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ARTICLES

Focus On The Evolution of Asian Business Systems

Competition and Organization: A Reexamination of Chinese Business Practices

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It is clear that the Chinese consumer market will soon be among the largest in the world. Accordingly, businesses from around the world have begun earnestly to court the Chinese consumer, giving the move to China all the appearance of a gold rush. This paper examines the previous attempts to capture the China market, beginning with opium trade in the middle of the nineteenth century and shows that in each head-to-head competition, Western merchants lost to their Chinese counterparts. This paper further examines some of the organizational reasons that give Chinese businesspeople some comparative advantages in economic competition.

The Japanese Business System: Key Features and Prospects for Change

D. ELEANOR WESTNEY

This paper argues that the Japanese business system cannot be adequately understood without extending the focus of analysis beyond the individual firm to the vertical keiretsu or business group. The vertical keiretsu structure was first identified and studied in the auto and electronics industries, where it is most strongly marked, but it characterizes virtually all sectors, service industries as well as manufacturing. Large industrial vertical keiretsu are composed of subsidiaries engaged in three distinct types of activities (manufacturing, marketing, and quasi-related business). The coordination and control systems are built on the flows of products, financial resources, information and technology, and people across formal company boundaries, with the parent firm controlling the key flows. This paper examines the prevailing explanations first for the emergence and then for the persistence of the vertical group structure, and looks at the current pressures for change and adaptation in the system.

The Evolution of Southeast Asian Business Systems

LINDA Y.C. LIM

This paper considers how the changing regional economic, political, and cultural environments and the actions of national governments, Western and Japanese multinationals, and ethnic Chinese and indigenous capitalists, have contributed to shaping the business systems of developing market economies in Southeast Asia. It argues that as the region's enterprises, economies, political and legal systems mature, the entrepreneurial family businesses and ethnic networks heavily dependent on personal relationships and government linkages that currently dominate business systems here will change and become less dominant, but only gradually and incompletely.

Commodity Chains and Regional Divisions of Labor in East Asia

GARY GEREFFI

Explanations of how the East Asian newly industrializing economies attained and sustained their competitive advantage are diverse. Neoclassical economies and statist perspectives show that labor costs and government policies, respectively, are key factors in the early stages of export-oriented development. By themselves, however, these approaches are not sufficient to account for the many changes that have occurred during the recent evolution of East Asia's regional political economy. During the past several decades, East Asia's export industries have become increasingly diversified, internationalized, and thoroughly integrated. In an effort to move beyond the state versus markets debate, this paper focuses on the organization of production as a major determinant of industrial transformation in East Asia. The global commodity chains approach is utilized to highlight the role of producer-driven and buyer-driven chains in creating overlapping and at times conflicting regional divisions of labor in East Asia. Producer-driven and buyer-driven chains are based on different types of production and trade networks, they are driven by different kinds of lead firms, they incorporate different sets of countries into their regional hierarchies, and they have different consequences for industrial upgrading in Asia's various subregions. These contrasting forms of international economic organization co-exist in Asia, they are sectorally distinct, and they have diverse implications for national and regional development. The electronics and apparel industries, which represent producer-driven and buyer-driven chains respectively, are used to illustrate these arguments. Even after considering the role of low wages, quotas, and other government policies, organizational variables (such as types of commodity chains, the structure of networks, organizational learning, and conventions) are found to be significant determinants of export growth, industrial upgrading, and other aspects of economic performance in East Asia.