Large Chinese State-Owned Enterprises: Corporatization and Strategic Development

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The rapid rise of China in the world economy has been largely the result of strategic plans put in place by the Chinese government and the entrepreneurial spirit of the Chinese people. This book is very relevant in the present global environment as Chinese government-controlled businesses face deregulation, changes in ownership structure and exposure to global market forces. This book emerged from the author’s PhD research and is composed of six chapters. The author dedicates the book to state-owned enterprise employees in China.

The main theme of the book is stated in the introduction: to explore the process of reform within China’s firms. The book is focused both at the theory and policy levels as evidenced by the chapters examining topics such as reform, flotation and strategic development. It therefore fits within the overall theme of institutions, institutional transition and change (Mudambi, Navarra and Paul, 2002), especially within the context of international business (Mudambi and Navarra, 2002). The research background of the book is presented in Chapter 1 describing how China has internationalized its economy. The book adopts a case study methodology, examining in detail six Chinese state-owned enterprises. This strength of this approach is that it allows the author to study individual firms in considerable detail and depth. Its weakness is that it limits the study to a small sample size, reducing the generalizability of its findings. However, it is possible that some findings may be useful in other economies undergoing rapid transformation and integration into the global market economy, like India and Vietnam. Decision-makers in such economies may find some aspects of the international policy initiatives used in the Chinese context valuable in their own environments.

Chapter 2 discusses different international environmental factors that affect the strategy context in China. These include dramatic changes in the social, legal and technological environment. This links well with extant research examining the different work values in China with the United States, Russia and Japan (Ralston, Holt, Terpstra and Kai-Cheng, 2008). Descriptive details on the six case companies are presented in chapter 3, while empirical data are provided in chapters 4 and 5. The author does a very good job in Chapter 5 of discussing in detail the different phases and contexts each company went through.

All the six companies examined in the book are large, so the issues confronting small and medium-sized enterprises are not examined. Moreover, studies of Chinese workers in joint ventures and state-owned enterprises have found culture is an important determinant of the extent of trust in the business setting (Wong, Ngo and Wong, 2006). Thus, the book could have delved into more detail on the type of international experience managers require in order to make the corporatization process quicker and more efficient.

In Chapter 6, the author discusses the contribution of the book in terms of linking the developments of large Chinese state-owned enterprises to corporatization, strategic management, network and process theory. The impact of China’s WTO accession is discussed in terms of what it has meant for the ownership of Chinese state-owned enterprises. This relates to previous work that examined whether different ownership influences of retail stores impact on purchasing behavior of Chinese consumers (Chaney and Gamble, 2008). The appendix of the book depicts the different organizational structures of Chinese state-owned enterprises. These figures merit further
research in terms of examining how the internationalization of the Chinese economy has affected organizational behavior.

Overall, the book is very detailed and extremely well researched. The author's descriptions and explanations of the processes large Chinese state-owned enterprises have gone through demonstrates an expert knowledge of the topic and an awareness of the importance of Chinese businesses in the global economy. The book will appeal to scholars who are interested in Chinese business as well as those with an interest in comparative international studies of state-owned enterprises. Policy practitioners will find the book useful as it includes a great deal of information on and analysis of the Chinese corporatization process. The author is to be commended on producing an extremely useful research tool.

References


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