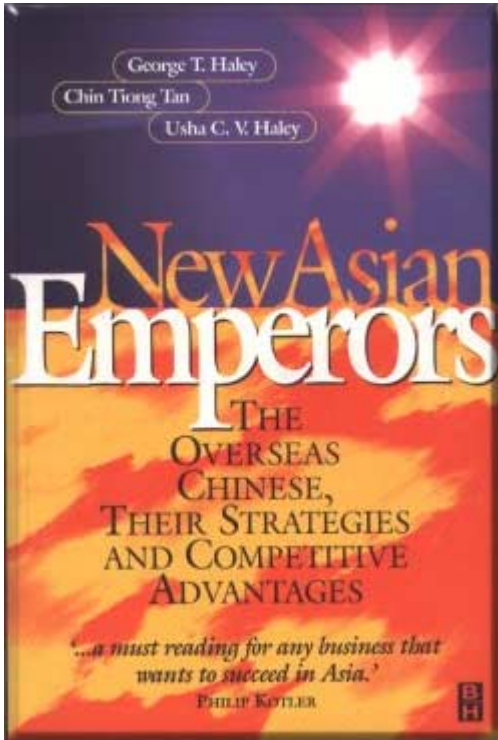


BOOK REVIEW

New Asian Emperors

Haley, George T., Tan, Chin Tiong, and Haley, Usha C. V.
Butterworth Heinemann, 1998 164pp ISBN 0-7506-4130-4



One could be forgiven for assuming this is an academic book. For the authors are well known management academics, George Haley and Usha Haley being Associate Professors at several schools in the US, Singapore and Australia and Chin Tiong Tan the new Deputy Provost of the new Singapore Management University, previously Professor of Marketing at the National University of Singapore.

However, the authors have done a remarkable job in transforming authoritative academic research into an extremely readable and practical account of the influence of the overseas Chinese in Asia, particularly in South East Asia.

The authors have taken on an extremely difficult task. Chinese business people, at least in this reviewer's opinion, and of course there are many exceptions, are a fairly reticent lot. Even given language barriers, the Chinese style is to not to

give away any information unless it is absolutely essential. Most subscribe to the sagacious advice overheard two years ago by this reviewer in the lobby of Hong Kong's Peninsula Hotel from one Chinese businessperson to another...

"The best way to keep face is to keep the lower half shut!..".

The authors also refer to this problem in describing the entry for New Asian Emperors Robert Kuok obtained after an exhaustive study of his empire by a leading international investigative agency..

Name: Robert Kuok
Political Affiliation: Unknown
Adversaries: None identified
Litigation: Nothing known
Ambitions: Not known

Also when is a Chinese not a Chinese? Inter-marriage and poor reliability of population

figures in some countries (a theme taken up in part, later on in the book with a discussion of the "Information void") makes any analysis of this type a minefield of booby traps. Apart from the Muslim countries of Indonesia, Brunei and Malaysia where religious laws strongly discourage it, inter-marriage in countries like Thailand for example is very common. So when is a Chinese not a Chinese? When you are 50% or 25% or 12.5%?

However, these authors confront these research problems positively and sensibly with masterful use of small case studies, instructive tables and maps, and a concise and elegant writing style.

While the writing style makes for an excellent introduction, seasoned managers and Asian strategists will find new information peppered throughout the book, or known information analyzed in a different and thought provoking way. Even though you may have worked with the Chinese for a lifetime, this book will still help your understanding. For those just starting to work in South East Asia in particular, it is essential reading.

The key argument of the book is that the Chinese, although representing a small amount of the population in South East Asia nevertheless dominate much of the business. And secondly a lot of this business is based on Chinese networks or *guanxi*. For example, a table compiled from a Far East Economic Review report and East Asia analytical Unit estimates, shows that Singapore has a Chinese population of 77.6% but the Chinese control 81% of market capital. Compare this to other countries. In Indonesia, the most highly populated country in South East Asia, 2.2% of the population are Chinese, but they account for 73% of business. In Thailand the figures are 14% and 81% respectively and Malaysia 30% and 69%.

The figures are certainly thought provoking, though they hide the more important fact that of the 2.2% quoted for Indonesia for example only a very small percentage of this figure again, hold most of the wealth and business capital. While South East Asian business may well be dominated by the Chinese, it is also important to note that it is also dominated by a handful of extremely wealthy and influential **individuals**. The great majority of Chinese in Indonesia, Malaysia and Thailand for example are small businessmen to whom "*guanxi*" has not amassed them much wealth at all.

The authors begin with an account of the history of the overseas Chinese, answering many questions on why certain Chinese ethnic groups dominate certain countries. For example, the Hokkien Chinese represent over 30% or more of the Chinese population in Philippines (85%), Indonesia (50%), Singapore (40%), and Malaysia (30%), while they represent only 7% in Thailand, and 6% in Vietnam. In Indo-China the Teochiu are strongly represented (Cambodia 77%, Laos 70%, and Thailand 56%). The account of the reasons for migrating from China and the history is fascinating reading.

This brings us to one of the most useful observations in the book, that though many are tempted to speak of the "Chinese" in one breath, they are characterized as much by their divergence in culture, style and approach than by their convergence. This is a key learning point for those working in Asia. Accomplishment in working with a Chinese organization in

one country for example may not ensure an easy ride in other countries, organizations or even provinces.

Other mis-perceptions on Chinese networks are also addressed. While most assume that networks stem exclusively from clans or families, say the authors, instead **trust** constitutes the primary factor required for the formation of networks. The network, according to the authors, constitutes a tool, which "builds trust, speeds decision making, facilitates high-quality decision making, builds customer satisfaction, and in the final analysis generates competitive advantages for network members."

The rest of the book provides advice for working within and around Chinese networks, drawing appropriately on the work of others including academic sources, and also focuses on strategic management and planning. The importance of a knowledge of Confucianism in understanding contemporary Chinese management strategy is given good mileage. And the smart succinct summaries of why Chinese business acts as it does are far more useful than the mass of more wordy treatises attempted by previous chroniclers. The final section on implications in general, for multi-nationals, and for government is the strength of the book and must destroy for ever that other popular misperception... that academics can't also be practical....

The only slight reservation about the book is that one may come away from a reading of it feeling that an understanding of Chinese networks can explain almost all business in South East Asia. The rise of Malay business, for sure off to a slow start, will be a force to be reckoned with in the future, and the Asian crisis is naturally bringing about a rethink of the role of the Chinese in South East Asia that may well bring changes in the future, both to the advantage and disadvantage of Chinese business. The Japanese also have a major influence, especially in Thailand, Indonesia, among newer emerging ASEAN nations like Cambodia, and Indo China as a whole. And the Japanese style, although there are major similarities in culture, style and networks, is another book altogether. Finally, there is little critical appraisal of the efficiency of the network system especially in a rapidly changing and global world. Guanxi may well have advantages in decision making speed and control for those who are part of it, but also breeds insularity, corruption and a preference for the tried, true and trusted rather than the novel, new and risky.

But this is of almost negligible concern and beyond the scope and aims the authors set for the book. To understand business in South East Asia, the smartest place to start is in understanding Chinese business and networks.

Putting aside half a day to read this book will be well rewarded. ...And it deserves a permanent place on your bookshelf for revision and reference.

Reviewed by *Rod Davies*