

## Chapter 52

# Manufacturing and Logistics Networks of Korean Firms in China: A Case Study of Suzhou Industrial Park

**Zheng Liu**

*Xi'an Jiaotong-Liverpool University, China*

**Hyung Min Kim**

*Xi'an Jiaotong-Liverpool University, China*

**Kaifeng Zhang**

*Xi'an Jiaotong-Liverpool University, China*

### ABSTRACT

*The aim of this chapter is to develop a better understanding of interactions of Korean firms in Suzhou in terms of supply chain, manufacturing networks and logistics. By reviewing the key literature in industry clusters, international strategy, manufacturing systems and logistics management, a conceptual framework is designed to capture the key roles of Korean MNE, SMEs, and local SIP service organizations. Case studies and interviews with practitioners provide in-depth knowledge about firms' operation in Suzhou. An industry review of SIP is also conducted from the perspectives of history, policy, infrastructure and local culture. Discussions are made to address the critical issues followed by a summary of the chapter.*

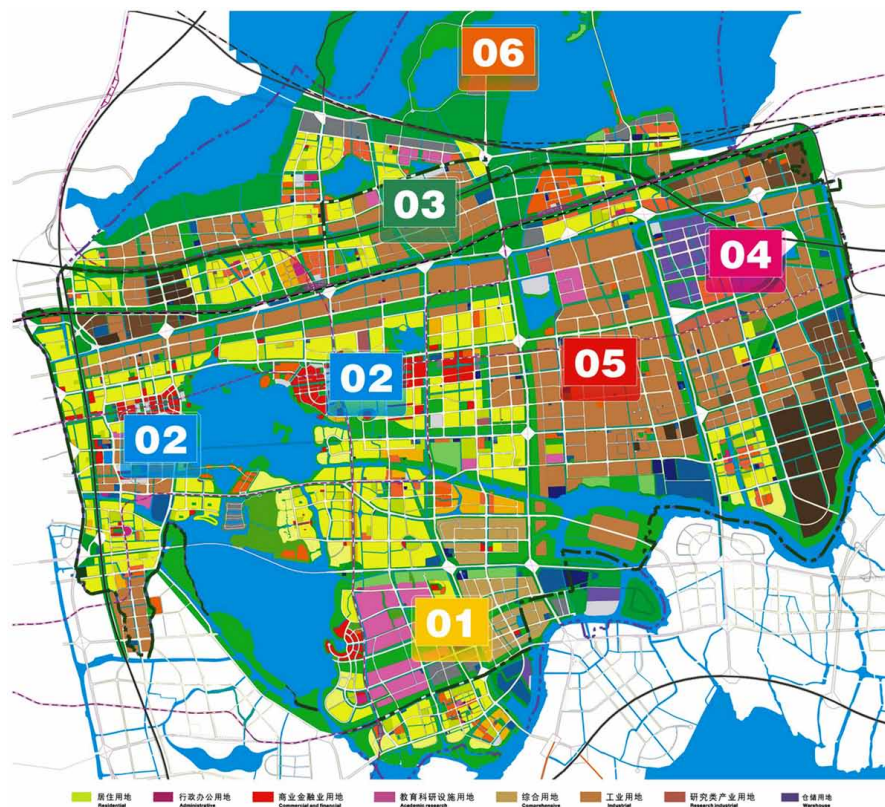
### INTRODUCTION

Globalization has brought extensive and intensive restructuring to cities and regions. China, as the largest developing countries, has witnessed massive flows of inward Foreign Direct Investment (FDI), after the economic reform and open door policy in the 1980s. Multinational Enterprises (MNEs) sought out low production sites in search of affordable industrial land and cheap labor costs. The ever growing Chinese market was also one of the key attractions. The evident growth of inward FDI happened particularly in manufacturing sectors where foreign firms have established plants for their production and joint-ventures

DOI: 10.4018/978-1-5225-3909-4.ch052

collaborating with local Chinese suppliers. Industrial clusters have emerged as Overall Equipment Manufacturers (OEMs), Small and Medium Enterprises (SMEs), and service companies co-locate to share information, infrastructure, and suppliers. Industrial clusters, in general, are partially supported by the central and/or regional governments with favorable policies as commonly seen in Chinese manufacturing sectors. Among many industrial parks in China, the Suzhou Industrial Park (SIP) is known as one of the successful government-initiated development zones (Wei et al., 2011), aiming to attract inward FDI for economic growth. Established in 1994 jointly by China and Singapore governments, SIP is located in the east of the Suzhou old town, with connections to major cities in the Yangtze River Delta of China, a commercialized trading center traditionally regarded as the “Paradise City on the Earth”. It is defined as “a flagship cooperation project between Chinese and Singapore governments”, and “a pilot zone of reform and opening-up; A successful model of international cooperation”. Under this context, the development goals are clearly identified as “to develop into a hi-tech industrial park with international competitiveness”, and “to develop into an innovation eco-township of internationalized, modernized, information-based happy district of Suzhou”. With the newly developed high speed train systems and highways, it now takes only 20 minutes to reach Shanghai from Suzhou. Other major cities in the east coastal areas such as Nanjing, Hangzhou, and Ningbo are all connected conveniently. Since the 1990s, the SIP has developed quality infrastructure primarily within a land area of 80 square kilometers of the China-Singapore Cooperation Zone that includes well-planned functional areas. Figure 1 is a map of the SIP, which contains 6 major areas:

*Figure 1. A map of the SIP*  
(Source: Suzhou Industrial Park).



25 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:  
[www.igi-global.com/chapter/manufacturing-and-logistics-networks-of-korean-firms-in-china/192524](http://www.igi-global.com/chapter/manufacturing-and-logistics-networks-of-korean-firms-in-china/192524)

## Related Content

---

### Human Capital in Malaysian SMEs: HR Practices, Uniqueness, and Value

Kenneth Cafferkey, Brian Harney and Pua Eng Teck (2016). *Project Management: Concepts, Methodologies, Tools, and Applications* (pp. 1704-1720).

[www.irma-international.org/chapter/human-capital-in-malaysian-smes/155359](http://www.irma-international.org/chapter/human-capital-in-malaysian-smes/155359)

### Consumer Perceptions of 100% Pure Olive Oil: Implications for Marketing

John L. Stanton and Ekaterina Salnikova (2016). *International Journal of Food and Beverage Manufacturing and Business Models* (pp. 40-47).

[www.irma-international.org/article/consumer-perceptions-of-100-pure-olive-oil/145324](http://www.irma-international.org/article/consumer-perceptions-of-100-pure-olive-oil/145324)

### A System Dynamics Approach to SME Resilience Under the Economic Stress of the COVID-19 Pandemic: A Conceptual Model and Empirical Analysis

Abhijeet Gupta and Thomas Peschken (2022). *International Journal of Applied Management Theory and Research* (pp. 1-18).

[www.irma-international.org/article/a-system-dynamics-approach-to-sme-resilience-under-the-economic-stress-of-the-covid-19-pandemic/302242](http://www.irma-international.org/article/a-system-dynamics-approach-to-sme-resilience-under-the-economic-stress-of-the-covid-19-pandemic/302242)

### Infostructure, Technology, and Organization

(2020). *Informing View of Organization: Strategic Perspective* (pp. 125-177).

[www.irma-international.org/chapter/infostructure-technology-and-organization/243287](http://www.irma-international.org/chapter/infostructure-technology-and-organization/243287)

### Management Practices in Chaotic Environments of SMEs in Bogota

Carlos Mario Muñoz-Maya, María Teresa Ramírez-Garzón and Rafael Posada Velázquez (2021). *Handbook of Research on Management Techniques and Sustainability Strategies for Handling Disruptive Situations in Corporate Settings* (pp. 70-88).

[www.irma-international.org/chapter/management-practices-in-chaotic-environments-of-smes-in-bogota/285870](http://www.irma-international.org/chapter/management-practices-in-chaotic-environments-of-smes-in-bogota/285870)