

Conference Report/Laporan Persidangan

Crisis Management – Chinese Entrepreneurs and Business Networks in Southeast Asia

International Conference organised by the Department of Southeast Asian Studies, University of Bonn, and sponsored by the Deutsche-Forschungsgemeinschaft (DFG), May 28-30, 1999.

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INTRODUCTION/CONFERENCE OBJECTIVES

From 28-30 May 1999 the Department of Southeast Asian Studies at the University of Bonn, Germany 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 baht in July 1997. While ethnic Chinese have been the key drivers of the region's rapid economic growth over the past three decades, global market forces and other external environmental factors are posing new challenges. Asia's economic malaise illustrates the fundamental socio-economic and political changes and threats to which Chinese business is exposed on local, regional and global markets. The dark side of *guanxi*, overexposure to non-productive sectors, paternalistic management methods, resistance to change, the International Monetary Fund (IMF), increased competition, lack of credit, bankruptcies, dependence on Western technology, high import bills for components, insufficient branding, legal-political insecurity, eroding strategic alliances with ruling power elites and ethnic conflicts represent some of the critical issues. In view of the latest developments in the region, the conference provided a timely occasion to reassess the role of ethnic Chinese in Southeast Asia and to examine taken-for-granted assumptions about the strength and uniqueness of what has been termed 'Chinese' capitalism, networks and business culture in the age of globalization and global market expansion. 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.

The opening ceremony took place at Bonn's impressive historic townhall. Opening addresses were delivered by Ms Dorothee Pasz-Weingartz, the Mayor of the city of Bonn, Prof. W. Hirdt, Deputy Vice Chancellor of the University of Bonn, Prof. H. Roth, Dean of the Faculty of Arts and Social Sciences, University of Bonn and Singapore's Ambassador to Germany, Prof. Walter Woon. The two keynote papers were read by Prof. Tong Chee Kiong, Dean of the Faculty of Arts and Social Sciences, National University of Singapore ("Networks and Brokers: Singaporeans Doing Business in China") and Prof. Thomas Heberer, Gerhard-Mercator-University of Duisburg, Department of Political Science ("Entrepreneurs in China and Vietnam and Their Impact on Social and Political Change").

PAPERS AND DISCUSSION TOPICS

A total of 11 papers were presented, featuring case studies on China, Vietnam, Singapore, Malaysia, Indonesia and India, concentrating on the following interrelated 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; and (c) Chinese business, market expansion and ethnic conflicts.

1. The first paper was 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, it tried to identify and examine the dynamics underlining the various ways in which the Singaporean Chinese modes of doing business share with and differ from 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*". It was pointed out that being Chinese is a cultural asset (although the interview data did not fully support the popular ethnic advantage thesis put forward by Kotkin and others) and that it bonds the Singaporean Chinese and their counterparts in the mainland. However, a deeper analysis showed that there are sufficient differences in cultural ethos and business conduct that set the two peoples apart from each other. Unlike the Singaporean Chinese, Tong argued, the Chinese do not separate the social, moral, and economic realms of business conduct, seeing all of them equally integral to the larger whole. A

mainland Chinese businessman works with a minimum of written agreements while relying on trust, sincerity and goodwill to realise verbal agreements and to orally interpret the written. The spoken substantiates and fills in the written. He also prefers a slow, gradual build-up in his business conduct – his conception of time differs markedly from that of a Singaporean. As far as a Chinese businessman is concerned, this emphasis on the social, moral, oral and temporal realms of his business conduct lends itself readily to the creation, development and maintenance of *guanxi* networks. As social/interpersonal relations, *guanxi* is precarious and thus requires vigilant accommodation and adjustment on the part of both parties. In China, *guanxi* is fundamental to business success, a fact the Singaporean businessman has learned not to ignore. On the one hand, Singaporean and Chinese businessmen, to a certain extent, are united by some aspects of a shared ethnicity and heritage – origin, language, food, kinship, familism, and religion. On the other hand, the cognitive and behavioural differences between the two peoples are substantial enough to cause anxiety and discomfort to both parties, now that the Singaporeans have, decades before the Chinese, launched themselves onto the road of development, modernization, and globalization. Singaporeans doing business in China, Tong concluded, have thus found themselves arbitrating cultural sameness and differentness while interacting with the mainland Chinese – a Singaporean Chinese is like them and not like them; or he is like them now, but not like them later. This ability to oscillate between ethnic and national identities may cast the ‘hybrid’ Singaporean in a new role in a new international order of trade and commerce, that of a cultural broker or ‘knowledge arbitrator’. He is the classical marginal man or the trading middleman recast and renewed for a new world stage – a role Singapore has already begun to play while mediating between China and third-party investors, of which Germany is the latest example.

2. The second paper (“Entrepreneurs in China and Vietnam and Their Impact on Social and Political Change”) was delivered by Thomas Heberer (Department of Political Science, Gerhard-Mercator-University of Duisburg, Germany) who presented fresh research data on China’s and Vietnam’s *new* private sector and its impact on political and social change collected during several months of intensive field research. 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 whose development has not only economic but also significant social and political implications. Based on various statistics and charts, Heberer convincingly demonstrated the emergence and features of this new societal stratum of entrepreneurs in both countries who are striving not only for social and political acceptance but also for larger social and political participation. One of the main theses put forward by him was that 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.

The two keynote papers by Tong & Chan and Heberer were well received and stimulated a lively discussion which focussed on issues such as the extent to which the 'unique' networking style and advantages of Singaporeans in China vis-à-vis non-Chinese are real, and also on the imagined or the specific type of capitalism evolving in China and Vietnam. With regard to the latter, sub-issues raised by participants included the conceptual usefulness of Western notions of the state and the market in socialist economies, the different connotations of capitalism in China such as its "morally compromising character" and its "downside" as well as the question whether a new type of (moral) capitalism is in the making.

3. In his paper "The Impact of The New Asian Realism on Chinese Business Networks in Asia-Pacific", Thomas Menkhoff (Department of Sociology, National University of Singapore, 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, academicians and the general populace with regard to Asia's 'limitless' growth, corporate sustainability, societal progress and the benefits of global capitalism as indicated by the financial troubles of Chinese-owned banks in Malaysia, ethnic violence in Indonesia, the large numbers of bankruptcies in Chinese-dominated Singapore or the 'downsize' of economic globalization in the form of currency devaluations, retrenchments, loss of income, poverty etc. The implications of globalised concerns that the Asian crisis has exposed certain foundational defects of Asian economies such as 'poor regulation of the economy', 'a corporate culture that valued neither financial transparency nor stockholder accountability', 'nepotism', 'influence peddling' and so forth for Chinese capital in the region were elucidated. 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 that (a) external environmental forces in combination with the current crisis in Asia make it necessary to revamp the 'traditional' type of management and corporate governance of Chinese firms to ensure corporate sustainability in the age of globalization; (b) that the institutional characteristics of Chinese business and how it is organized socially are contraproductive in the age of global market expansion; and (c) that the crisis will probably have a 'desinifying' impact on notions of Chineseness which might lead to the collapse of the ethnic advantage thesis.

In the discussion some doubts were raised whether the negative picture of Chinese business as being riddled by the Asian crisis and subject to drastic changes is conclusive given the relatively large number of firms which are doing quite well. It was stressed that Chineseness and cultural traits are more or less irrelevant when it comes to an understanding of Chinese business success which requires detailed firm-based, intra-organizational analyses over time so as to understand corporate growth (or decline) patterns. The perceptions of participants with regard to the cultural uniqueness of Chinese business, real or imagined, varied widely. While some argued that Chinese firms in Malaysia do differ in many ways from firms in Australia or elsewhere, others stressed that similarities prevail (“the lack of corporate transparency is not only an issue in Asia but also in Europe”) and that the “myth of Chineseness” with its pendant in Europe is maintained by the state for several reasons. Furthermore, it was suggested to look deeper into the connection between political globalization and Chineseness and to identify those groups who are perpetuating the ethnic advantage thesis or the global tribe discourse. The role of kinship in Chinese business was also discussed intensively. Its diverse significance in intra- and interfirm business affairs was interpreted as survival mechanism and as a function of the institutional landscape in which Chinese firms are embedded, the development stage of the respective host economy etc.

4. In her paper “The Unfinished Agenda of the Overseas Chinese”, Linda Low (Department of Business Policy, National University of Singapore, 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 relatively benign for 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 there is still a certain amount of myth that the recent racial and religious riots in Indonesia are all that communal and ethnic based. In a deep recession with growing poverty and income decline, there is simply the great divide between the poor and rich, and it is unfortunate that the groups are respectively the indigenous Indonesians and ethnic Chinese. During her presentation, Low examined these developments and the ramifications of the Asian financial crisis in great depth. While acknowledging that socialisation and politicisation can engender racial integration, she stressed that economics can be as powerful an instrument because it offers a practical policy tool to stabilise the environment to make racial integration and finishing the agenda more conducive. In turn, a virtuous circle is generated as racial, social and political stability propels the economy further. Putting the topic into a regional context, it was suggested that the enlarged ASEAN as a group cannot afford to muddle through any more and that ethnic Chinese as a potent economic force should be appreciated and induced to play its rightful roles. Low concluded that only further research and studies can bear out whether overseas Chinese, with their capital, entrepreneurship, networks

and proven track record can induce the recovery process in ASEAN economies. Would race be cast aside to allow competitive forces to reinstate themselves to make the ASEAN and Asia Pacific region dynamic and sustaining again? Certainly, racial issues will not go away so easily unless economic survival threatens above all socio-political differences.

The discussion centred around the 'total' character of Indonesia's crisis in the context of global capitalism, the need to put more emphasis on socio-political issues and the importance of good national leadership. It was also remarked that too little emphasis has been put on the functioning and importance of the 'Javanese connection' in contrast to Indonesia's 'Chinese connection / problem' which tends to dominate both public and academic discourses.

5. In her paper "Mismatch at the Interface: Asian Capitalisms and the Crisis", Constance Lever-Tracy (Department of Sociology, Flinders University, Australia) dealt with "the different kinds of capitalism in our contemporary globalising, multicentred economic system" with a 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. These have different requirements for effective functioning, different strengths and weaknesses and different paths of development and are likely to degenerate or collapse in different circumstances. 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. Although co-existence between these ways of integrating is ubiquitous, the synergy is unstable. 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 erupted into an escalating crisis. The 'network capitalism' of the Chinese diaspora has been damaged by the temptations of both crony capitalism and of market speculation. It has, however, its own resources, enabling significant sections to survive the crisis and for new winners to emerge.

The model of three types of capitalist integration was critically examined during the ensuing discussion. Some argued that it is too static, ignoring the vast differences between East Asian economies such as China and Korea and the significant role of politics in market cultures. Others stressed that the notion of three different capitalisms coexisting in one state is erroneous from the perspective of traditional conflict theory. It was argued that the discursive construction of a specific type of 'Chinese' capitalism in the context of global capitalism has increased the 'visibility' of the Chinese community as a whole which can be particularly harmful in minority settings and times of crisis. Contrary to the Chinese small business sector, Chinese diasporic capital is often perceived

as a 'threat' in some Southeast Asian countries and can cause ethnic conflicts. The creation of interlocking ties in minority settings can thus be 'dangerous'. As a result, there are 'limits' to the usefulness of networking in capitalism, especially in situations where economic rationality is questioned and predictable frameworks do not exist any longer as indicated by Indonesia's case.

6. In "Transnational Entrepreneurship and Chinese Business Networks: The Regionalisation of Chinese Business Firms from Singapore", Henry Wai-chung Yeung (Department 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. According to Yeung, 'transnational entrepreneurship' is a significant issue which deserves more attention in international business studies and Chinese business research. Transnational entrepreneurship has played (and still plays) a crucial role in the regionalisation 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 with top executives from over 200 parent companies in Singapore and over 50 Singaporean entrepreneurs in Hong Kong, China and Malaysia were conducted. The implications of the recent Asian economic crisis for the future of Chinese business firms from Asia were also outlined.

During the discussion controversial positions with regard to the tribal network argument (Kotkin, Kao) were taken. While Yeung's extensive database was widely acknowledged, it was stressed that 'romanticising' Chinese entrepreneurship and business networks may help to perpetuate stiff-necked myths of Chinese business and its imputed uniqueness. It was highlighted that Chinese transnational business networks are not always characterized by cooperation and that academicians should not shy away from analyzing the 'other (dark) side' of Chinese business networks such as competition, conflicts etc. Methodological issues with regard to the usefulness of the network concept and associated definition problems in general ("what is a network?", "What is the difference between international and transnational firms?") and the case study approach in particular ("is a casestudy typical or atypical?") were also brought up.

7. Yao Souchou (Department of Anthropology, The 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 culture 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 gives not 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.

Stimulated by Yao’s thought-provoking presentation, discussants brought up various related issues such as the increasing tendency of “business colonizing the private sphere” (and anticipated intercultural differences in doing so) and the combination of pleasure and profit as exemplified by concepts such as “relationship banking” or “gifts as commodity”. One focal point of the discussion was whether the underlying problem of guanxi and social capital formation in transactions is something universal or not (“such practices can also be found in other countries such as France or Italy”). While some argued that there are qualitative differences which need to be further scrutinized (one example given – if we recall it correctly – concerned the foreign manager of a foreign-owned hotel in China who was forced to resign since he did not succeed in getting the necessary fittings released from the customs department; his Singaporean Chinese successor simply invited the head of the department

for lunch and things worked out smoothly ...), others stressed that the notion of “guanxi as Chinese guanxi” is an ideological construct whose emergence is closely linked with the rise of East Asia and other forces which need to be further examined. It was also suggested that more emphasis should be given to gender in understanding and conceptualizing Chinese guanxi practices and transactions since women play a significant role in Chinese firms. Another proposal was to examine the extent to which Yao's analysis is also valid for big businesses.

8. Jahan Wazir Karim (School of Social Sciences, Universiti Sains Malaysia, Malaysia) in her 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.

In the subsequent discussion it was stressed that the paper with its emphasis on interethnic collaboration in a crisis situation helps to correct the popular image of Chinese businesspeople as being a homogeneous and isolated group of actors who are not connected with other ethnic groups. Others, however, were sceptical whether the ‘romantic’ picture of Chinese and Bumiputeras cooperating in business in harmony for mutual benefits is in line with reality. There was consensus that it is necessary to study the social organisation of business (including management-labor relations, the role of gender etc.) within its wider context and that (Chinese) business is socially and culturally structured - something which is often ignored by business schools. As such the issue of trust and cooperation in business emerged during the discussion. The question of whether there is a change from personalistic forms of trust and transactions to the reliance of system trust and contractual / legal arrangements in Southeast Asian countries such as Malaysia and associated challenges was also raised.

9. 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 form of “Chinese commonwealth” involving a network of many individual enterprises that share a similar culture, will facilitate the emer-

gence 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 rather than ethnicity and culture per se.

Gomez' theses were intensively discussed. Not all participants agreed with his notion of network formation as skillful, individualistic and rational formation of cool strategic alliances rather than institutionalized patterns ("there is something going on between the big guys"), referring to arguments of the new economic sociology that informal information exchange or even price setting strategies are driven by social forces, network observation etc. rather than demand and supply mechanisms. It was pointed out that the existence of social networks cannot be disputed ("we have to connect with people") as proclaimed by early social network theorists and that similar phenomena do exist in many other business sectors, including property. "Protection" by the state was seen as an important variable in understanding the success of some of Malaysia's largest Chinese-owned firms. Some perceived the manipulation of ethnic identity for business purposes as a universal legitimate strategy in business which should not be talked away. It was also suggested that there are "institutionalised network ties" at work in many Southeast Asian countries such as the Chambers of Commerce and Industry, clan associations, religious organisations etc., and that there is a re-emergence of these structures because of promising business prospects with China. Respective intra-communitarian and transnational networking activities were seen as "economically motivated" rather than as something socially exclusive or primordial. Critical comments were made with regard to the empirical base of Gomez' arguments which was seen as too narrow to allow for generalizations.

10. 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. This was often based on the notion that industrialisation in Europe was mainly achieved by self-made men, whose entrepreneurial behaviour was supported by specific religious and cultural values. 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 were held responsible for the lack of economic development in Asia because they hindered Asian entrepreneurs to become large-scale productive industrialists who are able to compete with their Western counterparts.

Following the rise of East and Southeast Asian economies over the past few decades, these notions about Asian entrepreneurs have been widely challenged. More and more studies started to turn around the argument by emphasising the aspect of co-operation as one of the key factors to explain the economic success of Asian businessmen. Family networks among successful Chinese businessmen have become a popular research theme, while the leeway of Muslim businessmen in Southeast Asia is often explained in terms of their lack of organisational skills to mobilise capital in such a way as to exploit existing market possibilities. Especially studies that base themselves on the so-called “flexible specialisation approach” state that collective forms of business organisation are the key variable to development. To a large extent this approach follows the study of present-day small entrepreneurship in Europe, more in particular in Italy, whose success has been explained in terms of specific forms of economic cooperation at the firm and sector level.

The major drawback of both the earlier and the recent approaches is that they are one-sided. They often discuss entrepreneurial behaviour in terms of individualism versus co-operation, assuming that some groups are culturally more inclined towards co-operation than others. Rutton’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: (1) large farmers-traders and owners of small-scale rural industries in central Gujarat, west India, almost all of whom belong to the middle and upper castes within the Hindu community; (2) Muslim owners of small and medium-scale iron-foundries in rural central Java, Indonesia; and (3) Chinese and Malay owners of combine-harvesters and workshops for agricultural machinery in the Muda region of north Malaysia. The findings of these three Asian case studies are in line with studies on European entrepreneurs which show that both individualism and co-operation have been important in the rise of industrial entrepreneurs in Europe, both at present and in the past. As a result, notions of differences in entrepreneurial behaviour between Asia and Europe have to be “reconsidered”.

Rutton’s paper which turned out to be one of only two conference essays which pursued an empirical-theoretical comparative perspective, stimulated a

discussion about the causes and effects of the public (and subsequently academic) construction of a specific Asian (Chinese) capitalism as a "better capitalism" and its various "material bases" in Taiwan, China and Singapore. It was stressed that such discourses are very powerful in creating "reality" which makes it difficult for academicians and others to question associated images and notions of cultural differences between East and West and to resist internalising such new and 'trendy' viewpoints. Some were convinced that the similarities between the three communities studied by Rutton make any attempt to essentialise Chinese business more than questionable and that "more comparative research" is necessary to systematize such issues.

11. 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 (Department of Anthropology, University of California, Santa Barbara, USA). She addressed the post-socialist "hybrid economy" emerging in 1980's and 1990's rural Wenzhou located on the south-eastern coast of China which combines economic privatization, household industry, entrepreneurial expansion across all 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. Since this rural area was under strong state socialist economy and has not been deeply penetrated by Western or Overseas Chinese capitalism, its hybrid economy and entrepreneurial culture can serve as a point of comparison for work in more deeply capitalist penetrated places like Southeast Asia. In rural Wenzhou, there is more continuity or revival of late imperial and pre-revolutionary Chinese economic practice and culture. Particular emphasis is put on the role of kinship as an economic organizational form, and the role of religion/ritual/festival expenditure in local economic development. 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. These two features of kinship and ritual contribute to a market economy that looks very different from most forms of capitalism we are familiar with. Two consequences of the Asian economic crisis, tighter state tax collection and the lowering of interest rates for savings, simultaneously discourage and promote the expansion of ritual consumption.

The subsequent discussion was used by participants to get more information from the presenter on the different kinds of rituals performed by people in Wenzhou and to understand the proclaimed "revival" of the ritual economy of expenditures in popular religion, community ritual and festival. Some saw parallels to modern Singapore where improved living standards and the creation of wealth led to religious revivalism to alleviate the psychological pressures of rapid growth. Others favoured a more psychoanalytic explanation of the ritualistic burning of (paper) money etc. as something "radical". The

actors themselves rationalised their activities by saying that they do it “to honour the ancestors” as further inquiries revealed. At least in one case the honored person was a Chinese investor from overseas, one indicator that there is a more or less strong link between Wenzhou’s hybrid economy, the local moral economy and Chinese business which was, however, not systematically tracked in the paper.

CONCLUSION

The quality of the papers, the different viewpoints of the paper writers regarding the conference subject (who 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 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 – who 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 prevalent.

It is planned to publish the conference papers in 1999/2000 as a monograph by an international publishing house.

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