

The Internet`s Effects on Global Production Networks: Challenges and Opportunities for Managing in Developing Asia

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Abstract

Placing global production networks (GPN) on the Internet poses a fundamental challenge, but also creates new opportunities for managing in Developing Asia. Network flagships can now select best-performing suppliers on a global scale, increasing the pressure on Asian suppliers. But the transition from EDI to the Internet may also provide new opportunities for Asian suppliers, by reducing barriers to network entry, and by enhancing knowledge diffusion.

A conceptual framework is introduced to assess how the Internet reshapes business organization and GPN. That framework is applied to one of the role models of managing in Asia, Taiwan`s Acer Group. The paper highlights a vicious circle that must be broken to reap the benefits of the Internet: Asian firms must reduce a huge efficiency gap between manufacturing and the management of supporting digital information systems (DIS). The *challenge* is to embrace the Internet as flexible infrastructures that support not only information exchange, but also knowledge sharing, creation and utilization. The Internet facilitates this task: it provides new *opportunities* for the outsourcing of mission-critical support services.