms in Belgium step by step, as well as the position and role of AEA in this process. AEA focuses on the Chinese private enterprises which are planned for overseas, and based on each enterprise’s specific situation, the investors of these enterprises may choose to go abroad by themselves or to become members of AEA. AEA joins the process of these Chinese firms’ internationalisation when these firms become members of AEA/ go abroad as AEA’s overseas business accelerator. Besides, the truth is that not all members can enter into the European market successfully.

Next, two typical cases of AEA’s incubatees will show the specific role AEA plays and the function of AEA in the process of Chinese private enterprises’ internationalisation. To respect the interviewees’ wishes, in the presentation of the following cases, these Chinese enterprises will remain anonymous.

Figure 5-2 AEA and Chinese private enterprises



5.1.1 Case 1

Company A is a medium-sized private enterprise in China producing pet food with a dozen years’ experience. It states that the pet food has quality assurance which passed ISO9001 quality system certification, HACCP quality certification and worldwide food safety standard BRC. This company has its own skilled R&D team and cooperates with Chinese Agricultural University for improving its R&D capability, which is the basis of ensuring the pet food’s total nutrition. Company A occupies an area of one hundred thousand square metres, employs 2500 employees and 300 technicians and has four processing plants with over 200 types of product and several brands. It is worth pointing out that according to the first quarterly report in 2010, company A exported products worth 12,000,000 US dollars to 21 countries in Asia, America and Europe. Until now, it has been judged by XX Feed Industry Association as the No.1 when compared with other firms selling similar products in the same industry. Because company A exports products to overseas markets, it is actually an international enterprise. Its owners wanted to go global but because of various reasons (such unfamiliarity with overseas markets,

high risk, etc.), they did not put this idea into action. After listening to AEA's suggestions and studying the Belgian market themselves, this company decided to invest in Belgium by building a subsidiary here. After that, AEA provided this company with a series of all-round services. From dispatching employees to accommodation, recruitment, market research, searching banks, tax affairs, understanding regulations and laws, seeking potential business partners, R&D, media supports and more, AEA gives suggestions and offers proposals to this company, and provides valuable and useful information to them.

Currently, company A has successfully recruited adequate employees in Belgium, and other tasks are carried out steadily. Working as expected, company A will successfully establish its Belgian subsidiary and go into operation in a few months.

Analysis

Proactive:

Company A had experience of export and ideas about going global, but there still were some factors and/or problems which made the management hesitate to put their ideas into operation. When company A joined AEA and had the chance of entering Europe via AEA's overseas platform, it was eventually decided to enter the European market. The reasons for company A finally pursuing internationalisation may be that AEA resolved or mitigated A's problems, or offered useful suggestions, or it may be the special treatment AEA provides. In any case, it shows that AEA has been proactive in facilitating company A to cross the border.

Strategy support:

Through the all-round services that AEA provides which cover employees dispatching, accommodation, recruitment, market research, banks searching, tax affairs, understanding regulations and laws, seeking potential business partners and R&D and media support, AEA participates in the process of company A's strategic development as an adviser. Company A's final decision will not be made by AEA, but will be affected by it.

5.1.2 Case 2

Company B is a small-sized Chinese private enterprise established for over ten years in the hi-tech industry. It successfully transferred its business from hardware products to application software, system

integration and IT operation service. Meanwhile, its products passed ISO9001 quality system certification and the capital maturity model CMM2. At present, it has developed into a top 500 firm in the Chinese IT industry; it occupies an area of 1400 square metres and owns 7 software products with proprietary intellectual property rights. Besides this, company B cooperates with a number of international IT companies as its strategic partners. It is to be noted that company B is establishing a new company within a totally different business field via AEA's overseas platform in Belgium.

At the beginning, Company B wanted to leave the Chinese market, for reasons such as seeking more profitable business opportunities and markets, immigration, better living and educational environment, and so on. After joining the AEA, it was a suitable time for this firm to put the idea of going abroad into practice. Moreover, the words from the manager show that company B may not have gone abroad if there had been no AEA's overseas platform; at least, it may not have gone abroad so soon.

*“Maybe we just have this idea of going abroad, and this idea is indeed difficult to put into action. As individuals, we don't have enough resources and capabilities to go abroad alone. It is very difficult to go abroad successfully. As I said, if we don't have AEA's overseas platform, the thought of going abroad would only [be] a thought”.*⁶

In the early stages, AEA made it more convenient for company B to go abroad by making on-the-spot investigations. Through field visits, company B found Belgium was a good investment place, and then the final decision of establishing a company in Belgium was made.

During the process of company B establishing a new firm in Belgium, AEA provided company B with the convenience of easily going abroad and offered useful information and resources which cover the aspects of laws, tax and financial consultancy, business training, office space, etc. Meanwhile, both Group Bernaerts (AEA's Belgian partner) and AEA provide company B with various kinds of information channels. For example, company B wanted to do market research, but they didn't know who the trustworthy and professional companies in Belgium were, so AEA provided them with various

⁶ Quoted in the interview with the manager of Belgium region in Company B—Mr. Wei.

kinds of information which they needed, and which obviously saved them lots of time and lowered their potential risks.

Besides, according to AEA, company B shares a valuable network among other members. For instance, a famous Chinese bank is a member of AEA, and it provides preferential treatment to all members regarding funding exit and entry to the border and financing policy. As a member of AEA, company B enjoys this kind of special treatment which indeed reduces the risk of investing abroad on all sides.

Analysis:

Proactive:

As an individual investor, the manager of company B wanted to go abroad for diversification development and the pursuit of a better living environment. However, considering company B didn't have any experience of foreign trades, this idea was a fantasy, and the manager clearly knew that he could not afford this kind of high investment risk. After joining AEA, it seemed a suitable time for this firm to put the idea of going abroad into practice. As the manager of company B said, "If we didn't have AEA's overseas platform, the thought of going abroad would only be a thought." All of these factors clearly express that AEA's overseas platform proactively facilitated Company B's internationalisation.

Basic support:

AEA provides various kinds of services for company B which include making it convenient to go abroad by making on-the-spot investigation; laws, tax and financial consultancy; business training; lease service; providing channels for doing market research and access to the network of AEA members. Actually, this case just shows some basic logistical and channel supports AEA provided, but does not show any service related to cooperative strategy.

5.1.3 Case 3

Company C is a private enterprise which has over 20 years' experience in China's beverage industry. To date, it has established approximately 30 factories across China and has accumulatively produced more than 500 types of beverages. According to one research agency, company C took nearly half a percent of China's pure juice market share. Meanwhile, company C exports some of its products to US, Japan, Australia, and more than 30 countries and regions.

At the beginning, its director was very interested in it becoming multinational and wanted to seek more profitable and broader markets. Then AEA provided company C with a convenient platform (overseas business incubator) to put this idea into practice, and then he visited the Belgian market as a group member. AEA provided company C with the channel of doing market research. However, based on the survey results which show that there is a big difference between the European and Chinese beverage standards, and other factors such as totally different taste preferences, he realised that it is very difficult to enter into the mainstream European beverage market successfully, which made him give up on the idea of entering the Belgium market at present.

Analysis:

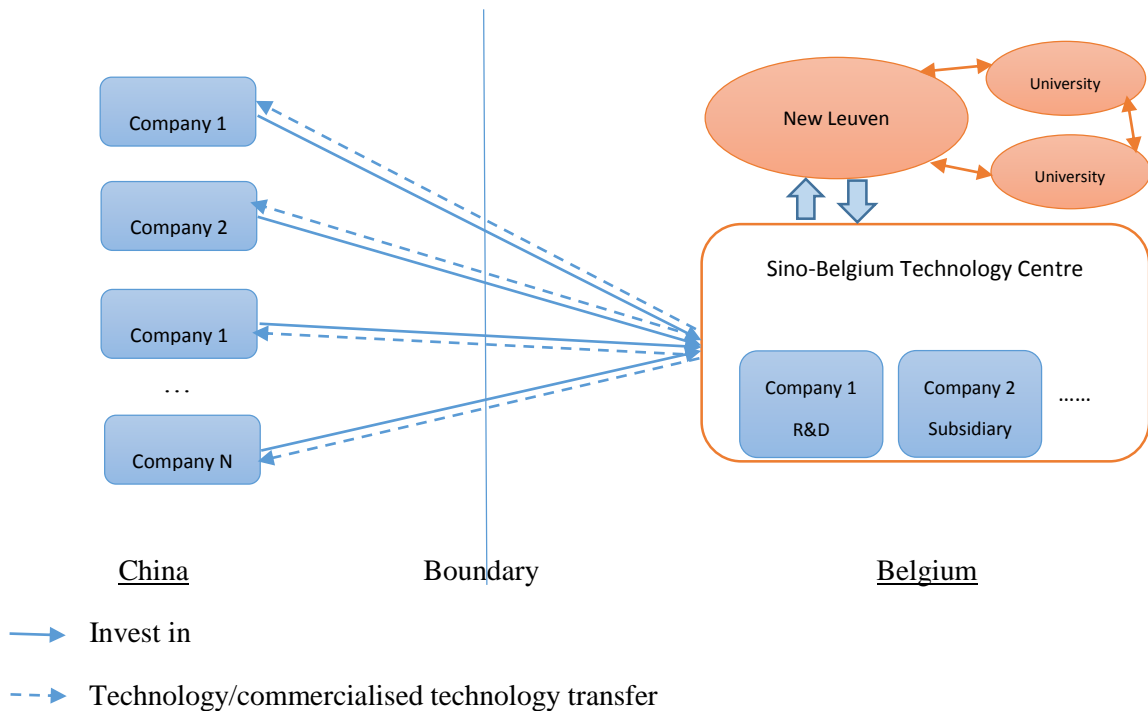
With the tendency to globalisation, many Chinese firms which reach a certain scale of development want to go global. Company C was no exception. However, because of some industrial limitations and special situations, not every well-developed company is suitable for going global. In the case, we see that if company C enters the European market, it has to upgrade its present skills and facilities to improve its products' quality and increase efficiency, which means it has to increase operational costs and face higher risks. It would obviously create increased difficulty and a higher level of challenge for company C. Finally, company C didn't follow this trend of globalisation, but focused on the domestic market. In this case, AEA provided company C with channels of visiting Belgium and doing market research. Company C intended to go abroad because of its interest, but it actually carried out this idea because of the convenience AEA brought. Though it is a case of failure, it still shows that AEA plays a proactive part in the process of company C's global strategy with AEA's basic services.

5.2 INCUBATEES & THE SINO-BELGIUM TECHNOLOGY CENTER

The main purpose of the Sino-Belgium Technology Center is to bring Chinese enterprises and/or Chinese enterprises' R&D centres, which demand advanced technology with market value, into Belgium and to use commercialised technology to meet the needs of the Chinese and European markets, while improving the local technology transfer rate and the employment rate.

SBTC will establish the new Leuven University nearby and will access the network of Belgian Universities via New Leuven University. This location will benefit SBTC in seeking advanced technology and excellent talents which incubatees need. Chinese enterprises which are interested in cutting-edge technology and the European market are welcome to invest in Belgium and/or join in SBTC to set up their overseas R&D centres and/or subsidiaries. Incubatees in the network of universities and SBTC can easily learn to clearly understand technical know-how and the local market. Under the guidance of cooperative strategies, these Chinese enterprises can bring innovative technology and skills back to China to meet the demands of the Chinese market and can then explore the European market.

Figure 5-3 SBTC Preliminary framework



Considering the Sino-Belgium Technology Center is in its very early stages, there is no case to be found at present. However, as we know, the Sino-Belgium Technology Center aims to complement the China Welcome office at Mons, which offers companies that are attracted by its initial approach the facility to set up in Wallonia with only limited investment, and in a reassuringly Sino-Belgian ambience. Thus, here we focus on the cases from the China Welcome office which can be seen as the

origin of the project “Sino-Belgium Technology Center”, and these cases can present some basic functions of Sino-Belgium Technology Center as well. Moreover, apart from the China Welcome Office in Wallonia-Belgium, there is a Belgium Welcome office set up in Hubei-China. The aim of this “cross-countries incubation” is to support Chinese enterprises which are interested in entering into the Belgian market and Belgian enterprises which are interested in entering into the Chinese market.

Figure 5-4 Cross Incubation behind SBTC

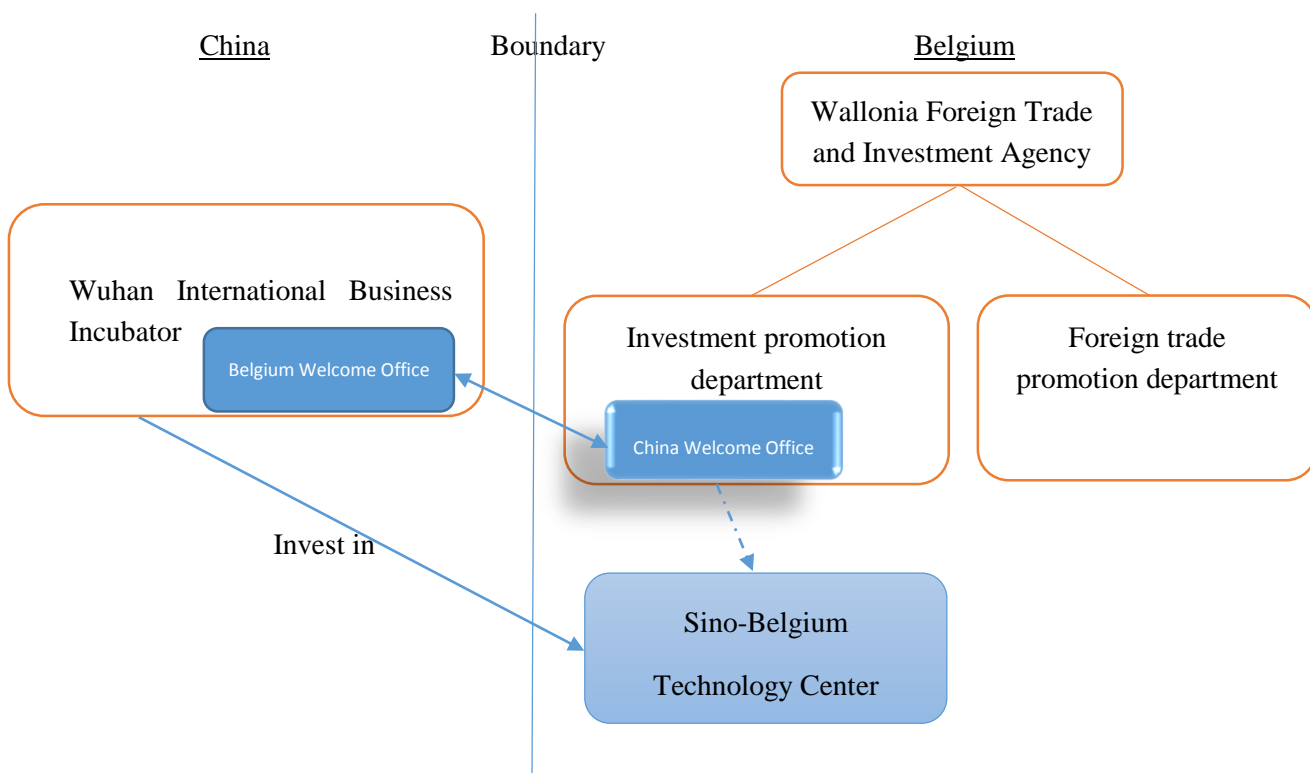


Figure 6-4 shows the position of the Belgium and China Welcome Offices and the relationship between the China Welcome Office, Sino-Belgium Technology Center and Wuhan International Business incubator. As components of the “Cross Incubation” project in China and Belgium, in China the Wuhan International Business Incubator as a service company set up a Belgium Welcome office for Belgian companies which intend to enter the Chinese market, meanwhile in Belgium the Wallonia Foreign Trade and Investment Agency (AWEX) provides Chinese companies with the China Welcome Office to help them to test and/or launch on the European market. The present project of the “Sino-Belgium Technology Center” (SBTC) is based on the years of friendly cooperation between the two countries

and the experience of the mutual project “Cross Incubation”, and this Belgium-based incubator SBTC is invested mainly by the Wuhan International Business Incubator. SBTC will be one part of the developing “Cross Incubation”, and in the future, Belgium may invest in China to establish a similar incubator as SBTC.

To clearly understand these cases against the background of the China Welcome Office, there follows a list of the services CWO provides.

Figure 5-5 Services of Chinese Welcome Office

Services of all types
The permanent presence of a tri-lingual expert (English-French-Chinese)
Assistance in understanding the language and culture
Advice with practical and logistical matters (visas, travel permits, accreditation, legal issues, etc.)
Administrative assistance with initial prospection in the European market
Networking with leading European professionals in the relevant industry
Commercial use of Wallonia in Europe (more than 50 offices in the capitals and major European cities)
Ultra-modern telecom services
Hi-tech business centres equipped to welcome companies and accelerate growth
Specialised sector-specific office for the support of start-ups
Training and economic support to create your own distribution business in the heart of Europe

Source: The brochure of China Welcome Office.

In this chapter, we focus on the China Welcome Office which is the origin of SBTC and has been operating since 2009, and three cases from the China Welcome Office are collected to illustrate the function and role of the overseas business incubator in the process of Chinese enterprises entering into Belgium.

5.2.1 Case 4

Company D is a large-sized public company from China in the communication industry, with most of its business focused on the Chinese market. It was established in 2006 and mainly provides networking, outsourcing services, applications and other services to telecommunication firms, media operators, device manufacturers, government offices and enterprises and institutes. With the accelerating pace of globalisation, even though this Chinese firm's target market is in China, they still think about exporting services and outsourcing projects. Company D holds a worldwide service strategy which contributes to the exploitation of the international market step by step. During the last few years, this company has set up many foreign offices in the main markets throughout world, such as Japan, Southeast Asia, Brazil, Europe, etc.

Its Belgium office was established via the China Welcome Office (CWO). Belgium doesn't have a big market, but its obvious advantage is its special location which connects several strong economies, making it easy to cover the European market. Moreover, considering CWO's sincerity, warmth, and high quality of service, they believe that it is the best way to establish a representative office in Belgium through this business incubator. In terms of facility, CWO provided this company with a free office for one year, and now they are still renting the incubator's office.

After they established this new company, CWO provided assistance when they did market research in Belgium. Utilising its rich information bases and local networks, CWO provided the company with a list of almost all of the computer-telephone integrators without any charge. This kind of information is very valuable indeed, especially for new Chinese investors who know nothing about local resources. It also shows one duty of CWO in acting as a bridge with a neutral attitude to connect Chinese investors with the information they need.

Additionally, CWO introduced them to some local professional consulting companies to solve some problems this company was experiencing. Moreover, when company D asked for a potential business partner, CWO used its local networks to collect comprehensive information for company D and tried to help.

As mentioned in the interview, one point that deserves attention is that, considering the obvious disadvantage of Belgium having a small domestic market, company D would surely not have invested in Belgium without CWO. Many Chinese firms prefer to invest in Germany and France where larger domestic markets exist.

At present, company D works very well in the incubator and they are in the process of turning the representative office into a subsidiary.

Analysis:

Reactive:

Company D is a large-sized international enterprise from China and owns several overseas branches throughout the world, which means that it has the ability to establish its representative office in Europe by itself. But considering some of the benefits CWO brings, such as the high quality of services and one year's rent-free office space, company D chose to cooperate with CWO. Hence, in this case, the overseas platform for Chinese enterprises is reactive for company D's internationalisation.

Basic support:

In case 4, CWO offers support to assist in company D's market research and shares its local network resources with company D. Here, the major duty of CWO is to assist with the incubatee's development and meet the needs of company D. All the services CWO provides are forms of basic supports but it is not involved in company D's decision making.

5.2.2 Case 5

Company E is a small technology company established in 2000 in Shenzhen, China, and it belongs to the photoelectrical industry. It does business around photoelectrons, R&D, manufacture and distribution and provides professional products and service to various industries, such as the financial, petroleum

and medical industry. Almost 80%-85% of its business is for exporting to overseas markets which include India, Singapore, Malaysia, German and USA.

Before they invested in Belgium, they employed a sales team especially for the European market. Because of the time difference between China and Europe, this kind of sales work was very hard and not easy to do. Through one investment promotion meeting in China, company F knew of the existence of CWO. They had the idea of going abroad before they knew CWO, but they didn't know how to go abroad, and they didn't know where or how they could get the relevant information to clearly understand foreign markets. Then CWO gave company E any information they wanted to know and some advice about the basic steps for establishing a company in Belgium. Then, through the assistance of CWO, they soon successfully built a new company in Belgium which aims to cover the European market's customer service.

After the new company was established, CWO resolved some problems company E had encountered in the process of applying for a professional card to Belgium. Because of limited time, company E needed to get a professional card for its manager as soon as possible. After the relevant materials had been prepared by his lawyer, CWO helped the manager of company E to communicate with the department concerned. Finally, this manager received his professional card within a few weeks although it is usually received in six to twelve months.

As a foreign investor, company E was not familiar with local laws and regulations. CWO reminded company E of some points which are very different from China and regarding which it is very easy to make mistakes. Without these kinds of reminders, they might flout the laws and generate unnecessary losses.

Analysis

Reactive:

Company E also had the idea of going abroad before they knew CWO. The difference is that company E were actively pursuing the idea. Thus, they met each other in an investment promotion meeting and then company E received direct coaching from CWO. Analysed from this perspective, company E was actively going abroad and CWO gave reactive assistance to company E's internationalisation.

Strategy support:

This case shows support services, such as coaching, advice with practical and logistical matters (visa assistance), assistance in understanding local laws and regulations, etc. Apart from these basic services, CWO offered company E any information they wanted and some advice about the basic steps of establishing a company in Belgium. Actually, if it were not for CWO's advice and assistance, company E is likely to have invested in other European countries, which is one aspect which shows the effect of CWO on company E's general strategy.

5.2.3 Case 6

Company F has been importing and distributing premium food and beverage products from Belgium and Western Europe for more than ten years in China. During these years, it has been one of the biggest Chinese food importers importing Belgian food into the Chinese market with quite a high import volume and is one of the most active distributors of bottled and draught beer and chocolates in mainland China. Currently, company F employs over seventy people. Through a selected network of wholesalers and distributors, company F's staff can distribute throughout China.

With its market foundation in mainland China getting stronger and stronger, last year they decided to establish a new company in Belgium for improving their efficiency and saving more cost and time. Company F has had a friendly relationship with CWO for years. At the beginning, company F frequently dealt with another department of AWEX. They were satisfied with the services provided by AWEX, so when they decided to establish a new company in Belgium and knew there was a China Welcome Office which provides an all-round service for Chinese investors, they didn't hesitate to choose CWO's business incubator as their overseas platform which could bring the company more convenience with less trouble.

At present, they have successfully established a company in Belgium, and then merged with a Belgian company successfully.

Analysis:

Reactive:

This case shows the traditional mode of enterprises' international development with low investment risk. Company F firstly did import from Belgium to China, and when it had enough experience and was taking enough of the Chinese market share, it went abroad and established a subsidiary in Belgium. For company F, establishing its subsidiary via CWO was the easiest way. So here CWO just brought convenience to company F's internationalisation but did not guide it.

Basic support:

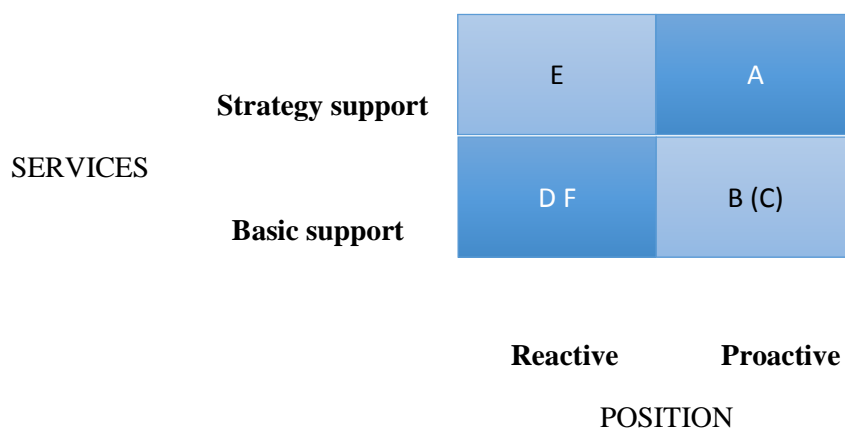
CWO provides a personalised service, such as advice with practical and logistic matters, market studies and networking with potential European professionals in the food and beverage industry.

5.3 RESULTS OF CASES STUDY

The key position of overseas business incubators in the process of Chinese enterprises' internationalisation and exploring the research question: "to what extent does an overseas BI contribute to the internationalization of Chinese enterprises?", were analysed from two aspects: the major supports which business incubators bring to incubatees, and whether the existence of business incubators is one of the major motives for Chinese enterprises entering into the Belgian market. Following this path of thought, the analysis chart has been developed. In terms of the support business incubators provide, this includes strategy support, which means services affecting the general direction of the enterprises, and basic support, which means logistical and basic channel services to assist with the enterprises' growth. In terms of whether overseas business incubators drive enterprises' internationalisation or not, there is a reactive side, which means that enterprises themselves take the initiative to go abroad, and a proactive side, which means that overseas business incubators are more active in the enterprises' internationalisation. Therefore, we can identify the role of overseas business incubators in the process of enterprises' internationalisation from the incubators' reactive or proactive side.

Based on this analysis chart figure 5-6, five successful cases and one failing case can be classified into four groups. As we see on the chart, there are three cases on the reactive side and three on the proactive side. After checking more closely, it is clear that the three cases which show the proactive side of the business incubators are the cases from AEA, and the other three are from CWO which implies that we cannot just simply make a conclusion that overseas business incubators support or effect Chinese enterprises' internationalization. Under the context of AEA, incubator firms (company A, B, C) stay in the "proactive" side, meanwhile under the context of CWO, incubator firms (company D,E,F) stay in the "reactive" side. This result indicates that different overseas business incubators play totally different roles in their respective incubatees' internationalization. And combining it with the special situations of each company, it was found that incubatees' own abilities and strategies also affect the role of overseas business incubators in these firms' internationalization.

Figure 5-6 Cases analysis



On one hand, overseas business incubators' different operational models result in their playing a different role in the process of incubatees' internationalisation. AEA's Belgian business accelerator is based on the alliance established in China, and as alliance members, these incubatees/ Chinese private enterprises which are interested in going abroad can all be brought from China to AEA's overseas platform to gather individuals' strengths and lower the enterprises' investment risks. Therefore, under

the form of a cooperative alliance, AEA has an influence on encouraging its members to go abroad together, which presents the proactive position of AEA in the process of its members' internationalisation. On the contrary, CWO is based in Belgium and was established by AWEX, which is organised by the Belgian government. Its incubatees are attracted by CWO's quality service and policy in Belgium. Thus, on the perspective of the operational model, there is a difference between AEA and CWO; one of which is based in China and brings members in its Belgium-based business accelerator, and the other one is based in Belgium and welcomes Chinese enterprises to join. Because of this difference, CWO takes a reactive position in its incubatees' internationalisation. However, considering the difference in nature between CWO and the Sino-Belgium Technology Center, CWO still cannot completely represent the role of the Sino-Belgium Technology Center.

On the other hand, the factors of the incubatees' experience in international business and their comprehensive strength also affect the position of the overseas business incubators in the incubatees' internationalisation. Take company D as an example; it is a large-sized public company and has several overseas branches throughout the world. With a rich experience of overseas-markets, it has its own global strategy plan and didn't need strategy support from CWO. Whereas, although company A has experience in exporting products overseas, it has no experience in establishing an overseas subsidiary. Thus, AEA provides company A with all-round services which even include recruitment and a R&D plan. In case 6, company F has been doing import trade for a dozen years, and it knows the Belgian market and takes enough of the Chinese market share. These conditions contribute to CWO's reactive position and its provision of only the basic support company F needs.

From the analysis of these cases, the answer for the research question— to what extent does an overseas business incubator contribute to the internationalization of Chinese enterprises— can be discovered. Generally speaking, Belgium-based business incubators assist, accelerate, and to some extent affect Chinese enterprises' internationalisation. The role of an overseas business incubator plays in Chinese enterprises' internationalization not only depends on the major purposes and operational models of overseas business incubators, but also depends on incubator firms' own abilities and general strategies of going abroad.

PART 4: CONCLUSION

CHAPTER 6: CONCLUSION AND IMPLICATIONS

6.1 RESEARCH FINDINGS

This study focuses on the role of overseas business incubators in the process of enterprises' internationalisation. To explore the central research question, four topics from the aspects of functions, motives, locational strategy and the interaction between overseas business incubators and their incubatees are developed step by step. In this section, some general conclusions are drawn.

Generally speaking, the basic functions of a business incubator and an overseas business incubator are almost the same. Both of them can be defined as an economic development tool designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services. A major additional function of the overseas business incubator is to support, accelerate and/or affect incubatees' internationalisation through a series of supports and services in host countries.

From the analysis of the motives of two Belgium-based Chinese business incubators going abroad, it is found that the motives of FDI from China do not contradict with four types of FDI motives classified by Dunning (1993) which was based on mainstream FDI theories. In many motives of FDI, the Aigo Entrepreneur Alliance is more inclined to seeking broader markets, and the Sino-Belgium Technology Center is more inclined to seeking advanced technology. It shows that the motives of every overseas business incubator may have different emphasizes because of different major objectives and different target groups. Besides, in traditional theories, by means of FDI, enterprises from developed countries tend to utilise their unique advantages to meet host countries' needs. However, since there is a lack of competitive advantages in enterprises from emerging countries, many of them prefer to look for advantages derive from advanced technologies and management from host countries and through learning, sharing or imitating to improve their own competitive advantages.

Next, the third sub-research question— to what extent does an overseas business incubator contribute to the internationalization of Chinese enterprises— is discovered by analysing six cases from these two Belgium-based Chinese business incubators. Broadly speaking, Belgium-based business incubators assist, accelerate and to some extent affect Chinese enterprises' internationalization. However, the result

of cases analysis in Chapter 5 shows that we cannot just simply judge that overseas business incubators support or effect Chinese enterprises' internationalization. To sum up, the major purposes and operational models of overseas business incubators, as well as the incubator firms' own abilities and general strategies of going abroad result in different extents of an overseas business incubator contributing to the internationalization of Chinese enterprises.

Besides, the main reasons of Chinese business incubators located in Belgium are explored. In general, there are six significant advantages of Belgium being chosen as an overseas base of China's business incubators. In terms of diplomatic relations, long historical relations and friendly cooperation between the two countries and Belgian government's cooperative willingness and effective supports are the foundations of China investing in Belgium. In terms of geographic advantages, Belgium located at the crossroads of Latin, Germanic and Anglo-Saxon influences, and its good living environment attracts Chinese investors. In terms of cost efficiency, Belgian's relatively affordable real estate prices and intelligent tax regime contribute to inward FDI. Last but not least, knowledge and creativity-based centre of excellence that Belgium owns can be indicated as the key reason of it being chosen as the overseas base of Chinese business platforms.

Lastly, the conclusion about the central research question of this thesis— what is the role of overseas business incubators in the process of enterprises' internationalization— can be reached. From the perspective of incubated firms, overseas business incubators are more likely to affect small and medium sized enterprises' internationalisation, especially those enterprises who have no experience in international business before, whereas overseas business incubators are more likely to play the role of assistance for large-sized enterprises or those enterprises with rich experience in international business or/and with steady customer and market bases. For more convenience and lowering cost, in the early stages, some large-sized enterprises prefer to cooperate with overseas business incubators to establish their overseas offices as well. Nevertheless, normally large-sized/ powerful firms have systematic strategies for internationalisation, overseas business incubators only assist and support these firms' early stage development. From the perspective of overseas business incubators, because of different major purposes and operational models of overseas business incubators, different overseas business incubators

play totally different role in their respective incubatees' internationalisation. Furthermore, based on the above understanding of overseas business incubators from different angles, the critical roles of an overseas business incubator plays, can be concluded into the following points. Firstly, it constantly provides entrepreneurs the technology and material supports necessary thus acting the role of parenting. Secondly, an overseas business incubator searches and offers business opportunities for the incubator firms, so it can be seen as a business club. Thirdly, it provides valuable local networks to incubator firms, thus playing the role of information integration centre.

6.2 IMPLICATIONS

From the firms' viewpoints, it is suggested that firms should carefully design development strategy for internationalisation based on their specific advantages and resources. It is known from the literature review that some enterprises from emerging countries aim to enhance their competitiveness and get other valuable resources (E.g. Brand image, know-how) in their internationalisation. And with the "going out" strategy enforced by Chinese government, globalisation is becoming a trend in China. Even there are some Chinese firms just blindly pursuing to go global and regard internationalisation as a proud and final target but don't think too much about their own capability. However, constricted by culture difference and industrial particularity, some industries are not suitable to go abroad i.e. it is more difficult for the firms in some industries like food retailing to go global successfully.

Both investing countries and host countries can derive lots of benefits from successful foreign direct investment. Take overseas business incubators as an example, for the reasons of improving overall quality of Chinese own enterprises into globalized enterprises and overall level of science and technology, China would like to invest in Belgium, and meanwhile Belgium can get benefits, such as employment rate improvement, utilization rate of science and technology increase, and financial situation improvement, from this kind of foreign direct investment. Moreover, Belgium-based business incubators established by Chinese investors focus more on hi-tech industry, but not on manufacturing business at all, thus this kind of investment is a path of sustainable development for both China and

Belgium. Therefore, this kind of investment is more like a cooperation between China and Belgium based on a “win-win” formula.

The project of “Cross Incubation” between China and Belgium tells us that it is a more efficient way to reach self-development in accordance with both the regions’ exploiting their own particular advantages for mutual benefit and development. China has a huge market with big potential and wide prospect but lacks advanced science and technology and know-how to meet huge market demands, while Belgium has highly advanced technologies and scientific talents but lacks enough market demands to fully utilize its valuable resources. In this sense, Belgium-based incubators will welcome Chinese enterprises and make use of valuable resources and China-based incubators will welcome Belgian enterprises and satisfy Chinese market demands. Hence, in “Cross Incubation” Sino-Belgium cooperation will meet each other's wants and offer mutual benefit and achieve reciprocity.

The attitude of host countries on inward foreign direct investment straightly affects the foreign investors’ behaviour. One important reason of choosing Belgium as AEA’s base in European market is its open and cooperative posture with more suitable policies which has a positive impact on Chinese investors’ decision. Furthermore, an enjoyable experience in previous cooperation is another significant aspect in promoting foreign direct investment. Because of mutual satisfaction in the past cooperation, Sino-Belgium Technology Center is smoothly developed from the previous cooperative project “Cross Incubation” between China and Belgium. Thus, host countries’ attitude and policy on FDI and/or two countries’ friendly past relationship are the basis of successful investment behaviour.

In the process of internationalisation, culture difference is the point which is emphasized many times. In the real world, it indeed is a crucial factor which has a great influence on the firms’ globalisation. Especially under the background of big difference between Asian and West European culture, market research, local culture, local regulations and laws, and communication all require attention. In case 5, CWO helped company E avoid unnecessary losses by reminding the firm related regulations which are totally different from China. And because of culture difference, it is difficult to communicate with local companies and customers. So, foreign firms trying to accelerate understanding and learning local culture is the best solution, which will be achieved faster with the assistance of overseas business incubators.

CHAPTER 7: FURTHER RESEARCH AND LIMITATIONS

In this study, there are several research limitations which are expected to be overcome in the future research. This study is performed in a particular context in Belgium-based Chinese business incubators. As such, generalisations should primarily be to this context. Comparative studies of overseas business incubators in other regions should be carried out for examining whether the results under this context hold in other contexts.

Furthermore, because the project “Sino-Belgium Technology Center” hasn’t been operated yet, there are no successful or failed cases to illustrate the detailed functions of this business incubator and the relation between SBTC and its incubatees. In consideration of practical reality, the cases from the origin of SBTC—China Welcome Office were collected in this study. Further research may keep discovering the relation between SBTC and incubatees, and find out if there is any improvement compared to CWO, when this project is opened into business.

Another limitation of this thesis is that there is little information from the managers of incubator firms (incubatees). On account of time restriction, most information was collected from the perspective of business incubators’ directors, whereas only one interview with incubator firm’s manager was conducted. Meanwhile, as a research method, in-depth interview has a weakness which is not easy to overcome: some responses may hide messages and interpretations in how participants express themselves. Reliability and validity will be improved if the interviews can be conducted from both the side of incubators and the side of incubator firms in the future study, and questionnaire survey can be utilized as an additional research method.

For FDI from emerging countries, an overseas-based business incubator is a relatively new phenomenon and the development still stays in the early stage. Thus, relatively few enterprises go abroad through overseas business incubators. Since the number of cases is limited, the results of this study lack generalisation. With the continued development of overseas-based business incubators, more and more cases can be used to improve this research’s overall generalisation.

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APPENDIX 1

PROCEDURE REPORT

In order to clearly show the procedure of collecting first-hand data, interviewees' names and titles are listed in chronological order. As shown below, I conducted six interviews in all, from Feb. to May of 2013.

Interview 1: Mr. WANG Haichen

The director of the “China Welcome Office (CWO)” (Departure of AWEX)

Interview 2: Ms. ZHU Shan

The supervisor of the “Sino-Belgium Technology Centre (SBTC)”

Interview 3: Mr. GONG Wei

The director of the “Wuhan East-lake Innovation Centre (WHIBI)”

Interview 4: Mr. WEI Kun

The manager of Company B which is the member of the “Aigo Entrepreneur Alliance”

Interview 5: Ms. ZHANG Lili

The supervisor of the “Aigo Entrepreneur Alliance (AEA)”

Interview 6: Mr. WANG Haichen (the second time)

The figure shows the detailed channels of meeting with the final interviewees.



In Feb. of 2013, through Jingshu Du's introduction, Jingshu DU and I made a telephone interview with Mr. WANG, which was the first interview that lasted for 45 minutes to reach a general understanding about the project "Sino-Belgium Technology Centre".

Meanwhile, I contacted the company "Wuhan East-Lake Innovation Centre" (alternate name "Wuhan International Business incubator") in Wuhan, China, which was the major Chinese investor for the "Sino-Belgium Technology Centre". At first, as a supervisor of the SBTC, Ms. ZHU agreed to have an interview with me in Wuhan (China). Then I went back to China and met with her twice. Finally, we had a communication for about 40 minutes. In consideration of undetermined project plan and limited duty, she did not tell me too much, but just introduced some basic information to me, and she rejected to introduce me to the company's director—Mr. GONG and rejected my invitation of meeting in Belgium as well.

Then by means of the interpersonal relationship net in Hubei Province (which is my hometown) I finally got Mr. GONG's telephone number, and I caught him on the fly. Fortunately, Mr. GONG was willing to support my research. In March of 2013, we had a face-to-face interview for nearly an hour in Wuhan. Later on, it was known that the project SBTC is still in the very early stages and SBTC has not been in business yet, therefore, I started to contact another Belgium-based Chinese business incubator—Aigo Entrepreneur Alliance. Aigo Technology is a Chinese enterprise that established a new company in Belgium through Belgium-based business accelerator of AEA. In April of 2013, this company's manager Mr. WEI accepted to be interviewed and then we had an interview that lasted about one hour in Antwerp.

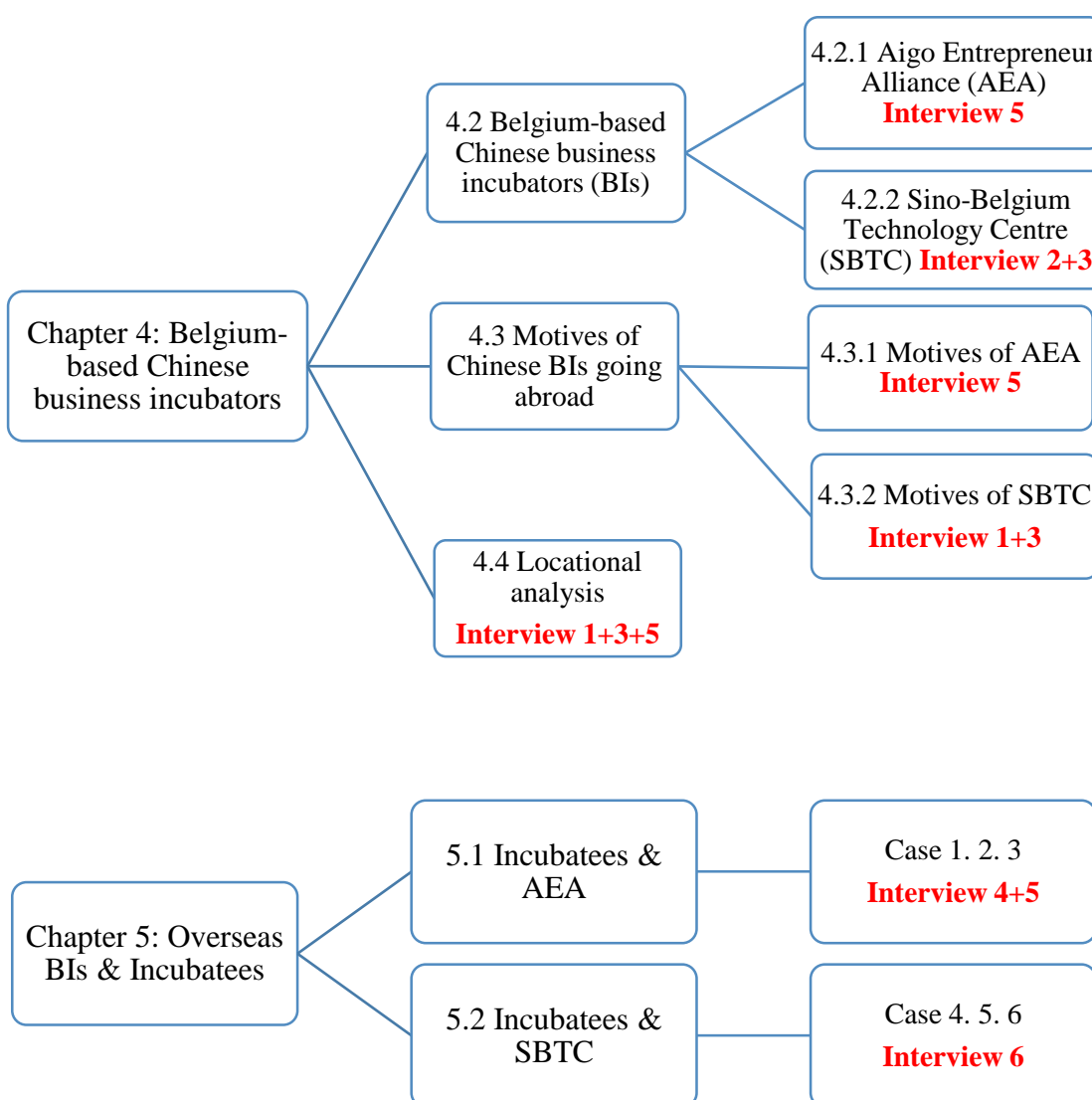
Next, Mr. WEI introduced me to meet with Ms. ZHANG who is the supervisor of AEA's Belgium-based business accelerator. Then I interviewed her for about 50 minutes in Brussels.

In May, for more information about China Welcome Office, I asked Mr. WANG for another interview. Then Jingshu Du and I went to Mons to meet Mr. WANG, and he talked with us for over two hours.

APPENDIX 2

INTERVIEW GUIDE

In the interviews, open structured questions were applied. However, each interview revealed some different emphasis which was valuable and useful for this research. To generally understand these interviews, the major contributions of each interview are marked in the structure of part 3(Cases study) as shown below.



Interview 1: Mr. WANG Haichen

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The supervisor of the “Aigo Entrepreneur Alliance (AEA)”

Interview 6: Mr. WANG Haichen (the second time)

Auteursrechtelijke overeenkomst

Ik/wij verlenen het wereldwijde auteursrecht voor de ingediende eindverhandeling:

Overseas business incubators - a new form of FDI from emerging countries
>A case study on Belgium-based Chinese business incubators

Richting: **Master of Management**

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