

chapters and points out weaknesses of IB theories in light of the glocalization perspective. It argues that IB theories do not apply the duality of an etic and mic approach that deals with the contextual imperatives. Although most IB theories do take into account local context, they are often based on an etic approach.

The strength of the book is its strong theoretical framework, especially in posing challenges to cultural and IB theories. However, I find that the empirical cases cited by Jakobsen could be further elaborated upon if he kept the identity of the companies and entrepreneurs anonymous. As the author mentioned, “[collecting] emic data can be quite difficult as informants regard this kind of information as highly sensitive” (p. 125). In sum, Jakobsen’s volume makes a valuable contribution to the understanding of how ethnic Chinese entrepreneurs navigate in a specific global-local nexus and adds value to IB theories. This book is highly recommendable for scholars and students of Chinese business and IB studies.

CHIN YEE WHAH

*Universiti Sains Malaysia, School of Social Science, 11800 Gelugor, Penang, Malaysia*  
email: [ywchin@usm.my](mailto:ywchin@usm.my)

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***Frontier and Developing Asia: The Next Generation of Emerging Markets.* Edited by Alfred Schipke.** Washington, D.C.: International Monetary Fund, 2015. Pp. xv + 255.

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Amidst the backdrop of ongoing global financial and economic distress — which began in Europe and is now surfacing in China — the world is waking up to a serious contagion not seen since the 2007–08 Global Financial Crisis (GFC). Recent headlines, Greece and China, are troubling institutional investors, academics and the most astute of government policy-makers. There remains much to be learnt from the GFC about the failures in financial regulation and supervision. *Frontier and Developing Asia* is a timely collection

of chapters by academics and policy practitioners and undertakes just that for the next generation of emerging markets, also known as the “Frontier Economies” (FE) of Asia. Nevertheless, some caution is needed because the views expressed in the volume are biased towards the policy prescriptions of the “Washington Consensus”.

The introductory chapter presents an evidence-based framework and best practices that the FE and other low-income emerging markets could learn to adapt to their economic and financial development processes. Schipke provides a basic definition of FE as consisting of “commodity-rich economies, manufacturing exporters, and dynamic low-income countries spanning from Africa to Asia ... that include the likes of Bangladesh, Cambodia, and Vietnam” (p. 3). These FE have now become “new asset classes” and are included in global investment indices. Chapter 8 of this book provides an excellent discussion in ways that these “new asset classes” could advance their financial markets through better regulations and timelier disclosure of data, supported by appropriate institutional developments in the financial sector.

Schipke notes that the rise of the FE is due to their efforts to overcome their “poverty-traps” and face up to the challenge of ensuring that growth becomes sustainable along with their ability to reallocate and diversify their resources and reduce economic volatility. In addition, growth needs to be inclusive; hence, the urgent need to increase investment in “soft” infrastructure. Growth has gone hand-in-hand with increased financial sector deepening, leading to the buildup of significant risks and misallocation of resources, which inevitably undermines the stability and growth potential of the FE (p. 7). This is because the FE are largely bank-based systems and, in a number of these economies, state-owned banks dominate the financial sector.

Chapter 2 provides a good run-through of practical lessons that the FE can learn from the recent developments of Asia’s emerging economies. They note that monetary policy needs to be considered as part of a broader strategy for development and reform. Instead of simply implementing policies that only best suit a particular period in time —

such as printing money or manipulating interest rates — the FE require concerted institutional preparations, including central bank autonomy and a balanced fiscal policy adjustment to complement stated goals of economic, employment and equity growth. Policies need to be implemented in a flexible manner and macro prudential instruments are needed: to supplement the monetary policy tool kit for dealing with the inflow and outflow of capital; and for the stability of the financial system — especially exchange-rate policies — leading towards global financial integration (p. 48).

Chapters 3 and 4 provide an econometric study of trade and the broader economy of the FE against other Asian economic groupings. They found that economic development critically involves diversification and structural transformations, where the Asian economies have particularly done well in. On average, progress occurred through diversification along the “excessive margin” — that is, through entry into completely new products (p. 71). Moreover, changes are not only in the type of diversification, but also on quality issues such as sustained industrial upgrading and maximizing their comparative advantages. Quality upgrading varied by product with longer “quality ladders”, which may be a necessary step before larger gains from quality improvements can be reaped. Chapter 4 exposes also the reasons leading towards slower growth in these FE.

Since quality rather than quantity is crucial for sustainable progress, Chapter 5 assesses and provides stylized factual links between growth, poverty and inequality in frontier Asia since the early 1990s. They find that poverty has fallen significantly in the FE, but inequity has increased particularly in frontier South Asia (p. 114). By studying Vietnam and Bangladesh, they have found that Asia’s recent growth has been pro-poor and inclusive due to concerted efforts in labour market reforms, governance and financial inclusion. The authors found that more work needs to be done especially in frontier South Asia, such as promoting financial sector developments that support growth and reducing inequality in the poorest quartile of the population so as to enhance financial deepening.

These are discussed at length in Chapters 6 and 7, where the authors provide factors that necessitate a deep holistic approach to strengthening the resilience of the FE and, at the same time, developing the capacity to cope with shocks and mitigate macro-economic volatility. Nevertheless, financial systems are at a nascent stage of development in the FE, making it necessary for policies to ensure stable macroeconomic environments, institutional and infrastructure reforms (to create enabling frameworks for markets and private initiatives) and regulatory policies (to address inefficiencies and risks generated by the market and its players). These three main factors were identified in Chapter 7, which provided a snapshot of financial sector developments and risks in frontier and emerging Asian economies, focusing primarily on banks and bank-related activities.

In reviewing the development processes of the FE, Chapter 9 found that while financial sector growth has been rapid since the early 2000s, there are areas that require scrutiny. This includes improving the relatively poor balance sheets, the need to enhance financial supervision and the increased need for quality staff with good knowledge and capacity to ramp up financial sector development and diversification. It provides a good exposition of how monetary and exchange rate policies were conducted across the FE and developing Asia. To some extent they lend support to earlier arguments for rudimentary institutional frameworks of monetary policies and a lack of operational autonomy for central banks, which concentrate on exchange rate targeting as their unconditional policy choice.

Despite considerable merits, the volume has some minor quibbles. First, the visual presentation of real GDP growth in Figure 1.1 in the introductory chapter is unclear. Vietnam is grouped both under “Frontier and Developing Asia” and “ASEAN”. This seems like duplication in real GDP figures and might be misunderstood. Second, despite some extended discussions on India and Bangladesh, this book would have benefited if a chapter on the South Asian Association for Regional Cooperation (SAARC) was incorporated. As an economic grouping,

SAARC has shown rapid developments in the last fifteen years and presenting them, albeit in a small way, would have supported its existence as an emerging South Asia market. Finally, an additional case study chapter of a newly industrializing economy, such as Singapore, and its policy practices could have better supported the practical aims of this volume.

In conclusion, the book provided a timely update of the rapid progress of the FE. In doing so, it addressed the need for structural transformations and inclusive growth. To do so, there is a need to

ramp up investments in “soft” infrastructure, and upgrade their existing monetary and fiscal policy frameworks to support the strengthening of the financial sector via appropriate regulation and supervision.

JAYARETHANAM PILLAI

*Embry-Riddle Aeronautical University  
(Singapore Campus), 75 Bukit Timah Road,  
#02-01/02 Boon Siew Building  
Singapore 229833  
email: jayapillai@gmail.com*

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