

# 1. Unpacking the business of Asian business

**Henry Wai-chung Yeung**

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The rise of Asia as an important region for global business has been widely recognized as one of the most significant economic phenomena in the new millennium. In his February 2005 speech delivered at Lancaster University's Management School, Stephen Green, the Group CEO of HSBC Holdings plc – the global bank that arguably knows Asia best – noted that the rise of Asia 'will fundamentally reshape the world's economic landscape in the decades ahead . . . At HSBC we believe developing markets will provide about half the growth in demand in the world economy over the next 25 to 30 years. And we believe that China and India will be core to that . . . I would go further and say that the economic modernisation of Asia is the most seismic consequence yet of the globalization of human commerce' (Green, 2005: 1, 4). Many business and economic indicators have conclusively shown the superlative upward trajectories of Asian firms and Asian economies: the number of leading Asian firms listed in *Fortune Global 500* is growing rapidly; the GDP per capita of Asian economies is increasing dramatically, and thereby creating huge domestic consumer markets; Asia is attracting a large proportion of the world's foreign direct investment, and becomes a favourite investment destination for global corporations; China and India alone are contributing to a substantial portion of the world's manufactured products and IT services; and the list of achievements by Asian firms and Asian economies goes on and on.

While substantive academic studies of Asian business have been in existence for several decades now, there is relatively little systematic integration of our knowledge and research on Asian business (see also Leung and White, 2004). Most of the existing studies either focus on business and management issues in specific Asian firms (Calingo, 1996; Hamlin, 1998, 2000; Turpin and Shen, 1999) and Asian economies (for example Japan, Indonesia and Hong Kong), or champion an all-embracing Asian-style/way of management (for example Chen, 1995; Lau *et al.*, 2000; Backman and Butler, 2003; Warner, 2003; Tipton, 2005). The former research approach tends to place much emphasis on economy-specific characteristics, at the expense of broader regional and global forces, in shaping business and management issues in a particular economy. In some cases, the analytical focus is highly limited to micro-management issues within Asian firms. On the other hand, the latter approach often caricatures the great diversity of management practices in Asia, and makes sweeping generalizations that call for an exceptional view on how a singular form of Asian business differs from the so-called 'Western' practices in business and management. An unfortunate consequence of either approach is that Asian business becomes rather mystified as either unique to specific Asian economies or similar across all Asian economies. These approaches are clearly unsatisfactory, as Asia is becoming much more articulated into the global economy. We need a more holistic approach that combines micro-level analysis of Asian firms and industries, with macro-contextual analysis of local, national, regional and global influences on Asian business.

This introductory chapter aims to shed light on our state-of-the-art understandings of Asian business in relation to three important analytical themes: (1) Asian firms and networks; (2) Asian states, institutions and business systems and (3) global commodity/value chains and global production networks. The focus here is neither exclusively on business firms themselves nor on specific national economies. Rather, I aim to introduce this *Handbook*, not by telling what each chapter is about, but by situating individual chapters or groups of chapters within one or more of the above interrelated strands of analytical literature. Before I proceed to unpack each of these strands of literature, I need to contextualize their relevance to this *Handbook*. First, in each of the three analytical themes, there are specific theoretical perspectives that help organize research efforts and advance our knowledge of Asian business. They are developed not only by researchers in business and management schools, but also by academics in a wide range of cognate social science disciplines, such as international economics, political economy, economic sociology, regional studies, development studies and economic geography. The collective body of literature introduced in this chapter is therefore highly interdisciplinary and transcends particular functional areas in Asian business (for example marketing or organizational behaviour).

Second, the presentation sequence of these three strands of theoretical literature reflects the *analytical scale* of their central claims. More specifically, individual firms, national economies and global processes are the three scales at which these theoretical perspectives and their associated analytical studies are organized. While some of the chapters in this *Handbook* are only implicitly embedded in these theoretical perspectives, other chapters have drawn explicitly upon particular theoretical perspectives to develop their understanding of the nature and organization of Asian business. This chapter thus provides an overall theoretical reference point for understanding the research topics and materials reviewed in subsequent chapters.

Third, it must be noted that these three strands of theoretical literature represent cutting-edge research on Asian business since the 1980s. My choice of this time line is intentional, as Asian business, with the exception of Japanese business, has emerged as a serious academic research focus only since the 1980s. The past 25 years witness a tremendous surge in academic interests in Asian business. This chapter serves to bring together this diverse body of academic studies, in order to showcase the influential research on Asian business for both retrospective and prospective reasons. With hindsight, these perspectives can help us understand the evolution of Asian business to their current state of the art. However, any research programme should be forward-looking, and thus we should develop prospective insights that help guide future research on Asian business. Some of these research agenda will be examined in the concluding section of this chapter.

## ASIAN FIRMS AND NETWORKS

The first significant strand of theoretical literature relates to business firms in Asia, whether they originate from Asian economies or are foreign firms investing in Asia. In general, this strand of literature is concerned with business strategy and organization in Asia (see also chapters in Part I of this volume). While focusing their conceptual lenses on the firm level, these studies have made significant progress towards identifying the

causal firm-specific factors that contribute to their business performance in Asia and beyond. In this analytical context, two approaches particularly stand out, amongst a whole range of other lesser and, sometimes, competing perspectives: the resource-based view of the firm and organizational networks theory.

The intellectual antecedents of the *resource-based view* (RBV) of the firm have now been well mapped out (Barney, 1991, 2001; Peng, 2001; see also Chapter 5 in this volume). In this view, the performance of Asian firms or firms in Asia is directly linked to their access to firm-specific resources, such as capital, technology, markets and managerial skills. As reviewed in Chapters 2 and 3, a significant number of studies of Asian business have focused on their resource endowments as the independent variable that explains their business and organizational outcomes. Despite its origin in industrial economics (see Penrose, 1959), to a large extent, the RBV perspective has been adopted by researchers based in business schools and management studies throughout the world to study such empirical issues as knowledge transfer, success of joint ventures, organizational choice, and so on.

While the RBV-inspired work has identified a whole range of firm-specific factors in explaining the performance of Asian business, there is too much analytical privilege offered to *intra-firm* resources, at the expense of *inter-firm relationships*. These latter relationships form the focal point for theoretical perspectives related to organizational networks. This body of literature has made a significant impact on our understanding of firm performance through pioneer work on business and organizational networks in Asia. Unlike the RBV-linked work, this genre of work focuses primarily on how business networks are formed and organized in specific Asian economies. It also differs from the business systems theory to be explained later, because the state and non-state institutions are not as important as theorized in the business networks theory.

There are primarily two aspects to this body of work on business and organizational networks in Asia. The first group of work relates to the role of interpersonal relationships in explaining business performance and organizational outcomes in Asia. The second examines the role of business groups in Asia at the inter-firm level. Both strands of literature owe their conceptual antecedents to several important sociological studies of Asian economies in the late 1980s and the early 1990s (see Hamilton and Biggart, 1988; Hamilton, 1991; Orrù *et al.*, 1997). In particular, these earlier sociological studies have identified the critical importance of interpersonal relationships in the organization of business activities in Asia. For example, in many Asian economies with a substantial economic presence of ethnic Chinese (for example Hong Kong, Taiwan and Singapore), the role of interpersonal relationships or *guanxi* is critical to understanding business activities (see also Chapters 4 and 5 in this volume). As mainland Chinese opens to global business, *guanxi* relationships seem to continue to play a significant role in business ventures and marketing activities in China (see also Chapters 6 and 9–10 in this volume).

Meanwhile, the role of business groups in inter-firm relationships is quite distinctive in Asian business. From the Japanese *keiretsu* (Gerlach, 1992; Richter, 1999a; Kensy, 2001; Beamish *et al.*, 2002; Paprzycki, 2004) to the South Korean *chaebol* (Jwa, 2002; Chang, 2003; Jwa and Lee, 2004) and the Chinese family conglomerate (Wong, 1988; Redding, 1990; Yeung, 1998, 2004; Hamilton, 2005), business groups are significant collective players in Asian business, and they have received a fair share of theoretical and empirical attention (see also Hamilton, 1991; Richter, 1999b; Dacin and Delios, 2005; Chapters 2–3

in this volume). These studies have shown that, despite the advancement of globalization forces, business groups in Asia remain highly resilient to organizational change and transformations (Carney, 2005; see Chapters 15 and 18 in this volume). In particular, business groups in Asia are found to be significant players in their domestic economies, organized around dominant firms and/or families, highly diversified in the scale and scope of their business operations and, in many cases, highly internationalized in their geographic presence. As explained in the next section, the organization of economic activities in Asia is significantly different from Anglo-American capitalism, in which there is a strong separation between the ownership and control of business firms.

Insofar as the above studies are concerned, there is a strong tendency towards focusing on the strategy, organization, management and marketing activities of business firms in Asia in their home economies (see also chapters in Part II of this volume). Few of them have examined a relatively recent phenomenon, the *internationalization of Asian firms*. While the early 1980s witnessed a spate of empirical studies of the emergence of the so-called 'Third World multinationals' associated with such researchers as Wells (1983) and Lall (1983), the next wave of studies came only much later, in the mid-1990s, when these Asian transnational corporations (TNCs) began to make serious inroads into the global marketplace (Yeung, 1999, 2002; Yeung and Olds, 2000; Beausang, 2003; see also Chapters 20–22 in this volume). Until very recently (for example Guillén, 2002; Mathews, 2002; Chen, 2003; Yang, 2005), this substantial body of literature has relatively little cross-fertilization with the above studies of business strategy and organization of firms in Asian economies. This is perhaps a reflection of the domination of economics perspectives in a majority of empirical studies of the internationalization of Asian firms (see Yeung, 1999).

To sum up, the past 15 years have seen the rapid emergence of academic studies of the business strategies of Asian firms and the organization of their business networks from a variety of theoretical perspectives. As illustrated in the chapters in Parts I and II of this volume, the Asian firm serves as an important analytical category to unpack the intricate nature of Asian business. While drawing upon both macroeconomic and micro-firm-specific analyses, these studies of Asian business have shed light on both the cross-sectional profiles of Asian firms and their dynamic transformations over time. As we are approaching a better understanding of Asian firms, we begin to realize that Asian business is certainly not just about Asian firms. Equally, if not more, important are the institutional contexts, political economies and business systems in which these firms are embedded. Here, we encounter another whole set of theoretical perspectives that are developed through rigorous social scientific investigations into Asian economies.

## ASIAN STATES, INSTITUTIONS AND BUSINESS SYSTEMS

As we move from Asian firms and their corporate strategy and management to broader political-economic considerations, we are compelled to examine the role of Asian states, institutions and business systems in shaping the organization of Asian business. In other words, there is only so much that firm-level studies can tell us about Asian business. This is where the literature on Asian business (rather than just Asian firms) draws upon the critical theoretical insights offered in major social science disciplines, such as comparative political economy, economic sociology, institutional economics, development studies,

and so on. As pointed out by Mike Peng in Chapter 3 (see also Peng, 2003; Peng *et al.*, 2005), we simply cannot fully grapple with the intricacies of business strategy and organization in Asia by focusing exclusively on firm-level variables and behaviour. There is no doubt that firms are the key drivers of business activities in Asia and beyond. However, there is now a large body of theoretical literature that points to the deeply embedded relationships between capitalist firms (and, even, non-capitalist firms, as in the case of transitional economies such as China) and the wider societal context (see chapters in Part III of this volume). In this subsection, I focus on three interrelated theoretical perspectives that are developed specifically from the Asian context.

First, since the mid-1980s, a number of influential political economists and political scientists have collectively popularized the *developmental state theory* that fundamentally explains the superior economic performance of selected Asian economies in relation to the strong administrative guidance of their respective developmental states (Vogel, 1979; Johnson, 1982; Amsden, 1991, 2001; Haggard, 1990; Wade, 1990; Woo-Cumings, 1999; Hamilton-Hart, 2002; cf. Boyd and Ngo, 2005). In this theoretical perspective, Asian states are featured strongly in terms of their direct and indirect interventions in the national economies. In direct terms, strong states in Japan and the Asian newly industrialized economies (NIEs) – such as South Korea, Taiwan and Singapore – not only prioritized economic development as the prime goal for their policy interventions, but also engaged in explicit pro-business policies during the various stages of their industrialization programmes and, to a significant extent, the post-industrial era. These state interventions existed in the form of promoting certain leading national firms as ‘national champions’ through strategic industrial policies and tax and export incentives. In some cases, the state took a direct interest in the establishment, ownership and continual management of business groups in these Asian economies (for example Singapore and Taiwan). Such leading firms as Singapore Airlines and Taiwan Semiconductor Manufacturing Company (TSMC) are good examples of such state-driven initiatives (see also Chapters 15–16 in this volume).

In an indirect way, these Asian states also engaged foreign firms, in the form of inward foreign direct investment (FDI), to kick-start their developmental processes. As shown in Chapters 12–14 and 19 in this volume, these favourable government policies towards foreign investors have made a very significant impact on a variety of indicators of national economic development, ranging from innovative capacity, industrial linkages and industrial upgrading to business opportunities, managerial capabilities and labour skills. For example, Taiwan’s formidable position in the global electronics industry today would not be possible without these direct and indirect interventions by the Taiwanese government during the past three decades (see Chapter 16 in this volume). Equally, state intervention and transnational capital must be credited for much of Singapore’s well-known achievement in economic development (see Chapters 12 and 15 in this volume). The implications of these state interventions in Asian economies are that business strategy and organization, whether domestic Asian firms or foreign firms in Asia, cannot be solely understood as rational economic decision making in the absence of powerful influences at the broader structural and institutional levels. Despite the great diversity in the specific national institutional contexts, Asian business is as much about business firms as about states and their embedded institutions.

This argument thus brings us to the second, but closely related, theoretical perspective that focuses specifically on *institutions* and *institutional change* in Asian economies. Partly

linked to cognate theoretical developments in institutional economics (Hodgson, 1988, 1994; North, 1990), economic sociology (Granovetter and Swedberg, 1992; Smelser and Swedberg, 1994, 2005; Nielsen and Koch, 2004) and organizational analysis (DiMaggio and Powell, 1991; DiMaggio, 2001), this research interest emphasizing the role of institutions in Asian economies has made a fundamental contribution to our understanding of business activities in Asia. Beginning with the work by Hamilton and Biggart (1988) on business networks as the institutional foundation of Asian economies, a whole variety of theoretical and empirical studies of institutions have mushroomed during the past two decades. This diversity in literature has made it rather difficult to identify them separately (see also Chapter 3 in this volume).

Broadly speaking, however, there are at least two strands of studies in this vast literature. One strand works on the state–business nexus, the other on the role of social institutions in Asian business. The political economy dimension of *state–business relationships* has undoubtedly attracted a significant amount of research attention during the past two decades. Partly related to the developmental state literature, this body of work focuses on how state-driven institutional structures have provided favourable opportunities for business firms in Asian economies (see also chapters in Part III of this volume). We now know a great deal about the rise of numerous major business groups in Asian economies in relation to pro-business state-sponsored institutional frameworks (for example banking systems, industrial structures, R&D frameworks, labour markets, and so on), particularly in mainland China (Guthrie, 1999; Keister, 2000; see also Chapters 6 and 22 in this volume), Indonesia (Robison, 1986), Malaysia (Gomez, 1999), Singapore (Low, 1998; see also Chapter 15 in this volume), South Korea (Fields, 1995; Kim, 1997; Lee, 1997), Taiwan (Shieh, 1992; Fields, 1995; see also Chapter 16 in this volume) and Thailand (Hewison, 1990). By unpacking the political economy of these pro-business institutional structures, these studies have incorporated politics and power relations in their analysis of business actors and their relationships with broader institutional power dynamics. As a consequence, we can better understand the dynamics of Asian business, particularly at times of institutional change in an era of accelerated economic globalization (see also Chapters 3 and 18 in this volume).

Another strand of the literature on institutions in Asian business focuses on the role of *social organization* in providing the institutional foundation of Asian business. Here, the emphasis has been placed on how social and cultural institutions in Asia interact with economic incentives to promote business and entrepreneurial activities. Collectively, these studies have shown how variations in social and cultural institutions have made a significant difference to the business strategy and management practices of firms from different Asian economies (see Orrù *et al.*, 1997; Biggart and Guillén, 1999) and the ways in which marketing activities of business firms are influenced (see Chapters 7–8 and 10 in this volume). For example, personal relationships or *guanxi* have been identified as a form of social institution that engenders business transactions among related parties. Unlike the culturalist explanation of this *guanxi* factor in relation to Confucian traditions (for example Redding, 1990; Haley *et al.*, 1998; cf. Chapter 17 in this volume), this institutionalist perspective on *guanxi* sees these complex webs of interpersonal relationships as social institutions, rather than cultural practices, that emerge from peculiar political, economic and social contexts in Asia (see Yang, 1994; Chung and Hamilton, 2001; Guthrie, 2002; Yeung, 2004; Chapter 4 in this volume). As the forms of social organization in these

Asian economies change and become transformed over time, particularly in relation to globalization tendencies, there are important implications for our understanding of the dynamics of Asian business in a global era (see also Yeung, 2000; Chapters 6, 15 and 18 in this volume).

While the developmental state theory and institutional analysis focus respectively on the state and institutional structures, the third theoretical perspective brings them together to form a comprehensive analysis of Asian business at the level of *business systems*. Originally formulated by organizational sociologist Richard Whitley (1992, 1999), this business systems perspective has been developed to explain the management, organization and performance of Asian firms in relation to their home-economy business systems (for example authority systems, institutional structures, labour relations and capital markets). Similar to the developmental state theory and institutional analysis, this perspective affords much more explanatory power to *internal* factors within individual Asian economies. The most significant difference, however, remains that the business systems perspective encompasses a much broader range of explanatory variables than either the developmental state theory or institutional analysis (see also Westney, 1996; Jakobsen and Torp, 2000; Yeung, 2000, 2002; Redding, 2005; Chapter 20 in this volume). This perspective situates firm-specific practices within the broader business systems in which these firms are embedded. The business systems perspective, however, is not without its analytical problems. The most significant one is its excessive focus on the highly imposing structuring effects of nation-specific factors, at the expense of processes that operate beyond the national scale – at the regional and global scales. As explained in the next section, these broader processes are well theorized in analytical perspectives that incorporate these regional and global processes at work.

In summary, Asian business is best understood as a complex outcome of firm-specific decisions and strategies, and their interaction with wider political and social institutions in Asia. When these institutions become sufficiently influential, they form a unique configuration of a business system that can leave long-term impacts on the ways in which business activities and firm practices are conducted in Asia. The three interrelated theoretical perspectives examined in this section are highly relevant for our understanding of both Asian firms and foreign firms in Asia, because they focus on the business environment internal to respective Asian economies. By going beyond individual firm-level analysis, these broader perspectives differ from the strategic management and the business organization approach described in the previous section; they contribute to a more comprehensive understanding of Asian business as an organizational outcome shaped by a variety of actors (for example firms and states) and institutional structures (for example capital and labour markets). These perspectives showcase how firm-level analysis per se is insufficient in grappling with such extra-firm issues as political economic processes, institutional influences and the dynamics of business systems.

## GLOBAL COMMODITY/VALUE CHAINS AND GLOBAL PRODUCTION NETWORKS

While the theoretical perspectives and associated empirical studies in the above two sections have shed very useful light on the *modus operandi* of firms in Asia (local or foreign)

and the wider business systems in which these firms are embedded, there is one significant element that remains relatively undertheorized in these perspectives: regional and global forces. These forces are critically important insofar as we are concerned with how Asian economies and, therefore, Asian firms are articulated or integrated into the global economy. This articulation requires us to understand not only the internal dynamics of business within Asia, but also, more crucially, the processes through which Asian economies participate in regional and global economic processes and business activities. In other words, while the perspectives outlined in the previous two sections are highly competent in telling us about the why and the how of Asian business in Asia, they are not really able to inform us much about the ways in which Asian business contributes to global business. In this section, I examine two interrelated theoretical perspectives that put *regional and global processes* at the forefront of their analytical foci: the global commodity/value chain (GCC/GVC) perspective and the global production networks (GPN) perspective. Similar to the perspectives introduced in the previous section, these two perspectives originate from social scientific investigation into *transnational processes* that link different economies and countries together in a chain- and network-like configuration of business and economic activities.

In many ways, the *global commodity/value chain* perspective owes its theoretical origin to earlier sociological studies of economic development. Influenced by Immanuel Wallerstein's world-system framework, in which different countries are sorted in a cascading order of core, semi-periphery and periphery economies, the GCC/GVC analysis gained prominence after the mid-1990s, following the innovative work by Gary Gereffi and Miguel Korzeniewicz (Gereffi and Korzeniewicz, 1990, 1994). Together with other researchers in development studies, they have constructed an analytical framework that focuses on the global scale (Schmitz, 2004; Gereffi, 2005; Gereffi *et al.*, 2005). The GCC/GVC analysis, in particular, has been shown to provide enormously important insights into a wide range of economic development issues, such as industrial upgrading, technological and employment change, market expansion, trade patterns, and so on.

In terms of its relevance for Asian business, the GCC/GVC perspective has been applied directly to the study of how Asian supplier firms are integrated into the strategic decisions of global buyers from North America and Western Europe in a wide range of industrial sectors, such as clothing (Gereffi, 1999; Hassler, 2003; see also Chapter 11 in this volume) and electronics (Borras *et al.*, 2000; McKendrick *et al.*, 2000; Sturgeon, 2003; see also Chapter 16 in this volume). The GCC/GVC perspective therefore enables us to understand much better why industrial firms in export-intensive Asian economies are organized and configured, not just in relation to their firm-specific strategy and resources or their home-economy business systems (see above sections), but, more importantly, in accordance with the strategic need of global buyers. The perspective introduces a very significant *external* or *exogenous* factor influencing the management and organization of Asian business. In both Chapters 11 and 16 in this volume, the contributors have demonstrated clearly how Asian firms and states are responding to global demand, mediated through the relevant GCCs/GVCs, with appropriate industrial policies and business strategies.

The GCC/GVC analysis, however, does suffer from some analytical shortcomings that can be remedied through the global production networks framework (see Dicken

*et al.*, 2001; Henderson *et al.*, 2002; Hess and Yeung, 2006). First, while the chain concept in the GCC analysis brings multiple geographical scales, particularly the global scale, to the forefront of its analysis, the geography of GCCs remains weakly developed and under-theorized, no doubt a reflection of the origin of the framework in development studies and economic sociology. The issue of territoriality is highly aggregated in the GCC framework, identifying the spatial units of analysis, such as countries and economies, as either core or periphery. This is where the GPN framework in economic geography makes stronger claims, because it deals with how actors in various GPNs are anchored in different places (for example specific regions within a country) and multiple scales (from the national to the local scale). A more recent refinement of the GPN framework in Coe *et al.* (2004) has made an explicit analytical link between GPNs and (subnational) regional development – a core issue for economic geographers since the 1980s. Similarly, the work by Coe and Hess (2005) and Coe and Lee (2006) shows how large retailers in Europe are directly involved in the development and restructuring of important supplier networks in East Asian economies. Johns' (2006) work also shows how Asian producers of video games are increasingly incorporated into global production networks that span different regions and territories.

Second, the institutional dimensions of the GCC/GVC analysis seem to be hijacked by its privileging of governance structures. The former includes the role of state policies and institutional conditions in shaping development outcomes in different places and regions in Asia (see also chapters in Part III of this volume). The GCC/GVC analysis places much greater emphasis on alternative governance structures that are associated with the peculiar configuration of GCCs/GVCs in different industries and sectors. For example, in the clothing industry, the key driver is argued to be global buyers, who dictate the terms of garment manufacturing. In the automobile industry, lead firms (assemblers) drive the entire GCC/GVC through their assembly plants located in different regions and countries. The GPN perspective, however, argues that global buyers do not necessarily always dictate the governance structures in these networks, because of substantial variations in national institutional contexts (see discussion in the previous section). For example, Dicken and Hassler (2000) allude to the possibility of country-specific business networks in shaping the governance of clothing GPNs in Indonesia. Similarly, Chapter 16 in this volume shows how the Taiwanese government has been actively involved in reconfiguring its position in the global electronics GPN, from mainly playing the OEM (original equipment manufacturing) role to increasingly emphasizing the ODM (original design manufacturing) and, eventually, the OBM (original brand manufacturing) role.

Taken together, the GCC/GVC and the GPN perspectives have collectively gone beyond focusing exclusively on Asian firms and institutions as the primary explanatory variable for Asian business. By introducing global processes as an *external* dimension of Asian business, these perspectives are highly important for understanding the strategy and performance of Asian firms, the development outcomes of individual Asian economies, and the design and adoption of relevant business and economic policies. By focusing on both global firms and their production networks in Asia, and the articulation of these networks into the global marketplace, these theoretical perspectives offer new insights into the interconnections between actors and processes in Asian business and the global economy.

## CONCLUSION AND FUTURE RESEARCH AGENDA

The above strands of theoretical literature and the collective contributions to this *Handbook* provide a solid ground for unpacking the nature and organization of Asian business. Despite its enormous variety and complexity spanning a large number of countries and economies in the region, the messy 'business' of Asian business has been made much more accessible and intelligible by these organizing frameworks and theoretical perspectives. In particular, the above collective body of work on Asian business has made a significant difference to social scientific studies of business organizations and economic activities. By challenging the conventional wisdoms in management and organization studies (see also Wright *et al.*, 2005), regional and development studies and international political economy, these Asia-specific studies have not only added new empirical insights to our existing stock of knowledge on global business. More importantly, they have contributed to cutting-edge theoretical advancement in all of these fields, by developing these empirical insights into appropriate conceptual frameworks that find relevance in other contexts outside Asia. As some of the contributors in this volume have argued (for example Chapters 3, 8, 10 and 16), research on Asian business can provide fertile ground for breakthrough theoretical work (see also Yeung and Lin, 2003). This *Handbook* is intended to be a testimony to such an ambitious goal in social scientific research on global business.

While the contributions in this *Handbook* may point to some level of maturity of research on Asian business, nevertheless, our research 'business' is far from over, for at least two reasons. First, as Asia continues to grow relentlessly and to be integrated into the global economy, business activities and economic organization in Asia will likely be transformed over time (see also Chapters 8, 15 and 18 in this volume). We need fresh theoretical and empirical insights into these transformative processes that come to influence the evolution of Asian business and economies. These insights will be highly useful for both academic research and practical policies. Second, academic research in the social sciences, including business and management studies, continues to be dominated by Anglo-American-centric research. This explicit bias in social scientific knowledge is particularly clear in the various studies critically reviewed by some of the contributors to this *Handbook* (for example Chapters 2–3, 10 and 20; see also Yeung, 2001). Research on Asian business can certainly help to redress this fundamental bias in our research world.

What then are the future research agenda that can fulfil the above two highly important missions? While I will leave topically specific research agenda (for example strategy, marketing, and development and government policies) to the various contributors in this volume, here I will focus on three key elements of this future research agenda. First, we need much more integration of concepts and ideas across different research fields and disciplines. As is evident in my brief survey of the various theoretical perspectives in this chapter and the contributions to this volume, such *integration across fields* remains inadequate and underdeveloped. In the substantive area I know best – ethnic Chinese family firms and business networks in Asia – we continue to find a bifurcation of micro-level research on the strategy, organization and performance of these ethnic firms in their own right, and macro-level research on the societal systems in which these firms and their business networks thrive. Very few studies manage to cross this unfruitful micro–macro divide in our research efforts, let alone integrate them in a meaningful and original manner. This

integration across fields is both necessary and challenging for next generation scholarship to emerge from research into Asian business. If conducted successfully, it will help to bridge the disciplinary divide that is so common in the social sciences and business schools throughout the world.

One particularly encouraging analytical direction in this regard is concerned with the *institutionalist perspective*. While I have already reviewed this approach briefly earlier in the chapter (see also Chapter 3 in this volume; Peng, 2003; Peng *et al.*, 2005), institutional research has enormous potential in future studies of Asian business. Unlike the Anglo-American capitalism in which business firms are relatively more separated from their institutional environments (for example state structures and investors), institutional systems in Asia are much more complex and intertwined with individual actors such as owners, investors, firms and states. Consequently, the changing dynamics of Asian economies provides an excellent experimental setting for observing and analysing how institutional change shapes business organization and processes, and vice versa. In other words, Asian business is in itself a uniquely dynamic phenomenon that can potentially lead to new and fresh insights through theoretically grounded empirical research. Future research on Asian business is likely to take into account institutions and institutional contexts in Asia a lot more seriously, whether researchers are dealing with the strategy and performance of firms, the significance and transformations of business networks, or, even, interconnections between Asian business and global production networks. Institutional research will emerge from its 'backburner' status – a description used in Chapter 3 of this volume – to become the forefront analytical framework, organizing a diverse range of empirical research on Asian business.

Second, future research on Asian business must go beyond individual cases of firms and economies to incorporate an explicitly *comparative* lens in research design. Too often we have seen rigorous studies of particular Asian firms in their domestic contexts (for example Japanese firms in Japan, South Korean firms in South Korea, and so on). This relative lack of comparative empirical research can be detrimental to the collective advancement of our knowledge of Asian business and beyond. We need more comparative research into intra-Asian business and extra-Asian business. By comparing the nature and organization of firms from different Asian economies, and between Asian and non-Asian economies, we should be able to develop better theoretical and empirical insights into Asian business. For example, the GCC/GVC and GPN work reviewed earlier has explicitly incorporated the comparative angle. In doing so, these perspectives shed very important light on how firms from different Asian economies are organized and compete in the global economy. Linked to the institutionalist perspective, this comparative analysis of firms and economies from Asia can identify significant similarities and differences across these firms and economies, and, in doing so, allow for causal analysis of the underlying mechanisms and processes that account for these similarities and differences. This is where comparative analysis offers the most important potential for new theoretical insights that cannot be provided for through empirical studies of homogenous units or samples.

Finally, dynamic Asia in the new millennium clearly requires us to reorient our research tools away from static cross-sectional analysis to more dynamic and longitudinal analysis. The *dynamics of change and transformation* will undoubtedly become the key research focus in the near future, but, as many of the contributors in this volume have shown, we are still far away from arriving at a set of dynamic analytical frameworks that can handle

these changes and transformations in Asian business. This research endeavour needs not only collective efforts and commitment by researchers from different disciplinary backgrounds, but also better access to research data and resources. Insofar as longitudinal research is concerned, there is a dearth of historical data about Asian business that are analytically comparable and consistent. The institutional structures and incentive systems of today's academia are also unfavourable towards such time-consuming longitudinal research. The future of research on Asian business is clearly both challenging and exciting. With all of its weaknesses and inadequacies, I hope this *Handbook* will provide a good starting point for tackling these important future research agenda, in a way that will bring research on Asian business into the mainstream understanding of global business and global economic change.

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