

Finally, let me offer some advice on how to read this book. Chapter 4, 10 and 16 gave multiple answers to questions such as how to define the “Early Project Appraisal” and how this is done. The author has devoted a lot of effort to elucidating the book’s structure and arrangement of chapters. A little tip for readers is that a cursory reading of these chapters may suffice for the purpose of understanding the key concepts.

Nikos Macheridis,
 Department of Business Administration,
 School of Economics and Management,
 Lund University, Sweden
 E-mail address: nikos.macheridis@fek.lu.se
 (N. Macheridis)

doi:10.1016/j.scaman.2011.05.002

China Rules: Globalization and Political Transformation, I. Alon, J. Chang, M. Fetscherin, C. Lattemann, J.R. McIntyre (Eds.), Palgrave Macmillan, UK/Hampshire, NY, USA, 2009, p. 307.

The volume “China Rules: Globalization and Political Transformation” edited by Ilan Alon, Julian Chang, Marc Fetscherin, Christoph Lattemann, and John R. McIntyre presents the most up to date body of knowledge from the frontiers of research about China. This edited volume distinguishes itself from the burgeoning body of literature on China, since it can be regarded as the fruitful outcome of accumulated knowledge assembled from 3 consecutive years of the *China Goes Global* conference at the Kennedy School of Government at Harvard University. These contributions are particularly interesting given China’s (re)emergence in the global markets and arguably the shift of power from West to East. Business reality has transformed from ‘West leads East’ to ‘West meets East’ (Chen & Miller, 2010). The Chinese government’s strong stimulus mechanisms implemented in response to the economic crisis in 2008, the worst case since the Great Depression of the 1930s invoke our thinking towards the established capitalism model, and inspire the scholarly inquiry: What has been done right by China, and what might be learned from the Chinese economy? This timely book helps to uncover the puzzle by the contributions of serious scholars across North America, Europe, and Asia-pacific.

The contributions are structured into three parts. The first part departs from a political economy theoretical lens and offers explanations on the governance of Chinese society and Chinese firms. Francis Schortgen (chapter 1) provides a historical viewpoint in the Chinese context from the different political economy schools to explain the reasons of Chinese enterprise internationalization. It disentangles the relationship between central government and regional governments, recognizing that the conception of China as a conglomeration of several competing regions is more helpful in understanding it rather than viewing it as a single, large entity. Gloria Ge and Daniel Ding (chapter 2) adopt a multi-level approach consisting of government, industry and the corporate level to explain the influences of institutional environment on Chinese firms’ internationalization. In line with the argument from recent research, institutional theory has helpful bearings for research in emerging economies (Bruton, Ahlstrom, & Obloj, 2008). Peter Williamson and Eden Yin (chapter 3) extend the cost innovation framework (Zeng & Williamson, 2007). They argue that the game between Chinese firms and Western firms should be a ‘race’ instead of ‘catch-up’. Moreover, from the ‘fit’ perspective they distinguish between the

existing capabilities of firms from both emerging economies and developed economies and emphasize the need for collaboration to succeed in future global competitions. Oliver Roche (chapter 4) investigates the corporation process in the context of the Chinese oil and petrochemical industry. The central argument is the Chinese firms manage to modernize themselves by participating in the international capital market without changing their governance structure substantially. The partial listing approach is unlikely to improve an organization’s long-term efficiency. Amid the ‘tunneling effect’ this type of corporate governance can largely hurt minority interests (Liu & Lu, 2007). Given the complexity of Chinese society, the authors adopt a rather descriptive approach to trigger discussions which may, in turn, help to advance our knowledge.

The second part of the book discusses international trade and investment. Hinrich Voss, Peter Buckley and Adam Cross (chapter 5) utilize a longitudinal perspective to trace the different phases of institutional change. Their analytical framework including Tasting the water (1979–1991), to ‘Finding the stepping stones’ (1992–2001), to ‘A bridge is built (2002–present)’, vividly illustrates the significant role played by the Chinese government. As Khanna (2008) argued, the profound difference between China and India can be generally claimed as China is a state-led economy, whereas India is a privately driven counterpart. Chapter 5 adds evidence to distinguish the differences between Chinese and Indian Multi-National Corporations’ (MNC) globalization process. Observing from a different direction, William Wei (chapter 6) measures the Sino-EU 15 Intra-Industry Trade (IIT) to illustrate the emerging role of China in international trade by observing the FDI activities in China. Continuing the observation of the EU–China trade, Louise Curran (chapter 7) presents the EU–China relationship surrounding conflicting interests, compromise, and consensus in the context of textiles, shoes, and Africa. The mixed feelings among countries within the European Union regarding this EU–China relationship might indicate that a balanced and open-minded collaboration between China and other partners may be a fruitful pursuit. Another example is China’s active approach on outward direct investment (ODI) in Africa. Amir Shoham and Mosi Rosenboim (chapter 8) illustrate the growth of Chinese resource-seeking ODI and argue that securing natural resources will remain an imperative for many years in line with Chinese domestic growth. As another example regarding China’s activities in Africa, the China Europe International Business School (CEIBS), the leading Business School in China, pursued a strategic move in 2007 to establish an African campus. This move of an educational institution not only aligns with the Chinese firms’ activities in Africa but also helps Africa to train their managers. Professor Petro Neuno, president of

CEIBS happily said, "Africans show gratitude to the Chinese for our CEIBS presence" (author's personal communication).

The third part of the book consists of industry cases covering natural resources, telecommunications, automotives, and electronics. May Gao (chapter 9) extends the argument raised in the Africa case in chapter 8 that 'Government push' plays an important role in natural resources seeking ODI. One highlight is the textual analysis method. Gao exemplifies the richness and utility of such a research method for emerging economies by drawing from extensive materials from Chinese and English online media. Turning to indigenous innovation, Wei Liang (chapter 10) discusses the 'War for Standards' observed in the telecommunication industry, in particular, China's own third generation (3G) standard TD-SCDMA. An interesting finding is that economic globalization and the international regime effectively constrained the parameters and effectiveness of Beijing's standards strategy. This study might ignite discussions/debates among policy makers to re-think their standardization strategies beyond the Telco sector. Ganeshan Wignaraja and Rosenchin Olfindo (chapter 11) quantitatively replicate the tests on the links between export performance and the firm-level characteristics on a sample of 858 firms from a World Bank survey in 2003 in the automotive and electronics industries. They argue that firm characteristics, such as firm size, foreign ownership, and innovation, can explain the export success in Chinese firms.

In a concluding chapter 12, the editorial team reflects on the contributions from the book, arguing that this book provides a crucial foundation for an understanding of the dynamic process of country- and firm level adaptation (p. 297). Moreover, many directions are identified for future research, such as corporate social responsibility, sustainability, and civil society. Two questions they have raised: 'What are the rules for China's economic and political development?' and 'Will China rule the global economic and political system in the future?' are partially answered by this edited volume. The on-going development and transformation remains pending on future debates and scholarly inquires.

The comprehensive topics and multiple facets highlight the uniqueness of this volume. Although the three parts have different focuses and interlink with each other, the political economy and governance of China (Part I) lays the foundation to understand the Chinese economy. The political constellation in China is particularistic and has distinctive Chinese characteristics (Tan, Yang, & Veliyath, 2009; Xu, 2011). Understanding the underlying mechanisms of China's economic development from a political economy perspective is important to management scholars as well as managers. The state in emerging markets is an important player, and plays the role as institutional entrepreneur during the institutional change process. One empirical study on Dubai promoting international entrepreneurship argues that the state is an institutional entrepreneur and has the power to install institutional arrangements (Nasra & Dacin, 2010).

However, this book can be improved in at least two aspects. One point is the lack of studies on individual-level analysis. In a total of 11 chapters, 5 chapters focus on the institutional-level analysis, while 6 chapters concentrate on industry-level analysis. Given the different reasoning and decision making pro-

cess of Chinese managers, the individual-level analysis might contribute an added-value to the existing stock of knowledge. Also, cultural dimensions have significant influences on the business negotiation behaviors of Chinese managers (Sebenius & Qian, 2008). After understanding the motives and strategic intent of Chinese globalization, institutional transformation and industry development as manifested in this edited volume, scholars should move down the level of analysis, and potentially generate some 'strategy toolkits' for Western managers to use while dealing with the Chinese business environment. The culture and leadership literature might shed some light on this research gap. I acknowledge the difficulties in acquiring informants to conduct fined-grained studies, especially with Chinese managers. Nevertheless, this approach is how we as scholars can leverage our knowledge and contribute to the East-West management practice. This relates to another missing point of this book which is the practitioners' perspectives. Although managers may benefit from the academic contributions, managerial perspectives from the frontlines can offer the real insights. The book would be better off, had it contained both academia's and practitioners' viewpoints. One exemplary book is the M&A volume edited by Stahl and Mendenhall (2005). They assembled both the academic and managerial perspectives indicating the rigor and relevance can be achieved.

I believe that this edited volume will inspire scholars and researchers to engage in China-related research by observing the rapid development from a historical/longitudinal account, which is one of the aims of the book. I could not agree more with Dr. Khanna (foreword) acknowledging the efforts from this community of scholars who undertake serious research on China's emerging economy and its global consequences. I recommend this book to scholars, managers, and MBA students who are not only interested in the frontiers of research on China but also carry the courage to shape the institutional and economic development in China as well as China's integration into the global economy in forthcoming years.

References

- Bruton, G. D., Ahlstrom, D., & Obloj, K. (2008). Entrepreneurship in emerging economies: Where we are today and where should the research go in the future. *Entrepreneurship Theory and Practice*, 32(1), 1–14.
- Chen, M. J., & Miller, D. (2010). Commentary west meets east: Toward an ambicultural approach to management. *Academy of Management Perspectives*, 24(4), 17–24.
- Khanna, T. (2008). *Billions of entrepreneurs: How China and India are reshaping their futures and yours*. Boston, MA: Harvard Business School Press.
- Liu, Q., & Lu, Z. (2007). Corporate governance and earnings management in the Chinese listed companies: A tunneling perspective. *Journal of Corporate Finance*, 13(5), 881–906.
- Nasra, R., & Dacin, T. M. (2010). Institutional arrangements and international entrepreneurship: The state as institutional entrepreneur. *Entrepreneurship Theory and Practice*, 34(3), 583–609.
- Sebenius, J. K., & Qian, C. J. (2008). Cultural notes on Chinese negotiating behavior. *Harvard Business School working paper No. 09-076*.
- Stahl, G., & Mendenhall, M. (2005). *Mergers and acquisitions: Managing culture and human resources*. Stanford, CA: Stanford University Press.

- Tan, J., Yang, J., & Veliyath, R. (2009). Particularistic and system trust among small and medium enterprises: A comparative study in China's transition economy. *Journal of Business Venturing*, 24(6), 544–557.
- Xu, C. (2011) The fundamental institutions of China's reforms and development. *Journal of Economic Literature*, Forthcoming.
- Zeng, M., & Williamson, P. J. (2007). *Dragons at your door: How Chinese cost innovation is disrupting global competition*. Boston, MA: Harvard Business School Press.

Yipeng Liu*,
Institute for SME Research, University of Mannheim,
L9, 1-2, 68161 Mannheim, Germany

*Tel.: +49 0 621 181 3559;

fax: +49 0 621 181 2892

E-mail address: liu@ifm.uni-mannheim.de

doi:[10.1016/j.scaman.2011.05.001](https://doi.org/10.1016/j.scaman.2011.05.001)