

economy, the argument goes, but it will never be a powerful economy without growth in productivity and indigenous technology. Riedel, Jin and Gao parse this literature effectively, showing that it has underestimated the extent to which, at least in China, growth in productivity and technology are both tied to investment. However (and this is the second argument), the authors offer a balanced view on China's future, as they then go on to argue that the underdevelopment of the financial system is a key barrier to continued growth, because investment migrates from state to private (or semi-private) hands. Robust and stable financial markets are a key part of this economic chain, and China's financial system is not yet there. The remainder of the book (chapters four to eight) goes on to analyse the causes and consequences of slow financial reform, from the banking sector to bond markets, domestic stock markets and macroeconomic policy. The authors devote a separate chapter to each of these crucial topics, and each one is as clear as the rest of the book. The argument advanced here – that the key to continued economic growth is serious financial sector reform – is not new or surprising (as the authors note). What is new *and* surprising is how succinctly and effectively the authors have brought together the technical literature with laymen's language to make this argument. It is one of the best treatises I have seen on financial reform.

DOUG GUTHRIE

*Business Networks and Strategic Alliances in China*

Edited by STEWART CLEGG, KAREN WANG and MIKE BERRELL

Cheltenham, UK and Northampton, MA: Edward Elgar, 2007

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In the real economy, firms are not isolated and simply conducting transactions with each other at arm's length through price mechanisms. They instead actively seek to establish non-market relations with each other. Business networks and strategic alliances are popular forms for instituting co-operative relations among member firms. Networks and alliances are dubbed by Ranjay Gulati (*Managing Network Resources*, Oxford University Press, 2007) as “conduits that allow firms to leverage valuable information and/or resources possessed by their partners” (p. 8). While both inter-firm ties and partners' resource endowments are essential for firms' capacity to generate value from its network, the social ties contained in alliances are difficult for competitors to imitate and cannot be easily acquired on the open market. A better understanding of the (diverse) origins, structures, functioning mechanisms, and performance implications of such inter-firm networks and alliance portfolios would enrich the literature on theory of the firm and organizational studies.

This edited volume includes 12 independent essays and an introduction. Of the research chapters, eight are empirical works based on largely first-hand data, six of them published for the first time in this volume. In this way, the volume intends to contribute “to the furtherance of evidence-based management theory and practice” (p. 26). The volume is organized in two parts. The first part puts an emphasis on knowledge transfer. It includes an attempt to conceptualize the interpretation of organizational relations in international joint ventures (IJVs) (Mike Berrell); an empirical study of expatriate and host culture interchanges in the context of Sweden expatriates in Hong Kong (Jan Selmer); a comparative study of the impacts of social interactions on knowledge transfer between subsidiaries of foreign multinational companies (MNCs) and local organizations in the context of China and Finland

(Wilhelm Barner-Rasmussen and Ingmar Björkman); an examination of the roles of firm characteristics and environmental factors in the formation of inter-firm alliances in China's high technology new ventures sector (Haiyang Li and Kwaku Atuahene-Gima); and an effort to develop a framework for assessing tacit knowledge transfer and inter-firm learning in the Chinese context (Richard Li-Hua and Jian Peng).

The second part focuses on Chinese business relations and *guanxi*. Lisa A. Keister investigates how inter-firm relations were actually structured in business groups and their impact on firm performance in the context of the early stage of reform (1988–90) and later development (1994–99). Heidi Dahles provides case studies of social capital building processes of Singaporean ventures in China – the investigation is mainly based on a Singaporean perspective. Chapters nine to 12 examine contextual balance of social capital and *guanxi* in the context of hierarchical relations (Karen Wang), small private enterprises (Stephen T. T. Teo and Karen Wang), group-affiliated rural non-agricultural firms (Emanuela Todeva), and ethical concerns (Jos Gamble). Finally, John Child discusses the management of risks associated with IJVs in China. This set of balance-accounting suggests that some of the discussion of *guanxi* in the existing literature may be overstated. It seems that despite its importance in many circumstances, *guanxi* is not a universal attribute of building successful business networks in China and many other, more conventional, factors come into play as well.

There are some major limitations to this book. Firstly, empirical works are largely based on cross-sectional data with small sample sizes, which do not allow for causal interpretations among variables. Secondly, there is a relatively extensive use of self-reported measures of key variables. Thirdly, there are overlaps and repeats in literature review and hypothesis sections across chapters, due to these essays being largely independent of each other while dealing with highly connected topics. Despite these limitations, the book can serve as a valuable reference for both novice scholars and experts with an intimate understanding of the business network literature who are interested in the dynamics of China's integration with the global economy.

LAI XIANG SUN

*China's Opening Society: The Non-State Sector and Governance*

Edited by ZHENG YONGNIAN and JOSEPH FEWSMITH

London and New York: Routledge, 2008

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The book collects 13 essays on what the editors refer to as “China uncertainties”: whether China, in the context of an increasingly open and complicated society, can achieve its ambitions to “transform from a ‘developmental state’ to a public service provider, and allow for more institutionalised mechanisms for wider social groups to participate in both political and economic processes” (p. 5) and share the benefits of growth by building a “harmonious society” (*hexie shehui*). A unifying theme of the book considers the tension between the government's strategy to guide the development of the NGO sector as “helping hands,” harnessed to play a role on behalf of the state in performing regulatory functions, and the sector's role as autonomous and independent.

Section one of the book considers international experiences of civil society development and contains a chapter by Vanessa Pupavac that offers a critical insight into sustainable development discourses that, the author contends, are defined