



## INTRODUCTION

# Asia and global business

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### *Special Issue Guest Editors*

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Four decades after the *Journal of International Business Studies* was launched, the first special issue focusing on Asia – in fact, the first special issue focusing on any specific region – is now being published. Most appropriately, this special issue is not just about Asia. It is about “Asia and global business”, underscoring the growing interdependence between Asia and the rest of the global economy.

First conceived in 2005, this special issue took 5 years to come to fruition. What we had in mind was to examine, from an international business (IB) perspective, how Asia and Asian firms recovered from the 1997 Asian economic crisis. Little did we know that, during the editorial process for this special issue, the world would be engulfed in another, much larger and much more severe economic crisis.<sup>1</sup> Asia has now become the first region to rebound from the devastation of the ongoing global economic crisis, and it has risen to the challenge to lead the world toward economic recovery. In fact, during the worst months of 2008–2009, it was the weakened but, nevertheless, still positive growth of Asian economies, led by China and India, that offered the rest of the world a glimmer of hope. Overall, rain or shine, emerging Asia (excluding Japan) has been growing on average by 8% annually over the past two decades – three times the rate of developed economies (*The Economist*, 2009).

While Asia leads the world in economic growth, Asia-focused research has not achieved sufficient scholarly advances, despite repeated calls to enhance its rigor and impact (Bhagat, McDevitt, & McDevitt, 2010; Bruton & Lau, 2008; Leung, 2007; Meyer, 2006; Peng, 2007; Tsui, 2007). Inspired by how far from behind Asian economies have sprinted forward, and by how much progress Asian firms have made, we believe that Asia-focused research is in a position to charge ahead, if a critical mass of like-minded scholars can be fostered. It is with these two objectives in mind – to foster Asia-focused research and to foster a community of scholars dedicated to doing top-notch research that is in Asia, on Asia, and of Asia – that we conceived, edited, and now publish this special issue.

### **ASIA'S GLOBAL LINKAGES**

Today many of us think of “Asia” as being “East Asia” or “Asia Pacific”, a relatively self-contained geographic area on the western rim of the Pacific. Historically, the word “Asia” encompassed a much wider area. We owe the origin of the name “Asia” to the Phoenician sailors who lived 3000 years ago in today’s Lebanon. At sea, they oriented themselves between east and west. This distinction evolved into Asia and Europe. The Greeks then took

the geographical distinction from the Phoenicians: Europe was everything west of them, and Asia was everything east of them – starting with the present Turkey and beyond.<sup>2</sup> This distinction was later inherited by the Romans. The Europeans went on to label any land east of Turkey as “Asia”, all the way to Japan (Hofstede, 2007).

This historical excursion into the roots of “Asia” serves to remind us that Asia, by definition, had deep, broad linkages with the rest of the world. The recent conception of Asia as a narrower geographical concept (East Asia or Asia Pacific) needs to be broadened. This special issue endeavors to broaden the linkages between Asia and the rest of global business.

As far as trade and investment links go, only recently has Asia become an increasingly important part of the global economy. Integrating Asia as part of global supply chains, generating outflows of investment from Asia, and acquiring firms outside Asia are more recent phenomena (Peng, 2010). Yet, to a large extent, Asia will remain Asia, maintaining its distinctiveness, and developing varieties of Asian capitalism (Carney, Gedajlovic, & Yang, 2009; Leung, Bhagat, Buchan, Erez, & Gibson, 2005). As IB scholars we struggle to keep up with these developments, and to make sense of them theoretically and empirically. This special issue represents IB scholars’ collective efforts in furthering this goal.

### THREE THEMES

Looking across the nine papers in this special issue, we identify three broad themes and organize the table of contents accordingly (Table 1). First, Asian firms expanding overseas have emerged as a new theme in IB research. This theme builds on a previous *JIBS* special issue on the internationalization of emerging-market firms edited by Luo and Tung (2007). Although emerging-market firms come from many parts of the world, interestingly, all four papers that appeared in that special issue studied Asian firms, suggesting that Asia-focused research is at the forefront of scholarship on emerging-market firms. In this special issue the three papers under this theme investigate Chinese and Indian firms: Gao, Murray, Kotabe, and Lu; Aulakh, Gubbi, Ray, Sarkar, and Chittoor; and Lu, Zhou, Bruton, and Li. The primary theoretical bases are the institution-based view (Peng, Wang, & Jiang, 2008) and the resource-based view.

A second theme is about management, ownership, and control of Asian firms. Three papers fall into this group: Driffield, Bhaumik, and Pal; Mishra, Boubakri, and Guedhami; and Yu and Zaheer. Two of the three papers under this theme concentrate on family firms, invoking a principal–principal perspective (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008) to probe into the pros and cons of family ownership and control. Building

**Table 1** Three themes, empirical context, and author affiliations

	<i>Empirical context</i>	<i>Author affiliations in Asia</i>	<i>Author affiliations outside Asia</i>
<i>Theme 1: Asian firms expanding overseas</i>			
Gao, Murray, Kotabe, & Lu	Exporting from China-based firms	China (1/4)	USA (3/4)
Gubbi, Aulakh, Ray, Sarkar, & Chittoor	International acquisitions made by Indian firms	India (3/5)	Canada (1/5), USA (1/5)
Lu, Zhou, Bruton, & Li	International expansion of Chinese firms	Hong Kong (2/4)	Canada (1/4), USA (1/4)
<i>Theme 2: Management, ownership, and control of Asian firms</i>			
Bhaumik, Driffield, & Pal	Outward FDI from Indian family firms	—	UK (3/3)
Boubakri, Guedhami, & Mishra	Cost of equity for family firms in eight Asian countries	United Arab Emirates (0.5/3)	Canada (1.5/3), USA (1/3)
Yu & Zaheer	Adoption of practice at Korean and US firms	—	Canada (1/2), USA (1/2)
<i>Theme 3: Multinationals competing in Asia</i>			
Chung, Lee, Beamish, & Isobe	Subsidiaries of Japanese multinationals in five Asian countries	Japan (1/4), South Korea (1/4)	Canada (1/4), USA (1/4)
Ma & Delios	Multinationals’ host-country headquarters in China	Hong Kong (1/2), Singapore (1/2)	—
Chen, Paik, & Park	International joint ventures in China	China (1/3)	USA (2/3)



on institutional arguments on the diffusion of innovations, one paper is a comparative study of Korean and US firms' adoption of a new organizational practice.

The third theme represents IB's historical main-stream interest: multinationals competing in Asia. Three papers fall in this group: Chung, Lee, Beamish, and Isobe; Ma and Delios; and Paik, Chen, and Park. Focusing on China, two papers investigate political strategies and home-country policies – areas of deep interest for the institution-based view. Sampling Japanese multinationals' investment in five Asian countries, one paper invokes real options reasoning to understand the impact of subsidiary expansion/contraction during times of economic crisis.

Viewed together, the nine papers in this special issue create a critical mass to enhance our understanding of IB linkages between Asia and global business. The institution-based view, resource-based view, principal–principal perspective, and real options theory have emerged as the four broad theoretical bases guiding research efforts. Not surprisingly, the institution-based view, whose earlier developments have deep Asian roots (Carney et al., 2009; Peng et al., 2008), has become one of the most frequently chosen theoretical perspectives. In this special issue, the first quantitative assessment of the impact of institution-based variables, relative to the impact of industry-based and resource-based variables, has been reported by Gao et al., contributing to further articulation of the strategy tripod (Peng, Sun, Pinkham, & Chen, 2009). Also largely derived out of the Asian context, with family firms as the stylized enterprises, the principal–principal perspective (Young et al., 2008) has been developed further by papers in this special issue.

Looking forward, we believe that theories such as the institution-based view and principal–principal perspective, which marry deep substantive understanding of the Asian context with in-depth theoretical analysis, will emerge as leading theoretical contributions to the global literature. We hope

that further research that is grounded in an Asian context, while being able to speak to a global audience, will also contribute to the development of IB theories.

### FOSTERING A GLOBAL SCHOLARLY COMMUNITY

One of our goals was to foster a global community of like-minded scholars dedicated to the cause. We are pleased to report that of the 30 co-authors in this special issue, 12 are currently based wholly or in part in Asia, representing a variety of countries: China, Hong Kong, India, Japan, Singapore, South Korea, and the United Arab Emirates. The global linkages are clearly evident, as six of the seven groups of Asia-based scholars collaborate with colleagues outside Asia. One of the underlying interests in our theme for the special issue is to foster the scholarly linkages between Asia-based and non-Asia-based colleagues. We believe this to be a mission accomplished.

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### NOTES

<sup>1</sup>Two of the papers in the special issue have the word “crisis” in their title: This refers to the 1997 Asian economic crisis, not the 2008 global economic crisis.

<sup>2</sup>Today, the Asian part of Turkey is still called Asia Minor, although for geopolitical reasons Turkey has positioned itself as “European”, and has applied for EU membership.

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