

**7** 2006 April

**Malaysian Investments in China:  
Transnationalism and the ‘Chineseness’ of  
Enterprise Development**

**Edmund Terence Gomez**

(Paper presented at the inaugural international workshop ‘ChinaWorld’ on 10-11  
March 2006 at Asia Research Centre, Copenhagen Business School)

©Copyright is held by the author or authors of each Discussion Paper.

Copenhagen Discussion Papers cannot be republished, reprinted, or reproduced in any format without the permission of the paper's author or authors.

**Note:** The views expressed in each paper are those of the author or authors of the paper. They do not represent the views of the Asia Research Centre or Copenhagen Business School.

**Editor of the Copenhagen Discussion Papers:**

Associate Professor Michael Jacobsen

Email: [mj.int@cbs.dk](mailto:mj.int@cbs.dk)

**Asia Research Centre**

Copenhagen Business School

Porcelaenshaven 24

DK-2000 Frederiksberg

Denmark

Tel.: (+45) 3815 3396

Fax: (+45) 3815 2500

Email: [cdp.int@cbs.dk](mailto:cdp.int@cbs.dk)

[www.cbs.dk/arc](http://www.cbs.dk/arc)

**Malaysian Investments in China:  
Transnationalism and the ‘Chineseness’ of Enterprise Development**

**Dr. Edmund Terence Gomez  
United Nations Research Institute for Social Development**

**terencegomez@hotmail.com**

**ABSTRACT**

The concept of transnationalism is characterised by an important contradiction. While it makes an important contribution to the literature on identity by focussing on the themes of hybridity and pluralism, when it discusses the issue of transnational capital, it falls into the trap of essentialising ethnicity. Transnational theorists argue that there exists a pan-ethnic unity among the Chinese diaspora that would enable this community to emerge as a new economic force globally. The case studies in this essay reveal, however, that transnational networks do not influence the way ethnic groups do business with co-ethnics in other countries. This study argues that there is significant competition among Chinese-owned enterprises, which explains the dynamism of these firms. There is also much evidence of inter-ethnic corporate ties involving Chinese firms. These findings bring into question the importance of common ethnic identity in transnational business transactions undertaken by the Chinese companies.

***Keywords:*** *Transnationalism, Chinese Identity, Networks, Enterprise Development.*

## **Contextualizing the Problem: Promoting Investments in China**

In the early 1990s, the role of “networks” in the development of enterprises owned by ethnic Chinese became a major topic of interest. Academic and popular studies began actively claiming that ethnic Chinese around the world were working through ethnically-based networks to channel huge investments into China. Terms such as “Chinese commonwealth”<sup>1</sup> and “global tribe”<sup>2</sup> were created to describe this alleged “network of entrepreneurial relationships”<sup>3</sup> by individual firms that shared “a common culture”.<sup>4</sup>

This idea about extensive business networks among ethnic Chinese is also attributable to well-publicised statements by Southeast Asian leaders. For reasons of their own, from the early 1990s, Singapore’s Lee Kuan Yew and Malaysia’s Mahathir Mohamad began encouraging ethnic Chinese in their countries to use their “ancestral” identity to exploit the economic opportunities that had reputedly opened up in China. Meanwhile, in China, authorities at all levels had been flaunting ethnic ties in an attempt to draw diasporic investment. In response, Chinese business people in Hong Kong, Taiwan and Southeast Asia took advantage of the privileges on offer to start new enterprises in the mainland. The encouragement and privileges accorded by the government of China to “Overseas Chinese” – as the Chinese authorities view them – had the support of government leaders in Singapore and Malaysia.

Lee, the former Prime Minister of Singapore, has been a particularly strong advocate of Chinese business networking, especially within Asia. Chinese-owned businesses have been encouraged by Lee to recognise that ethnic networking is an effective way to move into potentially lucrative markets in China, to compete more effectively with multinational corporations and to transform the handicap they may feel as ethnic minorities into an advantage, not just in the region, but in the global economy.

Malaysia's ex-Prime Minister, Mahathir, on the other hand, urged indigenous *Bumiputera*<sup>5</sup> businessmen to work with Chinese entrepreneurs to enter the market in China partly as a means to promote the development of Malay capital. In 1993, Mahathir led an almost 300-strong delegation to China, with half his entourage comprising businessmen, in an attempt to expose the latter to the mainland. Similarly, Abdullah Ahmad Badawi, within six months of being appointed Prime Minister in November 2003, made two official visits to China to encourage Malaysian companies to tap into the rapidly burgeoning Chinese market. In his second trip, in May 2004, Abdullah had more than 500 businessmen in his entourage. Abdullah even went so far as to identify the economic sectors that these Malaysian businessmen could venture into in China – education, biotechnology, pharmaceuticals, health care, tourism and high technology.<sup>6</sup>

These endeavours by government leaders in China, Singapore and Malaysia suggest that the growth of ethnic Chinese investment in the mainland is due less to a modern form of tribalism than to state policies (at both ends of the investment flow). This also suggests that the notion of a proliferation of powerful networks comprising Chinese capitalists is dubious. A network with the economic clout of a “global tribe” would need interlocking stock-ownership ties, a sharing of resources and cooperation to the point of merger. Some successful Chinese capitalists avoid not just mergers but any collective endeavour, including participation in Chinese Chambers of Commerce.

The proliferation of world conventions of Chinese dialect and clan associations in the last twenty years has, however, been cited by some observers as clinching proof that ethnic Chinese are pouring funds into China and that they use their common identity and affective bonds to do business. Deals among a handful of major Chinese capitalists have been used to back the theory that, in an increasingly globalised business environment, ethnic Chinese are creating transnational business networks. The corporate activities of an elite Chinese – Malaysia's Robert Kuok and Khoo Kay Peng, Indonesia's Liem Sioe Leong, Singapore's Ong Beng Seng, the Philippine's Henry Sy and John Gokongwei, Thailand's Sophonpanich family and Charoen Pokphand group and Hong Kong's Li Ka Shing and Lee Shau Kee – have

been the primary basis for arguing that there exists growing business cooperation in Asia among Chinese enterprises which will ensure their emergence as a dynamic global business force.<sup>7</sup>

The extent to which these Chinese associations really do represent increasing economic integration across frontiers remains to be researched, but there is more probably a political explanation for their emergence. State authorities in China and Taiwan encourage them. Ethnic Chinese take advantage of the privileges on offer to trade and manufacture, with the blessing of the governments in Singapore and Malaysia, and join associations that promote such activities.

However, more recently, a growing literature on Chinese transnationalism stresses that common ethnic identity promotes new business ventures in China by ethnic Chinese from other parts of Asia. This literature argues that Chinese business organisations share a common characteristic of crucial reliance on business networks in coordinating production and distribution of products and services. This has prompted some scholars to proclaim networks to be a unique institutional feature of “Chinese capitalism”, a system that is distinctive from the western notion of bureaucratisation and efficiency. This study involves an assessment of transnational theory through an in-depth analysis of investments in China by ethnic Chinese-owned Malaysian firms. The research here will also appraise the pattern of enterprise development by the Malaysian firms in China.

### **The Problem with Transnationalism: Reviewing the Literature**

Guarnizo and Smith identify four key issues that define transnational theory.<sup>9</sup> First, the rise and influence of globalisation. Second, technological development, specifically in the areas of transportation and communication. Third, political changes within society, arising from decolonisation or the universalisation of human rights. Fourth, the development of social networks, which aid cross-border migration and economic or business trade.

A transnational community is a social formation best exemplified by ethnic diasporas. It relates in the manner of a triad to its globally dispersed self, the states it inhabits and its ancestral homeland.<sup>10</sup> Its medium is the network, dynamised by new technologies. Multiple identifications and a sense of cultural fluidity, represented as creolised or hybrid, mark its “consciousness”. Economic transnationalism is chiefly the province of global corporations, but ethnic groups are also players in the world economy, by virtue of their remittances to and investments in the homelands. Governments, realising the worth of this inward flow, play on the ethnic loyalty of “nationals” abroad to gain access to their capital. Economic resources flow through diasporic networks as well as to the homeland. As technology speeds the globalisation of politics, diasporas become politically more vocal, at both ends of the migration process.

Researchers claim that the networks that typify transnational communities work at the level of the diaspora as a whole as well as in its separate “homelands” (ancestral and adopted), and that new technologies connect the triad “with increasing speed and efficiency”.<sup>12</sup> Many studies assume that institutionalised ethnic networks permit diasporic co-ethnics to move capital across national boundaries. Some examples, as noted above, can be found in the triumphalist discourses of Chinese capitalism, which argue that the creation of intra-ethnic business networks based on a sense of group cohesion facilitates the movement of funds across borders and the mutually beneficial pooling of resources in enterprise development.<sup>13</sup>

This body of transnational literature argues that contemporary Chinese capitalism has distinctive characteristics that have facilitated its growth. Chinese culture and value systems determine decision-making among firms owned by business people from this community, while intra-ethnic networks, based on trust and kinship ties, help reduce transaction costs and diminish risks.<sup>14</sup> These business networks are tightly-knit, based on strong ethnic and solidaristic dimensions. A major problem with many of these studies is that the Chinese are treated as a homogenous and monolithic group.

Other interpretations of the term “transnationalism” draw attention to the complexity of the concept of migrant “belonging”. Basch, Schiller and Blanc, for example, writing about Caribbean and Filipino migrants to the United States, argue that the term “transnationalism” as previously employed by social scientists lacked specificity and failed to recognise that immigrant groups develop ideologies, lifestyles and networks that span homeland and host society.<sup>15</sup> Defining transnationalism as “the processes by which immigrants forge and sustain multi-stranded social relations that link together their societies of origin and settlement”, they assert that immigrants tend to “develop and maintain multiple relationships – familial, economic, social, organizational, religious and political – that span borders”.<sup>16</sup> Basch, Schiller and Blanc focus on the rights of individuals within nation states in an age of growing cross-border movement by corporations and people, though the stress of their study is on migrant communities rather than long-settled communities with several generations of descendants.

On the issue of capital and transnationalism, Miyoshi drew attention to the evolution of “*multinational*” corporations (MNCs) into “*transnational*” corporations (TNCs), which are able through their web of investment networks in numerous countries to shift their operations across national borders.<sup>17</sup> In drawing the distinction, Miyoshi argued that a TNC, unlike an MNC, “might no longer be tied to its nation of origin but is adrift and mobile, ready to settle anywhere and to exploit any state including its own, as long as the affiliation serves its own interests”.<sup>18</sup> Castells, on the other hand, noted that MNCs “down-size” by out-sourcing jobs as a way of lowering production costs.<sup>19</sup> This process of out-sourcing has led to the development of “network enterprise” in which a densely interlocking group of firms engage in a range of industries and operate in a number of different countries.

Castells’ formulation of “networks” is similar to Gereffi’s concept of “global commodity chains” in which production networks connect different companies.<sup>20</sup> These networks are created to cut costs, improve quality of goods and enhance innovation. Castells places greater emphasis on the impact of new technologies and the rise of the “informational society” as a driving force behind the development of



these networks. In the case of Chinese firms, Castells advances a relatively nuanced argument, i.e. that most such enterprises are family-owned and that the production ties they engender are highly personalised, fluid and changeable.<sup>21</sup> However, Castells exaggerates the extent to which companies owned by family members are represented in such networks. In reality, most of them include firms owned by people outside the family circle.

This tripartite link between transnationalism, capital and identity has been most lucidly developed in Ong and Nonini's volume *Ungrounded Empires: The Cultural Politics of Modern Chinese Transnationalism*.<sup>22</sup> Among Chinese migrants, Ong and Nonini argue during the transnational experience, migrants develop a "third culture", one defined as a "modern Chinese transnationalism" that "provides alternative visions in late capitalism to Western modernity and generates new and distinctive social arrangements, cultural discourses, practices and subjectivities."<sup>23</sup> This third culture would include the deployment of economic strategies, such as the family firm and *guanxi* relations or networks, to accumulate capital.<sup>24</sup>

Ong and Nonini point to the strength of the state in Asia and its capacity to control "globalisation", and rightly maintain that much of the "new capitalism of the Asia-Pacific is state-driven and state-sponsored".<sup>25</sup> However, their argument that "modern Chinese transnationalism is expanding ever more rapidly across the Asia Pacific and indeed launching the capitalist development of China itself" is disappointing.<sup>26</sup> While Chinese-owned firms from East and Southeast Asia have invested in China, it is doubtful that they have driven the mainland's economic expansion over the past decade.

Some of Ong and Nonini's other contentions are likewise questionable. These include their assertion that "Chinese transnational capitalists act out flexible strategies of accumulation in networks that cut across political borders and are linked through second-tier global cities such as Shanghai, Guangzhou (Canton), Hong Kong, Taipei, Singapore, Bangkok and Kuala Lumpur. These overlapping business, social and kinship networks stitch together dynamic, productive, financial and marketing regions

that are not contained by a single-nation or subject to its influence.”<sup>27</sup> At another point, they suggest “diasporic capitalist interests can subvert state disciplining by transferring economic capital out of their host countries to overseas locations, and thus act to transform national economies under the rubric of ‘market forces’”.<sup>28</sup> On the one hand, they exaggerate the role played by Chinese-owned capital in driving the economic boom in East Asia; on the other hand, they minimise the capacity of the state to discipline Chinese capitalists and exaggerate the capitalists’ ability to transfer their assets across borders. Their suggestion that Chinese capitalists in the region act as a cohesive unit by means of tightly-knit intra-ethnic “networks” that enable them to emerge as a dynamo for economic growth in Asia is wrong in two respects. By creating a tripartite linkage of transnationalism, identity and capitalism, it tends both to essentialise patterns of enterprise development among Chinese and to homogenise ethnic communities of the diaspora.

In this type of theorising about this tripartite linkage in transnational settings, these theorists have served to “essentialise capitalism” and intra-ethnic business networks. Redding and Hamilton,<sup>29</sup> though not writing within the perspective of transnational theory, have been the most vocal proponents of the growing transnational impact of Chinese businesses and networks. This essentialising of Chinese-owned enterprises has been further developed in the literature on ethnic enterprise, specifically through the works of Light and Waldinger.<sup>29</sup> This homogenising of ethnic communities and culture is very similar to arguments propagated through concepts like “global tribes”, “bamboo networks” and “Chinese commonwealth”.

This idea that the cultural traits of ethnic Chinese of the diaspora are, in essence, the same feeds the argument that this community’s businesses display an “ethnic style” characterised by family firms and intra-ethnic business networks. The “family firm” and intra-ethnic national and transnational connections (or *guanxi*) and networks play a crucial role in capital formation and accumulation. These two modes of business and social organisation, that is family firms and intra-ethnic networks, are also central to the “Confucian ethic”, a perennial theme of those analysts who believe

that culture matters, to the point of using it as the key explanatory tool when analysing Chinese enterprise.

Most scholars concur that family and kinship ties are key constituents of Chinese enterprise.<sup>30</sup> Kinship ties were an important consideration in hiring staff and acquiring funds to get enterprises going in the early days. At the point of creation of a firm, control of the company frequently is in the hands of the founder and key family members, but this trait is not unique to the Chinese.<sup>31</sup>

The term “networks” is more contentious. Redding, for example, asserts that Chinese networks in Taiwan and Hong Kong share commonalities that indicate “cultural predispositions, most of which are traceable to Confucian values”.<sup>32</sup> Researchers subscribing to this view argue that Chinese enterprise is a form of “network capitalism” or “*guanxi* capitalism”.<sup>33</sup> This form of capitalism reputedly provides Chinese firms in Southeast Asia with ample competitive advantages.<sup>34</sup>

Others go further, to the extent of talking about “Chinese diaspora capitalism”. Lever-Tracy and Tracy argue that this form of capitalism is based on personalised, long-term horizontal networks that bind together Chinese-owned family companies.<sup>35</sup> Such networks are “embedded in relations of reciprocity” and rest on the principle of trust. This type of capitalism is said to pre-date “modern capitalism” and to attach less weight than other forms of capitalism to corporate expansion and profit maximisation.<sup>36</sup>

Few researchers opposed to this cultural perspective would deny the existence of “networks” created by Chinese-owned enterprises. Their main criticism concerns not networks as such but the problematic notion of “Chineseness”, which they believe plays only a minor role in determining how Chinese business people make decisions and develop their enterprises.<sup>37</sup> In their view, analyses based on culture misrepresent the basis for and extent of business ties among Chinese firms. Networks are not formed in a single dimension but are primarily production chains or sub-contracting ties that undergo processes of change and operate at multiple levels. Co-ethnic

cooperation for the benefit of the community is not the reason for the creation of these business ties.<sup>38</sup>

The historical profile of ethnic Chinese in Southeast Asia suggests that common definitions of transnationalism, involving its triad nature, are applicable only to migrants, although there is growing evidence that even this assertion can be challenged.<sup>39</sup> Even the identities of some longer-settled members of the migrant cohort undergo a profound reconfiguration, with the adoption a different understanding of national identity and allegiance. This is reflected in the rising number of cases of ethnic minorities seeking and securing political office in Australia, Canada, the US and the UK.<sup>40</sup> The Southeast Asian case provides an interesting study of the complexity of the issue of ethnic and national identity, as it indicates how identity evolves over time, how its reconfigurations are conditioned by political and economic changes and how the sense of cohesion of the migrant generation dies away.

This suggests that the normative definition of transnationalism fails to capture the identity transformations that occur as diasporic generations deepen. Definitions of transnationalism tend to repeat old discourses of fixed origins assumed to bind diasporic communities into cohesive wholes. Writings on the subject extrapolate from the experience of the migrant cohort to the group as a whole, fail to incorporate the experience either of the migrants who strike roots or, more importantly, of the locally born generations, neglect differences of class and sub-ethnic affiliation and generally exaggerate the coherence of ethnic groups.

If we adopt this perspective, we could argue that the literature on the concept of transnationalism is characterised by an important contradiction. While, on one hand, transnationalism makes an important contribution to the literature on identity by focussing on the themes of hybridity and pluralism, on the other hand, when it attempts to move into the domain of transnational capitalism, it falls into the trap of essentialising ethnicity. The fundamental problem in much of the literature on transnationalism is the liberal and unquestioning use of the term “networks”. These

studies suggest that ethnically-based “networks” are institutionalised and play a significant role in helping co-ethnics around the world to mobilise and move capital across national boundaries. When the concept of transnationalism shifts from the domain of politics, human rights and the creation of an inclusive nation state and delves into the domain of capitalism, it runs into dangerous grounds. Undoubtedly, minority ethnic groups, particularly those born in their country of domicile, stress the issue of multiplicity of identities and object to the questioning of their loyalty to the nation state by the dominant majority population. But to argue that the dynamism and development of Chinese enterprises in Asia are due primarily to inter-ethnic business networks that have been forged to act against, among other things an oppressive nation state, serves only to reinforce ideas about a form of ethnic cohesiveness in the economic domain that does not exist. Chinese capitalism apparently thrives because intra-ethnically based networks are rooted in a cohesiveness that allows them to easily move funds across borders for the benefit of the community.

Since they deal mostly with migration, transnational studies inevitably tend to focus on migrants who retain homeland ties. They also focus on people with the resources to migrate, a preoccupation perhaps inevitable in an age of transnational flows of capital and a burgeoning literature on the Chinese networks through which such funds are said to flow across borders. This selective focus is a major shortcoming of transnational studies. By conceptualising migration and networks so narrowly, they create a false impression of how migrants view themselves in relation to other Chinese in the world and of how they develop their enterprise in local and foreign economies. Most studies on Chinese migration and enterprise development written from a transnational perspective fail to explore the implications of their generalisations for Chinese who do not cross borders, or for those born in their migrant parents’ adopted country.<sup>42</sup> We would even question the extent of mobility not only of the offspring but even of the pioneers. The “myth of return” is by now a cliché of migration studies, for migrants talk of home but rarely return, given their investment of capital and emotion overseas and their children’s lack of ties to the ancestral homeland.

## Research Methodology

This review of the literature on the concept of transnationalism would point to two fundamental problems with how this concept is deployed. The first problem is the liberal and unquestioning use of the term “networks”. In effect, these studies suggest that ethnically-based “networks” are institutionalised and play a fundamental role in helping co-ethnics of the diaspora mobilise and move capital across national boundaries.

The second problem is that the concept of transnationalism draws little attention to the diversity in the forms of corporate development of Chinese business groups when they cross borders. There are conspicuous differences in the way ethnic Chinese from China, Hong Kong, Taiwan, Malaysia and Singapore develop their enterprises. In Malaysia, a study of the largest enterprises indicates that Chinese capitalists have used diverse methods to develop their firms. The different attitudes by these investors to manner of corporate growth appear to be a factor that hinders co-ethnic collaborative business ventures. Consequently, the potential influence of Chinese capital coalescing and emerging as a major force in the global economy is improbable. In view of the diversity of business styles of ethnic Chinese entrepreneurs, it is a gross distortion to tar all Chinese-owned enterprises with the same brush; put differently, the argument that there exists a particular type of “Chinese capitalism” can be challenged.

**The research methodology adopted here to substantiate this contention of the problems with transnational theory is through an assessment of Malaysian Chinese investments in China. The research will determine if these cross-border investments are promoted through ethnically-based networks. Networks are defined here as interlocking stock ownership ties, interlocking directorates and cooperation to the point of merger. The study will also focus on the form and extent of intra-ethnic business ties between ethnic Chinese from Malaysia and other Chinese in Asia or in China.**

By determining why Malaysian enterprises invest in China, we can determine if common ethnic identity serves as an important means to develop new enterprises in the mainland. An assessment of the outcome of Malaysian investments in China will provide insights into the following questions: Are there ties among Malaysian Chinese firms that aid their attempt to build new enterprises in China? Are Malaysian Chinese establishing joint-ventures or forging links with other ethnic Chinese from Asia when setting up new enterprises in China? Do Malaysian Chinese cultivate corporate ties with business people in China to help them develop their enterprises? Have investments by Malaysian Chinese in China contributed significantly to the growth of their firms? Is there a distinct type of “Chinese capitalism” which helps members of this community develop their firms?

### **Malaysian Business in China**

In 2003, Malaysian firms were listed as the 15<sup>th</sup> largest investor in China. In 2002, the volume of Malaysian foreign direct investments (FDI) in China amounted to RM306 billion (or about US\$76.5 billion), with the mainland listed as among the top 10 FDI destinations of Malaysian investors; this figure was then widely accepted to increase.<sup>45</sup> There have undoubtedly been numerous investments in China by some of Malaysia’s leading publicly-listed enterprises, including well-diversified firms owned by the country’s leading capitalists including Robert Kuok (Perlis Plantations group), Quek Leng Chan (Hong Leong group), William Cheng (Lion group), Vincent Tan (Berjaya group), Khoo Kay Peng (MUI group) and Francis Yeoh (YTL Corp group).

A number of smaller quoted firms, in terms of market capitalisation, have also invested in China. These companies include Apollo Food (manufacturer and trader of chocolate confectionery products), Mamee Double Decker (owned by the Pang family and a manufacturer of instant noodles which established a new plant in Suzhou in 1998), Kim Hin Industry (owned by the Chua family and a manufacturer of ceramic tiles), Leader Universal Holdings (owned by Hng Bok San, and a manufacturer and

distributor of a variety of electrical and telecommunication cables), New Hong Fatt Holdings (owned by Kam Leng Fatt and his partners and involved in the manufacturing and marketing of automotive spare parts and accessories), AKN Technology (owned by Tan Yeow Teck and his partners and involved in metal stamping and precision tool manufacturing), PCCS Group (manufacturer and distributor of golf apparels), Ramatek (manufacturer of textile and garment products), Prolexus (a garment manufacturer which has a joint venture in China), Integrated Logistics (involved in logistics and a bonded warehouse operator), Thong Guan Industries (manufacturer of plastic garbage bags), JSPC i-Solutions (involved in IT business applications) and Globetronics Technology (integrated circuit contract manufacturer).

The primary activity of these large and medium-sized firms is manufacturing, for domestic consumption in China and export. This suggests that their decision to invest in China may primarily have been in response to structural problems within the Malaysian economy. In one study undertaken by a private consultancy, the labour costs in the lower end of product manufacturing are significantly cheaper in China compared to Malaysia. This factor alone has been used by Malaysian businesses to justify the transfer of their manufacturing activities to China. This study by the consultancy, Deloitte KassimChan Business Services, of the activities of about 160 – primarily manufacturing – firms also revealed that these enterprises encountered a host of problems following their decision to invest in China. More than half of these respondents – about 53 per cent – admitted that their enterprises in China were still not profitable but they would continue to invest in the hope of securing better returns in the future. Corruption involving government officials that they had to deal with was cited as another problem by about 73 per cent of these Malaysian businessmen. Another key problem they faced was keen competition, from Malaysian as well as other foreign firms operating in the mainland. Labour problems, in terms of securing a reliable and loyal managerial team, were cited as another serious problem faced by Malaysian investors.<sup>46</sup>



Since the cost of manufacturing of products such as electrical and electronic goods, chemicals, steel, iron and consumer goods, is significantly cheaper in China, Malaysian firms involved in such activities have been compelled to transfer their plants to the mainland to ensure that the pricing of their goods remains competitive in the global market. In other sectors, like the garment industry, because of WTO regulations, companies in this business in Malaysia have no alternative but to move abroad. Some firms, like Padini Holdings, once actively involved in the manufacture and distributor of garment products, ceased its manufacturing activities and began out-sourcing its orders to firms in China. The company justified this decision on the grounds that “price, speed, flexibility and capacity were all considerations that tipped the balance in favour of the Chinese”.<sup>47</sup> China is the world’s largest apparel and footwear producer.

It is probably because production costs of manufacturing are cheaper in China the Malaysian government has been actively encouraging domestic firms to invest in the mainland. Apart from Prime Minister Abdullah’s two well-publicised visits to China, the International Trade & Industry Minister, Rafidah Aziz, has also advocated the benefits of investing in the mainland. During a trade mission to China in May 2004, Rafidah revealed that in Shanghai alone there were 151 projects involving Malaysian firms. Most of these investments were in the manufacturing sector, involving the production of, among other things, ceramics, vegetable oils and plastic material. Among the major Malaysian firms operating in Shanghai include Malayan Banking, William Cheng’s Parkson supermarket and Malaysian Airlines.<sup>48</sup>

However, during my interviews with Malaysian government officials that have investigated the outcome of investments by domestic firms in China, it was disclosed that many of these companies have not secured the expected returns on their investments. Their venture abroad has involved substantial capital investments, for example, to establish new plants for their manufacturing activities, and for this reason they prefer to remain in China and hope for a turn of luck rather than cut their losses and return to Malaysia. The studies by government officials confirmed the arguments

by private sector reports that Malaysian enterprises encounter a variety of problems in China, including having to deal with corrupt government officials, securing the services of a competent local management team and ensuring the loyalty of a labour force.

Press reports in Malaysia, however, focus on the “success stories” in China. When Malaysian firms record attractive returns on their investments in the mainland, this is provided much publicity in the government-controlled media. Among the firms that have been highlighted include Integrated Logistics, a company that first ventured into China around 1994 and is presently one of the more prominent Malaysian firms operating in the mainland. This company has constructed and operates warehouses in various parts of China including in Dalian, Tianjin, Suzhou and Guangzhou. In 2004, the company announced that two more warehouses would be built in Shenzhen and Shanghai.<sup>49</sup> The company provides warehousing facilities to multi-national firms, and the expansion of its activities was primarily attributed to growing FDI investments in China.

Another firm that has been expanding its operations in China is Thong Guan Industries, which first invested in a manufacturing facility in Suzhou. While the firm’s facilities were producing about 500 tonnes of garbage bags for export, primarily to Japan, in 2004, the company invested another RM3 million that year to double its production capacity. This investment was an attempt to expand its export capacity to other parts of Asia. Prior to this new investment, Khong Guan Industries had invested about RM20 million in China.<sup>50</sup>

PCCS group has a wholly-owned subsidiary in the mainland, China Roots Packaging Pte Ltd, which operates a one-stop packaging materials outlet. A number of unlisted companies, like Merry Brown Fried Chicken, Sugar Bun, Dave’s Deli and England Optical have franchising operations in China.<sup>51</sup> The large and medium-scale Malaysian enterprises that have ventured into China can be classified as highly entrepreneurial firms, which have shown a capacity to venture into manufacturing as well as develop new products and have been able to identify and effectively exploit

niche markets. None of these companies have, however, any interlocking ownership ties with other Malaysian firms. Their relationship with each other, by their own admission, is one characterised by intense competition, not cooperation.

The following brief review of investments in China by some of Malaysia's largest enterprises provides further insights into the key issues that inform the form of development of these enterprises in the mainland.

## **Case Studies**

### ***Robert Kuok's Diversified Interests***

One of the most prominent ethnic Chinese business with extensive investments in China is Robert Kuok, who is believed to have been investing in the country since 1983. Malaysia-born Kuok operates out of Hong Kong through his Shangri-La hotel chain and Kerry Trading, which has had joint-ventures with the Chinese central government.<sup>52</sup>

The scale of Kuok's investments in China is not surprising because he has long been one of the most active proponents of the potential economic impact of the Chinese diaspora in Asia. In 1991, Kuok is quoted as arguing, "because of the sheer size of their capital flows, and increasing all the time, they make an enormous impact on the economies of the region, particularly as they possess considerable entrepreneurial and organizational abilities. By and large, they are a very thrifty lot, and very careful with money. Therefore, in a region where capital is in perennial short supply and at the same time development schemes are both plentiful as well as crying out for action, the Overseas Chinese capitalists are really the best medicine that can be

prescribed because they tend to start a project or an industry with a small money investment but with large investments of time, skill and energy.”<sup>53</sup>

Kuok has, however, probably managed to develop his extensive business interests in China because of his close links with the Chinese authorities. In 1993, he was selected as one of the advisors to the Chinese authorities on the future of Hong Kong. That year, Kuok was also appointed by China’s government as a director and made a shareholder of Citic Pacific, the Hong Kong-listed arm of the Beijing-based government agency, China International Trust and Investment Corporation (Citic).<sup>54</sup> To secure foreign investments, particularly from ethnic Chinese from around the globe, the mainland government formed Citic. Another prominent director on Citic’s board is Hong Kong’s Li Ka Shing. Kuok’s interest in Citic Pacific now amounts to about 10 per cent and is held through his companies in Hong Kong.<sup>55</sup>

Kuok’s involvement in hotels through the Shangri-La chain, for which he has gained international repute, commenced in the 1970s. When he moved from Malaysia to Singapore in 1971, it was to establish the Shangri-La hotel, and his entry into Hong Kong was for a similar reason. From this initial venture in Hong Kong, Kuok has diversified into electronic and publishing media, property development, manufacturing and trading. Through Hong Kong, he has gained entry into China, establishing a similar pattern of growth, first establishing a Shangri-La hotel chain, then venturing into property development and eventually developing a manufacturing base, including a vegetable oil refinery and Coca-Cola bottling plants. In major property development schemes in Beijing and Shanghai, Kuok has worked with Li Ka Shing, and in Chengdu in Sichuan province, he was involved in developing a huge shopping complex with T.T. Tsui, who controls the Hong Kong-listed company, China Paint Holdings.<sup>56</sup>

Kuok’s interests in media in East Asia have been growing. In September 1993, through his Hong Kong-based Kerry Group, Kuok acquired a 35 per cent stake in the South China Morning Post Holdings, which publishes Hong Kong’s leading English-language newspaper, the *South China Morning Post*. This newspaper publishing

company was acquired from News Corp, owned by the Australian media magnate Rupert Murdoch. The South China Morning Post owns a 15 per cent stake in Thailand's Post Publishing Company, which owns the influential Thai daily, the *Bangkok Post*. Kuok also owns 32 per cent of Television Broadcasts (TVB), Hong Kong's leading television station. Following Kuok's move into the media sector, in which he had no previous experience, one regional magazine reported that, "Some analysts speculate that Peking blessed – if not bankrolled – Kuok's purchase of SCMP (South China Morning Post)".<sup>57</sup> This was seen as an attempt to channel ownership and control of the influential newspaper into the hands of businessmen associated with the Chinese authorities.

Kuok is probably the best example of an ethnic Chinese businessman who has created joint ownership ties or business deals with a number of Asia's leading Chinese capitalists. There is evidence that Kuok has been involved with Indonesia's Liem through his sugar business and in property development ventures in China with Hong Kong's Li Ka Shing and T.T. Tsui. With Run Run Shaw, Kuok has a joint interest in Hong Kong's TVB. Kuok has had some business deals with Thailand's Chatri Sophonpanich, another of Southeast Asia's leading Chinese capitalists who controls Bangkok Bank that, according to *Asiaweek*,<sup>58</sup> was one of "Kuok's initial bankrollers." In Malaysia, Kuok has worked closely with Malayan United Industries (MUI) Khoo Kay Peng – they jointly hold equity in South China Morning Post Holdings – and the major property developer Tan Chin Nam who controls IGB Corporation, IJM Corporation and Tan & Tan Development.<sup>59</sup> Kuok and Tan share a long-standing friendship but there is no evidence that the enterprises they own are jointly involved in any business deals in China.

While Kuok's links with businessmen in Malaysia and Hong Kong would suggest that business networks exist, he is probably the exception to the rule. Kuok's development of his business ventures in China has been widely attributed to his close ties with leaders of the Chinese state, not just his entrepreneurial efforts. Even though some of these enterprises involve other ethnic Chinese, almost all analysts of his business operations refer to them as "family-controlled", dominated by Kuok.

### *William Cheng's Lion Group*

William Cheng Heng Jem, through his main Malaysian publicly-listed flagship, Lion Corporation, has control over a number of other quoted companies. The Lion group first started investing in China in 1992, and by 1995, it was estimated that the company had invested almost RM400 million in the country. The volume of his investments in the mainland reportedly made Cheng the second largest Malaysian investor in China after Kuok.<sup>60</sup> Cheng is also the president of the Malaysian Chinese Chambers of Commerce.

In China, his most prominent business ventures are in beer brewing – Hubei Lion Brewery (60 per cent equity), Hubei Jinlongquan Brewery Co Ltd (60 per cent), Hunan Lion Brewery Co Ltd (55 per cent), Ningbo Lion Brewery Co Ltd (55 per cent) and Zhuzhou Lian Brewery Co Ltd (55 per cent) – motorcycle and tyre manufacturing – Changchun Motorbike Co Ltd, Changchun Motorbike and Engine Co Ltd and Dong Feng Lion Tyre Co Ltd – the operation of nearly 40 Parkson departmental stores and the manufacturing of chocolates through Beijing Vochelle Foodstuff Co Ltd.

The Lion group has been described as being “over-diversified”, with the suggestion that it has lost its focus. This heavy diversification was probably one reason why Cheng faced enormous problems after the onset of the 1997 currency crisis, which also revealed that his firms were heavily laden with debts that they had problems servicing. His ventures in China were reportedly registering huge losses, exacerbating Cheng’s financial predicament. The Lion group was subsequently restructured, involving primarily a massive divestment of assets and firms to reduce its debt burden. In China, the group’s main ventures presently are the Parkson retailing outlets and the manufacturing of beer and motorcycles, through the contribution of these activities to the group’s profit margin is reportedly not impressive. For this reason, the group’s beer manufacturing operations may also be divested.<sup>61</sup>

Cheng, however, continues to maintain that China remains an important source of revenue for him in the long-term, even going so far as to lament that, 'I should have gone to China much earlier. Just look at Robert Kuok... he went in much earlier and has big investments there. The returns on investments are better'. And his solution to his group's problems in China would be resolved by focussing on core activities: 'We are consolidating our investments in China, to focus on a few of the core industries that we are currently among the top players. In order to be successful in China, you need to be either No. 1 or 2'.<sup>62</sup>

Cheng's business deals provide no evidence of cooperative ties with either other Chinese from Malaysia or elsewhere. He received no support from the governments in China or Malaysia that had encouraged businessmen like him to invest in the mainland. Although some of his ventures have been joint-ventures, a few involving domestic enterprises in China, in his interviews, Cheng does not talk about involving other firms or ethnic Chinese business people in his present ventures to lift the prospects of his group. Despite registering poor returns from his investments in China, his solution is to hold on to key investments while reducing his involvement in a number of other activities. In this regard, his manner of dealing with his problems in China is no different from other Malaysian investors who have not been performing well in the mainland.

### ***Quek Leng Chan's Hong Leong***

Hong Leong group's listed subsidiary, OYL Industries, which manufactures air-conditioners and air-filters, is one firm that has managed to register respectable returns from its investments in China. OYL Industries first ventured into China in 1994 when it set up a new plant to manufacture air-conditioners. By 2004, the firm had three manufacturing plants in China, in Wuhan, Shenzhen and Suzhou. Subsequently, another of Hong Leong's quoted firms, Malaysian Pacific Industries, invested in a factory to produce semi-conductors in Suzhou. Guoco Group, a member of the Hong Leong group that is publicly-listed in Hong Kong, has investments in

property development projects in Beijing and Shanghai. Hong Leong's investments in China had not been very lucrative until OYL Industries began to register profits, precipitating a new round of investments by the group.<sup>63</sup> The Hong Leong group's partner in the manufacturing of air-conditioners is the American firm, AAF-McQuay.

Hong Leong has also been developing a major interest in banking, in Malaysia and Hong Kong. In Hong Kong, Hong Leong joined forces with the Kuwait Investment Office (KIO) to acquire the Dao Heng Bank in 1987. In 1989, Hong Leong secured a controlling interest in another bank in Hong Kong, Hang Lung Bank, which was merged with the Dao Heng Bank; this gave the Hong Leong group the fifth largest bank network in the territory. In 1992, the group bought another bank in Hong Kong, the Overseas Trust Bank.<sup>64</sup> In 2004, however, the Hong Leong group divested its interests in the Dao Heng Bank to Singapore's DBS Bank for a massive RM10 billion.<sup>65</sup>

**Hong Leong group has a history of takeover of firms owned by other Chinese, obvious in the banking sector with its takeover of Hang Lung Bank and Overseas Trust Bank in Hong Kong. In Malaysia, Hong Leong bought MUI Bank, later renamed, Hong Leong Bank. MUI Bank was owned by Quek's long-time adversary, though one time close ally, Khoo Kay Peng. In Singapore, he was involved in a takeover bid of the prominent food and drink manufacturer, Yeo Hap Seng. Hong Leong is known to have cultivated business ties with non-Chinese firms, for example, in its venture to develop the production of air-conditioners, now one of its most thriving enterprises. There is little evidence that Quek has worked with other Chinese in any of his ventures in China.**

### **Francis Yeoh's YTL Corp**

The YTL Corp group, controlled by Francis Yeoh, is primarily involved in construction, power generation and the manufacture of cement. YTL Corp gained a strong reputation in construction and cement manufacturing before diversifying into



power generation when it was awarded an independent power producer (IPP) licence by the Malaysian government in 1992. Yeoh was reputed to have a close relationship with then Prime Minister, Mahathir. The group quickly acquired expertise in this sector by cooperating with Siemens AG of Germany, before embarking abroad on its own. YTL Corp subsequently secured power generation contracts in Singapore, Thailand and Zimbabwe.

YTL Corp's venture into China involved the securing of a contract to supply electricity in 1997.<sup>66</sup> In October 1996, YTL Corp had tried unsuccessfully to take over 80 per cent of Consolidated Electric Power Asia (CEPA), the power supply subsidiary of the Hong Kong-based Hopewell Holdings, controlled by Gordon Wu.<sup>67</sup> The takeover was seen by YTL Corp as an opportunity to create a YTL-controlled pan-Asian power giant.<sup>68</sup>

YTL Corp's power-generation business involves a 51 per cent stake in YTL-CPI Power Ltd, which in turn owns a 60 per cent stake in a joint-venture company, Nanchang Zhongli Power Co Ltd, formed in China by the state; the other members of the joint-venture are Jiangxi Provincial Power Electric Corp and Jiangxi Provincial Investment Corp, also state-owned enterprises.<sup>69</sup>

By working with enterprises owned by the Chinese state in the power generation sector, YTL Corp group has probably facilitated its entry into China. Yeoh's relationship with other ethnic Chinese in this sector can, however, be characterised as one that is adversarial in nature, seen particularly in YTL Corp's attempted takeover of a firm in this sector owned by Wu.

## **Conclusion**

The limited networking among Malaysian Chinese businesses and their relatively poor returns from investments in China raise questions about the argument that the mainland is an important avenue through which Chinese enterprises around the world can develop new mutually beneficial ventures. These case studies raise questions about the application of the concept of transnationalism in the development of Chinese-owned firms. The basis on which the concept of transnationalism rests is the idea that there exists a pan-ethnic unity among ethnic Chinese in different countries that would enable this community to emerge as a new economic force in Asia as well as globally. However, the case studies reveal that transnational networks do not influence the way ethnic groups do business with co-ethnics in other countries. This study of Malaysian Chinese investments in China provides little evidence to support the argument that co-ethnics, even those from a minority community in a country, work together to promote their investments.

Although there has been much overlap in areas of investment by leading Chinese capitalists from Asia in China, there is evidence of only one interlocking stock ownership tie among these businessmen, involving Khoo and Kuok who have had a long-standing friendship. There is no other indication that Chinese investors from Asia forge joint-ventures with each other, nor is there any evidence of interlocking stock ownership and directorate ties among these businessmen. This overlap in areas of investment in China by Chinese business people from Malaysia appears to have generated competition, rather than cooperation, between them. This competition also exists because most Chinese owners of companies are loath to merge with other firms, for to do so would mean sharing control of the enlarged enterprise.

There are two major conclusions that can be reached based on this study. First, an evident dynamism prevails within ethnic Chinese-owned enterprises, a dynamism that has been attributed to intra-ethnic business cooperation. This study has, however, found more evidence of competition than cooperation among Chinese-owned

enterprises. In fact, the level of competition between ethnic Chinese-owned firms was significantly high, especially when competing for limited resources like control of the banks in Hong Kong or the manufacturing of consumer products. It is this competition that best explains the growth of firms owned by ethnic Chinese investing in China.

The second major conclusion about Chinese-owned firms is that there is much evidence of inter-ethnic corporate ties. Partnerships have been forged with foreign firms, like Quek's cooperation with the American firm AAF-McQuay and Yeoh's ties with Siemens. These partnerships are probably not sustainable in the long-run, a trend that is, however, quite common in business practices.<sup>70</sup> YTL Corp presently has no links with Siemens while Quek's group eventually bought over its American partner.

This would suggest that the issue of common ethnic identity is of little importance in transnational business transactions undertaken by ethnic Chinese from Asia. Ethnicity is a political construct that has been used to justify state policies and endeavours (in a national perspective) and to promote or enhance economic pursuits (in an international perspective). At both levels, however, there is little evidence that common ethnicity promotes economic pursuits as well as helps unify a community. The case studies suggest that though individual businessmen could tap into or use these political constructs when it suits their business interests since some state leaders promote this idea of greater cross-border intra-ethnic business cooperation, there is little indication that their ethnic identity has served as an important tool to facilitate business deals. The fact that there is little business cooperation among Malaysian Chinese businessmen in China is not surprising given that even within Malaysia, where these businessmen face much discrimination from the state, they have found little benefit from promoting close intra-ethnic business collaboration.<sup>71</sup> There is also no evidence that in Malaysia the promotion of a common ethnic identity is of any importance to leading Chinese businessmen in the development of their enterprise.

The case studies thus challenge the argument that shared identities typify a universal form of Chinese capital or determine ethnic Chinese business life in

Southeast Asia. In Chinese communities that have settled and matured, identity and ethnicity are social constructs that entrepreneurs, community organisations and governments can manipulate in rational pursuit of their own interests. Economic ties to China are encouraged by governments and are not necessarily a product of identifications. When Chinese use such ties, they are responding to business opportunities rather than acting out primordial sentiments. This creative manipulation of ethnic symbols is quite different from Chinese business as transnational theorists understand it, as part of a set of values at the heart of Chinese identity everywhere.

The major findings in this study bring into question the validity of the concept of “intra-ethnic business networks” and the notion of a distinct type of “Chinese capitalism”. This suggests that the concept of transnationalism not only provides little insight into the diversity in the forms of corporate development of Chinese business groups when they cross-borders, it presents a false idea, i.e. that ethnicity, based on common cultural formulations, functions as an important unifying factor. The extent of intra-ethnic cooperation among Chinese entrepreneurs is not as significant as the concept suggests and the potential influence of Chinese capital coalescing and emerging as a major force in the global economy due to the networks consolidated by their common ethnicity is untrue. What is clear is that the role of the state looms large in all discussions on migration, enterprise development and integration and is seen as a key factor in determining how societies and capital evolve within and outside a country.

## Notes

---

<sup>1</sup> Kao (1993).

<sup>2</sup> Kotkin (1993).

<sup>3</sup> Hamilton (1996).

<sup>4</sup> Redding (1990).

<sup>5</sup> The term *Bumiputera* means “sons of the soil”. The term is used in reference primarily to the Malays, though it also involves other indigenous communities.

<sup>6</sup> *New Straits Times* 30 May 2004.

<sup>7</sup> See, for example, East Asian Analytical Unit (1995) and Weidenbaum and Hughes (1996).

<sup>9</sup> Guarnizo and Smith (1999: 4).

<sup>10</sup> See, for example, Portes, Guarnizo and Landolt (1999).

<sup>12</sup> Vertovec (1999: 447).

<sup>13</sup> See, for example, Kotkin (1993); Hamilton (1996); Lever-Tracy, Ip and Tracy (1996).

<sup>14</sup> Redding (1990), Whitley (1992) and Hamilton (1996).

<sup>15</sup> Basch, Schiller and Blanc (1995).

<sup>16</sup> Basch, Schiller and Blanc (1995: 7).

<sup>17</sup> Miyoshi (1993).

<sup>18</sup> Miyoshi (1993).

<sup>19</sup> Castells (1993).

<sup>20</sup> Gereffi (1994).

<sup>21</sup> Castells (1993: 177-90).

<sup>22</sup> Another prominent volume that advanced similar ideas, though not from the perspective of transnational theory, is Lever-Tracy, Ip and Tracy’s *The Chinese Diaspora and Mainland China: An Emerging Economic Synergy*.

<sup>23</sup> Ong and Nonini (1997: 11).

<sup>24</sup> Ong and Nonini (1997: 21).

<sup>25</sup> Ong and Nonini (1997: 323-332).

<sup>26</sup> Ong and Nonini (1997: 323).

<sup>27</sup> Ong and Nonini (1997: 323).

<sup>28</sup> Ong and Nonini (1997: 325).

<sup>29</sup> Redding (1990); Hamilton (1996).

<sup>29</sup> See, for example, Waldinger, *et al.* (1990), Waldinger (1996), Light (1972) and Light and Gold (2000).

<sup>30</sup> See, for example, Wong (1985); Redding (1990); Whitley (1992); Castells (1993); Fukuyama (1995); and Whyte (1996). Family firms are not unique to the Chinese. In Europe, between 75 and 90 per cent of firms are reputed to be family enterprises. One in eight companies quoted on the London Stock Exchange are family firms. According the magazine, *Fortune*, in 1993, nearly a third of the top 500 US firms were family-owned.

<sup>31</sup> Chandler (1962); Penrose (1980).

<sup>32</sup> Redding (1996).

<sup>33</sup> See, for example, Hamilton (1996).

<sup>34</sup> Yeung and Olds (2000).

<sup>35</sup> Lever-Tracy and Tracy (1999).

<sup>36</sup> Lever-Tracy and Tracy (1999: 5).

- 
- <sup>37</sup> See, for example, Gomez (1999), Gomez and Hsiao (2001) and Schak (2000).
- <sup>38</sup> See Gomez and Hsiao (2004) for an in-depth analysis of this argument.
- <sup>39</sup> Benton and Gomez (2001).
- <sup>40</sup> For a comparative study of the Chinese in the UK, Australia and Southeast Asia, see Gomez and Benton (2004). For a historical profile of the Chinese in the US, see Zia (2000) and Chang (2003).
- <sup>42</sup> See Ang (2001) for a cogent analysis of the complexity of the issue of “Chinese identity” for migrants’ offspring. For a similar perspective of the new generation of Chinese in the US, see Louie (2004).
- <sup>45</sup> See *The Edge* 10 March 2003.
- <sup>46</sup> *The Edge* 10 March 2003.
- <sup>47</sup> See [www.fashion-asia.com/article.cfm?id=33](http://www.fashion-asia.com/article.cfm?id=33)
- <sup>48</sup> *New Straits Times* 2 June 2004.
- <sup>49</sup> See *The Edge* 29 June 2004.
- <sup>50</sup> See *The Star* 30 June 2004.
- <sup>51</sup> *Bernama* 17 May 2004.
- <sup>52</sup> *New Straits Times* 14 September 1993.
- <sup>53</sup> *New Straits Times* 5-6 October 1991.
- <sup>54</sup> *New Straits Times* 14 September 1993.
- <sup>55</sup> *Business Times* 14 September 1993.

## REFERENCES

- Ang, I. (2001), *On Not Speaking Chinese: Living Between Asia and the West*, London: Routledge.
- Basch, L., N.G. Schiller, and C. Szanton Blanc (1995), *Nations Unbound: Transnational Projects, Postcolonial Predicaments and Deterritorialized Nation-States*, Basle: Gordon and Breach.
- Benton, G. and E.T. Gomez (2001), *Chinatown and Transnationalism: Ethnic Chinese in Europe and Southeast Asia*, Canberra: Centre for the Study of the Chinese Southern Diaspora, Australian National University.
- Biggart, N.W. and G.G. Hamilton (1997), “On the Limits of a Firm-Based Theory to Explain Business Networks”, in M. Orrù, N.W. Biggart, and G.G. Hamilton (eds), *The Economic Organization of East Asian Capitalism*, Thousand Oaks, CA: Sage Publications.
- Castells, M. (1993), *The Information Age I: The Rise of the Network Society*, Oxford: Blackwell Publishers.

- 
- Chandler, A.D. Jr. (1962), *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*. Cambridge: MIT Press.
- Chandler, A.D. Jr. (1977), *The Visible Hand: The Managerial Revolution in American Business*, Cambridge: Harvard University Press.
- Chang, Iris (2003), *The Chinese in America: A Narrative History*, New York: Penguin Books.
- East Asian Analytical Unit (1995), *Overseas Chinese Business Networks in Asia*, Parkes: Department of Foreign Affairs and Trade, Commonwealth of Australia.
- Fukuyama, F. (1995), *Trust: The Social Virtues and the Creation of Prosperity*, New York: Random House.
- Gereffi, G. (1994), "Capitalism, Development and Global Commodity Chains," in L. Sklair (ed.), *Capitalism and Development*, London: Routledge.
- Gomez, E.T. (1999), *Chinese Business in Malaysia: Accumulation, Ascendance, Accommodation*. Honolulu: University of Hawaii Press.
- Gomez, E.T. and G. Benton (2004), "Transnationalism and the Essentializing of Capitalism: Chinese Enterprise, the State and Identity in Britain, Australia and Southeast Asia", *East Asia* (forthcoming).
- Gomez, E.T. and M.H.H. Hsiao (eds) (2003), *Chinese Business in Southeast Asia: Contesting Essentialism, Understanding Entrepreneurship*, London: RoutledgeCurzon.
- Gomez, E.T. and M.H.H. Hsiao (eds) (2004), *Chinese Enterprise, Transnationalism and Identity*, London: RoutledgeCurzon.
- Guarnizo, L.E. and M.P. Smith (1998), "The Locations of Transnationalism", in *Transnationalism from Below*, M.P. Smith and L.E. Guarnizo (eds), New Brunswick, NJ: Transaction Publishers.
- Hamilton, G.G. (ed.) (1996) *Asian Business Networks*, Berlin: W. de Gruyter.
- Kao, J. (1993), "The Worldwide Web of Chinese Business", *Harvard Business Review*, March-April.
- Kotkin, J. (1993), *Tribes: How Race, Religion, and Identity Determine Success in the New Global Economy*, New York: Random House.
- Lever-Tracy, C., D. Ip and N. Tracy (1996), *The Chinese Diaspora and Mainland China: An Emerging Economic Synergy*, London: Macmillan.

- 
- Lever-Tracy, C. and N. Tracy (1999), "The Three Faces of Capitalism and the Asian Crisis", *Bulletin of Concerned Asian Scholars* 31 (3).
- Light, I. (1972), *Ethnic Enterprise in America*, Berkeley: University of California Press.
- Light, I. and S. Gold (2000) *Ethnic Economies*, San Diego: Academic Press.
- Liu Hong (1998), "Old linkages, New networks: The Globalization of Overseas Chinese Voluntary Associations and its Implications", *China Quarterly* 155 (September).
- Louie, A. (2004), *Chineseness Across Borders: Negotiating Chinese Identities in China and the United States*, Durham: Duke University Press.
- Miyoshi, M. (1993), "A Borderless World? From Colonialism to Transnationalism and the Decline of the Nation-State", *Critical Inquiry* 19 (summer).
- Ong, A. and D.M. Nonini (eds) (1994), *Ungrounded Empires: The Cultural Politics of Modern Chinese Transnationalism*, London: Routledge.
- Penrose, E.T. (1980), *The Theory of the Growth of the Firm*, Oxford: Basil Blackwell.
- Pries, L. (2001), "The Approach of Transnational Social Spaces: Responding to New Configurations of the Social and the Spatial", in Ludger Pries (ed.), *New Transnational Social Spaces*, London: Routledge.
- Portes, A., L.E. Guarnizo and P. Landolt (1999), "Introduction: Pitfalls and Promise of an Emergent Field", *Ethnic and Racial Studies*, special issue (*Transnational Communities*), 22 (2) (March).
- Redding, S.G. (1999), *The Spirit of Chinese Capitalism*, Berlin: De Gruyter.
- Redding, S.G. (1996), "Weak Organizations and Strong Linkages: Managerial Ideology and Chinese Family Business Networks", in Hamilton (ed.).
- Schak, D.C. (2000), "Networks and Their Uses in Taiwanese Society," in Chan Kwok Bun (ed.), *Chinese Business Networks: State, Economy and Culture*, Singapore: Prentice-Hall.
- Smith, M.P. and L.E. Guarnizo (eds) (1999), *Transnationalism From Below*, New Brunswick (NJ): Transaction Publishers.
- Vertovec, S. (1999) "Conceiving and Researching Transnationalism", *Ethnic and Racial Studies*, special issue (*Transnational Communities*), 22 (2) (March).



- 
- Waldinger, R., H. Aldrich, R. Ward, *et al.* (1990), *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies*, London: Sage.
- Waldinger, R. (1996) *Still the Promised City? African-Americans and New Immigrants in Post Industrial New York*, Cambridge: Harvard University Press.
- Weidenbaum, M. and S. Hughes (1996), *The Bamboo Network*, New York: The Free Press.
- Wong Siu-lun (1985), "The Chinese Family Firm: A Model", *British Journal of Sociology* 36.
- Whyte, M.K. (1996), "The Chinese Family and Economic Development: Obstacle or Engine?" *Economic Development and Cultural Change* 45 (1).
- Yeung, H.W.C. and K. Olds (eds) (2000), *Globalization of Chinese Business Firms*. Basingstoke: Macmillan.
- Zia, H. (2000), *Asian American Dreams: The Emergence of an American People*, New York: Farrar, Straus and Giroux.