



George T. Haley

Chin Tiong Tan

Usha C. V. Haley

# The New Asian Emperors

THE  
OVERSEAS  
CHINESE,  
THEIR STRATEGIES  
AND COMPETITIVE  
ADVANTAGES

*'...a must reading for any business that  
wants to succeed in Asia.'*

PHILIP KOTLER



# **New Asian Emperors**

## **The Overseas Chinese, their strategies and competitive advantages**

Dr George T. Haley, Associate Professor and Director,  
Programs in Marketing and International Business,  
University of New Haven, Connecticut

Dr Chin Tiong Tan, Distinguished Professor and Deputy  
Provost, Singapore Management University

and

Dr Usha C. V. Haley, Associate Professor of International  
Business, New Jersey Institute of Technology

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## *Endorsements*

'Westerners have long assumed that there is one right way to organize and conduct large-scale business, on a foundation of rationality, individuality, and impersonality. This excellent treatise on the business philosophies and practices of the powerful Overseas Chinese cannot fail to open Western minds to whole new ways of business thinking.

This book is a must reading for any business that wants to succeed in Asia. The authors have presented a masterly picture of how business is done by the Overseas Chinese.

Finally, a book to help Western business leaders understand the business philosophies and practices of the Overseas Chinese. Many practices of multinationals need to be altered if they are to compete with, or work with, the Overseas Chinese'.

**Philip Kotler**

**S.C. Johnson & Son Distinguished Professor of International Marketing,  
J.L. Kellogg Graduate School of Management, Northwestern University**

'This book is very timely as it examines in a serious but readable manner both the strengths and weaknesses of the Overseas Chinese business community, and provides a framework for understanding how this vibrant community will resurrect itself from the current crisis. Most books on the Overseas Chinese business community have veered between extremes: either gushing with adulation, or portraying them as a semi-conspiracy. This book takes a balanced and holistic view, and weaves in the ethical and cultural traits of the Overseas Chinese with their management practices'.

**Ho Kwon-Ping**

**President, Wah Chang Group (Owner of Banyan Tree Resorts) & Chairman,  
Singapore Institute of Management**

'In the new Asia, especially after the crisis, there will be more and more Overseas Chinese marketers. This book is very important for those who want to deal with them successfully in the true market-based global economy'.

**Hermawan Kartajaya**

**President, Asia Pacific Marketing Federation**

'The Overseas Chinese are among the most important groups of entrepreneurs in human history. Their contributions in the forthcoming economic reconstruction of much of East Asia will necessarily be immense. The New Asian Emperors provides a considered, highly readable and insightful analysis of why they are so critical to the future of the region and how their contributions are likely to be made. This book should be core reading for anyone doing business in Asia at this crucial time'.

**Bruce W. Stening**

**Professor and Executive Director, Australia Asia Management Centre, The  
Australian National University**

'The Overseas Chinese represent what is arguably one of the most important economic and financial groups in the world, whose actions in the Pacific Rim and in other parts of the world have had profound effects on economic development, financial stability and instability, and the evolution of a wide range of industries in a global economic context. They also represent what is often a controversial economic and political force in countries dominated by other ethnic groups. This book provides a thoroughly authoritative and balanced assessment of the Overseas Chinese in terms of their roots, the role of family structures, management practices, and approaches to dealing with Overseas Chinese business groups – which themselves will have to evolve rapidly in the years ahead if they are to succeed as true multinational enterprises'.

**Ingo Walter**

**Charles Simon Professor of Applied Financial Economics, Sydney Homer  
Director of the NYU Salomon Center, and Professor of International Business,  
Economics and Finance, Stern School of Business, New York University &  
Swiss Bank Corporation Professor of International Management, INSEAD**

## *About the authors*

**Dr George T. Haley** is the Director of the Marketing and International Business Programs at the University of New Haven, Connecticut, USA. His research has been published in major academic journals, and he has presented it to audiences of managers, government officials and academics. He has taught Marketing and International Business at Baruch College (New York); Fordham University (New York); the Instituto Tecnológico y de Estudios Superiores de Monterrey (Monterrey, Mexico); the National University of Singapore (Singapore); Queensland University of Technology (Brisbane, Australia); Thammasat University (Bangkok, Thailand); and, DePaul University (Chicago). He has also taught in executive development programs in the USA, Australia, Mexico, Singapore and India. Prior to entering academia, he worked in the private sector and consults with several companies on international strategy and industrial marketing issues. He currently serves as Regional Editor, South and Southeast Asia, for the *Journal of Business and Industrial Marketing* (USA), and also serves on the Editorial Advisory and Review Boards of several other academic journals.

**Dr Usha C. V. Haley** is an Associate Professor of International Business and Strategy at the New Jersey Institute of Technology's School of Management. She is also a Research Associate in the Managing Business in Asia Program at the Australian National University in Canberra, Australia. She has taught International Business and Strategic Management at several major universities in the USA, Mexico, Singapore and Australia as well as in executive development programs around the world. Her research has been published in major academic journals and presented at international conferences. She also

consults with major companies on issues of international strategy. She currently serves as Regional Editor (Asia Pacific) for two academic journals and on several editorial advisory boards.

**Dr Chin Tiong Tan** recently joined the new Singapore Management University as its Deputy Provost. Previously he was a Professor of Marketing and Director of Continuing Education at the National University of Singapore. Professor Tan sits on the boards of several companies and advises senior management on strategy and marketing. He is a popular speaker at executive programs and conferences around the world. Professor Tan is the co-author of Philip Kotler's *Marketing Management: An Asian Perspective*, and the co-author of several other books on marketing in Asia.

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Besides the above, we respectfully dedicate this book to the memory of two very special people who fueled our interest in Asia: my father, James B. Haley, whose love of history and philosophy has inspired me throughout my life; and, Usha's father, my father-in-law, Dr C. Venkatesan, who passed away during the writing of this book, and whose understanding of Asian business served as both guide and motivation.

George T. Haley  
Chicago, May 1998

My father's Asian values of extraordinary hard work, controlled passion, learning, humility, devotion to his family and sense of duty inspired and awed me. The struggles he encountered, first while managing a foreign multinational, and then while starting and running his own companies in India, enlightened me; he always recounted the strifes with humor and met them with intelligence, determination and courage. I respectfully dedicate this book to my father, Dr C. Venkatesan (Papa), a fighter to the last.... the best of the Asian emperors.

Usha C. V. Haley  
Chicago, May 1998

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Chin Tiong Tan  
Singapore, May 1998



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Part One

# **The Foundations of Understanding**



# Chapter One

## *An Introduction*

‘One generation passes away, and another generation comes; but the earth abides forever.... That which has been is what will be, that which is done is what will be done, and there is nothing new under the sun.’

Ecclesiastes

The above statement summarizes the history of the Overseas Chinese and the Chinese merchant classes. The Chinese merchant classes struggled against periodic campaigns of persecution in China to gain prosperity and their dreams of a good life for their families and children. The Overseas Chinese merchants struggled against periodic campaigns of persecution in their various new homelands to gain prosperity and their dreams of a good life for their families and children; and today, the Overseas Chinese struggle against periodic campaigns of persecution in many of their present homelands to gain their dreams of prosperity and a good life for their families and children. Though our book focuses on the corporate giants of the Overseas Chinese, we emphasize that the great majority of the Overseas Chinese who must face the travails of their people are not the super-rich Overseas Chinese of Asia, but those Overseas Chinese who are still struggling and basically, ‘fighting the good fight’.

The Overseas Chinese, contrary to what the name would imply, do not form one people, but groups of diverse people. Like the mainland brethren they left behind, they differ by regional/cultural and

linguistic groupings to a much greater degree than most US-born American citizens do, and almost as much physically as Americans do. Like the other great imperial populations of the latter twentieth century, Russia and the United States, the Chinese people, and particularly their overseas populations, have shown a great proficiency in creating and accumulating wealth when their governments permitted them to do so. This combination of courage, skills, and intelligence has created something which most of the Chinese emperors of the past passionately avoided, an overseas colonial empire. The colonial empire does not constitute the traditional political empire of old, but appears more akin to the economic empire which many accuse the United States of building. In some few instances such as Singapore and Taiwan (we will speak of Taiwan as an autonomous state although the mainland Chinese government considers it a province) the Overseas Chinese serve as this empire's political barons; but in every instance, they dominate as the commercial emperors of this New Asian Empire.

Westerners frequently view the Chinese people as one homogeneous population; and the Chinese as always having been under the sway of an all-powerful central imperial bureaucracy until the arrival of the Europeans. Neither of these two beliefs holds true. The Chinese people constitute a diverse population of different religions, different sub-cultures and different ethnic groups. Western China contains one of the earliest known, and best preserved burial sites of a Caucasian population anywhere in the world. The local population in the region continues to manifest some physical characteristics, for example, lighter, brown-colored hair and freckles, more frequently than the norm for other Asian populations.

Frequently, the Chinese Empire formed an empire in name only. Warlords from different areas would rise to challenge and sometimes to supplant the center. Invaders would breach Chinese defenses and create their own empires, introducing elements of their own cultures as they assimilated into the Chinese population. The center would collapse and China would break down into warring realms of various sizes and power; and frequently, the provinces would simply ignore the center's directives.

The merchant classes of the southern coastal regions would most frequently ignore the center's directives. These southern, coastal people dominated the various waves of Overseas Chinese who

emigrated from China over the centuries. When the Chinese emperors periodically tried to block overseas commerce, contacts and emigration, the Southeastern Chinese provinces continued to press forward with their trading and emigration to wherever opportunities seemed to abound. In efforts to stop international trade and contacts, various Chinese emperors have embarked on the following prohibitive measures (this is a very short and incomplete list):

- In 1424, the Ming emperor, Hung-Hsi, banned foreign expeditions of any kind and scuttled an imperial fleet to emphasize his point.
- In 1661, the Manchu emperor, K'ang-hsi banned travel and evacuated coastal regions of China to about ten miles inland.
- In 1712, K'ang-hsi requested foreign governments to repatriate Chinese emigrants so that they could be executed.
- From 1717 until his death, K'ang-hsi tried once again and initiated a ban on travel. The emperor died in 1722, but his successors continued trying until 1727 when they lifted the ban after ten years of dismal failure.
- In 1959, Mao Tse-tung tried a new tack by calling on the Overseas Chinese to return home. Of the many millions of Overseas Chinese, Mao's ships picked up 100,000 seeking to come home.

In 1911, the Overseas Chinese communities finally responded in kind to the Manchu dynasty's many punitive campaigns and policies against them and their mainland brethren: they financed Sun Yat-sen's overthrow of the Manchus. The Overseas Chinese were, and remain, the epitome of capitalistic humanity.

The Overseas Chinese we have discussed and which form the focus of this book are these capitalist traders. Though people generally think of the Overseas Chinese as traders, other groups also make up the Overseas Chinese communities. Wang Gungwu (1991), in his book, *China and the Chinese Overseas*, discusses the four different patterns of Chinese migration. He identified the four patterns as:

- The trader pattern
- The coolie pattern
- The sojourner pattern, and
- The descent or re-migrant pattern



## The trader pattern

The trader pattern represents those Chinese of commercial or professional classes who went overseas for reasons of business or employment. These people usually worked for their personal benefit or for domestic Chinese businessmen's benefits, usually, but not always, relatives of some sort. If their overseas efforts met with success, more relations and associates would follow and work to expand the businesses further.

## The coolie pattern

The coolie pattern represents another group of Chinese who sought their fortune overseas. These individuals usually originated from the peasant classes, or were landless laborers, or the urban poor. They went overseas on labor contracts and many returned to China when their contracts came to an end. Many, however, stayed to build their fortunes, and their futures, in their new homes. This pattern has supplied the bulk of today's Overseas Chinese population.

## The sojourner pattern

These members of the Overseas Chinese communities left China to act as representatives of the Chinese culture and way of life. They appeared during a period of time when Chinese governments were trying to re-exert their control over the increasingly wealthy Overseas Chinese communities. The sojourners perceived their duty as lobbying local governments for the rights to establish Chinese schools to educate the children of local Chinese in the Chinese language and in accordance with Chinese customs. They also sought to encourage local Overseas Chinese to remain faithful to their culture and country, and importantly, to their government.