

Xinyong or How to Trust Trust? Chinese Non-Contractual Business Relations and Social Structure: The Singapore Case ¹

THOMAS MENKHOFF

*"You know, Chinese don't really
trust other people!"*

(comment of a Chinese woman
cited by Tong 1989:7)

Introduction

The following outline on trust and cooperation in commercial relations is based on a survey of about 25 small and family-based Chinese trading firms in Singapore. The study aimed at analyzing the organizational and managerial characteristics of Chinese small businesses as well as at exploring their external economic dealings (Menkhoff 1990). The method used was key-informant interviewing based on semi-structured interviews with traders and experts, the collection and analysis of secondary data and field observation. Trust or trustworthiness (Chinese: *xinyong*) was emphasized by all interlocutors as a central mechanism and lubricant in the complex web of business and associated social relationships. "To be trusted by others" and "to maintain one's trustworthiness" were frequent explanations for success in business affairs and the continuation of commercial relations. *Xinyong* turned out to be the basis for a particular type

¹ The article is based on a comparative research project entitled "Trading Minorities in Southeast Asia" (Evers 1991). Fieldwork was conducted under the auspices of Prof. H.-D. Evers (Sociology of Development Research Centre, University of Bielefeld) in Singapore 1988/1989 with a grant from the Volkswagen Foundation. It is a revised version of a paper read at the "International Conference on Overseas Chinese Communities Towards the 21st Century". 6.-8. November 1990. Singapore: Nanyang Academy of Fine Arts.

of business strategy emphasizing non-contractual economic relations and the maximization of long-term benefits of cooperation.

The strong preference for economic relations based on prior acquaintance and trust is often regarded as characteristic of Chinese economic relations (Barton 1983: 46-64, Chun 1988: 31, DeGlopper 1978: 291-320, Goldberg 1988: 21, Greenhalgh 1984: 535, Jacobs 1979: 264, Landa 1983: 98, Lau 1974: 22, Lee 1987: 60, Redding/Ng 1982: 207, Silin 1972: 336-338, Wilson/Pusey 1982: 204-207, Yao 1987:90, Yoshihara 1988: 43,44). Sometimes it is stated by non-Chinese and Chinese (note the quotation above) that 'the Chinese' chiefly trust their own (kin) and that they are particularly distrustful of foreigners (Weber 1920: 518, 531, Tong 1989: 7). Such notions partly reflect ethnic prejudices and the low level of confidence in 'foreign' businessmen and trading minorities (Wertheim 1981, Olsen 1972: 292, Buchholt/Mai 1989).

In view of the spongy use of the term trust in studies on Chinese entrepreneurship in Southeast Asia and the strong moral overtones of trust in everyday life, a closer look at the concept is necessary. The discussion of the following questions is aimed at substantiating the thesis that the economic behaviour of Chinese small-scale entrepreneurs in Singapore is based to a large extent on personalistic relations and personal forms of trust inspite of rapidly advancing societal differentiation. Interpersonal relations and structures of such networks are important to generate trust and to hinder uncooperative behaviour (Granovetter 1985).

What is the meaning of trust in general and for Chinese economic behaviour in Singapore in particular?

What are the socio-structural conditions and cultural factors for the generation of interpersonal trust and cooperation in external economic dealings of Chinese merchants in Singapore?

What safeguards against the breach of trust exist?

Trust and Societal Development

Starting point of a sociological analysis of trust are the limits of our foresight and uncertainties regarding other people's behaviour and their motives. Trust is an expectation based on "inconclusive evidence" (Hart 1988: 1987).

In his book 'Trust and Power' Luhmann (1979: 30) has stressed the universality of the trust mechanism, arguing that trust is an important

mode of human orientation towards the world. Trust plays a significant role in modern societies. Trust is a "mechanism" which reduces societal complexity. It is central to sustaining a society and it brings about a massive extension of man's capacity to cooperate, not by means of rational calculation but through a measure of buffering between indispensable hopes and expectations which are necessarily partially disappointed. Trust increases the tolerance of uncertainty.

Luhmann (1973:23) distinguishes between different forms of everyday trust (including *personal trust*) and *system-trust* as a more impersonal form. The functioning of all complex political or economic institutions, government bureaucracies or monetary systems, depends directly upon *system-trust* and, at least in part, on trust generated in the more intimate and cognitively accessible contexts of each human being's everyday life.

In contrast to their historical predecessors, modern societies require less emotional trust in known and familiar persons but more *system-trust* predicated on the ways in which institutions present themselves to us (Dunn 1984: 282). An example of *system-trust* is trust in economic institutions such as a particular currency. The complex articulation of societal relations and individual human relations means that *system-trust* has to be claimed more and more to bear technically created complexity: "The large functional systems (like the economy or politics, T.M.) depend not only on confidence but also on trust. If there is a lack of confidence there will also be a diffuse sentiment of dissatisfaction and alienation or even anonymity. This may have no immediate impact on the system. If trust is lacking, however, this changes the way people decide about important issues. Trust, as may be recalled, is an attitude which allows for risk-taking decisions" (Luhmann 1988: 103).

The lack of *system-trust* reduces the range of possibilities for rational action, e.g. it prevents capital investment under conditions of uncertainty and risk. In contrast to interpersonal trust and the danger of deception tactics via impression management, *system-trust* largely frees the individual from such trust requirements. According to Luhmann the conversion towards *system-trust* is part of the 'great civilizing processes' towards greater social differentiation and societal complexity.

Another German sociologist who has analyzed the relationship between trust and societal development is Max Weber. In his study 'Religion of China' he tried to identify religious and cultural factors that hindered the emergence of modern capital accumulation in China. An important ingredient was missing in China where clans, lineages, kinship structures and familism prevailed: a transformative ethic that would re-

structure and mobilize people, thereby generating energy for mastery over the world and for massive capital formation (Tu 1984). In China "all trust, the basis of all commercial relationship, continued to be based on kinship, or kinshiplike and purely personal relationships" (Weber 1920: 523).

Meanwhile the notion of Confucian ethics and its impact on social differentiation and development has changed, and is discussed as a sort of ex-post explanation for the rapid economic 'take-off' of the 'Gang of Four' and Japan. Nowadays, the same list of values (familism, trust etc.) is used to explain why a particular kind of managerial ethos and entrepreneurial spirit is so successful in the East. Was Weber wrong, as Berger (1988: 7) has stressed with reference to booming Taipei? Weber's critics seem to overlook that the German sociologist (1964: 248) explicitly emphasized that the Chinese would be capable, presumably more capable than the Japanese, "sich den technisch und ökonomisch im neuzeitlichen Kulturgebiet zur Vollentwicklung gelangten Kapitalismus anzueignen".

How sensitive motivational factors are to changes within the institutional frame becomes obvious if we compare Chinese merchants in pre-revolutionary Gentry-China with ethnic Chinese entrepreneurs in Southeast Asia (Bellah 1973: 182). In distant Nanyang the Chinese trading minority became very successful in trade and commerce and in expanding the market economy 'inspite' of particularistic value orientations and the ethic of trust.

The question how Chinese conceptions of trust in mainland China and Southeast Asia changed under the impact of the West are topics for voluminous research projects. At least there is evidence that the ancient Chinese society was very particularistic. Interests of and the sense of loyalty to the family generally took precedence over commitments to larger organizations and institutions. Particularism was manifested in struggles between families, villages, and lineage associations that often erupted into violence. Whether this explains the "one-way flow of trust" (Omohundro 1981: 141) within Chinese family-firms and the distrust and suspicion with which people outside the family are viewed, as stated by Silin (1976: 45-48), is questionable. Chinese are not culturally predetermined to be distrustful of foreigners or more distrustful than others.

Trust and Xinyong in Historical Perspective - Equivalent for a Developed Contract, Law and Information System

In terms of mainland China's and Southeast Asia's economic history, personal relations and personal trust fulfilled important functions in view of the existing contract, law and information system. Traditionally law has been susceptible to manipulation by the authorities and has hence provided relatively little protection or stability: "Words, too, hold little value in and of themselves; it is strong personal relationships that provide some assurance that an agreement can come to fruition in China" (Seligman 1989: 126/127), and agreements necessarily require trust.

In Southeast Asia the importance of *xinyong* and verbal contracts among Chinese businessmen was closely related to the immigration and post-immigration experience of early Chinese settlers. Trust was an important lubricant for trade and commerce in view of the legal uncertainty and opportunistic colonial policies during the early phase of immigration. Yoshihara (1988: 43-54) has pointed out that, even if there are contracts which impose binding obligations sanctioned by state law, the enforcement is inefficient and costly when contracts are broken. At least, this was how the Chinese perceived the administrative justice in their countries of residence. Informal verbal contracts were in fact more efficient.

Speakers of the same dialect, kinsmen and neighbours from the same village, district or town constituted a typical settlement pattern during the early phase of immigration. It facilitated communication and the extension of help (Chun 1988: 30). Mutual trust was much greater in these spatial communities (Geiger/Geiger 1976: 55). Dialect loyalties, trust in fellow kinsmen, villagers or voluntary associations (*hui kuans*) were necessary arrangements to cope with the hostile environment and precarious livelihood.

This is a typical phenomenon among middlemen minorities and ethnic enclaves even in the ethnic communities of North-America (Bonacich 1973) or Great Britain in the 1980s. For minority businessmen, their ethnic brotherhoods represent a potential source of capital. Customers are loyal. Buyers patronise firms run by their own group members in preference to others (Jones/McEvoy 1986: 201). Contemporary Chinese minority communities in Indonesia or Malaysia, states which are influenced by Islam, show similar trends. The latent discrimination of ethnic Chinese in these countries corresponds with a considerable trust crisis of the local Chinese population.

Nevertheless, it is difficult to believe the theses implicitly outlined in studies on ethnic minorities (Jones/Mc Evoy 1986: 201) that there is a sort of 'everlasting and unquestionable ingroup trust' among minority communities. It would be rather simple-minded to assume that members of ethnic minorities (even ethnic groups) trust each other simply because they belong to the same group.

In Chinese-dominated Singapore, the notion of trust has shifted from its former ethnic ingroup/outgroup meaning to a more general level (Clammer 1985). Singapore's minority groups (Malay, Indians) do not symbolize a hostile threat to Chinese small-scale businessmen in terms of manifest anti-Chinese movements. This does not exclude the existence of many small communities such as sub-ethnic groups or personal networks in which all members are 'familiar' with each other. Here trust is expected; mistrust is offensive and 'against the rules'. But the often cited social exclusiveness and distrust of 'the Chinese' towards foreigners is an outgrowth of prevailing stereotypes. Chinese importers and exporters in Singapore, a city with a long history as multi-cultural entrepot, have and cultivate multiple contacts to European, Indian or Malay business partners. Nevertheless, even as member of the major ethnic group, the average Chinese small-scale exporter in Singapore faces the problem of finding sufficient criteria for the generation of trust and reliable trading partners in order to minimize business risks.

Business Trust and the Structure of Interpersonal Relationships

In trade, risk-calculating and business decisions on the basis of a 'well-judged mix of trust and mistrust' are typical strategies to assert expectations and different types of self-assurance (Luhmann 1988: 99, 100). The desire to deal with business partners who can be trusted is closely related to business risks such as the eventuality that mutual expectations will be disappointed or that agreements in terms of payment, shipment, product quality and so forth will not be fulfilled (Burns 1977: 13, 30). Merchants who trust others can derive their feelings from the notions that i) other traders behave in the manner expected and/or ii) certain reinforcing mechanisms will operate to encourage them so to behave. Which social structures, processes and cultural factors produce both kinds of notions?

The following paragraphs are based on empirical case studies which do not conform to the economist's competitive ideal, that of long-standing social ties and recurrent relations between Chinese trading

firms in Singapore and their local and international trading partners. The widespread preference for transacting with persons of known reputation implies, according to Granovetter (1985: 490), that few are actually content to rely on generalized morality or institutional arrangements to guard against trouble. Such statements - in similar form - were also often expressed by the heads of the small firms surveyed in Singapore. Before we substantiate Granovetter's (1985) thesis that interpersonal relations and structures of such networks are important to generate trust and to hinder malfeasance and uncooperative behaviour, we have to clarify the semantics of Chinese business trust (*xinyong*).

The Semantics of Chinese Business Trust (*Xinyong*) as Basis for Non-Contractual Business Relations

According to Chinese informants trust has different connotations. On the one hand it symbolize the basis for verbal contracts and oral promises which were perceived as typically Chinese means of conducting business.

"Trade among Chinese, especially during the olden days, was based on trust. When Westerners are dealing with an unknown party, they normally make a sort of contract. Normally we don't do that. We try to get to know the other side" (comment of a Chinese foodstuff importer).

It was thus not so much the faith in another's good character (in terms of blind trust) that was perceived as *xinyong* by the informants but the relative evidence that long-standing trading relations enlarge reciprocal (sometimes affective: *ganqing*) relations. At least in the local context of Singapore, businessmen can utilize a relatively efficient information network to decide whether they can trust (potential) business partners or not.

A trustworthy person, Chinese traders pointed out, has a reputation for trustworthiness. His word is his bond. There is a close relationship between trust and someone's reputation (Jacobs 1979: 264, Silin 1972: 337). Information about someone's reputation in the business world and the market or his family background provide first criteria for the generation of trust. Information helps to answer the question whether trust is justified or not. Without prior information it is difficult to trust. Trust is

'covered information' although such information is never complete and never dense enough (Luhmann 1973: 34).

Chinese conceptions of reputation and trust are closely intertwined with cultural values and interpersonal norms such as the desire for harmonic exchange or the shame mechanism. In his writings Confucius often stressed the virtues of Confucian gentlemen such as *zhong* (Loyalty), *xiao* (piety), *ren* (benevolence), *ai* (love), *xin* (trust), *yi* (justice), *he* (Harmony) and *ping* (peacefulness). Though social change has modified many of these traditional socio-cultural values and norms, their influence on Chinese business conduct and management is still obvious as the works by Redding (1980) show.

Geiger/Geiger (1976: 38, 40) have emphasized that Confucianist norms of behaviour enjoined the concealment of emotions, avoidance of confrontation, resort to face-saving devices and the use of mutually familiar 'go-betweens' for relationships among strangers involving personal feelings, for example in the arrangement of marriages or in business dealings requiring trust. New suppliers or buyers are usually introduced by 'business friends' or other 'go-betweens'. The risk involved in dealing with known businessmen is lower. Intermediaries act as "connecting links" and infuse a common current of identity into the two persons, thus drawing them within a single circle of insiderness: "Mutual obligation (and mutual trust, T.M.) may thus be activated because, to share a basis of identity or familiarity, one should be prepared to share with the other, to put oneself at his or her disposal, to do for the other what one would do for oneself, since the other has assumed an extension of oneself" (Mei-Hui Yang 1989:41).

To keep one's word, emphasis on face (*mianzi*) and the desire not to lose face (Hu 1944) are closely related with the Chinese concept *xinyong*.

"We Chinese we believe in trust you see, word of mouth. That is very important in business. If I give you my word that I'm selling you certain goods you will definitely receive your goods. If you give someone your word that you will keep your word and then somehow you don't deliver the goods, next time no one will trust you any more" (comment of a Chinese shark's fins importer).

Verbal contracts and promises do not altogether rule out certain actions but simply make them more costly (Gambetta 1988: 221). Face symbolizes an efficient mechanism of social control. To have face (*you*

mianzi) is very important in Chinese culture. It carries with it the idea of reputation based on one's own effort (Redding/Ng 1982: 206).

Deviant business behaviour endangers someone's integrity. Causing someone to lose face (*diou mianzi*), through failing to treat him or her with respect, or insulting someone, results in a loss of trust, cooperation and often in retaliation (Seligmann 1989: 47/56). "Threats to one's face constitute threats to one's identity, which in Chinese culture is constructed relationally by internalizing the judgement of others in oneself" (Mei Hin Yong 1989: 42). A reduced or fragmented face poses a disadvantage in a person's position and leverage in social interaction. Fear of losing one's trustworthiness and the fear of losing face are thus strong deterrents to commercial malpractices.

In the context of commerce *xinyong* also refers to the reliability and credit rating of a trading firm or an individual businessman. Without reputation and trustworthiness it is difficult to borrow money and to get credits. "To start a business you need trustworthiness, no trustworthiness no money", one interview partner said. Credit is essential since suppliers and buyers can increase the volume of their commercial undertakings. The achievement of trustworthiness is closely related with prompt payment terms (DeGlopper 1978: 298).

At the beginning of trading relations, payment is usually made in cash, later followed by the use of checks. It takes a long time to win the trust of wholesalers. A small medicine dealer declared that this process took him about two years ("they will trust you little by little"). Whenever goods arrived, he paid in cash, "regularly and directly". In calculating the trustworthiness of particular businessmen suppliers try to get information about potential customers' businesses. They take a close look at the facilities of the shops of small retailers (their background etc.) who want to obtain goods from them.

Merchants cultivate relationships as long as possible since searching for new suppliers/buyers and the development of new trustworthy trading relations is an expensive and time-consuming process. Several of the traders surveyed maintained business contacts with clients to whom they (via their fathers and grandfathers) had been linked for three generations. It takes a long time for new contracts established by the young proprietors themselves to develop into trustworthy relationships. Figures ranged between one and three years.

Cultural concepts or symbols like seniority, experience, rank-consciousness, generosity or the public fulfillment of moral obligations influence the trust perception of Chinese traders.

The respective age (and sex) of potential trading partners and demographic similarities might facilitate the development of mutual understanding and trust. "Given the Chinese respect for age and experience, gray hair is a definite plus", Seligmann (1989: 132) has emphasized somewhat ironically in his book 'Dealing with the Chinese'. The achievement of trustworthiness takes a long time. Nobody has trustworthiness from the beginning. Old businessmen with experience and reputation have a higher degree of ascribed trustworthiness. Since seniority is an important value within Chinese culture elder people might possess something like 'trust in advance', and a moral obligation to help youngsters.

Contributions and donations underline the power and generosity of (Chinese) businessmen. This in turn might influence their standing, honour, reputation, and trustworthiness within the business community and wider society. The amount of contributions and donations someone has made for the construction of schools, temples, clan or trade associations etc is usually publicly displayed either on stone slabs, in business magazines, or in newspapers. On the one hand contributions help to achieve *xinyong*; on the other hand it is likely that others will ascribe a diffuse trustworthiness to persons who have made contributions towards the community (DeGlopper 1978: 308).

People who fulfil certain status criteria or play leading roles within the (Chinese) business community are often perceived as trustworthy and reliable. Especially politician-businessmen can utilize their *xinyong* for both economic and political purposes. This, however, does not necessarily mean that merchants with superior status - who are perceived as trustworthy by others - in fact always act as honest businessmen. Although social relations are mainly responsible for the production of trust in economic life (Granovetter 1985: 491) they may provide occasion and means for malfeasance and conflict. Trust can be misused in several ways as the following example illustrates.

In December 1987, three former "empire builders" (Singapore Business 1988: 38) were arrested in Singapore and charged with abetment of 'criminal breach of trust'. Among those arrested were the famous 'Abalone-King', Ng Choon Ser and his son Ng Khway Tiat. 'Abalone-King' and his son were charged with 19 counts of abetting to cheat 16 banks of nearly \$57 million. A court passed the maximum sentence of 10 years' jail for 'literally cashing in on the long-standing trust of their banks': "Not only was he the 'abalone king', earning the name from a thriving business dealing extensively in canned abalone

shellfish, but he also had a reputation for being a generous and humble friend".

73 years old Ng had supported many small traders in the Chinatown area, advancing them cash and often acting as their guarantor for bank loans. With his charisma and his outstanding reputation as a businessman Ng enjoyed the rare privilege of being accorded 'prime customer' status among local banks: "The trust bankers had in him saw Ng easily tapping them for large sums of money, usually on an unsecured basis, merely by offering his personal guarantee. Such was Ng's reputation that it was said: 'His word was as good as cash'" (Singapore Business 1988: 41-54).

The example underlines Granovetter's thesis that a certain level of internal trust is necessary to commit 'breach of trust'.

Trust and International Trading Networks

In contrast to local trade, international trade is more risky. Due to cultural barriers, geographical distance or information problems and the obstacle to rely on efficient sanctions (Singh 1987: 83) it is difficult to decide whether overseas clients are trustworthy. How do Chinese traders cope with this dilemma? Are there any safe-guards against the breach of international trust?

Of utmost importance for the generation of trust and the prevention of malfeasance are interpersonal relations and structures of such networks (Granovetter 1985). The formation of trading networks, long-standing trading or credit relationships between traders over a longer period than that of the specific transaction, is an efficient strategy to cope with those uncertainties (Evers 1988, Wellman 1988, Burns 1977: 1-43, Clauss 1988, Silin 1972: 336). Membership in such network diminishes the risks of social and economic exchange processes and facilitates business prognoses.

This was the opinion of Chinese traders in Singapore who sacrificed short-term gains for the long-term benefits of long-standing trading relationships with "reliable" and "trustworthy" customers and trading partners. The embeddedness in long-standing local or international trading or credit networks provides access to important resources such as trading goods, capital, information, labourers, social support etc. and the allocation of a variety of goods and services. Trusted networks stabilize the everyday life of traders. How are Chinese trading networks structured?

International Trade Relations, Kinship Ties, and Trust

In studies on Chinese entrepreneurship in Southeast Asia it is often stated that their business success is based on the existence of 'familistic' (kinship, common place of origin) trading, credit and solidarity networks and that kinsmen are favoured trading partners (Yoshihara 1988: 53, Landa 1983, Greenhalgh 1984). According to these authors, members of one's family, kin, dialect or ethnic group are perceived as more trustworthy and cooperative than non-members or foreigners since the behaviour of 'insiders' can be better assessed and sanctioned than that of 'outsiders': "Not only are outsiders not to be trusted, they are also under

Table 1: Trading Partners of Singaporean Chinese Traders

Commercial Ties	
Outsiders	
Non-Chinese (Europeans, Indians, Japanese etc.)	1
Members of other dialect groups	1
Friends	
Long-standing family friends	1
Business Friends	1
Personal Friends	2
Class & School Mates	2
Former Co-Workers	3
Distant or Fictive Kin	
Sworn- or Godbrothers	3
Fellows from the same Province in China	3
Fellow Villagers from the same Village in China	3
Townmates from the same town in China	3
Clansmen (with the same surname)	3
Kinsmen	
Consanguineal	3
Affinal	3

Key: 1 = Very frequently cited
 2 = Frequently cited
 3 = Seldom cited.

Source: Interviews 1988/1989

no obligation to help a person ... The categories of inside and outside are also couched in food metaphors. A 'familiar person', one with whom *guanxi* exchange can take place more easily, is also a 'cooked person', while the 'stranger', is an 'uncooked or raw person'" (Mei-Hui Yang 1989: 40).

Do Chinese family, kinship or territorial links foster trust and trusted trade relations as argued by Wilson/Pusey (1982: 206), Tong (1989) or Goldberg (1988)? To examine the prominent 'kinship thesis' we tried to get information about the different trading partners of the small-scale entrepreneurs interviewed in Singapore according to categories such as outsiders, friends, distant or fictive kin and kinsmen.

Our results (see Table 1) indicate that kinship, dialect group and territorial ties, as former Confucian-moralistic bonds and guarantees for the observance of commercial agreements, have lost their importance. Table 1 reports that local or international trade along kinship links is rather untypical among Singaporean Chinese traders. Only four of 23 trading firms surveyed in Singapore maintained local or international trade relations with kinsmen. These findings are quite surprising. Trade along family or kinship links - a common and prevailing stereotype associated with middlemen minorities world-wide - were often shunned by Chinese businessmen in Singapore.

Whether or not members of one's extended family, dialect group or ethnic group are regarded as favourite business partners depends on many factors: *ganqing* (affection), one's *guanxi*-base (Jacobs 1979: 251), prices, opportunity costs and the possibility of profitable capital utilization. As DeGlopper has stated, kinsmen (and others to whom one is bound by traditional bonds of solidarity) are people with whom one has at least theoretically the potential of establishing closer relations, relations involving some degree of mutual confidence and trust. But such relations are potential, and mutual confidence cannot be taken for granted: "To do someone a favour or to extend trust to him simply because he is of the same surname, dialect group, attended the same school or is related to somebody would be regarded as a bit simple-minded" (DeGlopper 1978: 313).

Chinese businessmen in Singapore emphasized that business relations can be established with any reliable person, and that they are not influenced or constrained by kinship. Even 'uncooked or raw persons' (Mei-Hui Yang 1989: 40) can be promoted to trustworthy business friends when commercial relations turn out to be satisfactory.

Figure 1: Extract of Mr. Lim's Personal Business Network

Other Shark's Fins Traders in regard to friendship or kinship ties*	Intensity of Business Relations		
	regular	minor	no
Siblings of Mr. Lim's father in Singapore		x	
Distant relatives overseas (Mr. Lim's "uncle" in Bangkok)	x		
"Business friends" in Singapore and Hong Kong	x		
Mr. Lim's godbrothers in Singapore			x
God-brothers of Mr. Lim's grandfather in Singapore			x
Indian business friends	x		
Indonesian business friends	x		
Mexican business friends	x		
Husband of the youngest sister of Mr. Lim's father (in Singapore)			x

* All of them are more or less engaged in the shark's fins trade

Source: Interviews 1988/1989

An example from our fieldwork may illustrate this point. Figure 1 represents an extract of Mr. Lim's (the owner of an import/export business distributing dried seafood) complex personal business network and the intensity of his social and economic relations to some of his trading partners/business friends in Indonesia (Surabaya), India (Madras), Thailand

(Bangkok), Mexico and Singapore which he perceived as important and worth mentioning in terms of kinship and friendship ties.

Although Mr. Lim claimed to be 'related' with the owners of the four major import firms for shark's fins in terms of blood, marriage and ritualized forms of friendship, he emphasized that he seldom makes business deals with these firms. One of his main buyers is located in Bangkok and was called 'uncle'. This trading partner is the son of a distant relative of Mr. Lim's grandfather. His relation to his Indian suppliers of shark's fins from Madras, who deliver their goods via Indian agents based in Singapore, his Chinese suppliers from Mexico/Mexico City and Indonesia/Surabaya was labelled as "strictly business".

Asked whether he prefers to deal with god-brothers, relatives or foreigners, Mr. Lim pointed out that his main priority in doing business would be to make money, to distribute, to buy and to sell with profit. For him there is no particular reason "why we should trade with our relatives" or close friends. Asked for the reasons, he pointed out that they are all engaged in the same line and that competition is high. "Sometimes clashlah" was his expression for the fact that they are supplying the same buyer, namely Mr. Lim's so-called uncle in Bangkok whose status in terms of kinship could not be identified by Mr. Lim. Conflicts, price fights, and animosities are likely to occur. Ties between the different families in Singapore are not very strong, our informant emphasized. When we tried to find out whether there is a special relationship between him and his uncle in Bangkok he answered: "Special ties? He is buying a lot of goods from us. We are making a lot of money from him. He is one of our biggest buyers".

His comments indicate that it is difficult to make profits or demand repayments of debts from close relatives, god-brothers and other close friends in such a small and competitive market as Singapore. The often voiced economic solidarity between Chinese families seems to be a relict from the 'olden days' when external insecurities forced families to combine manpower and economic solidarity in order to secure the well-being of the members and to fulfill normative expectations and moral standards. The fact that his so-called uncle operates a processing firm in Bangkok - where the operating costs are low - is perceived as a good opportunity for maximizing profit. In this way, Mr. Lim can 'exploit' his 'fictive' kinship connections and network resources in Bangkok.

To sum up, relatives do not necessarily create business, business can also 'create' relatives by transforming certain 'strategic friends' and business partners into reliable and trusted trading partners based on

fictive kinship terms. This enlarges social costs of exit, represents endogenous sanctions and reduces the probability of breach of trust. Chinese merchants enter into business relationships only with people they consider reliable and trustworthy, regardless of their kinship ties (Silin 1972: 351).

Trust and Mistrust - Stabilizing Expectations in Foreign Trade

External trade relations and transactions are usually initiated, processed, and completed through the use of several documents like 'commercial invoices', 'proforma invoices', 'certificates of origin' and so forth. There are also different methods of receiving payment for exports like 'advance payment', 'open account payment', 'consignment sales' etc and various other instruments available to the seller to safeguard himself against losses. What was most commonly used among Chinese importers and exporters in Singapore were 'Letters of Credit'.

In international trade the buyer needs to be assured that the cargo supplied is as per agreement; the seller needs the guarantee that payment will be made as soon as goods are supplied. The independent body which safeguards the interest of the buyer and the seller is the bank and the mode of payment is the documentary Letter of Credit established by the buyer at his bank. He instructs or authorizes his bank to remit payment to the seller on receipt of certain specified documents: "These contracts are so stipulated that the buyer is assured that i) the goods have been shipped in proper condition, ii) the quantity, the quality and the time schedules are as per contract. The buyer's bank advises the seller's bank, which in turn informs the seller or exporter (or beneficiary). The exporter is thus assured of payment as soon as he submits the documents stipulated by the importer. The payment is made against the documents and there is no actual handling of the goods involved by the banks. Nor does the seller have to wait till the goods reach the port of destination before receiving payment" (Singh 1987: 88/89).

Letters of Credit seem to reduce the risk of the buyer and the seller. What role does trust play? A lot of other safeguards are used to reduce international trading and business risks. In the timber trade, for example, it is common to employ quality officers who are sent to the supplying countries where they supervise the shipment and the quality of the timber. Mr. Tan, the owner of a timber company with 26 employees, nevertheless regarded interpersonal trust as an important asset. Some-

times he has to make fast decisions and to confirm transactions over the telephone just by his word. Since he has "credibility", all he says "is sure". Mr. Tan prefers proforma invoices which he regards "as good as real contracts":

"Sometimes buyers just confirm with their word. That is good enough. Time is money. We use Telefax. We just send them a proforma invoice. Then it is confirmed. This is Chinese business efficiency. We are not bothering so much. But we need a sort of confirmation because at the phone you may misunderstand each other. So with this proforma invoice they can see the payment terms. Once we have accepted the buyer we return the documents by fax and send him the goods very fast".

Are written documents or letters of credit a substitute for interpersonal trust between trading partners? Are such safeguards indicators of mistrust? The reliance on documents might be regarded as an indicator for mistrust. Mr. Tan's statement "time is money" indicates that verbal agreements via telephone, which in turn require interpersonal trust and mutual familiarity, help to save money. The establishment of a Letter of Credit on the other hand requires at least that the bank trusts the buyer and traders' system trust in the stability of currencies and other institutions. The quality and length of Mr. Tan's relationship to his overseas buyers, his experience with these clients and their common history are important variables for deciding whether or not he trusts 'words' (verbal agreements) or written documents. As one informant stated, one has to confirm that the respective client is a 'genuine' businessman. Only then it is half-way sure that one gets genuine goods. Even the opening of a Letter of Credit requires trust and prior information on the creditworthiness of businessmen:

"We have to know who are the suppliers. When we open a LC to an unknown supplier we have to know whether the other party is a genuine party, which line he represents, which products. If you open a LC to an unknown party and this guy is a crook, he might send you a container of stones instead of the goods you need (he laughs). So we have to know" (comment of a Chinese foodstuff importer).

With regard to the methods of payment for exports Chinese businessmen seem to develop a sort of trust taxonomy which goes along with different forms of payment, credit practices and degrees of trust according to the

length of a particular relationship, personal business experience, familiarity and sometimes intuition. In spite of Singapore's modern outlook, business deals based on contracts and thereby "trust in contracts" (Luhmann 1973: 36-37) are little pronounced among Singapore's small businessmen up to now. Verbal business agreements, business transactions contracted over the telephone and the allowance of informal credit to "trustworthy" others are popular. Even big Chinese importers and exporters rely on verbal international business agreements based on interpersonal trust. Verbal agreements and handshake type of contracts are flanked by the use of documents such as checks, letters of credit, proforma invoices and so forth which may be seen as an indication of a more legal-rational, functional foundation for business relations. But, the acceptance of checks or letters of credit, after all, involves the extension of credit and trust to the respective writer and indicates some degree of mutual confidence: "One does not accept a check from just anyone" (DeGlopper 1978: 302).

Criteria for the Generation of Trust in the Context of Non-contractual Business Relations

Chinese businessmen rely upon verbal contracts instead of formal contracts if they have sufficient criteria for the generation of trust and if they believe in the efficacy of sanctions such as gossip and so forth which are binding in a close community. Like in everyday life, so too in business there are some partners who are trustworthy (extending credit, telephone agreements) and others who are perceived as not trustworthy. Trading partners are treated correspondingly. The trustworthiness of overseas buyers and sellers differs. Some countries such as India are considered as insecure and unreliable. Decisive are face to face negotiations and the first impression where each tries to assess the trustworthiness of the other:

"In a foreign country like India you don't know whether they are genuine traders, so it is better that they come to us. If they would write to us we wouldn't dare to trust them. We meet face to face and then they send down their goods to us. Perhaps we start business with them. If we get along there is trust" (comment of a Chinese dried seafood dealer).

An empirical example may help to illustrate our point. Formally, the method of payment within the border-crossing shark's fins trade is by a sight letter of credit according to the International Trade Centre in Geneva. But in reality, methods of payment differ due to the length of trade relations and the reliability of trading partners. Mr. Lim, the above-cited dried seafood dealer, seldom uses contracts. As he argued, this is nonsensical. In case of contracts, Letters of Credit or 'advance payments', he explained, it is very difficult for him to reclaim payments or to return products of bad quality to his suppliers. For business transactions within the international shark's fins trade he considered trust as very important.

The longer the trading relationship, the less the risk of being cheated, he argued. As he pointed out, the people trading shark's fins are not all genuine traders. If he opens a Letter of Credit to them it is possible that they will send him "all the rocks and stones". They will cheat. In contrast to Indian suppliers, Japanese (actually ethnic Chinese) clients seem to be very reliable. Mr. Lim stated that in the case of Japan there is no chance of the parties cheating each other, whereas in India

"one can write to them and they tell you that they can supply you with fins. But if you open a LC to them they will send all the junk goods to you. If you fly to India to visit them they have disappeared. You can't find them because in India they can easily become registered and then they disappear, using another name".

In Japan he has better control. Traders are registered and they cannot "run away" in Japan. Regarding business transactions with his main buyer and long-standing business partner in Bangkok such insecurities seem to be non-existent. They have "prompt payment terms" and don't "really trade on LC basis" because they have been dealing with each other for a long time: "There is trust between us. Sometimes we send him goods worth about half a million dollars; within one or two weeks he will remit the money to us".

Long-standing business partners usually have a good reputation. Reputation was perceived by all informants as an important asset in business and as a central precondition for the formation of trading relations. Businessmen test and evaluate the trustworthiness and reputation of potential trading partners carefully to find out whether they are honest and trustworthy (Silin 1972: 338-339, Luhmann 1973: 34-40). Threats to one's reputation along with community sanctions appear to be sufficient

incentives to act honourably. The breach of agreements leads to a loss of reputation and is connected with considerable social costs.

But Chinese businessmen do not only rely on reputation alone in determining the trustworthiness of others and the probability whether another actor will cooperate. Reputation is no substitute for personal experience and contacts (Lorenz 1988: 206). The extension of trust and credit depends on information. Experience from one's own past dealings with others is one help in evaluating the trustworthiness of trading partners. Individuals with whom one has a continuing relation have an economic motivation to be trustworthy, so as not to discourage future transactions (Granovetter 1985: 490). Faith or belief in another person's good character may generate trust, but the possibility using sanctions can also produce trust. The social structure of the individual traders' and trading partners' location also provides criteria for the generation of trust (Luhmann 1973: 35). As a Chinese foodstuff trader pointed out, there are several means to check the reliability, credibility and trustworthiness of (potential) trading partners:

"Normally we find out from the market. We can also check the reputation of a company through friends. The most common way is to go to the Registry of Companies and Businesses. You check the company's profile, you can find out who are the directors, how much is the pay up, when the company was registered etc. Sometimes when the amount is big you must check with the bankers or you ask reference persons. We can also ask market people who are in the same kind of business, who had some dealing with them. We can also go to his office to look at the size of the business. We can judge even from the appearance of the businessman and the company, how much stock do they have and so forth" (comment of a Chinese foodstuff trader).

Gossip, easily accessible information networks, a high density of networks represent efficient possibilities for sanctions. Businessmen who are embedded in the local web of recurrent social interactions and who have a general reputation for probity are easier to monitor than foreigners (DeGlopper 1978: 308). Membership in trade associations like Chambers of Commerce and Industry thus plays a pivotal role.

Associations and Gossip: Sanctions as Basis of Trust and Cooperation

The membership in a committee or holding office as a non-salaried honorary chairman or council member increases not only the reputation and trustworthiness of individual businessmen and their popularity, but also guarantees political influence, access to government circles, connections (*guanxi*) and other forms of personal networks. During the association meetings, it is easy for members to exchange information and business chit-chat about the stock of other traders, new competitors, their past commercial behaviour etc. Gossip about competitors, prices and so forth is an important feature of social relations between merchants. Gossip symbolizes an efficient 'information service' for businessmen (Macaulay 1963). Traders who are members of associations usually know each other for a long time. Trade associations are thus an efficient medium of social control and are able to impose sanctions on those who have violated the ethics of the business community. Exchange of information regarding the trustworthiness of (potential) local or overseas trading partners reduces transaction risks. Much of this information-gathering is organized on an informal basis.

What are the negative sanctions for punishing those who break the trust of their trading partners? In Chinese business communities where intense face-to-face communication networks exist (obviously the case in Singapore) and where the exit option is not feasible or very costly, gossip spreads very quickly about anyone who breaks his *xinyong* or his promise (Landa 1983: 86). Offenders will be shamed and will lose face (Redding/Ng 1982: 206). Other negative sanctions include the withdrawal of credit by a creditor, resort creditors to the courts to bankrupt the offending party or excluding the offending party from future transactions. But taking debtors to court is a method of last resort as many informants stressed. The settlement of disputes is eased by the embeddedness of business in social relations (Granovetter 1985: 496).

The Structure of International Trading Networks: Social Relationships as Basis for Trust and Cooperation

In terms of international import and export relations to India, Mexico, Africa and so forth, it is difficult to estimate the degree of trustworthiness of trading partners and to control all possible insecurities and transaction risks in regard to product quality, quantity and shipment. The

legal system or possible sanctioning mechanism is no guarantee for 'fair' commercial behaviour, many dried seafood dealers argued. How is it guaranteed that suppliers and clients overseas, transporters etc cooperate?

International trading risks, i.e. the danger that agreements about delivery, quality standards, payment etc are not kept, explain why Chinese importers always emphasized the length of business relations and personal relationships, and why they prefer to meet foreign suppliers face to face. Single cash-and-carry transaction are "too risky":

"We have other suppliers who do not deal with us on a long-term basis. They come to Singapore, they bring their goods down to us and then one or two transactions. But they are no genuine dealers. We want genuine business people who are trustworthy, so that we can trade on a long-term basis. We don't want business whereby we just make one or two transactions and then finish. Perhaps such people want to make a quick bucklah. We don't like to trade with such people, risky, too risky to trade with such people" (comment of a Chinese dried seafood dealer).

Apart from purely economic motives, continuing economic relations often become overlaid with social content that then carries strong expectations of trust and abstention from opportunism (Granovetter 1985: 490). Long-term economic relations are carefully cultivated by regular visits and social activities, reflecting the desire to diminish business risks involved in non-contractual transactions.

Relationships which are long-lasting are a good basis for trusted relations. The 'law of meeting again' aggravates the breach of trust (Luhmann 1973: 39). Individuals with whom one has long-standing business relations are motivated to behave in a trustworthy and cooperative manner in order not to endanger future transactions.

Trading relations are initiated by minor transactions, where little trust is required. If business relations turn out as expected they proceed to increasingly larger exchanges involving more risks and greater service on credit. Businessmen pay close attention to the conduct of the other party at each stage in their relationship, constantly testing and evaluating their *xinyong*. If both sides continue to discharge their debts and obligations fairly and honestly, their mutual trust is likely to grow (Landa 1983). But cheating cannot be entirely avoided even if 'trust' is based on a solid perception (Granovetter 1985).

Most of the trading firms surveyed in Singapore would not be operating successfully if their owners were to rely on blind trust. In fact most of them have developed and cultivate sophisticated business networks within which they are able to reduce international transaction risks. According to country, the length and reliability of trading relationships, the existence of sanctions, the past behaviour of trading partners etc they use different forms of payment and credit rating.

The embeddedness in trading networks, long-standing relationships with 'repeat coercion', mutual interests and dependence, regular interactions and visits, dinners etc diminish the danger that trusting expectations will be disappointed and enlarge cooperation and trust between international trading partners. Under such structural conditions opportunistic behaviour is connected with high social costs.

Relations between members of trading networks are not always "positive" or "symmetrically reciprocal" (Wellman 1988: 40, 41). Importers, wholesalers and retailers differ with regard to status hierarchy. Merchants who have control over resources will automatically have greater trust that expectations will be met. Different degrees of trust, vertical and asymmetrical relationships, asymmetrical information on prices and purchasing channels, competition and dependence among traders who participate in a trading chain are typical characteristics of such exchange relations.

Conclusions

Interpersonal trust (and its cultivation) in the reliability of network members to fulfill commitments and *system-trust* in the functioning of all institutions responsible for the smooth flow of goods and services (economic system, currencies etc) are essential preconditions for establishing local, regional or intentional business networks. Social relationships which create confidence and interpersonal trust are important resources for Chinese small businessmen, traders and shopowners in Singapore. Nevertheless, interpersonal trust is no guarantee for cooperative behaviour in risky local and international business relations. To warrant that personal trust as precommitment and basis of commercial cooperation can unfold its efficacy, certain socio-structural conditions must be fulfilled. Social density, possibilities for mutual observations together with cultural constructs such as the shame mechanism and the fear of losing face and reputation, constitute strong incentives for co-

operation. This enables non-contractual commercial relations on the basis of personal trust.

In terms of local trade, gossip, recurrent interactions or the membership in trade associations represent efficient mechanisms for social control, supervision and sanctions. In tightly woven communities with a high contact density it is relatively easy to estimate the degree of trustworthiness and readiness for cooperation of trading partners. But in international trade it is more difficult to assess whether trust in other businessmen is justified or not. To trust foreign businessmen may be costly. But distrust is even more expensive since it limits action and profit opportunities.

International business trust and the strength of trust in verbal agreements and informal methods of payment depend on the length of the respective commercial relationship, the frequency of personal interactions, mutual interests and dependencies, non-verbal information during face-to-face interactions, the quality of past transactions, payment behaviour and sanctions. International business trust develops successively and is constantly tested. But perceptions of trust are not always reliable reflections of reality. Chinese businessmen try to minimize this 'rest risk' as far as possible and on the basis of different strategies. The development of 'trusted networks' and the embeddedness in such long-standing webs of relationships provides businessmen with positive or negative sanctions that can be used to encourage that obligations are fulfilled. These are important preconditions for international business cooperation. Preferences for trade along kinship ties could not be found.

Personal relations were perceived by our informants as more solid bases for trust and business relations than legal contracts. The significance that generalized trust (system-trust) in institutions such as money and legitimate political power have for Chinese small-scale traders in Singapore, must be ascertained by future studies. Hongkong's current situation provides an interesting case study for the importance of system-trust. The contemporary lack of system-trust in Hong Kong has given rise to phenomena such as capital flight and brain drain (sporadically also reported from Singapore). In 1988 45,000 people left Hong Kong. The number of Singaporeans who emigrated due to discontent with the political system and other reasons totalled 3,000 in 1989 compared with 4,700 in 1988 (New Paper 12.12.1989: 1). Though Singapore's Chinese small-scale merchants are doing business as usual, events such as what one might call the 'speak Mandarin campaign flight' might be regarded as an indication that Singaporeans' trust-system cannot be taken for

granted. It will be interesting to see how Singapore's government sets about maintaining it.

Literature

- Barton, C.A. 1983: Trust and Credit. Some observations Regarding Business Strategies of Overseas Chinese Traders in Southeast Asia. In: Lim, L.Y.S./Gosling L.A.P. (eds.), *The Chinese in Southeast Asia*. Vol. 1. Singapore: Maruzen Asia, 46-64.
- Bellah, R.N. 1973: Analogien zur protestantischen Ethik in Asien? In: Seyfarth, C./Sprondel, W.M. (eds.), *Seminar: Religion und gesellschaftliche Entwicklung. Studien zur Protestantismus-Kapitalismus These Max Webers*. Frankfurt: Suhrkamp, 179-189.
- Berger, P. L. 1988: An East Asian Development Model? In: Berger, P.L./Hsin-Huang Hsiao (eds.), *In Search of an East Asian Development Model*. New Brunswick: Transaction, 3-11.
- Bonacich, E. 1973: A Theory of Middlemen Minorities, in: *American Sociological Review* 38: 583-594.
- Buchholt, H./Mai, U. 1989: Marktagenten und Prügelnaben. Die gesellschaftliche Rolle von Händlerminoritäten in der Dritten Welt. Bielefeld: University of Bielefeld, Sociology of Development Research Centre. Working Paper No. 129.
- Burns, J. J. 1977: *The Management of Risk. Social Factors in the Development of Exchange Relations among the Rubber Traders in North Sumatra*. Ph.D. dissertation. New Haven: Yale University Press.
- Chun, A.J. 1988: *Toward a Political Economy of the Sojourning Experience: The Chinese in 19th Century Malaya*. Singapore: National University of Singapore, Department of Sociology. Working Paper No. 93.
- Clammer, J. 1985: *Chinese Ethnicity and Political Culture in Singapore*. In: Clammer, J. (ed.), *Singapore - Ideology, Society, Culture*. Singapore: Singapore University Press.
- Clauss, W. 1988: Nelken und der Clan der Händler - Agrarproduktion und Handel auf der Insel Simeulue. In: Pampus, K.H./B. Nothofer (Hrsg.): *Die Deutsche Malaiologie*. Heidelberg: 7-35.
- DeGlopper, D.R. 1978: *Doing Business in Lukang*. In: Wolf, A.P. (ed.), *Studies in Chinese Society*. Stanford: Stanford University Press.
- Dunn, J. 1984: The Concept of Trust in the Politics of John Locke. In: Porty, R./Schneewind, J.B./Skinner, Q. (eds.), *Philosophy in History*. Cambridge: Cambridge University Press, 279-301.
- Evers, H.-D. 1988: *Traditional Trading Networks in Southeast Asia*. In: *Archipel* 35:89-100.

- Evers, H.-D. 1991: Trading Minorities in Southeast Asia. A Critical Self-Evaluation of Recent Research Findings. In: *Internationales Asienforum*, Vol. 22, No.1-2:73-85.
- Gambetta, D. 1988: Can We Trust Trust? In: Gambetta, D. (ed.), *Trust - Making and Breaking Cooperative Relations*. New York: Basil Blackwell, 213-238.
- Geiger, T./Geiger, F. 1976: *The Development Process of Hongkong and Singapore*. Hong Kong: Hong Kong University Press.
- Goldberg, M.A. 1985: *The Chinese Connection - Getting Plugged in to Pacific Rim Real Estate, Trade and Capital Markets*. Vancouver: The University of British Columbia Press.
- Granovetter, M. 1985: Economic Action and Social Structure: The Problem of Embeddedness. In: *The American Journal of Sociology* 91, 3:481-510.
- Greenhalgh, S. 1984: Networks and their Nodes: Urban Society on Taiwan. In: *The China Quarterly* 99:529-552.
- Hart, K. 1988: Kinship, Contract, and Trust: The Economic Organization of Migrants in an African City Slum. In: Gambetta, D. (ed.), *Trust - Making and Breaking Cooperative Relations*. New York: Basil Blackwell, 176-193.
- Hu, Hsien-chin 1944: The Chinese Concept of Face. In: *American Anthropologist* 46,1:45-64.
- Jacobs, J.B. 1979: A Preliminary Model of Particularistic Ties in Chinese Political Alliances: Kan-ch'ing and Kuan-hsi in a Rural Taiwanese Township. In: *The China Quarterly* 78,6:237-273.
- Jones, T./MyEvoy D. 1986: Ethnic Enterprise. The Popular Image, in: Curran, J./Stanworth, J./Watkins, D. (eds.), *The Survival of the Small Firm 1. The Economics of Survival and Entrepreneurship*. Cambridge: Cambridge University Press, 197-219.
- Landa, J. 1983: The Political Economy of the Ethnically Homogeneous Chinese Middlemen Group in Southeast Asia: Ethnicity and Entrepreneurship in a Plural Society. In: Lim, L.Y.C./Gosling, L.A.P. (eds.), *The Chinese in Southeast Asia*. Vol. 1. Singapore: Maruzen.
- Lau Hong Thy 1974: *The Social Structure of Small Chinese Business Firms in Singapore*. Academic Exercise. Singapore: National University of Singapore, Dept. of Sociology.
- Lee, J. 1987: *A Chinese Conception of Management - An Interpretative Approach* (unpublished dissertation). Singapore: National University of Singapore, School of Management.
- Lim, L.Y.C./Gosling, L.A.P. (eds.) 1983: *The Chinese in Southeast Asia*. 2 Volumes. Singapore: Maruzen.
- Lorenz, E.H. 1988: Neither Friends nor Strangers: Informal Networks of Subcontracting in French Industry. In: Gambetta, D. (ed.), *Trust*. Oxford: Basil Blackwell, 194-210.
- Luhmann, N. 1973: *Vertrauen - Ein Mechanismus der Reduktion sozialer Komplexität*. Stuttgart: Enke (engl. translation: *Trust and Power*. Chichester 1979).

- Luhmann, N. 1988: Familiarity, Confidence, Trust: Problems and Alternatives. In: Gambetta, D. (ed.), *Trust - Making and Breaking Cooperative Relations*. Oxford: Basil Blackwell, 94-108.
- Macaulay, S. 1963: Non-Contractual Relations in Business: A Preliminary Study. In: *American Sociological Review* 28, 1:55-67.
- Mei-Hui Yang, M. 1989: The Gift Economy of China. In: *Comparative Studies in Society and History* 31:25-54.
- Menkhoff, T. 1990: Trade Routes, Trust and Trading Networks - Chinese Family-Based Trading Firms in Singapore and their External Economic Dealings (unpublished dissertation). Bielefeld: University of Bielefeld, Faculty of Sociology.
- Olsen, S.M. 1972: The Inculcation of Economic Values in Taipei Business Families. In: Willmott, W.E. (ed.), *Economic Organization in Chinese Society*. Stanford: Stanford University Press, 261-295.
- Omohundro, J.T., 1983: Social Networks and Business Success for the Philippine Chinese. In: Lim, L.Y.C./Gosling, L.A.P. (eds.), *The Chinese in Southeast Asia*. Vol. 1. Singapore: Maruzen, 65-85.
- Redding, S.G. 1980: Cognition as an Aspect of Culture and its Relation to Management Processes: An Exploratory View of the Chinese Case. In: *Journal of Management Studies* 17,2:127-148.
- Redding, S.G./Ng, M. 1982: The Role of 'Face' in the Organizational Perceptions of Chinese Managers. In: *Organizational Studies* 3,3:201-219.
- Seligman, S.D. 1989: *Dealing with the Chinese*. New York.
- Silin, R.H. 1972: Marketing and Credit in a Hong Kong Wholesale Market. In: Willmott, W.E. (ed.), *Economic Organization in Chinese Society*. Stanford: Stanford University Press, 327-352.
- Silin, R.H. 1976: Leadership and Values: The Organization of Larger Taiwanese Enterprises. Cambridge: Cambridge University Press.
- Singapore Business 1988: The Great Fall - From Rags to Riches. In: *Singapore Business* June:38-54.
- Singh, D.N.B. 1987: *The Export Business*. Singapore: Federal Publications.
- Tong, Chee Kiong 1989: The Internal Structure of Chinese Firms in Singapore. Unpublished Manuscript. Singapore: National University of Singapore, Dept. of Sociology.
- Tu Wei-Ming 1984: *Confucian Ethics Today*. Singapore: Federal Publications.
- Weber, M. 1920: *Gesammelte Aufsätze zur Religionssoziologie I*. Tübingen.
- Weber, M. 1964: *Religion of China. Confucianism and Taoism*. Glencoe.
- Wellman, B. 1988: Structural Analysis: From Method and Metaphor to Theory and Substance. In: Wellman, B./Berkowitz, S.D. (eds.), *Social Structures - A Network Approach*. Cambridge: Cambridge University Press, 19-61.
- Wertheim, W.F. 1981: The Trading Minorities in Southeast Asia. In: H.-D. Evers (ed.), *Sociology of Southeast Asia*. Kuala Lumpur: Oxford University Press, 104-120.

- Williamson, O.E. 1981: The Economics of Organization. The Transaction Cost Approach. In: *American Journal of Sociology* 87,11:548-577.
- Wilson, R.W./Pusey, A.W. 1982: Achievement Motivation and Small Business Relationship Patterns in Chinese Society. In: Greenblatt, S.L./Wilson, R.W./Wilson, A.A. (eds.), *Social Interaction in Chinese Society*. New York: Praeger, 195-209.
- Yao Souchou 1987: The Fetish of Relationships: Chinese Business Transactions in Singapore. In: *Sojourn* 2,1:89-111.
- Yoshihara Kunio 1988: *The Rise of Ersatz Capitalism in Southeast Asia*. Singapore: Oxford University Press.