T he major strength of the book lies in its extensive use of the Korean-language materials, giving the reader a taste of Korean thinking on the processes of globalization and internationalization of the Korean economy. The structure of the book is very much guided by the conviction that one needs to look at the existing global economic environment and changes therein to understand the process of multinational enterprise (MNE) growth, especially reverse direct investment (RDI) — investment by less industrialized countries in the industrialized advanced countries. Major theories of FDI and the Korean perspectives are taken up in Chapters 1 and 2, followed by a quick tour of the pertinent literature on the Korean economy, its industrial structure, and its consumers electronics industry (Chapter 4). Korean FDI (Chapter 5), and Korea-Europe relations (Chapter 6). The last two chapters, covering about forty pages, are devoted to the main theme: Korean FDI in Europe in general and the Korean consumer electronics MNEs in Europe. Though the wide coverage of the book is very informative, especially for those unfamiliar with the Korean economy, it fails to do justice to the title. An in-depth discussion of the process of establishment and operation of the Korean MNEs in Europe would have been more interesting. Based on a survey of the ‘Western’ theories of FDI and the Korean contributions to the debate, the author seems to conclude that the former set of theories is inadequate in explaining the phenomenon of RDI as exemplified in the growth of Korean MNEs in the US and EU. The Korean firms did not have any, or at best weak and transitory, ‘compensating’, firm-specific advantages to compensate for the ‘cost of foreignness’. Latching onto the concepts of ‘involuntary internationalization’ (Yun) and ‘structural irreversibility’ (Jun), she calls for a ‘theore- tical/macroeconomic’ perspective to understand Korean FDI and RDI. In a nutshell, the argument is as follows: the export-led growth path chosen by the Korean economy (and the electronics industry in particular) has resulted in heavy export dependence on a limited number of markets (especially the US and the EU) leading to trade liberalization. This led to the emergence of Korean FDI and RDI on this extensive growth eroded the ‘work ethic’, the costs of production (wages, interest rates, etc.) rose, and emerging competition from new lower-cost locations required the Korean firms to seek lower costs abroad. The obsession with quantum growth and export liberalization, which also resulted with weak incentives for R&D investment and skill formation required for moving production up the value chain, with government help, contributed to deteriorating trade frictions and the threat of actual and perceived potential barriers in the major markets ‘forced’ the Korean firms to set up shop in the advanced country markets. Thus, Kor- ean FDI in Europe and the US was more in the nature of ‘market defence’ than voluntary. Some of the Korean FDI in Europe is also explained in terms of Knickerbocker’s oligopolistic reaction framework. The oligopolistic rivalries in the domestic market also spilled over to how this ‘theoretical/macroeconomic’ framework provides an explanation for the ability of the Korean firms to overcome the ‘cost of foreignness’. This inability to provide an explanation arises primarily from the author’s eagerness to combine the theoretical and macroeconomic issues to explain the Korean FDI and RDI. While the theoretical question — what factors induce and enable a firm to go global — is definitively linked to the macroeconomic environment, the problem of why the Korean MNEs in Europe become a motive for FDI. Without the existing and perceived threat of protection in the advanced countries, Korean firms may not have engaged in RDI without a compensating advantage, whatever the macro environment. The operative constraint and the raison d’être for RDI is ‘market imperfection’ introduced by a rise in protectionist sentiments in the US and the EU and not the macro policies followed by the Korean MNEs. The Western FDI theories are fully equipped to handle such market imperfections as a source of FDI, including RDI. What caused the rise in protectionist tendencies, though important, is distinctly a separate question and the theoretical framework for analysing motivation for FDI or RDI is not designed to handle this aspect. It is therefore most to criti- cize the author’s failure in explaining something it is not designed to do.

The thin coverage of the process of establishment and operation of Korean MNEs in Europe leaves a number of questions unanswered. How was it that, while lacking firm specific advan- tages, Korean firms were able to set up and compete with the European com- panies? Does not the fact that Korea had become the fourth largest producer with more than 5 per cent of global exports of consumer electronics by the mid-1990s reflect some sort of intrin- sic advantages and brand following? Could it be that the chabul structure provided an opportunity to internalize advantages of low-cost financing with in the group? The fact that Korean FDI suffered in the aftermath of the finan- cial crisis indicates that availability of finance was possibly one factor in the rapid increase in Korean FDI. Furthermore, the possibility that the Korean electronics MNEs are not thirding in the advanced countries for strategic capa- city-asset-seeking motives is also left unexplored. The rise of competitive pressure from other low-cost produc- ers, coupled with the relatively weak R&D and skill formation, structures, may have induced the Korean firms to look for RFI or RDI in advanced coun- tries to search for ways to move up the value-added chain. Finally, though the oligopolistic reaction framework finds some support in an explanation of Korean FDI in Europe, the analysis fails to separate out the impact of ‘market defence’ motive from that of olligo- politic reaction. The original theory is set up to explain voluntary FDI, whereas the Korean FDI in Europe was, by the author’s own admission, rather ‘invol-untary’ by nature. Just because one firm followed the other in particular economies does not imply oligopolistic reaction without controlling for other factors. Such a conclusion is post-hoc fallacy. Further evidence, perhaps by way of case studies or questionnaire surveys, is required to say anything definitive in this regard.

To sum up, the book is, no doubt, a useful quick reference guide to the development of Korean economy, elec- tronic industry, and FDI. It also pro- vides access to some Korean thinking on the subject of internationalization of the Korean FDI. However, a bit less emphasis on background infor- mation and the generalities of Korean FDI and further in-depth analysis of the behaviour of Korean MNEs in Europe, perhaps in the form of some case studies, would have strengthened the work substantially. ❄