

## Conference Reports

### **“Crisis Management – Chinese Entrepreneurs and Business Networks in Southeast Asia”**

Bonn, May 28-30, 1999

From 28-30 May 1999 the Department of Southeast Asian Studies / University of Bonn hosted an international conference entitled “*Crisis Management – Chinese Entrepreneurs and Business Networks in Southeast Asia*” to shed light on the complex and little understood interconnections between Chinese business in Southeast Asia, globalization and the Asian financial and economic crisis triggered by the devaluation of the Thai bath in June 1997. Sponsored by the Deutsche Forschungsgemeinschaft (DFG), and chaired by Solvay Gerke (University of Bonn), Hans-Dieter Evers (University of Bielefeld) and Thomas Menkhoff (National University of Singapore), the conference brought together sociologists, anthropologists, political scientists and economists from Germany, the Netherlands, the United Kingdom, Singapore, Malaysia, Australia and the USA – all leading scholars on ethnic entrepreneurship, the Chinese overseas and Chinese (business) affairs in Asia Pacific.

A total of 11 papers were presented, featuring case studies on China, Vietnam, Singapore, Malaysia, Indonesia and India, concentrating on the following inter-related themes: (a) crisis management, corporate governance and sustainability of Chinese firms and transnational business networks, (b) Chinese network capitalism and connections between myth and reality (c) Chinese business, market expansion and ethnic conflicts.

The first paper by *Tong Chee Kiong* and *Chan Kwok Bun* (National University of Singapore, Singapore) entitled “Networks and Brokers: Singaporeans Doing Business in China” based on interviews with 34 Singaporean Chinese businessmen doing business in China aimed at identifying and examining the dynamics behind the similarities and differences of Singaporean Chinese modes of doing business compared to those of mainland Chinese - contextually organised into “the social”, “the oral”, “the moral”, “conceptions of time” as well as “the functions and dysfunctions of *guanxi*”.

The second paper (“Entrepreneurs in China and Vietnam and Their Impact on Social and Political Change”) was delivered by *Thomas Heberer* (Dept. of Political Science, Gerhard-Mercator-University, Duisburg, Germany). He argued that the ongoing privatization process in these countries, i.e. the establishment of small-scale enterprises by individuals or groups of individuals, differs from that elsewhere in that it is mainly a “bottom-up” process. The new private sector is currently the most dynamic sector of the economy. One of the main theses put forward by him was that the private entrepreneurship in China and Vietnam is context bound and that the private sector accelerates the process of social and political change by “economizing

politics", developing social stratification, social mobility and a change of values and attitudes.

In his paper "The Impact of the New Asian Realism on Chinese Business Networks in Asia-Pacific", *Thomas Menkhoff* (Dept. of Sociology, National University of Singapore) outlined the consequences of Asia's *new realism* on Chinese business, a term which refers to the disruptions, hardships and changing mindsets produced by the Asian financial and economic crisis. It was illustrated how the economic downturn has changed the perceptions of political elites, business people, academic and the general public with regard to Asia's 'limitless' growth, corporate sustainability, societal progress and the benefits of global capitalism. It was argued that Asia's new realism necessitates a re-examination of taken-for-granted assumptions about the strength and uniqueness of 'Chinese capitalism, networks and business behaviour' in the age of global market expansion and that more empirical research is necessary to validate propositions put forward by some Western management gurus and other social scientists.

In her paper "The Unfinished Agenda of the Overseas Chinese", *Linda Low* (Dept. of Business Policy, National University of Singapore) developed the thesis that there is an "unfinished agenda of integration" as far as Indonesia's ethnic Chinese are concerned. The situation has been tolerated and was relatively benign as long as there was economic growth. However, as the Indonesian case shows, development has turned explosive during the current financial and economic crisis. Low argued that it is rather a myth that the recent racial and religious riots in Indonesia are all that communal and ethnic based. Placing the topic in a regional context, it was suggested that as a group the enlarged ASEAN cannot afford to muddle through any more and that ethnic Chinese as a potent economic force should be appreciated and induced to play their rightful roles.

In her paper "Mismatch at the Interface: Asian Capitalisms and the Crisis", *Constance Lever-Tracy* (Dept. of Sociology, Flinders University, Australia) dealt with "the different kinds of capitalism in our contemporary globalising, multicentred economic system" with particular emphasis on "Chinese network capitalism and its vulnerability". In her presentation she conceptualised three main ways of integrating capitalist operations in Asia - through a hierarchical plan, through free market relations and through horizontal networks. Although all capitalist groups make use of and are involved with all three, they do so with different priorities and in different combinations - the Japanese and Koreans leaning towards the first, Western operators in the region tending to rely on the second and diaspora Chinese capital giving preference to the third. As Asia's malaise has shown, a sudden change in the balance, produced by a very rapid increase of short-term, anonymous, market directed flows of 'hot money' caused a disjuncture at the interface, which irrupted into an escalating crisis.

In "Transnational Entrepreneurship and Chinese Business Networks: The Regionalisation of Chinese Business Firms from Singapore", *Henry Wai-chung Yeung* (Dept. of Geography, National University of Singapore, Singapore) examined the important role of entrepreneurship in the internationalisation of business firms, in particular those well embedded in *regional* social and business networks. Transnational entrepreneurship has played (and still plays) a crucial role in the regionali-

sation of Chinese family firms from Singapore. As far as Singapore-based transnational corporations are concerned, transnational entrepreneurship can be analysed in relation to two types of entrepreneurs: (1) owner entrepreneurs and (2) manager intrapreneurs. Yeung argued with reference to case study materials that while owner entrepreneurs tend to exploit their social and business networks to take their businesses across national boundaries, manager intrapreneurs require substantial management control and autonomy bestowed on them by their headquarters in Singapore in order to put their entrepreneurial skills into practice in the host countries. Yeung's data originate from an ongoing research project in which personal interviews were conducted with top executives from over 200 parent companies in Singapore and over 50 Singaporean entrepreneurs in Hong Kong, China and Malaysia.

Yao Souchou (Dept. of Anthropology, University of Sydney, Australia) presented his innovative interpretation of the famous *guanxi* concept based on his research among Chinese traders in the small township of Belaga in Sarawak, East Malaysia. According to Yao, the conventional approach to the Chinese notion of *guanxi* which emphasises the practice of building economically and politically useful relationships upon existing social ties (thus signalling a perfect marriage of sociality and individual gain) is insufficient. In his paper "Guanxi, Performance and the Trading of Words" he argued that *guanxi* as culturally inscribed in Chinese society represents a special case among a range of possible transactional outcomes. Working from the ideas of British philosopher Austen and anthropologist Appadurai, Yao stressed that the cultural model of *guanxi* is always "diseased" when the mode of transaction is subject to the danger of rupture inherent in the very ideal of "doing business the Chinese way". Instead of harmonious blending of social pleasure and mutual benefits, what characterises *guanxi* exchange among Chinese traders in the Belaga township is the "tension" in reconciling these twin objectives. *Guanxi* in Belaga as in other Chinese communities is neither about social relationship nor about individual gain, but a dialectic relationship of the two. As the former does not give profit, while the later offers only personal gain marked by competitive violence, it is the strategy aimed at harvesting the twin objects which typifies the cultural model of *guanxi*.

Like Chinese business elsewhere, the talk and practice of *guanxi* by Chinese traders in Belaga are also prevalent in their trading with other Chinese down river, and with the native producers in the jungle. By examining the structural elements of a specific transaction, Yao successfully showed that *guanxi* exchange moves in two oscillating poles from sociality to personal profit, and back. This mobility rides on a knife dialectic as each transactional partner tries to ensure the extraction of profit without sacrificing the pleasure of sociality, just as he hopes to enjoy on going social dealing without forgetting the primary aims of economic advantage. Yao's aim is to construct from the Belaga ethnography a broad structural model of *guanxi* transaction as practised among Chinese societies generally.

Jahan Wazir Karim's (School of Social Sciences, University Sains Malaysia, Malaysia) paper ("The Globalisation of Southeast Asia and Rooted Capitalism: Sino-Nusantara Symbiosis") presented a theoretical discourse on family centred business networks in Southeast Asia, showing that certain institutional structures prevail in Chinese business which are contrary to trends of global capitalism. She

argued that a Sino-Nusantara symbiosis in early forms of rooted capitalism is gradually giving way to one which is more typical of globalistic empires prevalent in late capitalism in the more developed West. Yet, without the extensive network of small and medium sized enterprises and industries (SMEs/SMIs) forming the backbone to trade and commerce in Southeast Asia, the impact of regional and global recessions will have far more serious implications on the future economy of Southeast Asia.

Based on extensive secondary research, *E.T. Gomez* (University of Leeds, United Kingdom) examined how Malaysia's largest Chinese-owned enterprises have been developed despite working in an environment that has provided little support for their interests. One of the main intentions of his paper "Chinese Business Development in Malaysia: Entrepreneurship, Patronage or Networks?" was to test the hypothesis that common ethnic identity, often referred to as a form of "Chinese commonwealth" involving a network of many individual enterprises that share a similar culture, will facilitate the emergence of a dynamic and globally connected entrepreneurial community. In order to test this popular hypothesis, three case studies were provided of the largest Chinese-owned companies in three different sectors: the manufacturing-based Oriental Group, owned by the family of the late Loh Boon Siew; the Public Bank Group, owned by Teh Hong Piow, and its role in the financial sector; and the YTL Corporation Group, owned by the Yeoh family, and its involvement in construction and power generation. Gomez' conclusion is that entrepreneurial ability, competency, occupational experience and the use of class resources are more significant in explaining the success of Chinese entrepreneurship and the expansion of networks than ethnicity and culture per se.

A comparative approach to the study of ethnic entrepreneurship was presented by *Mario Rutten* (NIAS Copenhagen, Denmark / CASA/IIAS Amsterdam, The Netherlands) in his paper entitled "Co-operation and Individualism among Rural Capitalists in Indonesia, India, and Malaysia". At the beginning of his presentation he pointed out that in the recent past studies on entrepreneurship have emphasised the individual background of the businessmen concerned. For a long time it was therefore generally believed that capitalism breeds best in a ground of individualism. Entrepreneurs in Asia, on the other hand, were generally thought to be culturally more inclined to operate along collective forms of business organisation. The prevalence of joint-family enterprises in India and of business networks among Chinese entrepreneurs in Southeast Asia was held responsible for the lack of economic development in Asia because they prevented Asian entrepreneurs from becoming large-scale productive industrialists able to compete with their Western counterparts.

The major drawback of both the earlier and the recent approaches is that they are one-sided. Rutten's findings on rural entrepreneurs in South and Southeast Asia indicate that both types of entrepreneurial behaviour are present within one group. It is not so much co-operation or individualism which explains successful or unsuccessful entrepreneurial behaviour, but the flexibility to adjust social and economic forms of organisation to changing circumstances in terms of space and time. This was illustrated by three case studies of rural entrepreneurs in three different countries in Asia, belonging to three different communities. As a result, notions of dif-

ferences in entrepreneurial behaviour between Asia and Europe have to be "reconsidered".

The last paper of the conference ("Putting Global Capitalism in its Place: Economic Hybridity and Ritual Expenditure in Rural China") was presented by *Mayfair Yang* (Dept. of Anthropology, University of California, Santa Barbara, USA). She addressed the post-socialist "hybrid economy" emerging in the 1980's and 90's in rural Wenzhou located on the southeastern coast of China, which combines economic privatization, household industry, entrepreneurial expansion all over China, some transnational capitalist linkages, the continued power of the state, and a revived ritual economy of expenditures in popular religion, community ritual and festival. Borrowing from Georges Bataille's notion of ritual expenditure, she analyzed how ritual economy in rural Wenzhou harbors an archaic economic logic which is at once subversive of capitalist, state socialist, and developmental state principles.

The quality of the papers, the different viewpoints of the authors regarding the conference subject (whom we might simply dichotomize into 'culturalists' and those who interpret culture as being contingent upon time and space) as well as the stimulating opening ceremony, conference setting and professional support ensured interesting, lively and fruitful discussions (despite the almost tropical temperature in the conference room) and thereby a successful conference outcome. Notwithstanding conflicting perceptions of Chinese business issues, participants agreed that Chinese capital will continue to play a prominent role in the consolidation and further development of Asia despite the current tough business environment and that more research is necessary to do justice to the complexity of the subject and rapid social change. How ethnic Chinese entrepreneurs, their family businesses, conglomerates and networks – which have played a significant role in the regional economic integration of East and Southeast Asia (and increasingly in the context of global market expansion) – adjust to the crisis will be an interesting topic for further research projects. Common sense suggests that the issue of Chineseness and associated ideological activities such as the construction of a Chinese variant of capitalism, the discourse on the 'Asianisation of Asia', the resurgence of the new Asian consciousness and associated notions of Asia's moral and cultural superiority which surfaced during the pre-crisis years will resurface once the crisis is over. This would make the need for more solid cross-cultural comparative research on Chinese (ethnic) entrepreneurship and networks even more urgent.

The conference papers are to be published as a monograph in 2000.

*Solvay Gerke, Hans-Dieter Evers, Thomas Menkhoff*

#### **4<sup>th</sup> ASEAN Inter-University Seminar on Social Development**

Pattani, 11-16 June, 1999

The 4<sup>th</sup> ASEAN Inter-University Seminar on Social Development took place in Pattani, Thailand, from 11 to 16 June. Over 200 scholars participated and more than 130 papers were given. The conference had been well organised by the Department of Sociology of the National University of Singapore, and the Prince of Songkla