

sponse analyses is questionable given the lack of any analysis and interpretations.

Finally, the section on “Implications and Conclusions” (pp. 146–47) is rather disappointing. While the author does try to link his research findings with those in the literature, his claim of the existence of inefficiencies “in the international transmission of news between Australia and the other markets and among the ASEAN markets” (p. 146) is rather weak. His study is not designed to address this issue and I fail to see the basis for such a claim in his results.

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***New Multinational Enterprises From Korea and Taiwan: Beyond Export-Led Growth.* By Roger van Hoesel. London: Routledge, 1999. Pp. 276.**

New Multinational Enterprises from Korea and Taiwan is based on a doctoral thesis, completed by van Hoesel in late 1997, and therefore pertains to one aspect of the high-growth East Asian economic miracle prior to the onset of the financial crisis. Specifically, the book examines Korean and Taiwanese investment activity in the industrialized world, and seeks to test the hypothesis that as a result of their late industrialization, leading companies from these two countries “have not developed the competitive advantages typically ascribed to multinational enterprises (MNEs) from early industrialized economies”. As a result, it is postulated that the outward investment pattern of Korean and Taiwanese corporations will differ from that of MNEs based in Europe and the United States.

Both Korea and Taiwan’s economies are deemed to be at similar stages of development, but have markedly differing business profiles, and foreign direct investment (FDI) patterns. Korea’s bulky *chaebol*, and associated general trading companies, have tended to dominate this country’s FDI activity. In contrast, Taiwan’s business actors have tended to be relatively smaller in scale. Van

Hoesel attributes such differences to “differences in historical, political and ethnic backgrounds” of the two countries. In particular, the links between politics and business have been closer in Korea, and looser in Taiwan. And these differences between the two countries’ business sectors are also reflected in their differing approaches to FDI. In the big scheme of things, the importance of Korea and Taiwan as sources of FDI remains “relatively modest”. Indeed, the application of a “Relative Investment Development Index” suggests that FDI activity by the two countries actually lags behind their economies’ relative stages of development; in other words, they have been relatively slow to invest overseas.

Van Hoesel’s empirical research focuses on the electronics sector, which has witnessed the largest FDI activity by Korea and Taiwan. His findings suggest that while some of the determinants of overseas investment by Korean and Taiwanese firms are broadly similar to those of other MNEs — such as company size and the importance of overseas sales — there are also some marked differences. The speed with which Korean and Taiwanese firms progressed from the “first wave” of FDI activity (regional investments in neighbouring developing countries, seeking markets and cheap labour) to the “second wave” (more global FDI spread, also seeking to acquire strategic assets) was “unprecedented”. The first wave largely took place in the 1960s and 1970s, with the second wave evident in the 1980s and early part of the 1990s. As John Dunning notes in his foreword to this book, as “country specific advantages of the Taiwanese and Korean countries have become more sophisticated, and their firms broadened and intensified their international networks, the need to both exploit the markets of more advanced countries and to tap into their intellectual assets has become more apparent”. But while the Korean *chaebol* ambitiously enacted investments right across the globe (and accumulated massive debt obligations in the process), Taiwanese firms have tended to stay closer to home, rarely venturing beyond East Asia or the United States.

New Multinational Enterprises from Korea and

Taiwan is a new and worthy addition to Routledge's Studies in International Business and the World Economy series, providing a well-researched and intensive look at the manner in which major South Korean and Taiwanese firms have ventured overseas. The detailed case studies — all taken from the electronics sector — and analysis fill a lacuna in the existing international business literature. (The four firms put under the microscope in the case studies are: Samsung Electronics, LG Electronics, Acer, and First International Computer.) However, as the book is based on a doctoral thesis, it tends to be quite a "dry read".

Cutting off at 1997, the book does not have an opportunity to plot what is probably the beginnings of the third wave of overseas investment by Korean and Taiwanese firms, since 1997 and the impact of the financial crisis that swept the region. In the immediate aftermath of the crisis, South Korean firms and banks alike withdrew from a spectrum of overseas operations, refocusing their attention on saving domestic operations. The profile of Korea's corporate sector is likely to be markedly different in the years ahead (including a less dominant role for the chaebol), and this should have an impact on Korea's overseas investment profile. And for Taiwan, recent successes by chip "foundry" corporates like Taiwan Semiconductor Manufacturing Company (TSMC) and United Microelectronics Corp (UMC) — the latter now the world's second biggest producer of made-to-order computer chips — may prompt a radical change in this country's FDI patterns too. For companies like UMC in Taiwan and Samsung Electronics in Korea, these computer hardware companies are well positioned for the "new economy" that many observers predict will be in the ascendant over the next decade. But it remains to be seen whether some of the more "old economy" firms in Korea and Taiwan will fare so well.

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***Managed in Hong Kong: Adaptive Systems, Entrepreneurship and Human Resources.* Edited by Chris Rowley and Robert Fitzgerald. London: Frank Cass Publishers, 2000. Pp. 135.**

This is a timely and insightful edited volume preoccupied with the future of Hong Kong as rooted in current and past performance. The introductory chapter, written by the two editors, Chris Rowley and Robert Fitzgerald, sets the tone by discussing the three main themes "national competitiveness", "deindustrialization", and "human resources". The conclusion of the introductory chapter is well taken, that old solutions representing a continued frantic search for low cost production in response to new systemic shifts in the economic environment may create a vicious circle hard to break. As part of China in the new millennium, I could not agree more with the statement that Hong Kong needs new ideas for the rocky path ahead.

The second chapter by Mick Carney and Howard Davies, takes a historic perspective of the Hong Kong economy up to the present day in an attempt to understand whether past adaptive abilities may play a role in the future. The conclusion is as clear as it is alarming: the "merchant manufacturers" of Hong Kong are not likely to be able to change their traditional strategies towards the required technological upgrading and product differentiation. It is also deftly pointed out that this may not only have negative repercussions for Hong Kong, but also for the Chinese mainland, making the capabilities of Hong Kong firms operating there obsolete as the mainland develops further.

Chapter 3, written by Paul Ellis, again bases its analysis on past times but adds a theoretical flair in introducing complexity theory analysing Hong Kong as a complex adaptive system. Somewhat surprisingly, the result is more positive for the future of Hong Kong even if the arguments in favour are a bit weak. It is argued that Shanghai will not have a chance against Hong Kong in the future because established patterns of entry into (mainland) China will not be broken easily.