



Entrepreneurial Strategies: The Chinese Experience Overseas

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Let me begin by congratulating the organisers for bringing so many successful entrepreneurs to pool their experiences together at this conference. That they are culturally Chinese in origin makes these entrepreneurs specially interesting. The many spectacular feats that Chinese entrepreneurs have performed during the past century have attracted world attention and many scholars have found it instructive to study the business strategies they have employed to achieve their successes. Not being a student of business, I shall not attempt to explain how Chinese businessmen actually make money. I shall leave that to the Business Schools which specialise on such subjects. Instead, I shall look at their achievements through the eyes of a cultural historian and concentrate on what I shall call cultural strategies.

But why cultural, you may ask. All kinds of people may know how to make money from similar lines of business, follow similar principles, and even use similar methods of calculations. But culture is what makes the Chinese different from other peoples. Our cultural background influences the way trading and industrial decisions are made and the way we relate to

other people, and the choice of institutions for getting things done. It determines what makes someone identifiable as a Chinese. Our cultural strategies refer to the values underlying what we do to gain the results wanted which derives largely from our cultural heritage.

This is not to suggest that such strategies are unrelated to those directly concerned with the acquisition of wealth. The difference is that cultural strategies become more important after the entrepreneurs have begun to make an impact on their community. For example, what aspects of Chinese culture can gain respect and admiration for them, what can help them retain their wealth and status for their families and descendants, what can achieve for them high social positions, what determines their attitudes towards Chinese civilisation and China as a country? I will not try to answer all these difficult questions today. What I shall concentrate on are those strategies concerning their worries about being Chinese, their sojourning mentality, and their decisions whether to stay or go somewhere else.

A brief word about the background of Chinese entrepreneurs. Traditionally, they are seen as a kind of merchant who had no place in



the power structure. Their wealth from business, especially if it was large and dramatically attained, was normally dependent on official favour and never very secure. If they were unlucky, their patrons would fall from power, and intervention by less friendly officials could hamper their progress. If they were lucky and their progeny managed to follow their footsteps and continue to make money, their fortunes were in any case unlikely to survive a third generation. Many, therefore, sought security and respectability by giving away large sums of money to support charities or enrich certain aspects of Chinese culture. The latter was a particularly attractive form of philanthropy that could win them some official recognition and even a modicum of protection. I believe that these Chinese attitudes towards wealth and culture are still with us.

The Chinese have been actively trading overseas, particularly in Southeast Asia, for more than ten centuries. For most of that time, these traders found and created markets without the support of their government in China. They depended instead on their own daring, their skills and, most of all, their entrepreneurship. And, without the backing of any naval or diplomatic power, they learnt to survive and often thrive outside China. What was necessary for them was a keen understanding of the power relationships in the country they lived in, and a readiness to link up with the power which foreign rulers wielded in order to achieve their commercial ends. Through time, the message became abundantly clear. To achieve wealth while other people held the power was to accept that wealth could not be followed by power in the hands of the merchants themselves. This was not a hard lesson to learn because these merchants were accustomed in China to seeking wealth without any political power; they knew from Chinese history that wealth was safer when the wealthy showed no desire or ambition for political power. This was very much part of their culture.

The conditioning that Chinese merchants received in China served them in good stead.

By not seeking power, they found that they were more acceptable to those rulers who sought them to help produce wealth for the local regimes and ports. But after the initial fortunes had been made, the merchants needed other strategies to ensure that they or their families could remain wealthy. For the individual merchants, they each needed to be continuously entrepreneurial and risk-taking in all their trading activities. This could normally support a fortune for a generation or two. Beyond that, however, their lack of direct access to positions of power for themselves could place them at great disadvantage among the local competitors, whether native traders or other domiciled merchants of foreign descent.

Given this background, we can see that these entrepreneurs were mainly faced with four main kinds of strategies which would influence their choices and behaviour after they had made their fortunes. The first was to accept that their position abroad was untenable because they were not prepared to lose their distinctive Chinese culture; thus they had to take their wealth and return to China. The second was to recognise that total assimilation to the dominant local culture was unavoidable; the only way they could protect their wealth was by seeking to become directly connected to those holding local power. The third was to become long-term sojourners in more than one country, cultivating entrepreneurial instincts while remaining Chinese and being ready to move their wealth between various Chinese communities that actively kept in touch with one another, or with others in China. The fourth was to use wealth to achieve extensive influence as communal leaders. They could thus remain culturally Chinese while being loyal citizens of their adopted country. In this way, they could help build relationships between China and the country of adoption that promoted trading and financial enterprises. It is an extraordinary fact that successful Chinese entrepreneurs were often not solely concerned with wealth. They were also concerned with maintaining cultural values in their local community as well as with



strengthening cultural links with China.

A few decades ago, all four options were open to the Chinese overseas. They all involved decisions about culture, whether Chinese or the local dominant culture, as a factor in the creation and preservation of wealth. However, the first option, to take their wealth and return to China, is no longer an option resorted to by the entrepreneurs ever since the 1950s. It is certainly not a viable one for those who are still active and hopeful that their business empires would live on after them. Of course, trading with China under a strong centralised government is attractive, and this has become even more so since the mid-1980s. But it is widely recognised that the kinds of entrepreneurship that distinguish the Chinese abroad would not thrive there. For their enterprises, it is still easier for fortunes to be made in Taiwan, Hong Kong and various parts of Southeast Asia, than within China itself.

But the older urge to return and help their home towns and relatives in China survives in a modified form. There is still the model of Tan Kah Kee, or Chen Jiageng (1874-1961), who combined his wealth-making activities with a keen sense of traditional Chinese culture and a passionate belief in the benefits of modern education. His example of building schools and supporting all levels of education has been followed to a greater or lesser extent by almost every successful Chinese entrepreneur ever since.

Even today, a considerable amount of wealth returns to China, through funds sent home to build schools and clan temples, to support relatives, and even to help family members in local construction and housing ventures. But this represents only a symbolic return, return through philanthropic duty and proxy investments. The prevailing view is that the entrepreneurs themselves should remain outside to ensure that their bases are secure and profitable. Their obligations are only indirectly encouraged. But they often keep valuable links alive which would enable their families abroad to stay culturally Chinese to some extent.

Assimilation and local power

Unlike the first, the second of the cultural strategies is still a vitally important one for the Chinese entrepreneur. The idea of assimilation in the nation-states where the Chinese overseas now live is seen as having several levels. These range from political loyalty to the government to religious conversion, and to the adoption of national customs to the rejection of one's Chinese origins. In reality, most Chinese who have chosen to settle abroad have accepted local citizenship or nationality. This has been accompanied by a degree of cultural assimilation, through national education, participation in civic activities of many kinds, or through intermarriages.

The question is, how has such assimilation affected Chinese entrepreneurship? There used to be the concern that foreign education did little to help Chinese do business. Western-type schools were thought to encourage the younger Chinese to imitate their peer groups and seek safe government jobs and, at best, to study for the professions. However successful that kind of education was, it did not produce business skills. This is not true now. Business is now culturally acceptable around the world, and young Chinese with modern education are, in fact, better oriented than ever to economic developments and well attuned to the needs of business organisations. Of course, knowledge of management, financial, accounting and technological methods is no guarantee of entrepreneurship. But no other kind of education can assure that either.

What is important is that the new generations of Chinese understand local power systems as well as national cultures, and learn to work in the investment environment around them. They also cannot afford to be so totally assimilated to local cultures that they neglect their links with the Chinese community. Chinese values concerning business methods and responsibilities may still be very important. Attitudes towards certain kinds of philanthropy, towards education in the Chinese language, and towards customs and social practices, also



need to be understood and turned to use.

It is too early to say if the kinds of bold and risk-taking entrepreneurship as understood by the Chinese will survive. In some cases, it has combined with political loyalty and a thorough grasp of local values and sensitivities, and that has greatly assisted its success. In others, the governments have recognised the need to retain Chinese business connections and methods both within and outside the country. They allow these connections and methods because these are invaluable to the extensive networks that Chinese entrepreneurs are now able to handle. But in the context of assimilation, national interests have always to be taken into account, even if the trading arrangements can be "borderless".

One other point needs to be emphasised. There are significant differences between the well-established Southeast Asian Chinese and the newer communities in North America and Australasia which have recently been greatly augmented by new arrivals from Hong Kong, Taiwan and China. For North America and Australasia, the spirit of multiculturalism and the laws protecting migrant and minority rights will allow most Chinese values to develop without obstruction. The challenge there would be the strong appeal of a mixture of Western arts and science and the ubiquitous popular cultures. Chinese traditional values may well be submerged by such appeal. But, for the Southeast Asian Chinese, cultural matters would have to be dealt with with great circumspection. The alignment with nationalist causes, and the proximity to local leaders, may require that the loyal Chinese consider total assimilation as a serious option for their children and their descendants.

Long-term sojourner

The third strategy was defined by what officials in China used to call all Chinese overseas, the *huaqiao*, the Chinese sojourner only temporarily living abroad. Among certain circles, this would still be the permanent description of such Chinese. For the first sixty

years of this century, there was a deliberate policy by Chinese governments to involve such sojourners in Chinese politics, partly through arousing their patriotic inclinations and partly through the competition for funds and support by various political parties. The fact that the *huaqiao* had once hoped that a strong and united China would protect them from discrimination may suggest that some kind of loyalty to China is what keeps the concept of sojourner alive. This has been shown to be untrue. The Chinese of Asia, Africa and Latin America who want to re-migrate to North America have no thought of China or ever returning there. Their decision to re-migrate from their adopted homes outside China, often their place of birth, is driven by other impulses, including the search for better economic prospects, the desire for more freedom and less discriminatory laws, even the chance to live undisturbed as Chinese.

Today, in the context of nation-building in the Southeast Asian states and the strict immigration laws of the West, there would appear to be no future for this third option of remaining a long-term sojourner, choosing still to be a Chinese national while living outside China. In addition, China's foreign policies today demand that there be no recognition of double identities among local nationals of Chinese origins. This does not mean, however, that Chinese entrepreneurs cannot, for business purposes, behave like sojourners in practice. The pattern of middle-class and professional migrations, and the advances in transport and communications during the past decade, in particular, have made the sojourning mentality much easier to maintain.

By sojourning mentality, I mean that cultural trait or habit of mind among the Chinese that treats every place outside China they may live in as but a temporary home. Education and travel today have contributed even more to the feeling that settlement and locality is no obstacle to regular contacts. Distance means much less than it used to. People living thousands of miles apart can stay in touch through now affordable



express mail, telegram, telex, telephone, facsimile, diskettes and video. Hong Kong people living in Toronto are obvious examples of this phenomenon. Modern communications at their best are available to Chinese entrepreneurs wherever they choose to be. Whatever their nationalities and political loyalties, they could hardly be expected to ignore the immense business opportunities that such connections provide.

Of course, the sojourner mentality is more than mere convenience, profit, and affordability. The sojourner mentality has deeper roots in Chinese culture. At full strength, it ties the Chinese intimately with their home village or town, their ancestral graves, and their extensive kinship connections everywhere. Even in the diffuse form we find it today, it is still linked with family relationships and influenced by a sense of Chinese identity. Thus the attraction to countries where the pressure to assimilate quickly has been relaxed, and where their minority or migrant status is respected. Those parts of the world that have become more tolerant of variety and more sensitive to human rights might well ensure that this sojourner mentality will survive among the Chinese, and even acknowledge it as a normal state among most migrant peoples.

Bridge to China as loyal communal leader

Finally, there is the strategy of cultural maintenance while affirming total local political loyalty. Unlike the sojourner mentality, there is nothing particularly Chinese about this. Many other peoples practise this after migrating to other countries. The crux of the matter is the quality of the loyalty to the adopted country. Here the literature on the Chinese diaspora abound with grave reservations about the capacity of the Chinese to feel loyalty towards any other country than China. There are indeed individual examples where China is clearly the greater loyalty. This is hardly unique to the Chinese. The phenomenon can be found among most other migrant peoples in the first or

second generations, for example, Europeans returning to their countries of origin in Europe to retire after years in Australia. What has yet to be fully tested, however, is the sincerity of those Chinese who have become nationals of their new countries.

Here we can see some significant differences between Chinese political behaviour in migrant states like those of America and Australasia and those in the new nation-states in Southeast Asia. In the migrant states, more Chinese have openly joined the political process as one of the minority communities. They have, sometimes vociferously, affirmed their identification with their country of adoption, but without denying their Chinese cultural roots.

In the new nation-states of Southeast Asia where nationalist leaders have been specially suspicious of the Chinese, it will take longer before they are confident that the Chinese will give them their fullest loyalty. Much, of course, will depend on how their citizens of Chinese origin are treated and how fully they participate in their civic and political activities. For the most part, these citizens tend to keep their heads down or at most play low-key economic roles. Social and cultural interaction is not easy, and tends to be forced and artificial in societies where strong religious and hierarchical prejudices against those of Chinese origin prevail.

Some tests of loyalty may soon be coming. Entrepreneurs from these countries who are Chinese in origin have been successful in helping to develop the economy of their respective countries. Many have become trusted communal leaders who may find it profitable, and in the country's interests, to promote extensive trade, and even investments, in the boom economies of China, Taiwan, and Hong Kong. In this way, they demonstrate the value of cultural links in trading and political relations. The bridges they are able to build between their adopted countries and the three Chinese territories have been assisted by their familiarity with Chinese values and commercial ways. If they succeed and benefit both sides, they may



even contribute towards deeper international cooperation and understanding. There are signs now that an increasing number of entrepreneurs of Chinese origin are consciously playing this role and that nationalist leaders may come to accept that that role could be invaluable to peace and prosperity in the region.

In concluding, let me return to the idea that culture plays an important part, not only in the acquisition and retention of wealth, but also in wider economic, and even political, relationships. It would be a mistake to underestimate the value of cultural links and interactions. It would be a tragedy to seek to negate all cultural differences and distinctiveness in pursuit to loyalty and conformity. What the Chinese entrepreneur has shown during the past few decades is how his cultural strategies have helped him adapt his business skills to modern needs. He has

demonstrated that cultures themselves change in response to global changes. He understands how significant cultural factors are, in his own commercial and industrial enterprises, and in his dealings with other entrepreneurs and with powerful officials everywhere. Today he has greater freedom to exercise a wider range of options in a larger trading framework and a more open international system. It would be useful for us to observe closely what cultural strategies are applicable under such circumstances. There are likely to be many more refinements in a world that has grown smaller, and in expanding economies that are much more integrated than before. I hope regular gatherings like this one will provide us with a better understanding of the current cultural strategies through which Chinese entrepreneurs function.