

## 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.*

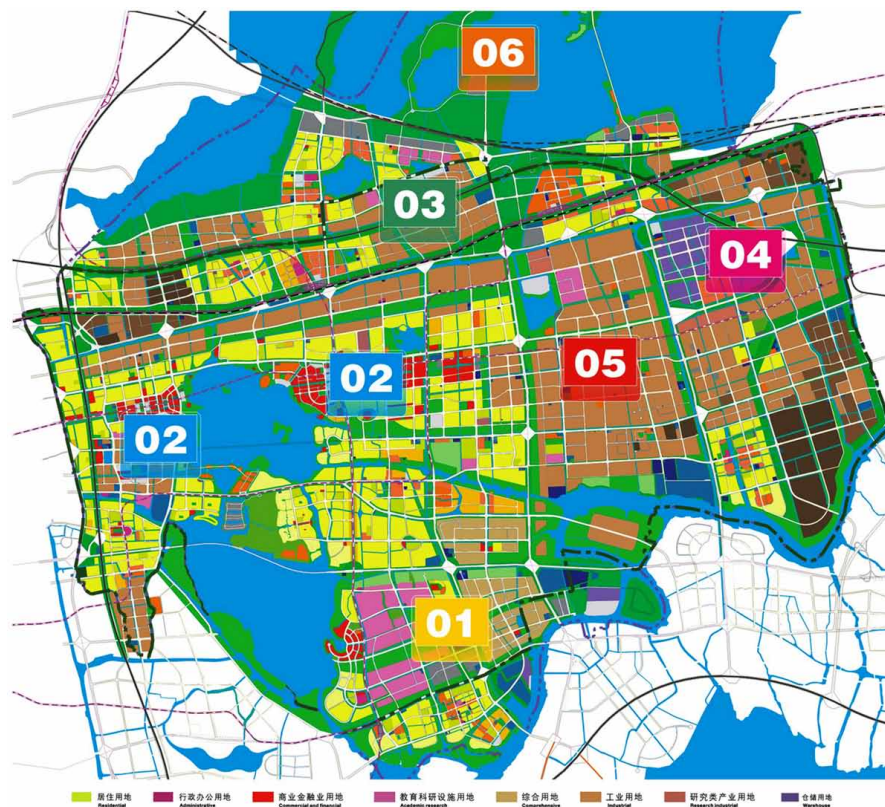
### INTRODUCTION

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

---

### Small-Scale Sport Events and Local Community Perceptions

Hugues Seraphin and Maximiliano Korstanje (2020). *Principles and Practices of Small-Scale Sport Event Management* (pp. 71-92).

[www.irma-international.org/chapter/small-scale-sport-events-and-local-community-perceptions/256819](http://www.irma-international.org/chapter/small-scale-sport-events-and-local-community-perceptions/256819)

### A Path Analysis of Online Group Buying: Insights From Taiwan

Chih-Ping Chen, Yanbin Tu and Y. Alex Tung (2022). *International Journal of Applied Management Theory and Research* (pp. 1-22).

[www.irma-international.org/article/a-path-analysis-of-online-group-buying/288505](http://www.irma-international.org/article/a-path-analysis-of-online-group-buying/288505)

### Factors That Influence Consumer Buying Behavior of Fresh Packaged Food in Tunisia

Chaima Derbali, Drakos Periklis, Mamalis Spyridon, Gert van Dijk and George Angelakis (2018). *International Journal of Food and Beverage Manufacturing and Business Models* (pp. 1-15).

[www.irma-international.org/article/factors-that-influence-consumer-buying-behavior-of-fresh-packaged-food-in-tunisia/210634](http://www.irma-international.org/article/factors-that-influence-consumer-buying-behavior-of-fresh-packaged-food-in-tunisia/210634)

### Variation on the Effects of the 2003 CAP Reform and Regional Differences in the Italian Olive Oil Sector

Valentina Sabbatini, Yiorgos Gadanakis and Francisco Areal (2016). *International Journal of Food and Beverage Manufacturing and Business Models* (pp. 48-60).

[www.irma-international.org/article/variation-on-the-effects-of-the-2003-cap-reform-and-regional-differences-in-the-italian-olive-oil-sector/145325](http://www.irma-international.org/article/variation-on-the-effects-of-the-2003-cap-reform-and-regional-differences-in-the-italian-olive-oil-sector/145325)

### The Moderating Role of Gender on Pathos and Logos in Online Shopping Behavior

Vishal Verma, Swati Anand and Kushendra Mishra (2022). *International Journal of Applied Management Theory and Research* (pp. 1-19).

[www.irma-international.org/article/the-moderating-role-of-gender-on-pathos-and-logos-in-online-shopping-behavior/288508](http://www.irma-international.org/article/the-moderating-role-of-gender-on-pathos-and-logos-in-online-shopping-behavior/288508)