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FDI FLOWS, EXPATRIATES AND LIVEABILITY: A CASE STUDY OF KOREANS IN SUZHOU, CHINA*

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ABSTRACT

The expansion of expatriates has been associated with multinational corporations' offshore production strategies. Liveable built environments can attract and/or, at least, retain these expatriate workers in the host city. If expatriate workers accompany their family members, the quality of built environments would be more important in their decision to come to the host city. This chapter investigates how FDI flows are associated with human capital flows with a case study of Koreans in Suzhou, China. This research completed a survey with Korean residents to discover their perception on liveability in that host city. Koreans have emerged as the largest foreign national population in Suzhou, along with investment by Korean Knowledge-Intensive Manufacturing (KIM) firms. As non-English, non-Chinese speaking residents, they have stayed mostly together with other Koreans forming Korean ethnic communities in high-quality residential areas. Their stays have been supported by housing and education allowances. The survey results showed that if their perception

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on liveability was good, their willingness to stay on in the city was also high.

Keywords: Expatriates, Koreans, Suzhou, Multinational enterprises, Foreign Direct Investment, Knowledge-Intensive Manufacturing, Liveability

INTRODUCTION

Global human mobility has been accelerated by a wide range of factors including advancement in transport technology, increases in income levels, de-regulation of cross-border activities and cultural/ethnic/family ties between home and host cities [1-3]. The expansion of multinational enterprises (MNEs) involving Foreign Direct Investment (FDI) have added complicated layers to the patterns of international migration with their strategies to manage business operation at distance. In particular, at the beginning stage of their investment offshore, expatriate workers play a pivotal role in setting up their business and establishing production lines. High numbers of skilled and unskilled workers are involved in Knowledge-Intensive Manufacturing (KIM), where Japan, South Korea, and Taiwan have been playing a leading role in Asia. KIM requires high levels of security to protect their intellectual property and high numbers of professional workers such as engineers mostly dispatched from the headquarters, as well as unskilled labourers at assembly lines largely recruited in the host country. Chinese cities have been destinations of offshore investment in KIM since the labour costs rose in the donor countries. With Chinese strategies to attract FDI after the introduction of opening-up policy, a myriad of MNEs have established their production facilities in favour of low labour costs and access to global and Chinese markets by dispatching their expatriate workers [4-7].

Expatriates' relocation decision is multi-faceted including career opportunities and liveability concerns at both individual and household levels [7-9]. Despite the significance of family considerations in expatriates' relocation decisions, little academic attention has been paid to their perception on liveability and its links to urban growth in developing countries. The inflows of expatriates are tied up with global production networks among MNEs. Their decision on relocation and/or long-term stays in the host city is

associated with their perception on liveability [7, 10]. This research specifies that the establishment of global production networks, innovative institutional settings and liveable environments are core elements to FDI-led urban growth [64]. A case study of Korean expatriates in Suzhou, a focus of this chapter, will outline the pattern, key concerns and the urban impacts of the influx of expatriate workers (and their families) and their perception on liveability in the city. Suzhou is an excellent example to explore this topic owing to internationally-focused institutional settings manifested in industrial parks such as the Suzhou Industrial Park (SIP) and the Suzhou New District (SND) where a number of expatriate workers via MNEs in KIM have been attracted including Koreans [11, 12]. Indeed, Koreans are the largest foreign national group in Suzhou and also in China [8, 11]. To discover how Korean expatriates have been growing in Suzhou, this research carried out survey questionnaires with 245 Koreans in 2014 and auxiliary fieldwork was conducted in 2016. Findings from the primary data were analysed and tabulated in this chapter.

THE TRIAD OF FDI-LED URBAN GROWTH

The FDI literature has stressed the spatial selectiveness of FDI flows. Due to risk-aversion behaviour of MNEs and strategies to save production costs and to access global markets, the location of inward FDI has been highly concentrated in global city-regions with high command-and-control functions [13-16]. FDI flows involve a package of assets including capital, technology, management skills, and entrepreneurship resulting in regional economic growth [17-19]. Then, the economic growth is to attract further FDI inflows, called a positive 'self-reinforcing effect' which was observed in Chinese cities [20]. FDI inflows are conducive to creating new spatiality and the influx of expatriate workers in the host city [10].

Institutional Settings

Since the late 1970s many countries have de-regulated cross-border activities with prevailing neoliberal capitalism ideas. National policies have

relaxed institutional barriers such as regulated market economies, controlled privatisation, poor financial markets, limited liberalisation, backward regulation, and ineffective legal systems [21]. The relaxation of FDI regulations prompted firms to actively search for business opportunities worldwide. The end of the cold war signified by the fall of the Berlin Wall made a basis for former socialist countries to be integrated into the world market. Eastern European countries adopted policies favourable to inward FDI [22]; China experienced fundamental transformation after the reform and open policy in 1978 [23]; and Vietnam, after *Doi Moi* or open-door policy, started in 1986 [24]. MNEs strategically have chosen global city-regions for their offshore production. Openness to the world market was the initial institutional base for FDI inflows. In addition to passive openness, governments at different levels have been active to attract FDI in favour of economic growth. The entrepreneur role of the governments has been strengthened in neoliberal global capitalism with the anticipation of achieving economic competitiveness [25, 26]. Typical approaches are to provide financial and non-financial incentives such as tax incentives, industrial land subsidies and infrastructure provision often strengthened by national-level supports such as development zones, free economic zones and special economic zones [16, 27-29]. However, MNEs are reluctant to investment in countries with poorly developed institutional, political bases. Transparent and fair rules to foreign firms play a pivotal role in shaping business-friendly environments for foreign investors. The absence of corruption is significant part of policy factors [30]. Hines [31] pointed out that 'black money,' corruption and cronyism increased investment risks in Asian countries. Efficient, transparent government issues have been considered critical, in particular, in developing countries. Widespread corruption was one of the major causes to the financial crisis in Asia [32] and corruption was a barrier to skilled immigration [33]. Since foreign firms tend to be disadvantageous at local connections, any hidden rules discourage FDI. Transparent government structure has been crucial to FDI attraction as can be seen in the success in Singapore [34]. In the Chinese context, personal networks, called *guanxi*, are perceived important in building business foundations [35]. In Vietnam, to avoid any political risks, international real estate investors strategically chose places far from the political centre for their development projects [24]. In South Korea, close connections between large conglomerates, called *chaebol*, and politicians, were criticised by the

International Monetary Fund when it faced the Asian Financial Crisis in the late 1990s [36, 37]. With institutional advancement, both MNEs and expatriates would be expected to flow in.

Global Production Networks

Most final products in KIM are not produced by a single firm, but by multiple production processes in collaboration with other firms. Final product manufacturers purchase intermediate products, such as parts, and make use of sub-contractors for specialised production processes, such as moulding. The establishment of forward and backward linkages (or a supply chain) offers for further business opportunities, reduces transaction costs, build local capability and encourages knowledge diffusion [38, 39]. One of the evident industries associated with production networks is KIM that relies upon high-technology, such as pharmaceuticals, semiconductors and electronics, machinery, and transport equipment motor vehicles, trailers, and aerospace [40, 41]. Key features of KIM are discussed here (see [42]):

(1) Multiple firms: Due to the required technological skills and equipment for production, large MNEs play a leading role in KIM [43, 44]. Forward and backward production linkages are essential to KIM due to the technological complexity of final products. Production in KIM takes place mostly within global production networks in which large MNEs, small- and medium enterprises (SMEs) and local firms are inter-connected through *strategic coupling* processes [45]. These firms need technical support services and producer services for production and day-to-day business operation.
(2) Expatriates: Production needs skilled labourers such as scientists and engineers. For offshore production, expatriate workers are relocated from the headquarters. When the expatriates move together with their family members, the scale of international relocation is multiplied [9].
(3) Economic growth: KIM produces high value-added products in collaboration with multiple firms, brining positive regional economic impacts to the host city [45, 46].

(4) Long-term urban impacts: Investment in equipment is required for mass production. As the setting of large-size equipment involves high costs, their production is likely to continue for a long-term.

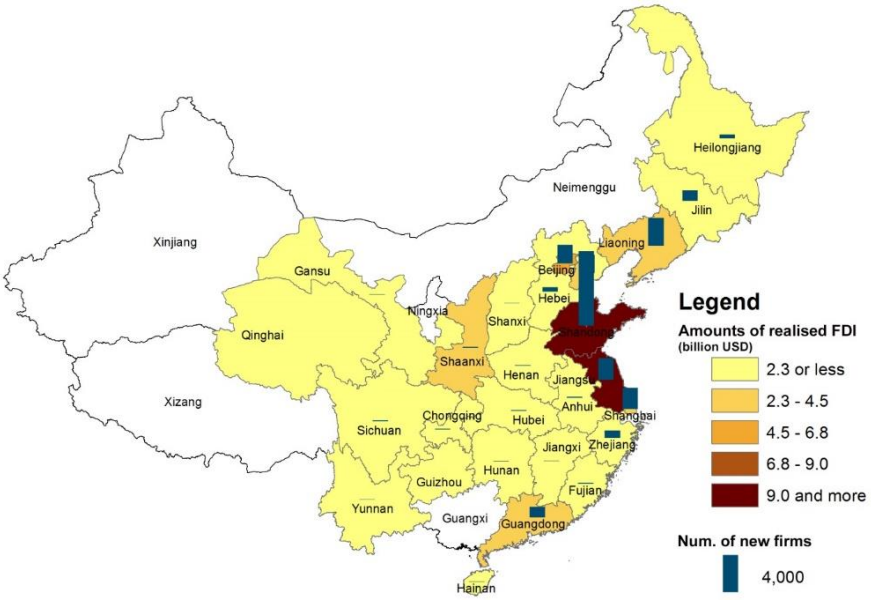
Once global production networks are established for KIM, multiple MNEs will appear brining expatriate workers and possibly their family members. The economic growth generated from MNEs in KIM will attract further investment, a self-reinforcing effect as well as a multiplier effect to other sectors, and these urban impacts would last long.

Liveability

Developing countries emphasised rapid economic growth rather than liveability in the cities [47]. As FDI facilitates the flows of people like expatriate managers and engineers, living conditions play an important role for them to relocate or to stay in the host city [7]. The significance of liveability can be explained by at least the following three aspects. First, the destination for the production is cities and regions in developing countries that are relatively unknown. Uncertainty in living conditions will generate curiosity and carefulness in relocation decisions, often resulting in reluctance to the relocation into the unknown city. Second, firms are keen to secure stable living environments for their expatriate employees. The loss of expatriate professionals will be detrimental to their production because it is difficult to find replacements immediately in developing countries. Third, when the perception on the living environment is superior, or at least acceptable, expatriate workers would stay longer and bring their family members together [7]. The relocated expatriate family members need (language-specific) facilities for their stays and daily activities [11]. Chinese cities now acknowledge the importance of liveability, as manifested in recent urban development projects such as Tianjin eco-city and new towns in Shanghai that have demonstrated a *liveability turn* in their planning approaches [48, 49]. Liveability is one of the important *territorialised regional assets* in the global production networks [50].

KOREAN FDI IN CHINA

In the early- and mid- 20th century, Korean political and military powerlessness, the Japanese colonial rule and the Korean War (1950–1953) impeded modern economic growth. South Korea was referred to as one of the poorest countries after the war. To overcome poverty and political volatility, the Korean government played a leading role in directing and guiding the economy via national planning, known as a developmental state [51]. The initial strategy was to employ export-oriented labour-intensive manufacturing as an economic strategy for industrialisation [37]. The lack of skilled labourers, advanced technologies, and natural resources led to strategies to stress light and heavy manufacturing by taking advantage of cheap labour forces and land prices. This strategy was successful in driving the economic growth, recognised as the '*miracle of the Han river*' and one of the *Asian tigers* [37]. However, the rise in labour costs in the late 1980s and the early 1990s drove Korean manufacturers to seek out low-cost production sites outside Korea. In addition, Korea established a diplomatic relationship with China in 1992, which founded a basis for FDI into China. While the amount of Korean outward FDI in China was insignificant in the 1980s, the 1990s saw substantial increases in FDI flows. However, the Korean economy faced the Asian financial crisis in 1997/8 and outward FDI, therefore, decreased temporarily. To recover from the economic recession, Korean firms turned their focus aggressively to low-cost Chinese regions in the early 2000s. The early 2000s witnessed unprecedented increases in outward FDI into China. Again, facing the Global Financial Crisis (GFC) in 2007/8, the investment amount significantly decreased, but after the GFC, investment amounts were recovered to the volume of 3 – 4 times higher than the 1990s. The number of new establishments of Korean firms is currently stable in the 2010s. Possibly due to increases in labour costs in China, Korean firms expanded to even lower-cost production sites such as Vietnamese city-regions [52]. Korean FDI in China was concentrated heavily on manufacturing that accounted for 78.3% of the total investment by 2015. Only a small proportion was invested in other industrial types such as wholesales and retails (5.5%), finance and insurance (5.4%) and real estate (3.0%).



Note: Only aggregated data is available for the five autonomous regions: Xinjiang, Xizang, Guangxi, Ningxia and Inner Mongolia (Neimenggu) in white colour, but these regions accounted only for 0.5% of the total aggregated realised Korean FDI. Equal interval for realised FDI.

Source: adapted from the Export-Import Bank of Korea.

Figure 1. A spatial pattern of Korean outward FDI in China by 2015**.**

China (USD 52.1 billion) was the second largest Korean FDI destination country after the U.S. (USD 63.0 billion) in terms of the aggregated investment amounts by 2015, followed by Hong Kong (USD 17.8 billion), Vietnam (USD 12.7 billion) and Australia (USD 11.2 billion)[1]. However, in terms of the number of establishments with FDI, China was the highest at 24.8 thousand which was almost a double of the number of establishments in the U.S. (12.6 thousands). This pattern has led to the evident presence of Korean expatriates in China. In fact, Koreans were the largest foreign national population group in China accounting for 20.3% followed by Americans (12.0%) and the Japanese (11.1%) in 2013 [11].

[1] Korean outward FDI statistics are based on the Export-Import Bank of Korea. The dataset reports investment amounts and the new firm establishment. Aggregated information is available by industrial type and country up to the most recent year.

A spatial pattern of Korean FDI has been concentrated along coastal regions corresponding to Chinese spatial development patterns. However, one of the distinctive features was a high concentration on second-tier city-regions such as Jiangsu Province (21.6%) and Shandong Province (18.8%) (see Figure 1).

Surprisingly, investment in top-tier city-regions [53], such as Beijing (12.4%), Tianjin (7.4%), Shanghai (6.4%) and Guangdong Province (6.2%), was less favoured by Korean investors. Investment amounts in Shanghai and Guangdong Province were even lower than Liaoning Province (7.2%). At the beginning stage of Korean FDI in China, Shandong Province was the most favoured region. This trend continued up to the mid-2000s. Possibly due to the proximity to South Korea and, specifically, the Incheon port, a number of firms in manufacturing were established in Shandong Province. Then, Jiangsu Province has emerged in the 2000s by attracting large Korean MNEs in KIM. Aggregated amounts of Korean FDI were the highest in Jiangsu Province in the 2000s. Suzhou was the core city in these Korean activities.

KOREAN FDI AND KOREANS IN SUZHOU

FDI Growth in Suzhou

Suzhou grew owing to the SUNAN (or Southern Jiangsu) model that drew upon local-state directed township and village enterprises (TVEs) until the mid-1990s [54, 55]. However, TVEs faded away due to vague property rights, low productivity and poor technological skillsets in the 1990s [54]. Large-scale global activities appeared after two national-level industrial parks were constructed, i.e., the Suzhou Industrial Park (SIP) and the New Suzhou District (SND). In particular, the SIP has played a crucial role in attracting inward FDI and been transformed into a KIM centre for semiconductors, laptops, Liquid Cristal Display (LCD), and precision instruments [12, 55, 56]. Korean firms, such as Samsung and its subsidiaries and suppliers, have appeared in the SIP and its surrounding region. Jiangsu Province has been favoured by Korean firms in KIM. Among 31 Chinese provinces, the highest amount of Korean investment was directed to Jiangsu Province at USD 11.3 billion followed by

Shandong Province (USD 9.8 billion) and Beijing (USD 6.5 billion). This investment volume in Jiangsu was 3.4 times higher than Shanghai. By 2015, 21.6% of Korean investment has taken place in Jiangsu Province where Suzhou is located.

The Growth of Korean Activities in Suzhou

Survey results showed that dominant Korean expatriate groups were working in KIM (66.1%, see Table 1). Expatriate workers in other manufacturing industries accounted for 10.6%. A high concentration of Korean FDI in KIM in Suzhou has led to an influx of expatriate workers. Suzhou has embraced Korean lead firms such as Samsung Electronics in the SIP, LG Display in the SND and SK Hynix in Wuxi a neighbouring city of Suzhou, but functionally part of the Suzhou region. These are key Korean players in KIM that produce semiconductors and monitors/screens, requiring suppliers and sub-contractors for their final assembly. A simplified production networks in Liquid Crystal Display (LCD) production process are described in Figure 2 as an example. While global lead firms produce final products to sell to the global markets, key parts were provided by their suppliers, called a 1st-tier supplier. Key example intermediate products, provided by the 1st-tier suppliers in the LCD industry, were back light units (BLUs) and circuit boards. These 1st-tier suppliers also required another set of suppliers in addition to their equipment, technology and professional workers. The production process of BLUs needed parts/components and manufacturing processes such as moulding and framing that were supported by 2nd-tier suppliers. They were mostly small- and medium-size enterprises and were not necessarily technologically-advanced. Often these production processes were carried out by local Chinese firms in particular if heavy and bulky intermediate products were used. All manufacturers needed raw materials for their production that were provided by large chemical MNEs such as General Electric, Mitsubish and LG Chem. These MNEs were not necessarily on-site as long as these were delivered to the manufacturers by their sales office.

In Suzhou, these production systems for KIM have been established by the firms predominantly from South Korea, Japan and Taiwan. At the beginning of their production expansion into Suzhou, most firms took a strict vertical

integration strategy within their former production networks. The global lead firms controlled their 1st-tier and even 2nd-tier suppliers for quality assurance, the security of technology and intellectual property rights and just-in-time production. *Strategic coupling* with suppliers was very limited to their former and current partners, mostly from their original production sites such as Seoul and Gyeonggi Province for Korean firms [45]. If core technology was involved, the control over the entire production process was even more strict. The global lead firms, such as Samsung Electronics, persuaded (or urged) their suppliers in Korea to follow them into Suzhou. From suppliers' and sub-contractors' point of view, the transplantation or expansion from Korea to Chinese cities was inevitable due to a rise in labour costs, a decline in overall manufacturing industries, new business opportunities created in Chinese cities and high dependency upon their lead firm(s). Therefore, the tight production networks among Korean firms were re-established in Suzhou, transplanted from Korea, which resulted in Korean expatriate communities predominantly working for KIM. Moreover, the presence of Korean KIM industries has led to further *multiplier effects* directly in technological services and indirectly in producer services, such as banking, financing, insurance, logistics, accounting and law services. Due to the complexity of offshore business operations, new demand for these services has been generated. Korean service firms have been added in Suzhou by offering language-specific and Korea-specific services.

Table 1. Occupations of Korean expatriate workers in Suzhou

	KIM	Manufacturing	Producer Services	Education	Others
N	162	26	13	11	33
(%)	(66.1%)	(10.6)	(5.3%)	(4.5%)	(13.5%)

Note: Surveyed in 2014.

For instance, Korean banks, such as Industrial Bank of Korea (IBK), Kookmin Bank and Shinhan Bank, have been in operation in Suzhou. These service providers also dispatched their managers and possibly these managers accompanied their family members. Then, further multiplier effects have appeared in residential areas and commercial areas due to the demand of Korean expatriate families for daily goods and services such as grocery stores, restaurants, schools, kindergartens, language schools and dentists/medical

centres. While global production networks were considered significant industrial *infrastructure*, these language-specific facilities were critical *liveability infrastructure* for expatriate families. Both have played a significant role in attracting and/or retaining Korean expatriates.

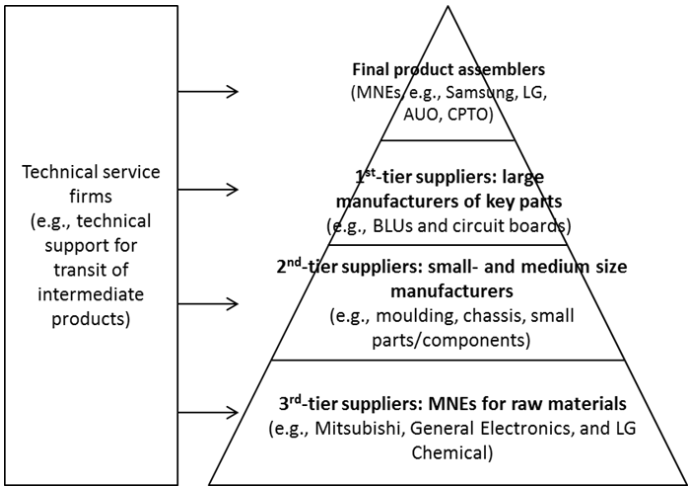


Figure 2. A simplified supply network in LCD production.

Residential Choice of Koreans in Suzhou

While production sites for Korean KIM were geographically spread in the Suzhou region, expatriates' residential choice was highly concentrated in the most liveable area of Suzhou, the SIP (Figure 3). In particular, the northern *Jinji* Lake, the core area developed in collaboration with the Singapore government, has been favoured by Korean families. This area has provided easy access to manicured waterfront public parks, a theme park, high-end shopping centres and metro stations linking key tourist spots in the city centre. Korean expatriate families have formed their ethnic communities in mostly gated residential apartment complexes such as *Linglongwan* and *Zhongtian Hupan* [9]. These Korean ethnic communities offered for language-specific facilities such as bilingual real estate agencies, Korean-speaking dentists, English-speaking medical centres, and Korean religious functions, rich education opportunities for both children and adults, and Korean-favoured

shops such as grocery stores and restaurants. With their non-English speaking, non-Chinese speaking backgrounds, language-specific *liveability infrastrructure* was crucial for expatriate families. Local information magazines in Korean were readily available at these shops. Inside of most ethnic communities was pedestrianised away from chaiotic motorised vehicle flows which were commonly observed across Suzhou local areas [57]. Security in these expatriate-focused apartment complexes was strengthened by extra security guards as seen in recent (mostly high-end) Chinese residential development [11, 58, 59]. The *liveability infrastructure* was a centripetal force to attract Korean new arrivals over other regional areas and retain Korean expatriate families within the SIP.

Figure 3. Residential locations of Koreans in Suzhou.

Table 2. Housing allowance (RMB)

	0	0 – 5,000	5,000 – 10,000	10,000 – 15,000	15,000 – 20,000	20,000 – 25,000	N.A.
N	12	57	59	36	24	2	55
%	(4.9%)	(23.3%)	(24.1%)	(14.7%)	(9.8%)	(0.8%)	(22.4%)

Note: Surveyed in 2014.

Due to their aspiration to stick together with other Koreans in pursuit of *liveability infrastructure*, commuting patterns were distinctive. While expatriate workers stayed in the SIP with their family members, they commuted not only within the SIP (54.3%), but also outward to other cities and regions such as the SND (10.2%), Wujiang (6.5%), and Wuxi (10.2%). This commuting pattern was a reverse dirrection against what have been found in most post-industrialised primate cities with job centres such as Seoul [37], Melbourne [60], and London [61].

One of the distinctive characteristics was the short duration of stays in Suzhou. At the timing of the survey with Koreans, the average duration of stays was 3.9 years, mainly attributable to MNEs' strategies to manage their professional workers. Partly due to the expected short stays in the offshore site, expatriate families preferred well-established ethnic communities with high-quality liveable conditions rather than selecting locally-dominant residential areas. Their stays were predominantly supported by housing allowance from their employers. While the average rental level of the SIP was about RMB 4,000 in 2015 [9], the majority of surveyed Korean expatriate workers received more than RMB 5,000 for their housing, signifying superior housing quality of Korean ethnic communities (see Table 2). Due to housing allowance ear-marked only for housing, their housing consumption was outstanding by location choice within Korean ethnic communities, larger housing size, and interior design (often furnished). Korean firms wanted to ensure at least same living conditions with their hometown in Korea to enhance the stability of their workforce. Housing allowance enabled Korean families to stay together in better-quality built environments than other local areas, and, in turn, these Korean ethnic communities embraced further influxes of Korean-favourable retail shops and services. Another key support from Korean firms was education allowance for children. Most Korean expatriate

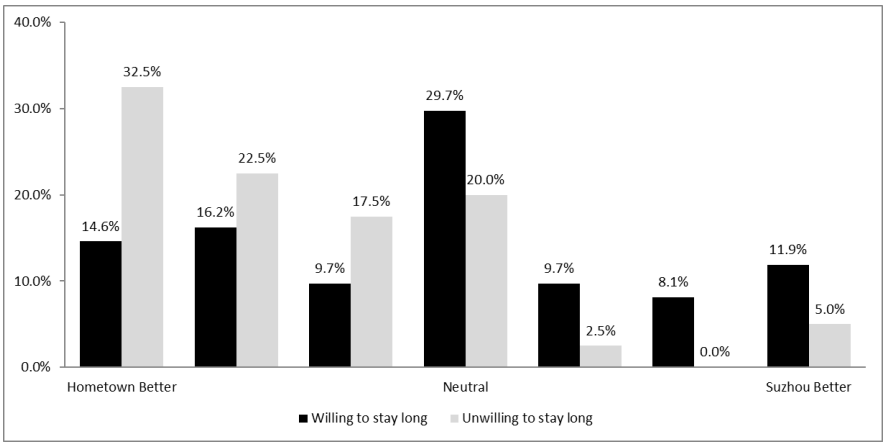
workers were in their 30s (29.8%) and 40s (53.5%). Many Korean expatriate workers had children. There were international schools, foreign language schools and Korean schools in Suzhou. The presence of these educational options was one of the liveability factors for Korean expatriate families because these internationally-focused education services would have been unavailable if they had stayed in Korea.

Relative Perception on Liveability in Suzhou

By virtue of corporate support for housing and education and institutional support for public services, the perception of Koreans on the built environments in the SIP was positive relative to their former residential experience in Korea. Liveability perception is based on residents' reference place or previous living experience due to the complexity of the factors that comprise liveable environments [62]. Thus, this research employed relative perception compared to their hometown. Korean expatriate families perceived, in general, their hometown was superior to Suzhou in liveability, but more than a quarter of surveyed Koreans thought liveability was indifferent and another quarter perceived Suzhou was more liveable than their hometown. Altogether more than half of the Koreans perceived Suzhou's liveability was not inferior to their hometown in Korea, despite their concerns about security, medical services and language barriers in communicating with the local Chinese. Their perception was associated with their willingness to stay in the future. When they were basically dispatched by the headquarters of Korean MNEs, career-related factors played a more influential role in their relocation decision. However, once they were in the host city, their perception on liveability was becoming more and more significant in their future stays. This aspect was well presented in the differences in their perception on liveability (Figure 4). Indeed, 75.5% of surveyed Koreans responded that they were willing to stay in Suzhou in the future (i.e., for next three years), while only 16.3%, unwilling to stay on. The rest (8.2%) were unanswered. Those who were willing to stay long in Suzhou perceived superior liveability than those who were unwilling. The vast majority of 'unwilling' Koreans perceived their hometown had better living environments (72.5%) (Figure 4). In contrast, 40.5% of 'willing' Koreans answered that their hometowns were better than

Suzhou, while 29.7% of them perceived Suzhou's better liveability over their hometown. Liveability might not be a primary factor to attract expatriate workers, but it is a critical urban asset to retain them for the long-term.

The long-term effect was also observed among former Suzhou expatriate workers as confirmed by an interview with a 1st-tier supplier of Samsung Electronics, with approximately 50 expatriate workers. After it closed its production in 2012, the half of the expatriate workers went back to Korea, but the rest have stayed on in Suzhou or elsewhere in China, working for other Korean firms (16%), opening new business in a relevant industry (12%), and managing equipments in the former company and its sister companies (16%). The continuity of their stays even after their firm stopped production activities was attributable to their family considerations such as educating their children and career opportunities, unavailable in Korea but available in China, for the same industry.



Note: Surveyed in 2014.

Figure 4. Relative liveability perception by willingness to stay long in Suzhou.

CONCLUSION

Cross-border flows of human capital have been facilitated by a wide range of factors. Among them this chapter stressed FDI flows via MNEs with a focus on Korean KIM investment in an emerging Chinese city, Suzhou. FDI in KIM

draws upon forward- and backward linkages within global production networks due to the complexity of final products. This relational inter-dependency was a facilitator to attract multiple firms which have been supported by institutional innovation. Samsung Electronics was a giant investor that orchestrated and led the production networks in Korean KIM in Suzhou. The relational division within vertically integrated production networks dominated by the Korean lead firms was one of the organisational characteristics that further facilitated other Korean firms to follow their lead firms. In this mass migration process, liveable environments have ensured not only expatriate workers but also their family members to move into the newly industrialised city, Suzhou. Institutional arrangement has enhanced liveability in Suzhou, which was, to a large extent, transplanted from Singapore planning experience as manifested in the development of the SIP. In addition to industrial and business supports such as transparent administration, tax incentives, water and power supply, and transport networks, the SIP created superior built environments in public space such as well-managed streetscapes, separated bicycle lanes, pedestrianised public plazas and accessible public parks. Gated residential environments have even reinforced the security and the quality of semi-public space in the residential complexes, and, therefore, improved expatriates' perception on liveability. MNEs' financial benefits, through housing allowance and education allowance, were offered to their expatriate workers augmenting housing options and education opportunities. The availability of high-end housing and *liveability infrastructure* contributed to high levels of liveability perception in Suzhou.

The emergence of ethnic communities highly influenced by the influx of MNEs has been related with a *liveability turn* that stresses the quality of place [7]. However, the shift towards liveable environments by employing FDI-led growth strategies can cause socio-economic and spatial inequalities. As exemplified in Korean expatriate residential locations, most globalised activities have taken place only in a small geographical area which was a central part of the SIP for Suzhou. How to flow on the benefit from the *liveability turn* to wider urban areas and the regions will be a critical policy issue in globalising and industrialising city-regions. One more planning issue remains in the role of public sectors. Local governments are responsible for quality, safe and liveable environments, but the emergence of gated communities might imply possible government failure in providing local

public goods, so private housing developers have made up by offering better built environments as club goods only for residents within the gated communities. Local governments should aim to create liveable built environments across the entire local areas. This chapter addressed one Chinese city, but the growth of luxurious ethnic communities has been observed in many developing countries such as Vietnam [52] and India [63] requiring further comparative analyses.

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