The Asian region has developed, and will continue to lead the world economy during the first half of the present century. There are many countries with differing levels of development in Asia, which are seeking to improve their industrial base to avoid the middle income trap. Policy continues to be geared to that purpose.

To improve a country’s industrial structure, it is important to develop the ICT industry. This is because ICT is more productive than the labor-intensive industries which many Asian economies introduced in the past. Analysis of the current ICT industry in Asia is therefore a hot topic for researchers, politicians and investors.

This book sets out important findings in its ten chapters. Development of ICT industry in the world economy is reviewed in Chapter 1. India, which is a leading country in business process outsourcing (BPO), is analyzed, followed by East Asian countries. These countries are offshoring destinations in the world ICT industry.

Chapters 2 to 4 discuss the Japanese ICT industry. In Chapter 2, reasons to delay the offshoring of ICT services from Western countries are studied. Offshoring destinations were limited to China and Vietnam due to lack of English proficiency and communication skills. However, a shortage of ICT engineers causes Japanese firms to increase offshoring, although gradually. This chapter also focuses on ICT services by subsidiaries of Japanese manufacturers. Meanwhile, PoBMEs (potentially bigger market economies), which the author defines as Asian countries with large populations, attract investments from over the world and lead growth. The author notes that Japanese firms are expected to support the development of PoBMEs.

Chapter 3 looks at offshoring to Southeastern Asia of software development by the Japanese ICT industry. This suggests a lack of knowledge and experience in Japanese firms, which is behind the weak management of subsidiaries. As a result, advancement to the Asian region is delayed, apart from China. The author nevertheless gives some examples in which offshoring increased software development capacity in China, and Japanese user companies directly instructed Chinese developers. Chapter 4 raises doubts about Japanese mainstream offshoring theory. The author gives examples of Japanese small and medium-sized firms that implement comprehensive offshoring with advanced ICT technology, rather than partial offshoring involving less sophisticated products.

Chapter 5 indicates that the software industry in Dalian, China grew due to industrial cluster policies by the municipality. The process of integration of the software industry in China is analyzed using the diamond of industrial cluster theory due to M. Porter. This focuses on the role of local government in developing four aspects of the diamond. At the same time, Western firms are attracted upon observing the Japanese presence.
Chapter 6 analyzes the advancement of BPO to Vietnam focusing on the Vietnamese policies and Japanese firms' behavior. It is notable that multi-dimensional analysis of effects on Vietnamese industry by the increase of the labor cost in China.

Chapter 7 and 8 discuss the rise of BPO in the Philippines. In Chapter 7, the rise in BPO, which is noted as a sunrise industry, is confirmed to be due to offshoring by Western firms. This is partly because of proficiency in English by Filipinos, and is also due to support by financial institutions in the US after the financial crisis from 2008. Although Japanese firms have not been major players to date, their specific corporate organization may suggest ways to improve production structure and grow further. Chapter 8 analyzes the development of the ICT industry in the Philippines from the viewpoint of deindustrialization, with reference to the Kaldorian laws of economic growth. The conclusion is that the ICT industry has not yet reached the phase of deindustrialization, and that such a situation poses a risk to further development.

Chapters 9 and 10 discuss the ITC-related hardware industry in Taiwan. Chapter 9 analyzes the division of labor in the production process in the Taiwan Strait economic zone. The conclusion is that Taiwanese firms commenced R&D in China as an advancement in the division of labor. Chapter 10 sets out case studies of Taiwanese private brand firms. OEM firms, which commenced ODM production of personal computers, faced difficulties due to the decrease in demand for PCs, and changed their core business to become internet server businesses. The accumulated experience assisted in their becoming private brand firms. Each chapter of the book is worth reading as an individual research article. Together, they provide an overview of ICT development across the entire region of East Asia.

It becomes clear that the ICT industry is not uniform and that its development is multilayered. For instance, software development in China began as BPO of Japanese firms seeking cheap system engineers. These Japanese firms are now targeting the higher value added field, and the initial role fulfilled by China is shifting to Vietnam. In contrast, the Philippines, although still an East Asian country, was on a different ICT industry development trajectory from China and Vietnam. English language proficiency in the Philippines meant that the country could effectively promote business relationships with the USA. Japanese firms may extend their BPO into the Philippines, making the production network more complex.

Many East Asian countries are enacting a wide variety of policies with the aim of overcoming the middle income trap. This book equips the reader with a comprehensive understanding of the complex economic linkages in the region.