

presents a summary of the highlights of the book, a discussion of the general lessons derived from the Philippine case, and a broad assessment of prospects for fundamental change. In a nutshell, the book has provided an excellent picture of the phenomenal growth of the Philippine banking sector, which has been owned mostly by the powerful oligarchic families, and their “romantic” interactions with the central banking authority.

Hutchcroft’s book is certainly an impressive, well-written and insightful contribution to the analysis of the interdependence between political and economic development as it applies to the Philippines. Moreover, it is theoretically sound and empirically strong, indeed a reflection of the author’s enduring attachment to the Philippines and its people. It is strongly recommended for students, teachers and researchers with strong interests in the political economy of banking in the Philippines.

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#### NOTES

1. See G.P. Sicat, “A historical and current perspective of Philippine economic crisis”, Discussion Paper 8409 (University of the Philippines School of Economics, Quezon City, Philippines, 1984), pp. 3, as cited in T.C. Daquila, “Macroeconomic Policy and Its Impact on the Philippine Economy”, Ph.D. thesis, Canberra, Australian National University, 1998, also published in the United States by UMI, Michigan, pp. 10.
2. See E. S De Dios, D.B. Canlas, R.V. Fabella, F.M. Medalla, S.C. Monsod, M.F. Montes, V.P. Paqueo, E.M. Remolona, E.A. Tan, and R.L.P. Tidalgo, “Analysis of the Philippine economic crisis: a workshop report” (1984), pp. 3, as cited in Daquila, 1988, pp. 10. It is to be noted that Hutchcroft was able to interview some of these authors from a long list of interviews (see pp. 263–66) during his visit in the Philippines.

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***Transnational Corporations and Business Networks: Hong Kong Firms in the ASEAN Region.***

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**By Henry Wai-chung Yeung.** London and New York: Routledge, 1998. pp. i–xxi, 297.

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Given the increasingly important role of transnational corporations (TNCs) in the global economy as well as in economic development, it is not surprising that TNCs and their operations have become the focus of many academic studies. The activities of TNCs have been particularly well documented but, as argued by the author of this book, largely from a western-centric perspective. This view has been presented “not as geographically and historically specific but as the norm from which all others are an aberration.” (p. xv)

Henry Yeung, in this book, presents compelling arguments that the activities of TNCs from Hong Kong (HKTNCs) pose a fundamental challenge to the conventional wisdom about “Third World multinationals”. In this study of HKTNCs, Yeung argues that the different conceptualizations of TNCs (read “western”) as “firms that rely upon networks as a form of organising activities” (p. 7) or as “enterprises which control assets – factories, mines, sales office and the like – in two or more countries (UNCTC 1978, p. 158 as quoted in Yeung 1998, p. 7) or as firms which co-ordinate production across national boundaries without using market exchange (p. 7) leads to a conceptual ambiguity.

Yeung thus sets himself the task of developing a network approach to the understanding of TNCs through a deconstruction of existing Western-centric perspectives and a rebuilding of a generic network perspective to take account of time-space specificities in transnational operations (p. 3). Yeung also argues that Third World multinationals have been misleadingly stereotyped as “very small in their assets and sales, labour-intensive in their operations, low in technological capabilities and restricted in geographical coverage” (p. 3). However, this contention is not directly addressed in the book as one would have expected.

The background upon which Yeung seeks to explain the role of business networks in HKTNCs is richly prepared through his analysis of the emergence of transnational corporations from

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Asian Newly Industrialized Economies (NIEs). He maps out the geographical distribution of TNCs from Asian NIEs and also identifies the main characteristics and competitive advantage of these TNCs. Perhaps the most appealing aspect of Yeung's approach to the study of TNCs is the concept of the TNC simultaneously as "a *form* (italics in original) of (international) business organisation and a *process* (italics in original) of organising (international) business" (p. 65) because it takes into account the dynamics of TNC activities. However, while the "economies of synergy" (p. 65) provide a powerful incentive for network creation, some of the strengths that Yeung attributes to HKTNCs may relate more to alliances rather than individual TNCs to the extent that there is a blurring of the analytical unit. He points out that in the context of business networks, the TNC is both a nodal point on intricate inter- and extra-firm networks as well as a dense network of intra-firm relationships in its own right (p. 66).

Yeung's work explains the motivations of HKTNCs to invest in the ASEAN region and their subsequent success in these ventures to be a function of the embeddedness of these firms' networks. Little is known about those HKTNCs, if they exist, that have succeeded without this emphasis on networks or even those that have failed in spite of strong networks.

In the same vein, the author himself has highlighted an implicit question that remains unanswered in his book, that is, to what extent are non-Chinese HKTNCs embedded in the peculiar Chinese business system? This raises a related question — how different are the firms presently under indigenous Hong Kong ownership from when they were owned by the British *hongs* or colonial trading houses? Hutchison-Whampoa is one such firm that has come under Hong Kong Chinese control (by Li Ka Shing and his Cheung Kong Holding). Because the book does not trace the developmental path of such firms, it has not addressed the evolution of network relationships over time. To be sure, the author has highlighted this lacuna under future research agenda. It would, nevertheless, be more academically satisfying to

have this issue included in the present book since the diachronic dimension of network relationships would add to a better understanding of the spatial and social dimensions that the author is concerned to explain.

The distinctiveness of the Chinese business system, according to Yeung, is that "it retains its characteristics even on a very large organisational scale" (p. 135). He adds that "the Chinese tend to cultivate personal relationships or *guanxi* so much so that they tend to personalise their economic relations through business networks" (p. 135). Granted, as the author has asserted, that it is not the intention of the book to contrast different business systems, e.g., Chinese business versus Western business, it would have been useful had the author discussed, in addition to the merits of engaging in network relations, some of the problems that HKTNCs face when doing business in the different ASEAN countries. Because the author has focused primarily on Chinese-Chinese business relations, he has not discussed the usefulness of network relations to HKTNCs when dealing with the individual ASEAN governments or with other foreign non-Chinese business.

Despite this gap, Yeung's book has made an important contribution to debate on Third World TNCs. His extensive, multi-disciplinary survey of the literature on TNCs would be very useful to readers who are interested in a multi-dimensional understanding of how TNCs work. Among the many merits of this book is the breadth of the author's empirical survey. While it is not realistic to expect a book to account for, or explain, every aspect of a massive project such as this, the author himself has identified issues for a future research agenda. Indeed, in his future pursuit of these issues of differences between Third World TNCs and the so-called Western TNCs, the author may well find that in an increasingly integrated global economy there is greater likelihood of convergence, not divergence.

Clearly, it would not be fair to judge this book in the aftermath of the Asian economic crisis. Yeung's book has made much of *guanxi*, an element of Chinese (Asian) business that is increasingly being questioned. Some have argued

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that the reliance on *guanxi* hides a dark side of Chinese business system through the manifestation of collusion, cronyism and nepotism. Therefore, it bears consideration that indigenous Asian firms, including HKTNCs, would have to review their approach to doing business after such a turbulent shake-up of the economic landscape. Their networked business culture, the uniqueness of which was argued by some to be the strength of Chinese capitalism, is coming under intense

pressure for change (see *BTOline*, 14 January 1999, "Guanxi may no longer count for much"). It is likely, therefore, that issues of good corporate governance, sustainability and crisis management strategies will increasingly preoccupy the minds of not only Chinese/Asian businesses but also Western as well.

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