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## ARTICLES

### **The Dismal Performance of Non-financial Public Enterprises in Bangladesh**

TANWEER AKRAM

This essay provides an analysis of the financial performance of non-financial public enterprises in Bangladesh. Public enterprises in Bangladesh are in financially decrepit condition. The causes of their poor performance are identified. Their financial losses, poor performance, inefficiency and subsidization create pressure on the national exchequer, weaken the country's financial system and reduce the competitiveness of the country's private sector. The findings of this essay are placed in the context of the literature on public enterprises and privatization in Bangladesh. Finally, feasible policy options to overcome the dismal performance of public enterprises in Bangladesh are addressed.

### **Outward Foreign Direct Investment and Its Impact on the Home Economy: The Case of Singapore**

FRIEDRICH WU, MUN HENG TOH, TERENCE HO

Internationalization plays an important role in the growth and strategic development of companies, particularly those from economies with small domestic markets. This paper examines the importance of outward FDI to Singapore. Singapore's "external economy" contributes directly to Gross National Income (GNI), as well as to domestic demand through income remittances. Successfully globalized Singapore firms may create spin-offs for the domestic economy, especially if they choose to retain Singapore as a base for high value-added (VA) activities. Outward FDI also has significant macroeconomic effects. Singapore's outward direct investments are found to have a significant impact on non-oil domestic exports (NODX) and service exports. The risk of "hollowing out" due to internationalization is found to be limited as most Singapore-based companies venture overseas to capture new markets rather than to take advantage of lower costs abroad. However, to maximize gains from its internationalization strategy, the government should design assistance schemes giving firms incentives to maintain strong links with the domestic economy.

### **The Effect of Local Structures on Industrial Development in an International Tourism Resort: A Case Study of Low Budget Tourism in Sosrowijayan**

TROND-ARNE BORGERSEN AND STÅLE A. RYE

This paper analyzes how a tourist area and its local SMEs adjust to international shocks. Tourism, more than any other industry, depends on international conditions. At the same time, industrial adjustments in the tourist industry have to be understood in relation to the local economic, social, and cultural structures. The case of Sosrowijayan, in Yogyakarta, Indonesia, shows how the initial industrial birth, as well as the later industrial growth in the tourist industry, has been influenced by local structures. Today, amid industrial stagnation, a local initiative is again in the forefront when trying to influence future industrial development. However, as

today's problems are mainly externally imposed, local initiative might not be enough to influence future growth. This study of the tourist industry in Sosrowijayan exemplifies how both local and global processes, along with the interaction between them, determine local industrial development in an international tourist resort.

## **RESEARCH REPORT**

### **An Empirical Study of Strategic Alliances between Taiwanese and Japanese Enterprises in Mainland China**

REN-JYE LIU

As global competition grows increasingly borderless, enterprises co-evolve in attempts to adapt to the changing environment to reduce risks, gain market access, and sustain their competitive advantage. Japanese enterprises no longer experience success in investments as they did in Taiwan and Southeast Asia during the 1980s. In order to re-enter the competitive landscape, Japanese firms have recently begun to establish operations in mainland China in alliance with Taiwanese enterprises who are familiar with local language and culture and experienced in technological transfer. This study discusses the alliance types and classifies them into six categories with respect to their characteristics under two dimensions: market orientation and resources control. A number of strategic alliance cases such as Tailien Optical, Ricoh Eleme (Dong-guan), Nikon (Guan-dong), Liufeng, Toyota Industry, Fujiwa Machinery, Pioneer (Dong-guan) and Ding Yi are also presented as paradigms for future trends. The goal of this article is to understand at both theoretical and practical levels the types of interorganizational strategic alliances between Japanese and Taiwanese firms affiliated with mainland China. During the research, we also sensed that Taiwan fits in the position of "interface," which has implications for its future co-evolution not just with Japan and China, but also with European, American, and other firms considering investing resources in mainland China.