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ARTICLES

Ideology, Policy and the Private Entrepreneur in China

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Despite enjoying significant growth, private entrepreneurs in China have been suffering from bureaucratic harassment and frequent policy changes. As a result, they have strong feelings of insecurity and display some idiosyncratic behavior such as consuming most of their profits and covering up the private identity of their businesses. It is argued in this article that the ideological issue of labor exploitation under socialism as well as the volatile political climate are root causes of the current situation.

Auditing a Changing Institution: China's State Enterprises

BARBARA REIDER, RICHARD MASCHMEYER, AND JI-LIANG YANG

In the People's Republic of China (PRC), state enterprises have played a dominant role in the nation's economic development since the Communist Party came to power in 1949. While an independent system of auditing helps insure that reported financial figures are accurate, China's state enterprises have historically lacked this external scrutiny. Thus, state enterprise managers and government officials have frequently operated without access to reliable, unbiased financial information regarding state enterprise performance.

This paper addresses the changes that have occurred within state enterprises since 1949, and the accompanying transformations in their accounting and auditing systems. We present the historical role of China's state enterprises along with the development of control system reforms, and provide a general overview of the prescribed accounting and auditing systems. We then examine the recent economic performance achieved by state enterprises, highlight criticisms of the control systems, outline financial accounting misrepresentations, and discuss problems associated with state enterprise audits. Finally, we offer recommendations to improve state enterprise audits.

Deforestation in Indonesia: Policy Framework for Sustainable Development

JOSEPH A. PETRICK AND JOHN F. QUINN

The authors empirically examine the extent and character of the use and non-use economic values of Indonesia's tropical forests. They argue that the decision patterns and domestic policies that have led to the deforestation of Indonesian forest resources can be remedied by a comprehensive policy framework that is fully implemented. The authors recommend twelve action steps that address the causes of deforestation, support the sustainable development of Indonesia's forests, and urge regional Asian international networking for sustainable practices in forestry management.

RESEARCH REPORT

Telecommunications and Development in ASEAN Countries: Communications Infrastructure, Industrialization, and the Diffusion of Information Technology

MARTIN RUDNER

The Association of Southeast Asian Nations (ASEAN) countries, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, have achieved an impressive record of economic and social development over the past decade and more. Now, the region as a whole is in the throes of an accelerated industrial transformation (Australian Department of Foreign Affairs and Trade 1992; Rudner 1991a; Lee and Nagaraj 1991; Lacson 1991). As part of this process, and in order to address emergent economic and social priorities, each of the ASEAN governments has placed strong emphasis on telecommunications sector development, with a view to extending infrastructure availability, upgrading services, and overcoming past deficiencies (World Bank 1994: chap. 1).

The present study examines the role of telecommunications in the development of ASEAN countries. The discussion will focus primarily on the telecommunications sectors of the four ASEAN countries that have developing country status: Indonesia, Malaysia, the Philippines and Thailand.

Four key issues will be addressed: (a) the place of telecommunications in ASEAN development planning and public investment priorities, and programs for policy reform, privatization, and institutional reform; (b) the emergent telecommunications manufacturing industries in ASEAN developing countries, giving consideration to direct foreign investment (DFI) and technology transfers; (c) the contribution of external financing through Official Development Assistance, multilateral (e.g., World Bank and Asian Development Bank) and bilateral (e.g., Japanese or U.S. aid), and concessional export credits for telecommunications sector development in ASEAN developing economies; and (d) the impact of telecommunications sector development on the diffusion of information technology, and thus on the ASEAN transition to more knowledge-based industrialization strategies.

RESEARCH NOTE

Entering China Through Equity Joint Ventures: A Comparison of Japanese, U.S., European, and Hong Kong Approaches

YIGANG PAN

In the context of global competition, the success of U.S. firms in a given foreign market depends, to a large extent, on what Japanese, European, or other foreign firms do there. When we study the market entry strategies of U.S. firms, we need to understand the market entry strategies of firms from other countries in the same foreign market. This study developed several propositions that explain the differences among foreign EJVs in China from the major investing countries. The results, based on 4223 foreign EJVs from 1979 to 1992, showed that U.S., Japanese, Hong Kong, and European EJVs differed in foreign equity ownership, the choice of local partner, EJV business scope, and EJV location.