

## Introduction

The rapid integration of the world economy and globalization of markets witnessed in recent years is having a marked impact on corporate structures and cultures at a worldwide level. Nowhere has this development been as pronounced as in the Asian region. China and India are fast emerging as two of the world's most important economies. Both countries have seen average growth rates of 7-8% over the past several years, and other countries in the region, for example, Vietnam, are not far behind. To these is to be added the phenomenon of the newly industrialized economies (NIE) of the region. This rapid growth has led to the creation of hitherto unknown investment opportunities for many companies internationally, giving rise to new dynamics in, for example, delocalization of manufacturing plants and business process outsourcing activities. Similarly, there is a fast emerging new dynamism in corporate structures and cultures in the region, which can be seen as a direct result of globalization.

The present edited collection is an attempt to address these developments from different perspectives focusing on a number of countries in the region. It represents a selection of the papers presented at the 13<sup>th</sup> annual Euro-Asia Research Conference, which was held in June 2007 at the National University of Hokkaido, Sapporo, Japan. The focus of the book, as the title suggests, is on analysis of the impact of globalization on corporate structures and cultures in Asia. Within this broad theme, different perspectives are examined. The objective is therefore to contribute to the enhancement of knowledge on these matters in a fast-changing environment.

The book is divided into three parts, dealing respectively with an Asia-wide perspective, Japan and China.

Chapter 1 by Korhonen, Kettunen and Kosonen is an analysis of employee relations of Finnish companies in China. A number of challenges and problems facing Finnish companies in this market have been identified. The authors present

and discuss how the corporate cultures of subsidiaries of Finnish companies operating in the Chinese market have evolved as a combination of both Finnish and Chinese corporate cultures. The authors find that these challenges were related to the different modes of communication, the lack of common language, the different organizational structures and the different attitude toward initiative taking.

Chapter 2 by Andreosso-O'Callaghan and Bassino argues that increased economic opening up may lead to a heightened level of a country's vulnerability due to the impact of external factors. By relying on a number of macroeconomic indicators, and financial and other factors, the authors propose a vulnerability index which serves as the basis for addressing these issues across a number of Asian and EU countries from 1995 to 2005. The authors argue that the vulnerability index, in addition to acting as a guide for policy makers to assess turning points in the macroeconomic activity, can serve as a complementary tool for dealing with matters related to economic crisis.

In Chapter 3 Horn and Dzever appraise the challenges related to intermodal logistics developments in North-East Asia (NEA). The chapter starts with an overview of global trade developments and container flows, and assesses the trends in the China-Japan-Korea triangle. The authors then carry out a detailed analysis of Japan's current policy initiative emphasizing multi-modal program, Korea's pushing of its sea and air hub functions, and China's significant effort to upgrade its intermodal transport infrastructure to support its world manufacturing hub. The chapter concludes with a review of the NEA shipping network, highlighting the dynamics of NEA port hubs and clusters together with the connecting shipping and feeder routes. A NEA-wide intermodal short-sea shipping and logistics policy, similar to the EU's "Motorways of the Sea" program, is proposed.

Chapter 4 by van der Eng argues that the formation of the ASEAN Free Trade Area (AFTA) was in part an answer to the emergence of China as a competitor in Foreign Direct Investment (FDI). On the basis of extensive empirical studies of Japanese subsidiary firms from 1997 to 1998 the chapter assesses whether AFTA contributed to an increased attractiveness of ASEAN for FDI. The author finds that there is little evidence to suggest that Japanese firms left ASEAN countries in large numbers due to the financial crisis of 1997-1998. On the contrary, these companies not only expanded their operations, they also rationalized and integrated these activities in ASEAN, thus setting the stage for their rapid expansion not only within ASEAN but China as well.

The contribution by Bollampally and Dzever in Chapter 5 analyzes the impact of radio frequency identification (RFID) on the pharmaceutical supply chains in Asia and Europe, focusing particularly on India, China, France and the UK as examples. The rapid expansion of the global pharmaceutical supply chain during the past few

years has brought many unwanted side-effects, the most notable of which is the heightened risk of counterfeit drugs becoming more easily available in the marketplace. To combat this problem an increasing number of pharmaceutical companies (in Europe and Asia) have taken to the application of RFID technology both as a security measure and a device for optimizing supply chain efficiency. This chapter discusses several applications of RFID in regard to both the Asian and European pharmaceutical supply chains and points to its potential use as a business intelligence tool. It concludes that by using this mechanism, a company can be in a better position to deal with the problem of counterfeit drugs in the supply chain and also more efficiently address important issues such as assessing customer needs, buyer behavior, sales forecasting, etc.

An analysis of the Japanese multi-sectoral industrial groupings (known as the *keiretsu*) constitutes the subject matter of Chapter 6 by Daidj, Gardet and Mothe. The authors assume a strategic management literature perspective (focusing on network theory) as they address the issues surrounding the *keiretsu*. The analysis is of a comparative nature drawing on examples from both Japanese and European auto manufacturing environments. The chapter discovers that whereas the *keiretsu* seek to introduce a more transactional approach to their collaborative networks, Western auto manufacturers tend to favor the “win-win” partnerships approach which is considered to be more rational in nature and is aimed at replacing the classic subcontracting relationship.

The contribution by Nivoix presented in Chapter 7 is concerned with an analysis of the price-to-book ratio (PBR) and market value added (MVA) factors in the Japanese stock market returns. The chapter finds the existence of the PBR effect for a 12 month horizon within the Japanese market. For a shorter timeframe, however, the PBR effect is not significant. In conclusion, the author suggests that the MVA is not a good indicator of future stock returns.

Chapter 8 by Jausaud and Rey represents an analysis of the real exchange rate and Japanese exports to China and the USA. Japanese sectoral exports to China and the USA are analyzed focusing on the period 1980-2005. The study finds the existence of long running/co-integration relationships between exports, real exchange rates and gross domestic products for six industrial sectors, namely: food, textile, metal and non-metal products, chemicals, machinery and equipment. The findings confirm the existence of co-integration relationships for all exports in China and four cases of exports in the USA.

In Chapter 9, Taylor assesses the evolution of China’s private enterprises. The author examines the development of China’s private sector since the initiation of the post-1978 economic reform program and finds that private enterprise has been encouraged by the Chinese central government (in parallel with the restructuring of

state-owned industries) as a way of enhancing the country's competitiveness in the global market. In spite of these efforts, however, the study finds that the sector still faces formidable domestic and international challenges related to factors such as quality control, technological innovation and branding.

Chapter 10 by Zhao and Jaussaud is a study of the international strategic alliances in China focusing on the perspective of the Chinese partner. This contribution is rather unique in the sense that up to now, research on international strategic alliances in China has tended to be focused primarily on the perspective of the international partner. Based on up-to-date empirical data received from a number of Chinese partners, the authors find that the characteristics of both Chinese companies and foreign partners (in terms of size, nationality, etc.) do not appear to play a significant role in determining performance. On the other hand, compatibility of goals and objectives between the partners, as well as communication and cultural issues, do seem to assume great importance in the success of the alliance.

The contribution by Fayol-Song presented in Chapter 11 is a study of four French companies in China which shows similarities and differences in their policies and practices when it comes to localization of management. The study demonstrates that although localization appears to be part of the official strategies of these companies, in practice, however, none of the four companies have an established action plan in relation to this. Instead, these companies tend to adopt different approaches to contractual arrangements with their local executives. Furthermore, despite an expressed willingness and determination among the companies toward the transfer of expatriate positions to local executives, certain types of management responsibilities traditionally handled by expatriates in this market still remain irreplaceable.

Finally, Hu and Dzever present in Chapter 12 the issue of brand management strategies to enhance customer value in the Chinese telecommunications market. The chapter focuses on major brand management strategies used by operators in this market such as "visualization", "integration", "speed", etc. The Chinese telecoms market is very competitive and due to cultural factors that are uniquely Chinese, the authors find that using only traditional concepts such as service, quality, customer loyalty, etc., to design strategies aimed at enhancing a company's competitive position in this environment may not be sufficient. Instead, companies do attempt to draw on the specific attributes customers in this market value the highest in order to structure and more effectively communicate their brand management strategies.

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