Contents

List of Figures		i
Li	st of Tables	2
Pı	eface	х
A	cknowledgements	xiv
Li	st of Abbreviations	xvi
Pa	art I Foreign Investment in Transitional Economies	
1	The Rise of the Transitional Economies	3
	Introduction	3
	Outlook of the transitional economies	3
	Strategic profile of foreign investment	3 3 5
	Economic profile of foreign investment	7
	Socio-cultural profile of foreign investment	7
	Foreign investment in the industrial sector	9
	Geographical distribution of foreign investment	10
	Overview of the Chinese domestic investment profile	11
	Market entry modes of foreign investment	13
	Principal issues identified	20
	Plan of the book	22
	Summary	25
2	Foreign Direct Investment	26
	Introduction	26
	The theory of foreign direct investment	26
	Foreign investment and economic liberalization	34
	The implications of opening Chinese markets	39
	Summary	43
Pa	rt II Building Blocks for Corporate Governance	
3	Building Blocks for National Institutions	53
	Introduction	53
	Reform of national financing	54

vi Contents

	Reform of political institutions	58
	Reform of national taxation	65
	Encouraging foreign investment firms	69
	Summary	73
4	Building Blocks for Corporate Governance	74
	Introduction	74
	Theoretical perspectives on corporate governance	74
	Corporate governance at the national level	77
	Corporate governance at the organizational level	84
	Summary	94
5	Research Undertaken into Foreign Investment and	
	Corporate Governance	95
	Introduction	95
	The formation model	95
	The ownership investment model	97
	The corporate governance model	98
	The corporate culture model	100
	The organizational learning model	101
	Research measure construction	101
	Pilot study	104
	Interview procedure	105
	Sampling	108
	Choices of industrial sectors	109
	Data collection	110
	Coding	112
	Summary	114
Pa	rt III Managing an International Strategic Alliance	2
5	Forming an International Strategic Alliance	119
	Introduction	119
	Ownership determinants: resource-based theory	119
	Ownership leverage: resource dependence theory	121
	Ownership, localization and internalization theory	123
	Developing a checklist for forming a strategic alliance	126
	Strategic motives	129
	The feasibility study	131
	Summary	138

7	Ownership Investments and International	
	Technology Transfer	142
	Introduction	142
	Ownership configuration	142
	International technology	150
	Motivation for technology transfer	153
	Process of technology transfer	155
	Absorptive capacity and technology transfer	158
	Technology transfer performance	160
	Summary	162
8		
	and Management	163
	Introduction	163
	Strategic role of the board of directors	163
	The strategic alliance's management	175
	Summary	184
9	Corporate Culture and an International Strategic	
	Alliance in Transition	185
	Introduction	185
	National cultural model	185
	Management of corporate culture	189
	Summary	208
10	Organizational Learning	209
	Introduction	209
	Learning conceptualization	209
	Achieving learning advantages	210
	Dynamic organizational learning	216
	Determinants of organizational learning	220
	Learning achieved throughout an alliance's hierarchies	224
	Summary	229
Par	t IV Implications for Research and Practice	
11	What We Still Need to Learn	233
	Introduction	233
	Performance conceptualization	233
	Objective versus subjective performance measures	237
	Strategic alliance formation	240
	Ownership investments	242
	Cornorate governance	244

viii Contents

Corporate culture	245
Organizational learning	
Building main themes for foreign investment and corporate	246
governance	249
Summary	252
Appendix I: Major Tax Payments for Foreign Firms in China	254
Appendix II: Interview Questionnaire for Forming an International Strategic Alliance	• • •
	260
References Index	

List of Figures

1.1	The state of the s	1
1.2	Foreign investments and corporate governance	2
2.1	The strategic importance of the influence of	_
	governance and economic liberalization in China	3:
2.2	An overview of foreign investments in China	4
3.1	Building blocks for national institutions in China	54
4.1	'New diamond' of corporate governance in	
	an international strategic alliance	77
5.1	Research undertaken for foreign investment	
	and corporate governance	113
7.1	International technology transfer in an international	
	strategic alliance	153
8.1	Governance field analyses of international	
	strategic alliances	164
8.2	A general model of resource provision, key appointments	
	and management of an international strategic alliance	174
9.1	Exercising cultural attributes in an international	
	strategic alliance	187
9.2	Management of corporate culture in an international	
	strategic alliance	191
10.1	Organizational learning in an international	
	strategic alliance	211
10.2	Determinants of organizational learning	221
10.3	Learning successes affected by an international	
	strategic alliance's hierarchies	225

List of Tables

2.1	Theoretical contributions on foreign direct investment	27
2.2	FDI policies in China and their outcomes	44
3.1	Summary of some research evidence pointing to	
	a host country's political institutions	63
4.1	Theoretical contributions to corporate governance	78
6.1	Ownership advantages for forming an international	
	strategic alliance	125
6.2	Ranking partners' strategic motives	130
6.3	Application for the establishment of an international	
	strategic alliance	139
6.4	A checklist for the feasibility study: searching out relevant	
	information for an international strategic alliance	140
7.1	Theoretical contributions to the ownership configuration	
	of an international strategic alliance	151
7.2	Identification of the primary technological activities	
	that affect the performance of technology transfer	161
8.1	Influence exercised over different areas and	
	management issues by local and foreign parent firms	183
9.1	Long-term strategic orientation versus pragmatic	
	business orientation on finance aspects displayed	
	by an international strategic alliance	190
9.2	Adoption of human resource management practices	
	in an international strategic alliance	202
9.3	Management of corporate culture in an international	
	strategic alliance	205
10.1	Main learning experiences gained in a strategic alliance	216
10.2	T-test for the learning outcomes achieved in	
	an international strategic alliance over operational,	
	system and strategic levels	224
10.3	Main features of organizational learning in	
	an international strategic alliance	228
11.1	Five indicators for a research framework for the	
	relationship between the foreign investments and	
	corporate governance	249