

CONTENTS

CHAPTER A. INTRODUCTION	13
1. The relevance of the institutional perspective	13
2. Aim, scope and contribution.....	16
3. Positioning the thesis within a larger research project	19
4. Acknowledgements.....	22
PART I: CONCEPT AND MEASUREMENT OF INFORMALITY.....	25
CHAPTER B. INFORMAL DYNAMICS OF ECONOMIC PROCESSES – CONCEPTUAL REMARKS ON INFORMALITY AND AGILITY IN EMERGING ECONOMIES.....	27
1. The concept of informality from an institutional perspective	27
1.1. The shifting conceptualisations of “informality” over time	27
1.2. Informality in New Institutional Economics	29
1.3. The spatial dimension of informality in institutional economics	33
1.4. Illustrations of informality in the spatial economy.....	34
1.5. Outline of a research programme on informality	41
2. Agility: sustained competitive advantage by combining informality and flexibility.....	42
2.1. Competitive strategies in emerging economies of newly industrialising countries.....	43
2.2. The agility hypothesis.....	45
2.3. Agile firm organisation and sustained competitive advantage	47
2.4. Outline of an empirical research agenda on agile firm organisation	52
3. Regional aspects of informality and agility: upgrading and resilience.....	54
3.1. Regional agility and upgrading.....	54
3.2. Regional agility and resilience.....	57
4. Conclusion	66
CHAPTER C. MEASURING INFORMALITY AND FLEXIBILITY – AN OVERVIEW OF DATA AND METHODS USED FOR THE EMPIRICAL ANALYSIS	67
1. Company surveys.....	67
1.1. Hong Kong survey	67
1.2. Pearl River Delta survey	68
2. Qualitative interviews	70
3. Measuring the importance of personal networks and other facets of informality	71

4. Discussion of strengths and potential weaknesses of the datasets and indicators.....	75
PART II: INFORMAL ORGANISATION OF BUSINESS ACTIVITIES.....	79
CHAPTER D. SPATIAL AND ORGANISATIONAL TRANSITION OF AN EAST ASIAN HIGH-GROWTH REGION: THE ELECTRONICS INDUSTRY IN THE GREATER PEARL RIVER DELTA	81
1. Introduction.....	81
2. Conceptualising spatial and organisational transition in high-growth regions.....	83
2.1. Spatial transition.....	83
2.2. Organisational transition.....	86
3. Empirical results on spatial transitions.....	89
3.1. Positioning of the GPRD within the global electronics value chain.....	89
3.2. Evolution of spatial patterns within the GPRD.....	91
4. Empirical results on organisational transitions.....	99
4.1. Governance of supplier relations and cross-border production.....	100
4.2. An example of a spatio-temporal transition of informal ownership rights.....	102
4.3. The role of personal relationships for establishing contact with customers and suppliers.....	103
5. Discussion and conclusion.....	105
CHAPTER E. PERSONALISATION OF BUSINESS RELATIONS IN HONG KONG AND THE PEARL RIVER DELTA: AN INSTITUTIONAL NECESSITY OR A STRATEGIC OPPORTUNITY?..	108
1. Introduction.....	108
2. The rationale behind personalisation of business relations.....	110
2.1. Personalisation as opportunity or necessity.....	110
2.2. Personalisation and the management of firms in China.....	114
2.3. Hypotheses for the empirical analysis.....	118
3. Descriptive results on the importance of personal networks.....	119
3.1. Comparison of personal networks in HK and the PRD.....	119
3.2. The extent of personalisation for different business tasks.....	119
3.3. Personal relations to government officials.....	123
3.4. Reasons for using personal relations.....	125
4. Explanation of personalisation patterns.....	127
4.1. Regression analysis for firms in HK.....	129
4.2. Regression analysis for firms in the PRD.....	130
5. Discussion of qualitative evidence.....	134
6. Summary and conclusion.....	137

PART III: INFORMAL ASPECTS OF UPGRADING AND INNOVATION..... 141

CHAPTER F. THE ROLE OF FOREIGN AND DOMESTIC FIRMS IN REGIONAL INNOVATION SYSTEMS OF LATECOMER COUNTRIES: EMPIRICAL EVIDENCE FROM THE ELECTRONICS INDUSTRY IN THE PEARL RIVER DELTA..... 143

1. Introduction.....	143
2. Conceptual considerations on the upgrading of technological capabilities and innovation in developing countries.....	145
2.1. Technological capabilities of latecomer firms and incumbents	146
2.2. External orientation of latecomer firms.....	147
2.3. The regional innovation perspective.....	148
3. Overview of the electronics industry in the Guangdong province	148
3.1. Relevance of the electronics industry and ownership patterns.....	149
3.2. Technological activities in the electronics industry.....	150
4. Innovation and upgrading activities of domestic and non-domestic electronics firms.....	151
4.1. Types of innovation and innovation intensity	151
4.2. Use of external sources for innovation activities.....	153
4.3. Strategic orientation.....	157
4.4. Comparison of innovation intensities in Guangzhou and Dongguan	159
5. Discussion and Conclusion.....	160

CHAPTER G. THE IMPACT OF GOVERNANCE AND STRATEGY ON CORPORATE INNOVATION ACTIVITIES AND FIRM PERFORMANCE IN EMERGING ECONOMIES 162

1. Introduction.....	162
2. Corporate governance, strategy and innovation in emerging economies	163
2.1. The nexus of organisational capabilities and innovation.....	164
2.2. Governance and strategy in the context of ethnic Chinese business systems.....	166
3. Empirical results on the impact of corporate governance and strategy on innovation	168
3.1. Differences in corporate governance patterns between foreign and domestic firms.....	168
3.2. Descriptive evidence for the impact of governance on innovation	171
3.3. Descriptive evidence for the impact of strategy on innovation	175
3.4. Explanation of differences in the innovation intensity of foreign and domestic firms.....	179
4. Discussion.....	185
5. Conclusion	190

CHAPTER H. UPGRADING STRATEGIES OF FIRMS FROM EMERGING ECONOMIES IN GLOBAL VALUE CHAINS: THREE CASES FROM THE ELECTRONICS INDUSTRY IN HONG KONG	192
1. Introduction.....	192
2. Identification of determinants for upgrading on three levels.....	194
2.1. Upgrading within global value chains	194
2.2. Internal learning efforts	198
2.3. The regional context for innovation and upgrading	199
3. The regional production and innovation system of Hong Kong and the Pearl River Delta	200
4. The case studies	202
4.1. Company A: transition from OEM to OBM.....	203
4.2. Company B: fabless production of display integrated circuits (ICs).....	205
4.3. Company C: diversification into strategic manufacturing investments of a trading company	206
5. Discussion and conclusion.....	207
CHAPTER I. SUMMARY AND CONCLUSION.....	213
1. Summary of the major findings	213
2. Major findings with respect to informal dynamics.....	218
3. Policy implications	220
4. Research implications	222
LIST OF REFERENCES.....	224
ANNEX	238