Economics & Business in Asia, an introduction

Outline

In this introductory course on *Economics and Business in Asia* we will analyse policies, systems and operations of East Asian enterprises in their economic and technological context. For that reason we will compare, implicitly and explicitly, business activities of Japanese, Korean and Chinese companies and put them in a regional perspective. In our analysis we will combine theoretical explanations with real life business experiences.

The course consists of sessions of 3 hours of lectures and discussion. Students team up in small groups and prepare in turns for discussion. They collect additional literature and case material relevant to the topic at hand. Quality of input and contribution to the discussion will be part of the individual assessment of the student. The course will be concluded with a take home exam / essay about a listed topic.

Course book


Course content

*Economics, Technology and Industry in Asia*

The first series of lectures concerns the analysis of the macro environment of the respective economies in Asia. We will look specifically at the nature and impact of this environment on the business systems as they have evolved in the process of economic and industrial development.

Lecture 1  Friday, Jan. 18, 10.00–13.00, LK 063

*Introduction to the program; Models of Economic Development*

This session will introduce the course and prepare the stage for discussing issues of growth and development, the role of the market and the state and the effect on global business.

Lecture 2  Friday, Jan. 18, 14.00–17.00, LE 736

*Models of Technological Development*

In this session we focus on innovation systems and technological development; an analysis of the techno-industrial foundations of Asian economies.
Lecture 3  Saturday, Jan. 19, 10.00–13.00, LE 736

Regional Policy and Industrial Development

This session will take us to the level of the region and discuss the interdependencies of the economies and markets in Asia.

Lecture 4  Saturday, Jan. 19, 14.00–17.00, LE 736

International Production Networks

In this final session we concentrate on regional business operations: international division of labor and international production networks (IPN), their nature, scope and impact on the host economies in Asia.

Management & Organization of Asian Enterprises

The program block Management & Organization of Asian Companies will focus on the Asian enterprise and its (new) technological setting and takes a close look at business policy, organizational structure and management processes. In particular we will look at the issue of management of technology and innovation.

Lecture 1  Friday, Jan. 25, 14.00–17.00, LE 736

Analysis of the Asian Business Enterprise

Firms can be considered the engine of growth and prosperity. Competences and capabilities of business firms are the building blocks which shape their competitive power in markets. The dynamics of the national and international markets permanently challenge the existing C&C and forces firms to adjust. Successful adjustment will depend on factors internal and external to the firm. How adaptable are Asian enterprises with regard to their business philosophy, business culture and business practices but also in terms of business climate, institutions and other available Asian societal assets. Answer to that question is the stepping stone to the next set of issues:

Lecture 2  Saturday, Jan. 26, 10.00–13.00, LE 736

Management of Technology & Innovation of Asian Enterprises

In the knowledge-based economy of modern societies the new added value of the human endeavour is closely related to the creation, organization and application of science and technology, both at national and enterprise level. Results of these efforts are to be turned into new products, processes or services through innovation. The current dominance of East Asian industry can be ascribed to the concept of ‘productionism’: companies generate primarily added value through manufacturing of goods and thus expand their business. Existing technologies are exploited and new ones have to be acquired or developed. To manage these processes Asian business has so far been able to benefit at home from a number of favorable factors as (1) willingness to invest in innovation (strategy); (2) familiarity of management with science &
technology (competencies); (3) close links between R&D-production-sales (coordination) or (4) smooth transfer of processes and products into production and the like. However, these advantageous conditions are challenged by economic and business cycles, rising cost of technology, IP issues and international competition. What new models will emerge?

Lecture 3  Saturday, Jan. 26, 14.00–17.00, LE 736

International Competition and Cooperation

Internationalisation theory postulates that, after successful export of goods, further expansion of markets will take place through foreign direct investment. Companies set up production facilities in the foreign market either as green field plant, through a joint venture with a local partner or through a merger or acquisition. The comparative advantage of the investing company in terms of capital, technology or market power usually compensates for the difficulties and barriers encountered in the host economy. On the other hand, FDI will bring economic benefits to the host country and stimulate the technological upgrading of the local industry. Technology transfer is the key to this process.

Japanese, Korean and western FDI in international production networks in East and Southeast Asia has led to an integration of the respective economies and indeed technological upgrading has taken place, enabling local industries to climb up the value chain and participate in new product and technology development. Conversely, companies of Asian transition economies like China and India invest in western economies to obtain access to markets and technology through M&A. These new configurations of cooperation and competition have substantial consequences for business enterprises in Asia and ‘the West’.

Summing up

This final session will also be used for discussing remaining issues and questions and the procedures for the take home exam / essay.

Gouda, 26 december, 2012

Prof. Dr. Joop A. Stam