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ARTICLES

Performance of Business Groups in Korea: A Focused Business Strategy

KAE H. CHUNG AND HAE R. KIM

Korean business groups have demonstrated high growth but underperformed in profitability. Their diversification strategy is suspected as a reason for such performance. This study finds that, within a business group, companies tied to the group's core business(es) have outperformed those that are unrelated. This finding, although not surprising in advanced economies, does contradict the popular view that highly diversified business groups outperform those pursuing focused businesses in emerging economies where their capital, labor, and product markets are underdeveloped.

Managerial Autonomy, Firm Objectives and the Role of Local Governments in Post-Privatization Rural China: Some Survey Evidence

PAUL BOWLES, XIAOYUAN DONG AND SAMUEL P.S. HO

China engaged in a massive privatization of rural firms during the mid-late 1990s. This paper uses survey evidence from a sample of privatized firms in Jiangsu and Shandong to assess the extent to which this privatization has changed the level of managerial autonomy and the objectives of the firm. We find evidence that privatization has had a substantial impact on both of these variables. However, we also argue that local governments continue to be deeply embedded in local economic structures.

Demographics and Shopping Orientations for Apparel Products: A Hybrid Segmentation of Chinese Consumers

CHENG LU WANG, NOEL YEE-MAN SIU, AND ALICE S.Y. HUI

This research adopts a hybrid segmentation approach by integrating consumer shopping orientations, demographic variables and fashion information searching behaviors. Based on a consumer style inventory in China's consumer market, results of this study indicate that the combination of psychographic and demographic variables in describing apparel choice patterns provide rich information about each consumer segment. Managerial implications for marketing communications, such as media selection and positioning strategies, are also discussed.

RESEARCH REPORT

Foreign Direct Investment to China and Southeast Asia: Has ASEAN Been Losing Out?

FRIEDRICH WU AND PUAH KOK KEONG

This paper considers whether ASEAN has been losing out to China in attracting foreign direct investment (FDI). International comparison using the UNCTAD's Inward FDI Performance Index shows that China's share of global FDI, relative to its shares of global GDP and world exports, has not been disproportionately large and has only increased marginally since 1988-90. The seemingly large amount of FDI that China has received should also be discounted – at least 25% or more – for “round-tripping”. The strong FDI growth in China from 1992 to 1997 was mainly due to increased FDI from Hong Kong, and not because foreign investors had invested less in ASEAN. Source-country FDI data further shows that developed countries have been investing more in ASEAN than in China throughout the 1990s, even after the Asian Financial Crisis. Contrary to the popular perception that China has been taking FDI from ASEAN, the drop in FDI to ASEAN has been primarily due to a decrease in FDI from other Asian countries after the financial crisis. This paper suggests that while competition for FDI between ASEAN and post-WTO China will intensify going forward, ASEAN should also actively seek to engage China as an economic partner.