Book reviews


With the Asia crisis rumbling on and China steering a narrow course between internal economic crisis and devaluation, this is a good time to be taking stock of the China’s economic progress over the last twenty years, the aim of Joseph Chai’s valuable new book, China: Transition to a Market Economy.

In sharp contrast to Eastern Europe and Russia, China set out cautiously on the road to reform. The pressure to reform was not as immediate as in the Soviet bloc, and the Chinese leaders were able to plan reforms at a slower pace. Reform was implemented gradually, starting off in a few test locations, the Special Economic Zones in the coastal provinces. When it was seen to work, the area of reform was gradually widened. Programmes which did not work were abruptly cancelled.

This gradualist, incrementalist approach has had many critics, and is in sharp contrast to the ‘short sharp shock’ approach to the transition to market economy favoured by Western institutions. Unfortunately, the effect of this approach has often been to ‘kill’ rather than ‘cure’ the patient. Today, as Russia spirals into chaos and many developing countries teeter on the brink, China’s approach suddenly looks like a model worth following. Four years ago, China was being criticized for not floating its currency; today, world leaders are almost begging Beijing not to float, at least until the Asia crisis can be resolved.

The impact of the outside world on China’s economy receives a sobering assessment in Chapter 9, which considers foreign direct investment. Though much is made of this in the West, Chai finds that FDI has accounted for only 6% of all investment in China between 1980 and 1993. Further, FDI-created businesses have been partly responsible for some of China’s worst problems, including regional wage inequalities. Altogether, one is tempted to think that China’s leaders do in fact know best.

But, there are some sobering conclusions. So far, Chai notes, the reforms have been successful, in that the economy remains stable, productivity is increasing and the overall standard of living is rising. However, major problems remain. The transition has created its own problems, including the aforementioned wage inequalities, and also increasing environmental problems as both greater production and greater consumption lead to rising pollution levels.

Also, as Chai notes in his concluding remarks, it is one thing to make the transition to a market economy, but quite another to ensure that transition is sustainable. In the case of China, any claims to success must be qualified by the fact that large areas of the Chinese economy, especially the state sector, have not yet completed the transition. The final verdict must await the completion of this process. In the meantime, China gets ‘good marks’, plus or minus.


We have seen, in the last two decades of the twentieth century, the beginnings of a profound change in the way in which businesses define themselves, their operations, their products and services, and their markets. The term ‘revolution’ is often used to describe this change. ‘Paradigm shift’ is another term, one which may in fact be more appropriate. For the real change, it seems, is not so much in what businesses actually do on a day-to-day basis; but in how they think, how they conceptualize and how they theorize.

In the past few years, two powerful theoretical concepts have come to dominate much of business thinking. The first is change, including the speed and scale of change, in almost every aspect of doing business. The second is connectivity, the extent to which not only businesses themselves but also their customers, employees and other stakeholders are becoming ever more closely and strongly linked. Putting these two concepts together provides a space-time model of the paradigm shift.

This powerful model is encapsulated in the subtitle of Blur: The Speed of Change in the Connected Economy. The combination of the two concepts creates the ‘blur’ of the title, a world where everything is moving so quickly that every situation is uncertain. In these uncertainties, however, there are also opportunities. To grasp these opportunities, the authors argue that companies need to completely overturn their old conceptions of how business is done – in effect, to rethink
business. They offer powerful examples, of companies such as Netscape and Sun Microsystems who have defied previous business logic and in doing so achieved powerful business positions.

Some of this we have heard before, and there are plenty of theoretical and practical works on the impact of technology on change. The view that all markets will in the end become ‘real-time markets’ and thus mimic financial markets is a fascinating one, but is arguably open to challenge. The second half of the book, however, discussing the use of people and resources in the new ‘blurred’ economy is genuinely innovative, and the model of intangible capital, a kind of ‘virtual capital’ operating in an imagination space parallel to physical forms of capital, is one that needs to be taken forward.

The paradigm shift is continuing, and Davis and Meyer, from the Ernst & Young Centre for Business Innovation, have by no means had the last word. For the time being, though, they have set an important agenda for business leaders and academics alike in this fascinating book.

Morgen Witzel
London Business School
Sussex Place
London NW 1
UK


The Handbook of Human Resource Management is an ambitious project. In just under a thousand pages its ninety-two contributors cover five broad topic areas. These are Human Resource Management; Global Dimensions of HRM and Industrial Relations; Focal Policy-areas of HRM; Industrial and Labour Relations; and finally, nineteen biographies of ‘key thinkers’.

Any book of this type lends itself to potentially endless debate about why certain topics have been included and others omitted, and about editorial decisions regarding the length of various contributions. The first section on Human Resource Management certainly might provoke such debate, including under this heading subjects as diverse as ‘Deconstruction analysis and Management’, ‘Problem-Solving’, and ‘Stress’, alongside more predictable choices, such as ‘Human Resource Development’. While such an eclectic approach is open to criticism, one of the pleasures of the Handbook is in fact the unexpected diversity of topics, all of which are treated concisely and authoritatively.

The section on Global Issues provides a welcome broadening of scope, and covers HRM in Europe and Japan, as well as in international business. Industrial Relations are approached from European, Japanese and American perspectives. The omission of a section on Chinese HRM is perhaps surprising, given that country’s growing economic significance, and the undoubtedly expertise of one of the editors in this area. The entry on the Bata system of management here is an unexpected pleasure.

The sections on ‘Focal policy-areas of HRM’ and ‘Industrial and Labour Relations’ are more predictable in content, though no less valuable for that. The former covers, among other topics, job design, job evaluation, performance appraisal, payment systems, and training. The latter contains entries on Collective Bargaining, the Management of Employee Relations, and Trade Unions, as well as an illuminating entry on the Spanish worker cooperative of Mondragon. The final selection of biographies of ‘key thinkers’ is again eclectic. Some entries, like those covering Argyris, Herzberg, Mayo and Taylor, are easily available in other publications, yet the selection as a whole provides a fascinating and valuable resource.

The Handbook, despite minor typographical errors, should be a core resource for students on MBA and Human Resource Management programmes, as well as a valuable reference for managers seeking to broaden their understanding of people-management issues.

Keith Goodall
China Europe International Business School
Shanghai, China


The emergence of the knowledge economy and of the technology which enables it is transforming the global economy and, in the process, all our lives. Jeff Papows, president and CEO of Lotus has written a short and highly thoughtful book about these processes, from the point of view of someone who has been an insider and who has made them happen. This is a book by a practitioner, but its content and import mean it is important reading for the academics, scien-
tists and philosophers who are trying to shape our vision of things to come.

Despite its title, *Lotus.com* is not so much about Lotus as about the change processes of which the company was a part. Papows charts the origins of networking systems and, simultaneously, network thinking. The great leap forward in this case was the development of the World Wide Web, and an entire chapter is devoted to a discussion of this. From the virtual world of the Web, it was a fairly short step to virtual environments within organizations. Here Papows draws strongly on Lotus as an example of how virtual teams can be set up and managed.

Unlike some writers, who see virtual organization and Internet-based trading and management as vehicles for greater efficiency, Papows argues that they are changing the way business is done. Companies are having to become closer to their customers and to respond to them more quickly. Traditional boundaries between industries and sectors are being blurred. Above all, knowledge is becoming the single most important source of competitive advantage. Most of these concepts are no longer particularly new, but what makes this book valuable is Papows’s pragmatic approach to them. When discussing knowledge management, for example, he is quite ruthless when it comes to dealing with problems such as the volume and obsolescence of knowledge: remain focused on your core needs, don’t be sidetracked, use the best available technology to manage knowledge, and work constantly to remove blockages and bottlenecks in knowledge flows. This is clear and straight, and a far cry from the wishlists produced by some writers on knowledge management.

Not surprisingly, given his role in the processes of change, Papows is something of an evangelist. He sees current advances in technology and organizations as being a ‘quantum leap of civilization’, and open the books by expressing his belief that the knowledge revolution has re-validated the American, free market model of business and economy. These are emotive views, not necessarily backed up by evidence; command and hybrid economies may well be able to manage using these tools as well, and it will be interesting indeed to see how China responds to the challenges being posed to it. There is an element of technological determinism about this book, and little or no consideration is given to alternatives; having set his paradigm, Papows does not consider what will happen should it collapse. But this is the only major drawback to an otherwise thoughtful book. It for no other reason, it should be read to get an insight into the thinking of the people who are driving the knowledge revolution forward.

Morgen Witzel
*London Business School*
*Sussex Place*
*London NW1*
*UK*


Whither Asian management? How to put it in context? How to find cases to teach? Many of these questions come to mind these days, given the salience of the Asian regional economic crisis.

Help is at hand with a new collection of high-level teaching material. The “*Casebook on General Management in Asia Pacific*”, has been commendably put together by the Turpin–Shen team, originally from IMD, the renowned Business School in Lausanne. Both editors have done an excellent job here, although even more discussion of the context of the cases would have improved it. In fourteen chapters, it does however cover the Pacific Rim and contains 28 cases of considerable potential utility to both teachers and students of international management.

The cases cover Ace Electronics in Korea, through CIBA in China, to Matsushita in Malaysia, to Singapore Airlines. It is not possible to evaluate each in turn but the overall quality is high. This represents a substantive addition to the materials available for MBA teaching. It thus may well beat the competition in the Asia-Pacific field by a ‘short head’ vis a vis rival books of cases and is indeed clearly focused and integrated. It may therefore be recommended for student as well as library purchase.

Malcolm Warner
*Judge Institute of Management Studies*
*University of Cambridge*
*Cambridge CB2 1AG*
*UK*