

BOOK REVIEWS

***Chinese Business in South-East Asia: Contesting Cultural Explanations, Researching Entrepreneurship.* Edited by Edmund Terence Gomez and Hsin-Huang Michael Hsiao. Surrey: Curzon Press, 2001. Pp. 205.**

This collection of seven essays attempts to reinterpret the factors behind the growth of Chinese business in modern Southeast Asia. The book opens with a critical comment over recent literature on the dynamics of Chinese enterprise in Asia: “First, we contest the fashionable thesis that the institutions, norms and practices of ethnic Chinese were the reasons for the growth of their enterprises. Second, we question whether Chinese entrepreneurs have depended primary on business networks based on shared identities to develop their corporate base” (p. xi).

In their informative introduction entitled “Chinese Business Research in Southeast Asia”, the editors provide a useful survey of the existing scholarship and further elaborate their dissatisfactions with it. According to them, the existing literature tends to take the Chinese community in Southeast Asia as a homogeneous group and ignores the significant cleavages that have prevented them from acting as a collective unit. Moreover, they argue that much of the existing research has been limited to the largest firms and pays little attention to small and medium-sized enterprises (SMEs). With respect to the network perspective, the editors suggest that the most useful concepts that can be used for

determining the creation of long-standing business links are interlocking stock ownership and interlocking directorship. Gomez and Hsiao point out that there is little evidence to demonstrate their existence among Chinese business in Southeast Asia. On the contrary, there have been “numerous accounts of disputes between Chinese businessmen that have tried to co-operate in ventures involving joint ownership; such disputes have prevented them from co-operating to promote their individual business interests” (p. 33). This chapter concludes that three broad themes need to be brought into the analysis — state, society, and capital.

The following chapters deal with the individual cases of major countries of the region and Taiwanese business in Southeast Asia. They are more or less an extension of the main themes put forth in the introduction and normally consist of two major portions: a critical review of the existing literature and the formulation of new research agendas. The chapter on Singapore (by Chan Kwok Bun and Ng Boey Kui) points out there are methodological problems in much of the scholarly literature on Chinese business, which does not distinguish between the many Chinese SMEs and the few large Chinese conglomerates (p. 60). Chan and Ng suggest that the “structural weakness” of Chinese family business lies in the non-separation between ownership and management control. They also call attention to the “dark side” of *guanxi* (connections), which could result in “cronyism, corruption and nepotism in Southeast Asian countries except Singapore” (p. 53).

The chapter on Malaysia (by Gomez, Loh Wei Leng, and Lee Kam Hing) contends that Chinese capital is subordinated to Malay political patronage and that Chinese entrepreneurs prefer to establish joint ventures with multinational corporations (MNCs), usually Japanese and European-owned companies. This observation is related to their criticism of the network literature, which tends to presume the universality of the Chinese values and socio-economic institutions (p. 81). The authors suggest that the research on Malaysia provides “very little information on ownership patterns, company structures, business strategies, forms of diversification, sources of funding, and the extent of intra-ethnic business co-operation” (p. 84). The chapter on the Philippines (by Theresa Chong Carino) is a useful attempt to readdress the balance by not only criticizing what has gone wrong, but also offering what can be done empirically. She begins by “asserting that the contribution of ethnically-based business networks and Confucian culture to the growth of Chinese capital in Southeast Asia has been over-rated” and argues that “state policies had a considerable impact on the size and economic activities of the Chinese” (p. 101). She reaffirms the observation of the previous chapter by saying that the Filipino Chinese tend to set up joint ventures with non-Chinese MNCs (p. 115). The chapters on Thailand (by Jamie Mackie) and Indonesia (by Diao Ai Lien and Mely Tan) provide overviews of Chinese business in the two countries and suggest themes for future research. The final chapter by I-Chun Kung is concerned with Taiwanese business in Southeast Asia. It is the only chapter in this book that has some substantial original data. In addition to consulting the surveys with more than one hundred Taiwanese investors in the region, she went to Malaysia for fieldwork. Based upon these materials about the transnationalization of Taiwanese SMEs in Southeast Asia, Kung concludes that common ethnic identity does not necessarily expedite co-operative business ventures between Chinese from Taiwan and Malaysia. Instead, the decision by Taiwanese firms to invest abroad is “determined by a combination of issues, including economic and social-economic

factors” (pp. 164–65). This observation contradicts some earlier studies such as Chen (1998), which argues that ethnic and cultural commonalities with Southeast Asian Chinese serve as an advantage to the growth of Taiwanese foreign direct investment in the region. If Kung had compared and contrasted this finding with her own, her conclusion may have been more convincing.

The major contribution of this book can be seen from two aspects. In the first place, it provides a comprehensive and critical survey of the existing literature on Chinese business in Southeast Asia, thus laying an essential foundation for any further studies on the subject. It has a fairly extensive and updated bibliography section (nearly thirty pages), which includes almost all the English-language publications dealing with various dimensions of Chinese business in the region and individual countries discussed in this book. Secondly, and more importantly, it affords informed challenge to the paradigms behind the current scholarship and points to new directions for research themes. The last decade has seen a “mini boom” in the studies of Chinese business from a network perspective and it is high time to reassess some of the key premises put forth by this literature. Together with some other recent work such as Chan (2000), this book can be seen as a major piece of “the Revisionist School” to the network perspective, which was first systematically formulated by Gary Hamilton and his colleagues in the 1991 collection entitled *Business Networks and Economic Development in East and South East Asia*. Underlining this revisionist approach has been the contention that there are more complex factors than ethnicity and cultural commonalities behind Chinese business networking, which should be regarded as one of the strategies employed by Chinese entrepreneurs in dealing with their shifting environments. The contextualization of place and time, therefore, is an essential element in studying the networking process and plays a major part in determining its patterns and outcomes.

This is indeed a plausible proposition and needs to be taken seriously. Yet it seems that this revisionist approach has its shortcomings too. For instance, it considers interlocking ownership and

directorship as the key ingredients of Chinese business networking and takes the separation of family ownership and management as the ultimate and ideal solution for Chinese business development. In so doing, the authors (un)wittingly accept the primacy of a Harvard Business School model that was first meticulously put forth by Alfred Chandler Jr. in his *The Visible Hand: The Managerial Revolution in American Business*, which assumes that the transformation of family business to modern corporation through the separation of management from ownership as the norm. This model is more concerned with the question of “who controls the business” than that of “why is Chinese business still largely family-controlled?”. The two questions should form the both sides of a coin and need not be mutually exclusive. However, this study seems to have taken the Chandler thesis for granted without giving adequate acknowledgement of the inner working (both cultural and social) of Chinese enterprises. In terms of source materials, this study should have paid some attention to major Chinese-language publications that have rich data concerning some of the questions raised in the introduction chapter. For instance, Lim (1995) has a number of well-documented essays dealing with the ownership patterns and management styles of Lee Kong Chian and Tan Lark Sye, leading Chinese businessmen in the post-war era.

These reservations aside, the essays in this book do provide well-formulated and consistent arguments in challenging the existing research paradigms and point to exciting areas for further study. It should be included in the essential reading list for those interested in Chinese business in Southeast Asia.

REFERENCES

- Chan Kwok Bun, ed. *Chinese Business Networks: State, Economy and Culture*. Singapore: Prentice Hall, 2000.
- Chandler, Alfred Jr. *The Visible Hand: The Managerial Revolution in American Business*. Cambridge, MA: Harvard University Press, 1977.
- Chen, Tain-Jy, ed. *Taiwanese Firms in Southeast Asia: Networking Across Borders*. Edward Elgar, 1998.

Hamilton, Gary et al. *Business Networks and Economic Development in East and South East Asia*. Republished 1996 as *Asian Business Networks*. Hong Kong: Centre of Asian Studies, University of Hong Kong, 1991.

———. *Asian Business Networks*. Berlin: Walter de Gruyter, 1996.

Lim How Seng. *Chinese Entrepreneurs and Society in Singapore*. Singapore: 1995.

HONG LIU
National University of Singapore

Inside Japanese Business: A Narrative History: 1960–2000. By Makoto Ohtsu with Tomio Imanari. New York: M.E. Sharp, 2002. Pp. 459.

Over the past four decades, Japanese socio-economic structure has undergone a tremendous change. Until the 1980s, Japan was acclaimed as a model of success and the Japanese economic model was highly evaluated. However, the 1990s was called a “lost decade”, and the Japanese management system is nowadays given little heed to. The pendulum on the evaluation of the Japanese system has swung too far from one end to the other during the past ten years or so. Is it true that the once-cherished Japanese management system is no longer valid? Will the Japanese model converge towards a Western model or will it remain uniquely Japanese? This has to be studied and clarified. This book addresses this important question through comprehensive research and interviews of thirty alumni and six alumnae of the prestigious Keio University, who were members of ESS (English Speaking Society) and graduated in 1962. The book is unique in that it provides information which is first-hand based on actual experiences of the interviewees (unlike many academic papers). Other questions addressed are: (i) To what extent do attitudinal attributes alleged to be unique to Japanese, such as harmony, hierarchy acceptance, benevolence, loyalty, and love for learning, affect Japanese management? (ii) To what extent have Japanese