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**I. Alon and J. McIntyre (eds.).** *Globalization of Chinese Enterprises*. New York: Palgrave, 2008. 240 pp. ISBN 0-230-51562

Not only Western international firms, but also Chinese domestic firms are exposed to what is nowadays called global mega-competition.

China is extremely well prepared for such a competitive environment. With \$1.5 trillion foreign exchange reserves, China is increasingly active in investment activities, albeit still overall conservative, but with such an amount of foreign exchange held by the state-owned banks and other funds held by a large variety of investments corporations, China's outward FDI has great growth potential.

The theoretical approach in most chapters of this book, (explicit or implicit) is the resource-based view that is often combined with institutional theory. In order to understand the outward FDI, as well as many other economic phenomena in China, we cannot ignore its unique institutional setting.

The book analyzes the globalisation of Chinese enterprises by differentiating asset exploitation and asset seeking. Asset exploitation refers to investments in oil and other raw materials. Asset seeking investments refer to the fact that Chinese firms need to acquire assets such as advanced technology and managerial expertise in order to exploit international markets. Asset seeking is therefore a route of Chinese enterprise globalisation, including 'internal globalization' in which companies acquire competences for example through forming joint ventures.

The book consists of 15 chapters and they are grouped into four parts. The last chapter consists of case studies of Chinese multinational enterprises (MNEs).

Part I is titled *Resources and outward FDI from Chinese Companies*. In the first chapter, Deng develops a framework based on the resource-based view to understand Chinese outward FDI into developed countries. The next chapter is written by three Professors from Qinghua University (Tang, Gao and Li). It describes the learning processes in Chinese international business. Based on their analysis, they suggest that the Chinese government should strengthen its assistance to Chinese firms in learning from non-Chinese international business. Finally, Alon, Herbert and Monöz focus on Chinese firms' deficiencies that prevent them from being competitive in global markets and on what should be learned in order to overcome these deficiencies. The chapter calls for more comprehensive strategies for Chinese multinational companies.

Part II titled *Institutional considerations: New Pathways* consists of three competent chapters, all stressing that institutions matter. In this part, it is emphasized that institutions include not only Chinese government bodies, but also supranational institutions such as WTO. Chapter 5 by Yang and Stoltenberg gives a detailed description of changes in both internal and external institutions from a historical perspective.

The question of whether globalization of Chinese firms follows western models of internationalisation or rather a 'later-comer' model similar to Korea and Taiwan, is discussed in chapter 6. The chapter by Sun, Peng and Tan further sets forth the challenging task of discussing what strategy late-comers use. It builds on a comprehensive empirical study of more than 2000 Chinese listed companies. As shown by their research, Chinese firms tend to follow a focused (versus diversified) externalization strategy such as direct export, OEM and joint ventures.

The last chapter in this part, written by Hui and Fatt, gives an example of a state-owned enterprise involved in a joint venture in Malaysia. This case study indicates the price and non-price (e.g. technology) dimensions of competition in the process of acquiring distinctive assets

Part III is called *Regional Implications: Following or Leading?* It examines the regional impacts of China's internationalization on electronics industry as well as over other Asian countries.

In chapter 8, Lairson talks about the relationship between China and Vietnam from a political science perspective. Although historically the relations between Vietnam and China are not the best, which perhaps should have been mentioned in the chapter, Vietnam is benefiting from China's rise, as more and more Chinese companies which produce low value-added products, are now moving their factories to Vietnam. The chapter is also inspiring theoretically as the author incorporates the flying geese model (FGM) into political economics (state and networks) in both countries to demonstrate the potential benefit to Vietnam from China's globalization.

Chapter 9, by Johnson, compares Chinese globalisation to that of South Korea. He first draws readers' attention to the cultural features, by examining the similarities and differences between these two countries. The current Chinese economy shares many similarities with the development in South Korea in 1980s and 1990s. It is shown that both countries followed an export-oriented development model. However, it is emphasized that, instead of following South Korea's path of incremental globalisation, Chinese firms should leapfrog the incremental stages via acquisition of strategic resources, which are critical for the competi-

tion in 21<sup>st</sup> century and different from those considered valuable in the 20<sup>th</sup> century. Innovative managerial skills, in marketing, branding, and human resource development, have become more and more important in nowadays. China can obtain these skills from foreign partners who have invested in China, and this requires China to follow WTOs intellectual property rights (IPR). Accordingly, Johnson suggests, Chinese academics and practitioners should also lobby for IPR protection, because ultimately they will benefit from such protection as well.

In Chapter 10, Lawton and Lin investigate the importance of domestic networks for the internationalization of Taiwanese SMEs. Their empirical study shows that weak technological capabilities and deficiencies in local knowledge do not have a significant impact on the decision of involving domestic inter-firm networks into internationalization. However, their study confirms that acquiring non-financial external resources and reducing international risks were the determinants for firms to internationalize through domestic inter-firm networks.

Chapter 11, by Kurihara, focuses on the globalisation of the electronic industry in Northeast China. The chapter is inspiring in its style suggesting that Dalian, with the help of Japan, can become a Chinese 'multilingual' Bangalore. As stated in Kurihara's conclusion, the state-owned enterprises dominating Northeast China are forced to revitalize their corporate activities with further FDI and privatization. In order to survive, they must be ready quickly to take advantage of the incoming globalization and the information age to nurture the electronic industry in this region. This chapter provides an informative insight into regional differences in China.

Part IV consists of case studies, which we will not go through in detail, that covers specific industries and companies in China, including the Chinese automobile industry, Huawei, China's largest telecommunications equipment provider and a significant international competitor, and Wuliangye, a company producing strong liquors with the same name. Wuliangye, marketed and promoted by the Push Group, is the most profitable distiller of spirits in China. Overall, China's cross border M&A almost doubled from 2004 to 2005. To some extent, leapfrogging has replaced the sequential learning process during the internationalisation.

To sum up, *Globalization of Chinese Enterprises* is a timely book that has both theoretical and empirical value. This book helps researchers to get a better picture of the 'rich' China, in terms both of capital and people. Also, I recommend this book to those who are interested in learning how

Chinese firms leverage their resources to overcome the disadvantages such as lack of international experiences, brand names, and qualified managers, to mention just a few. The book builds on the scant existing literature of Chinese outward FDI and expands our understanding of the internationalization of Chinese firms. Not only international business scholars, but also China scholars and managers will benefit from reading the book.

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