

Book Review

H. Yang and S.L. Morgan, *Business strategy and corporate governance in the Chinese, consumer electronics sector*, Oxford: Chandos, 2011, Hardback, US \$120.00, 210 pp, ISBN 9 - 1843346567, ISBN 13 - 9781843346562.

China is now the 'workshop of the world' and a major source of supply for the consumer electronics goods industry that now dominates exports to the West from Asia. A large proportion of the gadgets we seek, be they mobile phones, tablets or laptops, come from such a source. The PRC has now become the second largest economy in the world as a result of the economic reforms which were launched in 1978 by *Deng Xiaoping* and this specific industry may be presented as an instructive case-study in competitive advantage for others to emulate.

In a new book by Drs Hailan Yang and Stephen Morgan entitled *Business strategy and corporate governance in the Chinese consumer electronics sector*, we see how such dominance in the global marketplace in this particular industry came about. The scholarly monograph consists of seven long detailed and informative chapters, followed by a substantial bibliography with sources in both Chinese and English, followed by a competent index. This project which started at the University of Melbourne looked at a wide range of participating companies in the electronics industry in the PRC, such as *Haier*, *Hisense*, *Panda*, *Yankon* and others. The research involved over 50 semi-structured interviews, conducted in face-to-face encounters. Some informants were interviewed more than once, and further follow-up sessions took place at a later date. Each interview was conducted in Mandarin and lasted around two hours. We can thus see that the research was both systematic and intense.

From a theoretical point of view, the investigation took as its point of departure the notion that having a *business strategy is a necessary but not a sufficient condition* for competitive advantage. A number of forms of corporate governance are compared with the Chinese model, including the Anglo-American as well as the German-Japanese. The investigation tells us a great deal

about business strategies in the focal companies. The analysis then turns to the ownership structure and the characteristics of the boards of the respective firms. A further chapter explores the links between institutions, business strategies and corporate governance. The last chapter presents a set of conclusions based on a synthesis of the results in the preceding ones, drawing out the managerial implications.

The writers emphasise the importance of state control over the large SOEs which are prominent in this particular industry. Whilst there has been an increasingly market-g geared economic system introduced in China, the state still plays an important role, either as a majority, or at least minority shareholder, something which a number of writings on the subject may underestimate. Whether the state's role will diminish in the coming years depends on how far the incoming Chinese leadership, taking office in late 2012, 'deepens' the economic reforms already in place, a vital step in improving further 'allocative efficiency', as the World Bank has recently suggested. The authors of the book under review think that state ownership is, in their opinion, a 'low-efficiency form of ownership' [p. 166].

The upshot is a very well thought-out monograph, based on detailed empirical field research and cases, which should appeal to both undergraduates and postgraduates interested in Chinese business and management studies. Although the work is relatively well-structured and clearly written, it does on occasion alas read somewhat like a doctoral thesis. Tighter editing and more vivid exemplification might have produced a more intellectually exciting volume. In the present hardback version, this work may only be recommended for purchase by faculty libraries, as it is probably a little expensive for student purchase. Even so, it clearly deserves its place on the shelf.

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