

path of broadly defined factor endowments. Examples from other regions have shown how such leapfrogging strategies can go badly wrong as in Brazil's PC industry. Hong Kong is cited as throwing away its technological lead in the 1960s because of a lack of policy guidance by the hands-off colonial administration. But is Hong Kong the worse for this? Is it to Hong Kong's interest to manufacture semiconductors and other hi-tech goods as the authors (and the new administration) think or should it concentrate in core competencies such as acting as the service sector and software gateway for China?

Thirdly, the authors may be too sanguine about the effects of the Asian crisis on the hitherto highly successful strategy. In Korea, the deep structural changes have had deeper consequences than the book posits. The *chaebol* model rested on cross subsidies and cheap sources of funds, which allowed heavy investment to gain critical economies of scale. Also it allowed *chaebols* to buy firms in the United States, which acted as crucial transmitters of technology in place of unwelcome FDI. This model has now come to an end as a result of the crisis due to resulting debt problems and an end of the protected domestic market structures in areas such as consumer electronics and cars, which allowed cross subsidization of heavy investment in electronics. The effect has been a consolidation in the industry with LG Semicon being forced to merge into Hyundai Electronics in 1999, and latest reports indicate that the government is urging further consolidation with a proposed merger of Samsung Electronics and Hyundai Electronics.

The crisis has also had a big impact in ASEAN excluding Singapore. In the weaker economies, the crisis has effectively put the development of the semiconductor industry on hold in Thailand (with the closure of Alphatech); in Indonesia (little investment now going into Batam); and in the Philippines, the burgeoning sector may be hit by the bilateral problems between Taiwan and the Philippines. In the more intermediate case of Malaysia, the ambitious plans for building a technopolis around Kulim High Tech Park have also faced difficulties. Perhaps, MNC confidence

is taking longer to be restored and policy-makers have also lost their sense of ambition.

In conclusion, this is a key book in explaining how latecomers can successfully climb up the value-added chain and through dynamic upgrading of competitive advantages. The use of state enabling institutions is critical in an era where traditional forms of infant industry protection such as tariffs are ruled out. That this strategy has also been re-exported in Western countries (often as for use in regional regeneration schemes such as in Scotland) is testament to its usefulness. However, such a strategy is necessary but not sufficient for development. Policies such as macroeconomic stability and creating an attractive environment for MNC networks remain highly relevant. Rather than stress the overriding role of any of these contributions, a synthesis may well be the best way of explaining the phenomenal rise of the semiconductor industry. This book will be an important component in that broad interpretation.

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Corporate Strategies for Southeast Asia after the Crisis: A Comparison of Multinational Firms from Japan and Europe. Edited by Jochen Legewie and Hendrik Meyer-Ohle. Basingstoke and New York: Palgrave, 2000. Pp. 261.

This accomplished volume of edited conference papers is one of several publications on the aftermath of the Asian economic crisis (AEC) rather than the crisis itself. The papers are the

professorial outcome from experts organized to ascertain corporate responses to the crisis and represent an earnest contribution to the taxonomy of the AEC. The 1999 conference, "Economic Crisis and Transformation in Southeast Asia", was sponsored by the Deutsches Institut Für Japan-Studien (a Federal Ministry of Germany-funded independent research institute for Japanese studies). The edition reflects its provenance and is commendable on several counts.

First, it addresses a forward-looking perspective in preference to a descriptive chronicle of the crisis. Secondly, arguments emerge from a pragmatic treatment of issues rather than one that is aesthetically academic. The narrative charts competitive trajectories of multinational corporations (MNCs) adjusting their foreign direct investments (FDI) defensively and opportunistically to the changed business and commercial landscape of Asia. For the practitioner and corporate strategist, this is welcome. For the advanced researcher looking for deep background analytical material supported by necessarily broad specialist referencing, the contributions (with notable exceptions) may disappoint — notwithstanding statistical sources. Thirdly, the material is grouped in four parts: MNCs in Southeast Asia; production; marketing; and corporate finance, to permit an efficient focus. Fourthly, the work includes issues on corporate finance — important in themselves, given the financial causes and capital effects of the crisis. Fifthly, detail is culled from Japanese, Asian, and international sources. Sixthly, the edition refrains courageously from deploying endnotes. This choice may facilitate reading; however, it disarms the scholar. Lastly, the material is not treated in a fashion that follows pedantically conference norms. The result is one of utility on one hand but, on the other, a less than generous set of literature reviews.

The notable exceptions that will please researchers, academics, and the interested policy-maker begin with the introductory Chapter 1 on managerial issues of globalization and localization by Stephen Young, acknowledged widely as a leading authority in international business (IB) and the operational dynamics of MNCs. The

contextualization evokes intentionally the challenge of crafting a unified field theory of FDI, MNCs, and trade that fits empirical economic behaviour of corporates in general and during the AEC in particular. Setting the broad sweep of business as background for the conference material, the text demonstrates dexterity as it depicts elegantly and parsimoniously the components of such a model. The advanced researcher is thus given valuable insights to the spatially distributed organization that must maintain strategic coherence in the multi-functional management of international operations.

Chapter 3 on the role of MNCs in Singapore provides the reader a rare view into one exemplary success story. The difficulty with such accounts remains one of balancing perception with discerning assessment of crucial policy conditions. This difficulty is overcome well. However, asymmetric reliance on one source in the absence of seminal references, *inter alia*, Mirza (1986), represents serious lacunae that is debilitating not only for the advanced researcher.

Part II deals succinctly with production operations and addresses the "complex integration" of MNCs. Some readers may wish for a more extensive explication of underlying factors responsible for the "development of production in Asia" (pp. 61–62). Other readers will be satisfied by the utilitarian approach and the well-articulated, persuasively illustrated exposé of dynamics at work in MNCs. Particularly welcome are bold references to the respective domestic economies accounting for MNCs' behaviour.

Part III presents a useful and pragmatic account of responses (tactical and operational) to the "4 Ps" of marketing. Advanced researchers may feel justified in arguing that texturally the section is rather pedestrian especially in the absence of consistently forceful integrating theory (excepting Chapter 7 by Tomoaki Sakano and colleagues). The section nevertheless serves the corporate executive well by disclosing, and illustrating with germane examples, what competing MNCs have done and are doing. Commendable passages (pp. 126–29; 152–56; 166–68; and 178–82)

scrutinize the “localization of the region”, sectors, and countries. For the senior academic, the balance of emphasis arguably falls on the tactical despite the integration by Keri Davies (pp. 182–83) of longer term endogenous trends with exogenous shocks.

Part IV on corporate finance rounds off the volume by revealing the complex linkages between financial and production economies. It addresses cogently the increasingly apparent convergence of direct and portfolio modalities of investment. Issues regarding this convergence are moving up policy and research agendas and Chapter 10 — Options for Strategic Change — by Dennis Tachiki assists in reorienting researchers and corporate strategists. The understandable decision not to burden readers with either classic currency theories of FDI and asset pricing model references, endnotes, or citations from the voluminous contributions of the IMF, IBRD, NBER, IIF, Federal Reserve, *inter alia*, demonstrates a confident intellectual independence that can not be dismissed easily. This attests to the focus of the volume, and knowledgeable readers will appreciate and bemoan simultaneously the precision and the missed opportunity to capture a more comprehensive literature review.

The editors conclude the volume with a chapter that revisits expertly the challenges of the first chapter and assembles the principal arguments. The role of MNCs in Asia is seen as one of increasing expansion and structural change to the morphology of ownership away from conglomerates with *keiretsu* formalities towards a more efficient articulation of integrated international sourcing, production, and marketing networks. Herein, the strategic emphasis is felt less in the control of ownership and more in the control of management. Well-informed readers, however, will appreciate that the latest regional indicators question not only the consensus on recovery and the capacity of regional bourses to intermediate more efficiently in the allocation of capital but also the various rates of structural reform.

This volume would need to be read with a

necessary degree of caution concerning consensus on regional recovery and bearing in mind the speed of change and the serious situation facing Southeast Asia currently and over the next year or two. One stimulating and provocative impression is that, although the discipline of the material is IB and FDI, editorial processing opts for a strategic approach. The results of this choice are on balance more valuable as a snapshot to pragmatists rather than to academics looking for expansive elaborations of the disciplines. A more generous allowance for the number of pages would have assisted in satisfying better the latter constituency.

Corporate Strategies for Southeast Asia after the Crisis: A Comparison of Multinational Firms from Japan and Europe presents a worthy and readable contribution to the maturing intelligence on MNCs and their global operational significations. The book is commended on its practical style not only to executives, but also to policy-makers responsible for attracting inward FDI as well as to academics interested in bringing their material on regional studies up to date. The book stands individually as an additional resource. A follow-up conference that reports on the situation (after the current downturn in global demand is over) is hoped for. Such a conference will assist in substantiating and validating the long-term strategies that the collection of papers suggests.

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