

THE “BAMBOO NETWORK” OF SOUTHEAST-ASIA AND ITS SOCIO-PHILOSOPHICAL GROUNDS

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Abstract: *The Chinese bamboo network designates an economic network of enterprises run by Chinese diaspora in Southeast Asia. In general, these firms are medium and small-sized, having at their top the members of one family. The bamboo network is largely concentrated in the major cities along Southeast Asia: Hong Kong, Jakarta, Singapore, Kuala Lumpur and Ho Chi Minh City.*

The entrepreneurs connect their businesses through a network of relationships. In Southeast Asia, they represent what Amy Chua named “market dominant minority. The Indian scholar Pankaj Mishra noted that the bamboo network represents the most powerful economic entity in Asia except China and Japan. In the same time, what makes the bamboo network so specific is that they have kept the traditional beliefs in Confucianism. What is the specific of the Chinese bamboo network and how does it function within the regional political environment?

The research methods used in this paper are mainly based on the analysis of social documents from economy books and handbooks, academic and press articles. The application field of the paper can be used in the human sciences, as for example sociology or international relations, but it also has a large application in the economic sciences.

We showed that Southeast Asia’s business environment is extremely specific, and even unique in the way of making business. Its features are deeply grounded in the Confucian philosophy which makes it hardly approachable by the Western managers.

Key words: bamboo network; economic development; chinese diaspora; emerging countries; relationship network (guanxi); Confucianism.

1. Introduction

The press nowadays writes about the existence of a Chinese Commonwealth that consists of many individuals and companies that are spread around the world. These individuals follow the same culture. Seagrave wrote that “Overseas Chinese is an empire of 55 million people interlaced by systems of guilds, benevolent societies, tongs, triads, kongsi, and name-and-place associations, which individually and together supply the personal connections

and financial linkages that make the Overseas Chinese such a potent force. It is an empire without borders, national government or flag” (Seagrave, 1995, p.2, apud. Ordóñez de Pablos, 2009, p. 205). Ibrahim Anwar, a Malaysian scholar found out that 55 million Overseas Chinese people are spread around the continents but more than 30 million are residing in Southeast Asia. Between these people a lot of them formed heterogeneous business groups based on the same language or dialect. Their origin is of course diverse and sometimes in the business operations they will follow some different styles and will specialize on very diverse sectors. This Chinese diaspora is an emergent economic power for the Asian Pacific zone. Numerous scholars studied their economic weight in the economic emergence of China and the massive development since the 1980’s. The bamboo network is a dominant power in Southeast Asia and they control the investments and finance sectors in every country of the area, except South Korea and Japan. We will not discuss North Korea due to its isolationist regime, but some economic relations exist. The bamboo network detains an enormous reservoir of capital, but they also have the access to better business opportunities and information based on the *guanxi* as we will discover further on. These connections go up to the higher echelons of the government and represent a crucial matter in order to survive the business and the political environment as a whole. China, Indonesia, Vietnam, Malaysia or Singapore have undergone plethora of political turmoil over the decades. But the bamboo network sought to survive by their own means – for instance the belief in hard work, frugality, integrity, long-term plans, entrepreneurial spirit, but the most important are the values of trust and the strong family bounds that represent the key to the success in the business. But these are a legacy of the tradition that shapes the behavior. The business is thus the highest expression of the Confucian education. Yet there is a downside of this philosophy. In the Confucian vision the merchants are at the bottom of the hierarchy. This is interpreted by some scholars as an explanation of the propensity of the Chinese people towards the Communist revolution. We will discuss the importance of the Confucian values further on. Perhaps the success of the bamboo network business is explained by the experiences of the people. After fleeing the mainland for various reasons, they have been struggling to survive and to make fortune. This struggle transformed into a sub-culture, having a philosophy and a work discipline based on the Confucian values. Because of the lack of social, economic and political institutions that could ease among others an access to the social security, the Chinese bamboo network learnt that the most effective measure is to save and develop a lot of relationships. Historically, the bamboo network developed in high statistics with the European colonialism in the 19th century. Chinese people have been undergone famine and plague during that period, being obliged to stream into Southeast Asia as pauper workers. Their knowledge and hardworking discipline made them careful. The laborers that worked on the rubber plantations

and tin mines owned by the colonial powers became small merchants. After the colonial period, these people had experience in business and became very important in countries such as Malaysia, Indonesia or Vietnam (Ordóñez de Pablos and Lytras, 2009, p. 205).

2. The structure of the Chinese bamboo network

Many scholars agree on this matter. Precisely, the political instability was decisive in the creation of the business structure. The bamboo network business, nowadays even multibillion-dollar companies remain family-owned and ruled by a patriarch who has makes the key decisions. The business is operated with the close networks of friends and associates because he relies on the guanxi as the only way of prospering. A major benefit of this culture and practices is the speed of information and operation. The long-term planning strategy describes a great deal of time put into studying the field and “smelling the opportunities”. This gives a major space of maneuver after the right opportunity is spotted. It entails a great amount of pragmatism and to some extent some illegal aspects. But as we will see later on, even these small illegal practices are very common in Southeast Asia. Another aspect of the strategy is the patience. The investments are made for the future because the family structure allows it. Thus the great deals that could take time are present a better chance to be successful. The guanxi represent the foundation of the bamboo network that generates an intelligent and efficient flow of capital across all the Chinese communities in the region. Many scholars agree on the guanxi as “cross-shareholding, familyconnections and a system of intricate business practices based upon achieving economies of scale and putting stronger emphasis on dealing with other Chinese firms” (Anwar, 1996, p. 812 apud. Ordóñez de Pablos and Lytras, 2009, p. 205).

Guanxi or the personal relations has a primary place within the structure of the business of the bamboo network. It is one of the most commented-upon characteristics of the Chinese business. The reason why they are so essential when doing business in the East is because people need to build the ground for trust in each other. Be the individuals, or the companies or the other organizations, trust needs to exist in order to make business. The political observers and economists often write that one of the most evident differences between West and East is that people in the West trust the institutions, whereas in the East they tend to be put their faith directly in the individuals. For instance, the legal systems such as the Courts are expected to offer protection between interhuman relations or between the individuals and the political or economic entities. For this reason, the Westerners mostly believe that the institutions will be impartial, the justice being one of the third powers within the modern state. In the United States, and to some extent also in Europe, the relations sociopolitical and economic relations are determined through a contract. As an example, we have to Parties, A and B that agree upon the responsibilities, the

duties and the competence of each other. In case one of them fails to respect the conditions, the other Party can use the legal system to either constrain the contract to be respected or to ask for compensations. In the East on the other hand, the society prefers to entrust the relationships between the people who are proven as trustworthy. In comparison with the West, there are a few advantages of making the business less susceptible to default because if the parties trust each other, they will not establish legal constraints. The disadvantage is that if the mutual contract is dishonored there are not always ways to redress. How do the businessmen trust each other? The explanation is that the trust is always created over some existing relationships. First of all, there is the family element. The parents and children, briefly all the blood bonds construct a pre-existing network where the successful businesses were born in Southeast Asia. When growing up, relationships with friends, classmates and even teachers are important. But the family bonds have the most important gravity as they are more reliable and enduring, hence the business has above all, the family. Ian Rae gives the example of Charoen Pokphand, recently named CP Group which is a Thai-based multinational firm. Its senior head built a team where predominantly his family was entrusted the key posts and positions. Cousins and brothers that were at the top of the hierarchy all came from the original founders. The Southeast Asian business is to a larger extent dominated by this type of economic structure, oftentimes associated with the ethnic Chinese. But the other ethnic groups are not excluded. The Chinese concept of "guanxiwang" simply refers to the network of contacts and it represents a crucial concept in understanding how the trading operates in this part of the world. First hand we can place the family, then it comes the friends and the other employees or associates. In the same way, the external relations are conducted by the same model. If the business seeks a partner to exchange or to invest in a new opportunity, it turns to members of their own network. The relationships between the clients are also influenced, meaning that those who belong to the network will benefit. They will have a more special treatment than a stranger. There are advantages and obstacles as well. For example, an issue can be when government officials grant contracts to trades that are run by their friends or relatives. Money can therefore change hands, so sometimes these cases can turn into corruption scandals. On the other hand, the government officials who accord the contract are considering that the risks are minimized as it is a better choice to entrust the contract and the opportunity that comes with it to someone from their personal contacts rather than someone from outside, even if he might be a qualified professional. The logic is always on this model (Rae, 2008, pp. 123-126).

The economic power of the bamboo network resides in the publicly traded enterprises as Bruton's study shows. In Indonesia for example, the Chinese people represent almost 7 percent of the population but they control a large part of the private companies. According to Hofstede and Bond, the culture

of the bamboo network presents some features that the Western business does not have. These two authors named these cultural features as “Confucian dynamism”. Chen also noted that the culture of bamboo network differentiate the family-run businesses from those in the West. These differences are related to the role of guanxi in the economic operations, the role of the owner manager in doing business and the financing of company (Chen, 2001, Pye, 2000, apud. Bruton et al., 2003, p. 539). In the West, a small business owned by a family might present these features as well. But the difference is that when it is developing into a larger business, the market requires that its leadership has to be managed according to the other public companies. So the role of the family is decreasing once the business is ascending. Some scholars and the management literature show that even when company is publicly traded, it continues to function following the same model. The pressure from the equity markets and norms are much less restrictive with respect to the business environment in Southeast Asia. In the same logic, other writers note that the levels of family ownership and the weak presence of regulations can limit the outside pressure over the companies allowing a closer control of the top manager (Brancato, 1999, Phan, 2000, Rohwer, 2001, apud. Bruton and al. 2003). One major consequence is that the manager has a larger space of maneuver and can take any decision he considers effective for the functioning of his business. Family within the bamboo network is a paramount value. Many authors as we will see later on agree on this topic. The primacy of family is transposed on the very structure of business. The members of one family are in the key positions and remain there even when the firm is publicly traded. Family and guanxi network shaped the business in a way that the managers rely very less on debt and over the years they have avoided to grow long-term debts. The managers had the tendency to borrow capital of any type for a short-term from their guanxi network. The political instability can also be an explanation and as we noted above, the Chinese bamboo network learnt this lesson in the history. The bond market is very limited in Southeast Asia for this very reason (Chen, 2001, apud. Bruton et al., 2003). The culture shaped the structure of capital in a different way than in the West as well. It impacts the commercial activity in a decisive manner. A lot of scholars agreed on this matter as well considering that the organizational theories that developed in the West may not be applicable in Southeast Asia. What is promoted in the West may not have the same impact within the bamboo network and the business environment from the countries where they are. There is a tension between the Western theories and their applicability elsewhere (Bruton, Ahlstrom, Wan, 2003, pp. 521, 522).

The family role into the business is largely described by Henry Xi who notes that one popular image of the bamboo network is that of the family as the main provider for employment despite the obvious paradox that hiring its own

relatives for a manager does not designate a goal in itself. Yet it has a paramount role in order to carry on economic operations (Xi, 2014, p. 79).

Weidenbaum's research might seem the most useful work when it comes to analyzing the composition and the economic links between the businesses within the bamboo network. The ethnic Chinese families manage in general medium-sized firms which are inter-connected in the Southeast Asia. The family represents the very foundation of every business so we must say that it is the most important factor in the structure of the trading. The Chinese overseas started with very little and in time became the major players in the economies as in time they saved money and reinvested them very reasonably at tremendous rates. The family as the base of the economic structure of the bamboo network, grants the necessary values of the business such as loyalty, resilience assuring the speed of decision making process as it lessens the firm bureaucracy and paperwork. As a consequence, the eventual government investigations are hardened by this process. The most important information is expressed on the base of trust and most of the times is left out of the paperwork as well. In other words, the information is orally expressed and retained by the businessmen. From another point of view, this draws a very subtle line between the business in Asia and the business in the West. The family and the personal connections can provide the money, which is also an operation based on trust. Greater-sized transactions are made by mutual understanding and noted in a diary. One of the most successful Chinese businessmen in Philippines, Henry Sy, gives the example of how business works in his family. Quoted by Weidenbaum, he considers himself a modest person. His company is composed of his children and grandchildren and he declare that most of the decisions that they make are proposed and discussed during the family gatherings. It represents a tremendous social occasion to negotiate and plan the finance. The decisive word is the family's head one traditionally (Weidenbaum, 1998, p. 2).

The structure of business inside the companies is based on a strict control of the information. Basically, all the important decisions or changes are brought up by the leader. He is the one who decides how much knowledge a subordinate can be given as it depends on the trust that he offers to every individual even though the family members occupy most of the administration positions. Other posts considered to be strategic for the business are filled most of the time with the relatives or the individuals having worked for the family for a long time. Sociologically we can see that the leader is the most important within the firm so that we can emphasize that the leadership is authoritarian. During the years, this working method has been proven highly effective. The leader is considered the moral instance whose authority cannot be discussed because it is given by his experience over the time (Ibidem).

This type of structure represents a limit for the professionals who are hired within the companies. In the same time, the outside managers that work

for these firms encounter some borders when it comes to dealing with the family members that are working with them. Generally, they have to obey without any kind of resistance. One of the managers of a successful enterprise, Li Ka-shing once declared that he was only the subordinate driving the car while the leader told him which way to go (Ibidem).

Traditionally the leadership goes from one generation to another. It represents a rather hereditary pass of control. For example, in Indonesia, one important company as Salim Group which today is one of the biggest producers of instant-noodles in the world remained for a period of time in the 1990's de jure in the control of its founder Liem Sioe Liong, but de facto the founder's son was in charge of the economic operations. Another example is Formosa Plastics Group, presided by Y.C. Wang. This businessman kept the control of his financial empire within the family, for instance, all his 10 family members occupied an executive post. Mr. Wang's brother was the leader of Formosa Chemicals Fibre in the same time running the company with Mr. Wang's son, William. Cher Wang which is Y.C.'s daughter is the leader of Everex Systems, an important firm that manufactures personal computers in California. Another son of Mr. Wang, Winston, is a vice president of Nan Ya Plastics, an enterprise that produces circuit boards and other electronic components. Y.C. Wang also provided financing for his daughter Charlene and her husband which was the chairman of First International Computer, at some point being the largest manufacturer of motherboards of the personal computers. Even if she started her business by her initiative, the aid from her father was crucial as it guaranteed an enormous chance to successfully continue her work. Kuok Group in Singapore is another good example of leadership. In 1993, its leader Robert Kuok retired from the economic activity which remained a family-run conglomerate. Basically, his decision after his retirement was to separate the business in a "Chinese manner" between his two sons. The older one took over the activities in Hiong Kong and Singapore and the second in Malaysia. The Chinese tradition also implies that the former leader keeps a close look the economic activities and the major decisions (Ibidem).

Within the bamboo networks companies, the leader has a role of what Weidenbaum called a "paterfamilias". What it means, is that he has the power in the social and the economic spheres. He is allocating the key positions to the family members such as the sons, sons-in-law, nephews, brothers or uncles. An interesting aspect is that the masculinity is predominant as the daughters are not always entrusted the key activities. But the most important aspect that differs the Chinese business from the Western one is that the interests of the leaders and implicitly the business are well promoted and carried on because the family members have an obvious tendency to maintain their business. On the contrary, in the Western economy, the confidence might suffer as the managers either fail or do not make all the efforts to promote the interests of the owners. When

retiring, the executive chiefs frequently ask their elder sons to return home and take over the businesses. When for example in Taiwan and Hong Kong the leaders of companies had to retire, their sons had to leave their jobs even if they were far away. But when Y.K. Pao which was the magnate of shipping and property in Hong Kong had to leave behind the business, he found himself in a particular situation because he had no sons. What he did was to divide the business between his four sons-in-law, a doctor, an architect, a banker and a lawyer. Even if it might seem that they had various backgrounds, Mr. Pao never willed to leave his business to the professional managers. This fact highlights the importance of the family for the Chinese business leaders (Ibidem).

Likewise, the size of the family can determine the size of each firm, given the habit to separate the father's estate between his sons. For this reason, businessmen made investments in large networks of small-sized companies, avoiding the large Wester-style corporations. As businesses cannot function without the interaction between the others, the trust has also been broadened beyond the family to some extent. These sub-ethnic relations were formed by cooperation and *guanxi* (personal relations) as they were proven effective. The origin is more or less the same; traditionally it comes from the clan and other regional connections. And in addition, many of the entrepreneurs speak the same dialect so that they can create coherent groups relatively easily. In this context the trust is assured and they can work with ease within the same business network (Crawford, 2000, p. 80).

The uniqueness of the business within the bamboo network maintained the competitiveness of the firms. The enterprises have never been forced to downsize or upsize. The reasonable care or more precisely the due diligence in juridical terms is rather a conversation with the trusted contacts and families than a series of studies and researches or meetings with lawyers, accountants and bankers. The kinship offers the necessary framework for the business as people that have common origin tend to trust more their concitizens when it comes to make business deals even if they are conducted at long distances. Their thinking is grounded on a common set of values that are exceptionally constant in their behavior such as hard work, scrupulousness, devotion to the superiors and trust within the family or the clan. And the results that come out of this are enforced by the informality of transactions that sometimes circumvent the political limits. As an example, when Taiwan had firm exchange controls, a businessman from the bamboo network was able to make a large deposit in a gold shop in Taipei and just a few hours later one of his contacts could withdraw money from an affiliated dealer in Hong Kong (Weidenbaum, 1996, p.3).

The family business has grown up and expanded over the years allowing the future management of the related firms to grow as well. For instance, The Lippo Group in Hong Kong was indirectly linked with the Salim Group of Indonesia. The head of the Indonesian enterprise was originally financed by the

Sophonpanich family who detained the Bank of Bangkok. Now, the most interesting part is that each of these entrepreneurs was an ethnic Chinese that in the recent years began to invest more and more in China, Southeast Asia and in other parts of the world. The investment capital that was directed towards China did not come from the Occident, but from the Chinese overseas. It is also a boost for the economy and an aid to pass from the Communism to a rather social capitalism. These investments were controlled by the bamboo network, more precisely from those who left China after the establishment of the Communist regime in 1949 and their descendants (Ibidem).

Since the economic reforms in the late 1970's, China received a lot of investment from its ethnic people from overseas. Some statistics usually show that around 80 percent of the foreign investments come from the bamboo network businessmen. Furthermore, there were a few Western firms installed successfully in China, starting new projects with members of the bamboo network. Companies like Motorola, Coca-Cola, KFC or Chrysler moved into mainland China and hired the members from the bamboo network as they lacked the necessary expertise and needed managers that had a good comprehension regarding the market. The technical skills and the competence to administrate the major operation in the production field was also an advantage of the "bamboo" managers. It also represented a chance for the Chinese businesses not to get the public and political attention as they maintained their low profile in comparison with the major Western corporations. They served as intermediary entities, manufacturing components for the other firms. The holders also had contacts among the government officials of the states where they carry on their work as they have some very important skills in deal-making. But they did not have experience in producing and marketing consumer products, thus lacking the maturity of managing large manufacturing operations. Their advantage would be rather in real estate or hotels, than machines such as cars or aircrafts. The combined effort between Asian and the Western style of business might seem difficult to bind as transforming the informal Chinese economic operations into a bureaucratic-style business specific to the West is meant to failure. Yet, there are numerous partnerships that could bring mutual advantages if the trust between the two players is present. Also, they should mutually agree regarding their operating methods. The Chinese businessmen are able to offer some important access towards the growing leading economic branches in Asia (Ibidem).

3. The socio-political environment in Southeast Asia

The business of the bamboo network can be highly different from the way people do business elsewhere. This tendency has to do with understanding how the tradition and a specific zone can shape the institutions. The institutional theory provides the background for acknowledging how such differences are possible. The culture of the bamboo network members shapes the institutions in

Southeast Asia because their commerce is a very important part of the private economy. We will then review the topics of the business environment through the culture of the bamboo network firms (Bruton, Ahlstrom, Wan, 2003, p. 520).

There are a few disagreements about how the institutions work. All the scholars have not yet convened on the institutional theory. Gary Bruton, David Ahlstrom, and Johnny Wan have found a few commonalities into the theory of Scott, DiMaggio, and Powell about the normative, coercive and mimetic institutional force. The regulatory institutional structure which implies setting coercive rules and law-enforcement seems to be less impacted by the culture due to the fact that they are more like a convention to which the parties agree. The regulatory aspect of the institutions provides the legal basis for the business environment. But the normative and cognitive elements that characterize institutions are more flexible because they are constructed over a long period of time giving them certain legitimacy in front of different business actors. The normative and cognitive components of the political and economic structures were modified by the bamboo network culture unwittingly. There are a few anthropologic theories about how culture can shape the structures giving importance to the social constructs (Geertz, 1973 apud. Bruton, Ahlstrom, Wan, 2003, p. 521). Their importance should be underlined as these social structures can control the people view the reality and we can affirm that they also can dictate in a way what actions are possible and in which circumstances they can be carried out (Scott, 1995, apud. Bruton, Ahlstrom, Wan, 2003, p. 521). The social constructs are formed of constraints that come with the tradition, rules that are considered infallible because they were proven effective, different conventions and other habits commonly accepted (DiMaggio, Powell 1991, apud. Bruton, Ahlstrom, Wan, 2003, p. 521). Referring to Southeast Asia, Allen and Low wrote that in regions where regulatory regimes are not extensively developed the culture and the traditions can be easily impacted by the force of some ethnic groups as firstly they are in an uncertain political environment and secondly they search for stability (Allen, 2000, Low, 2002, apud. Bruton Ahlstrom, Wan, 2003, p. 521).

The political risk of the bamboo network is enormous. But they had the ability to work outside of China with great success. It represents a very big uncertainty in any case that could imply China but the Chinese business families accustom to the uncertain political and economic landscape and take the advantages from any opportunity that they could put their hands on. As Weidenbaum wrote "The bamboo could bend, but it never breaks." And as China opened its trading to capitalism and a more relaxed control over its own people, it will also open a gate for the bamboo network. The members of the family-run businesses develop close relations with the mainland. At the time, Weidenbaum viewed a union with Hong Kong as a possibility and a ground to open the relations with Taiwan as well. But if China was to reorient its political line towards

the Communism, the bamboo network would have oriented its interests towards the west, North America and Western Europe or simply somewhere else in Southeast Asia and Australia. Symbolically we one could resume this as a prevention act, entailed in the old Chinese saying “Always keep your bags packed”. In any circumstance, the bamboo network is strong enough to survive and develop wherever it may settle down. Whether it can orient towards America, the younger generation will hold the future in their hands. Although the question to as is whether they will be able to combine the two cultures together – East and West the reason being that plethora of possibilities may arise and need to be exploited using modern management and advanced technologies. However, the weaker points of the bamboo network should not be underestimated, including their so-called low-tech nature and old-fashioned management style. China, as well as Southeast Asia, represent a booming zone on the world-wide economical scene. One should understand their techniques as they can become clients, providers and also competitors for the West. The Western economy has to learn from the bamboo network. One of the shortcomings is that the divisions within the corporations in the West may be a liability compared to the human scale of the bamboo network business. On the other hand, when people with authority are placed in key positions, the speed of the decision making process will be easier and can bring many advantages on the global scale. And when you can put your trust in these key position actors, time and money can be saved. Many obstacles can be overcome when the people are honest and competent (Weidenbaum, 1996, pp. 13,140).

Here comes on of the most important topics of our research. In Southeast Asia, the Chinese traders have prospered because they benefited from a sort of “laissez-faire” conditions. In reality, this meant favorable economic circumstances that eased the quite quick flow of immigrants that went on until the middle of the 20th century. Many Chinese settled in South Vietnam. By the third decade of the last century, the French colonial economy was outnumbered and also outsmarted by the Chinese businesses. It has to do with the fact that the French had large-scale manufacturing, commercial and financial firms. Some statistics show that even if only 1 percent of the population was Chinese, they have been able to control 90 percent of the non-European private capital, dominated by the end of the 1950’s the economic sectors as retail trade, manufacturing, and transportation along with the whole rice-economy. It does not mean that there were not any Vietnamese wealthy businesses. But the Chinese economic dominance created a sort of outburst against them. They were “accused” of griping Indochina as they develop in too many sectors as growing “cyst” (Chua, 2002, pp. 32, 33).

A big ease of policies for the developing commerce in South Vietnam was the Vietnam War. The wealth of the Chinese especially in Saigon has grown extremely fast as they swooped the lucrative business opportunities that came

with the arrival of the United States Army. They needed trade and another type of services networks. At the same time, the government in the South of Vietnam has eased the regulations in the economy, implementing relatively liberal market measures. This has created an opportunity for the Chinese to extend their dominance into the light industry sectors (Ibidem).

At the end of the war and following the reunification of Vietnam in 1976, the government pointed out the luxury of the Chinese labeling them with terms of “capitalist”, “bourgeois” or “perpetrators” and confiscated their belongings. In the same time, many were arrested and bullied by the authorities. Still, not only the Chinese were the only ones suffering from the extreme measures. The Vietnamese businessmen had their proprieties confiscated as well. A United States journal reported at the time in 1979 that the Hanoi government was blaming their daily issues on the Chinese businesses as Vietnam turned into a socialist economy. A lot of businessmen then had been subjected to the hard labors and died in the new economic zones. Others found the possibilities to fly the country. The journal also linked these brutal measures to the techniques that the Nazi regime used to swell the hatred against the Jewish people (Ibidem).

In the past decades, the Vietnamese government shifted to the liberalization of its market and the Chinese came back. They now dominate again a lot of the urban areas. The most surprising statistics is that the country’s 3 percent of the Chinese minority is located in Ho Chi Minh City (called Saigon by many Vietnamese). They control relatively half of the city market’s activities and control the light industry, the imports, the exports, the shops, the malls and even the private banks. And one more time there is a growing feeling of mistrust towards the Chinese family-businesses (Ibidem).

The explosion of the Chinese wealth is influenced also by the globalization. When it comes to Vietnam, it is theoretically a socialist regime where the state owns the major sectors of the economy. But in other parts of Southeast Asia, the markets switched towards the creation of welfare and to fill the wealth gaps. In Thailand, Malaysia, Philippines and Indonesia, the Chinese tycoons do not have to worry that much. They own multi-billion dollars financial empires from Bangkok to Borneo. Before the 1980’s most of the Southeast Asian countries applied some very self-detrimental economic policies. Afterwards, the World Bank has put these states on a list of a third wave of globalization as they implemented aggressive market reforms, favorable to the free trade, foreign investments and privatization. The state’s dominance was suppressed and the policies became less bureaucratized producing growth especially in the manufacturing industry. More precisely, the region began to develop, primarily in the sectors that included labor which was oriented to the exports. In this economic environment, the Chinese minorities felt free to take on and extended their dominance and visibility. In the 1950’s and 1960’s Thailand was a protectionist and isolationist state. The major enterprises were run by the state.

But as the economy was staggering, the government decided to change its policies towards the international and the market economy. This was a measure that enhanced the exports and gave a boost to the economy in the following decades. The bamboo network took over most of the manufacturing establishments. Following Amy Chua's research, a survey conducted at the beginning of the 2000's showed that almost seventy of the most powerful business groups were owned by the Thai Chinese. Only three of them were detained by the Military Bank, the Crown Property Bureau and another one by a Thai Indian family (Ibidem). It was a very difficult affair after the Chinese suffered heavy penalties regarding their business from the Thai government. At some point the Thai even wanted to replace the Chinese businessmen with locals, notably in the industrial sector (Tong, 2010, p. 37).

In Malaysia, the conditions that boosted the trading of the Chinese businesses were not much different from the government of Thailand. The privatization policies that opened the market represented the main factor that contributed to this. Even though the government had put in place to protect the locals after the bloody incidents of the anti-Chinese events at the end of 1960's, the bamboo network found its ways to prosper so that at the beginning of 2000's, the Malaysian Chinese business controlled 70 percent of the state's market capitalization. It becomes more surprising when the only third percent of the population dominate this sector. A very important name in this landscape is Robert Kuok, a businessman that began his activity with the palm oil and throughout the years his empire extended and took over activities as real estate (detaining even several hotels in Burma). He is a representing tycoon in Southeast Asia. The Economist Journal wrote that "amassing wealth, spreading it across countries and industries to reduce risk, and above all keeping quiet about it." "Gregarious and chatty, Mr. Kuok nevertheless ensures that virtually nothing of substance is known about him.". According to Forbes, his group's net worth goes between 4 billion dollars in 2002 (Chua, pp. 35, 36). to 15.5 or 20,6 billion in 2018 cumulated with the associates (Bloomberg on reporting, 2016).

In the Philippines, the bamboo network's influence is astonishing as well. Amy Chua writes that it is even more complex than in other Southeast Asian states. The generations are extremely wide culturally speaking, ranging from the completely assimilated Chinese to new waves of immigrants. These are also the ones who get a hostile attitude even from the Chinese Filipinos as they keep their traditions and insularity but also being blaring and aggressive and "spitting everywhere". In the Philippines, the bamboo network exert their economic dominance with a class descended from the Spanish settlers who still live like feudal owners and control the land resources in the rural areas. So-called "hacenderos", they owe large businesses and represented the Chinese minority whose growth developed after the economic reforms in the 1980's and 1990's. Now being 1 to 2 percent of the total population, they rule the largest and most

productive store chains, supermarkets and restaurants (including McDonald's). With only one exception, the Chinese owe all the main banks, even the state's most important and most financial coercive cluster – Metrobank Group detained by George Ty. The stock exchange is placed next to the China Town in Manila and most of the stockbrokers are Filipino Chinese. The shipping, textiles, construction, real estate, pharmaceutical, manufacturing and computing industries including the country's distribution networks are controlled by the bamboo network. Yet the commerce and finance are only one part of the holdings that characterize the bamboo network as they are in possession of the main part of the media as well. The bamboo network in the Philippines detains six out of the ten English-language newspapers. This gives them political influence and as a consequence many of the top billionaires are elected high officials (Ibidem).

Cambodia and Laos both embody two “unmarketized” economies and according to Amy Chua, their markets are highly influenced by the bamboo network. On the streets of Phnom Penh, the Chinese businesses are growing. Laos is somehow special in this entire picture context as they lack tradition regarding the commercial culture. The locals do not have a tradition so that the 1 percent Chinese population serves as a model for the businesses. They are benefiting from the globalization effects of the open market policies but the advantage is mutual as globalization had a positive influence on the poorer communities equally. In a World Bank survey, the economic reforms in Laos have visibly reduced the disparities and filled the gap between the poor and the rich people. This applies especially in Thailand, Malaysia, and the Philippines. The incomes knew a substantial growth like never before in all the sectors of the economy (Ibidem).

Nevertheless, the changing economic and political environment covers a few bothering realities. Even though the economies boosted in Southeast Asia, the major part of the locals remained poor. The impoverished populations in the Philippines do not exult in the World Bank empirical studies as they gained only a few cents per day more in their global income. Also, more essentially, the free markets reforms since the 1980's created a sort of middle class, but it only made the wealthiest people even wealthier. The locals perceive that the global market policies created millionaires and billionaires within an ethnic group. So they feel that the only the outsiders took advantage – the Chinese, the foreign investors and some corrupted local politicians. Basically all around Southeast Asia, the economic reforms were the scapegoat for having produced success stories for the Chinese businessmen and only a few locals (Chua, pp. 35, 36).

Businesses in Southeast Asia do not embody a single consolidated occurrence. There is a great diversity of it, from a small grocery store to a multinational firm in all sorts of sectors. One does not have to generalize as every experience and every business is complex and due to a specific circumstance. The Chinese Owners and managers had to adapt in the environment they were in.

From a religious point of view, Southeast Asia is far from a homogenous area. The northern part is Buddhist, whereas the South is Muslim. Yet there is one aspect that was common to the bamboo network – the business. The environment of each country helped the Chinese family businesses to develop like it did because of a lack of strong institutions. The evolution of the bamboo network into a family own business has to do with the fact that people need to trust each other and to be connected with each other's people they trust in order to develop. The Eastern cultures were characterized by a poor legal control. Though, this might be false in some cases. In China especially the legal institutions were extremely controlling during the empires and the regimes. The ancient Chinese philosophy described a system called Legalism with the rule of law at its top and severe penalties for the violations. Nowadays China is adapting its legal system to be more coped against new legal challenges. It is also a desire of the Beijing government to be more aligned with the West from a political point of view. Except for Thailand all the other Southeast Asian states have been under a colonial control over the decades. That means their legal systems were either a copy of the colonizer or a mixture in order to suit the local traditions. Malaysia uses the British legal system nowadays, whereas Vietnam kept the French legal system but adapted it to the requests of the communist leaders (Rae, 2008, pp. 119-123).

The liberalization of the market economy in Southeast Asia generated in the same time growth and resentment against one minority. Following Amy Chua's experience, the violence to which the ethnic Chinese or their descendants were subjected was at its peak in 1998. She wrote one of her personal stories when working at a bank and was invited to a conference in Indonesia. Being a Filipino Chinese, there were rumors that the ethnic Chinese had their passports stamped with a red color "Hitler-style"; in the end, she has not taken part into the conference due to the risk (Chua, 2002, p. 45).

4. The business principles of the Chinese bamboo network

A Western businessman who wants to be able to run a productive business in Southeast Asia has to face a few barriers. First, he needs to adapt and to understand the local way of thinking and acting. His behavior and methods should be adjusted to the local needs. One Chinese ancient poet once wrote that there are seven patterns to attain happiness. The last one can be found when the people live in peace and respect each other. It is required to be tolerant, to act as a gentleman and never to rush. It is equally important to try correcting our own mistakes and to be indulgent regarding the other people's faults. The humility and the patience represent crucial values as they make the heart more sincere. Nowadays these values seem to have changed in a way. Ian Rae has his own set of values that he identified and consider necessary in order to successfully conduct a business with the bamboo network in Southeast Asia. If they do not

imperatively lead to the happiness, at least they present the notions that will help the future businessmen to be successful in this part of Asia. The first value is about the relationships and the trust. He places this value at the beginning at his analysis as it is important here perhaps more than elsewhere. Of course, one cannot deny that the relationships are important everywhere in the world. But most of the experienced businessmen whether they are Westerners, Chinese or the academics will find a mutual agreement on this topic. There have been a lot of academic researchers that prove the importance of relationships as a fact. The region's specific has the guanxi at its top when doing business. And there are fighters who claim that the relationships are more important in Southeast Asia than mainland China itself. The history of political turmoil and hostility in the region showed that business can be sustainable and conducted only with the people that know and trust each other. This is why the business leaders' goal is to always have a reliable network of people and devote a great deal of time into constructing it. A Westerner has to follow a similar path if he wants to have results. They can be attained but there might be some long negotiations before coming to an agreement. The discussions could take weeks or even months and none all of the topics are relevant to the business. This can also lead to misunderstandings as the Western manager could think the other part is trying to slow down the talks in order to gain time. No one can deny this though. But from the Chinese perspective, the long negotiations should be seen as an occasion to know with who they deal. One good response to this strategy is to play along as once the trust is attained it will be an advantage for a long term. As an example, even when it comes to the formal contracts, they are basically worthless if the two managers have not established a relationship. As time went on, some of these practices changed, but slowly. One error that most of the Western managers do is to rush the things and try to have a fast result. They often negotiate toughly and act intransigently which ends up with a firm and negative reaction. Another common error is to formalize the presentations rather than using simple conversation. It is seen as a sign of mistrust and coldness. Ian Rae gives the example of an American company for consulting. Once in the meeting room, the well-suited American employees were displaying a one hour power point presentation in front of some Chinese managers. The large amount of details about the company and their strategies made the Chinese managers become impatient, demanding the end of the exposé politely. They wanted to know what they would be offered and how their business can grow from their collaboration. After a few minutes of discussion, the American consultants refused to accept such a treatment and continued their presentation. At the end of it, the Chinese managers politely showed them the door saying that if they could not get to know the people, they could not carry on the business with them. So we can clearly see how trust is decisive. Unless something really unpleasant violates the trust between the managers, it will bring heavy rewards.

A Western company that established relationships with a bamboo network firm is very likely to be introduced to other business people if they trust each other. The network of relationships is then opened and can create new opportunities. For this reason, the Western firms tend to take the form of a joint venture when they first install themselves. In some countries, it was even required. In Vietnam for example, no Western firm could have a subsidiary without being in contact with a local manager. With the time, these laws became more relaxed. Although we must admit that there are many advantages despite its repressive aspect. The environment and the market can be acknowledged with more ease and opens a door for creating a network of locals. It is not easy to adapt when being imposed to deal with a joint venture. Many of the Western firms that tried did not succeeded. But one must mention that the successful ones where based on good relationships and trust. The clients and the workers desire a company that has a good reputation, otherwise they would avoid it. The importance of relationships represents, as Ian Rae noted, "the alpha and the omega" and the art of building relationships must be acknowledged before even trying to do business in this region (Rae, 2008, pp. 137, 138).

The second characteristic of the business of the bamboo network is related to the politeness and good manners. In every region it is seen as a good virtue as people who prove polite and have dignity will gain more respect and will eventually be accepted. Tough-talking, displaying power and searching the confrontation are seen as a negative signal to those the managers are dealing with. The face can be lost when losing the temper or even when raising voice to other. It might seem somehow ideal, but surely it does not mean that the bamboo network managers behave like Shaolin monks when dealing with foreigners or between each other. Humanly speaking, that is a too difficult attitude to perform and it becomes even more difficult when doing business. But the point is that in this part of the world, losing temper is attributed a much more significant meaning than in the West for instance. Some of the Anglo-Saxon values such as expressing oneself are despised by the Chinese businessmen because it could offend others. For instance it is better to not display the true feelings. They also like to joke and to show their sense of humor but one problem is related to the culture. A Western businessman could find some jokes inappropriate whereas a Chinese family could think it is funny. But a discrete laughter is better seen as a total silence or lack of empathy. Another face of this entire attitude and set of values is that often times someone can tell you what you want to hear and not what is important to know. Some empirical studies have shown that when asked about their feedback regarding a product or a brand, the audience responded very positively because they did not want to seem disrespectful and to hurt the researchers' feelings. So in order to avoid such issues, it is important to have a more in-depth discussion about a product. Only in this way you could be able to have more impressions and to avoid the misleading

answers. The direct questions have proven useless as the answers were unfaithful. Yet, when dealing with a Westerner, the bamboo network managers do not necessarily expect them to be accustomed with their way of thinking and do seldom times pay attention to some of these aspects we wrote above. The foreigners that do their best to learn from their hosts can win face in front of them but can also be regarded with suspicion. What is crucial is to be sincere, as the poet noted. The integrity and honesty will bring trust and respect if they are displayed properly. It is then important to be friendly and polite and this can get the foreigner out of sticky situations in almost any circumstances of the personal or professional life (Ibidem).

The third principle can be seen through a collectivist paradigm. It is important to learn to think like the others and to pardon them. Tolerance is considered by the bamboo network managers as a value in itself. Of course, learning to think in a Confucian way is not an easy task, especially from an outside businessman. A lot of effort has to be made in order to enter the mindset of the people. Still, what needs to be underlined is the expectation that things will be different. In this type of context, the language, the food and the climate represent only details. But they all are a part of the Confucian mindset. Being tolerant is always easier to talk and to idealize than to practice. Yet the managers have to cultivate a habit to always try to understand what they are being told and what it actually happens. An employer who finds out that a task has not been carried out by his agents even though the latter has told him the contrary represent a good can illustrate the desire of the employee not to upset his manager because it could harm the harmony within the company. Habits that are badly seen in the West can be common and somehow accepted within the bamboo network. In Malaysia for example, a mixture of Chinese and local superstition is related to the existence of “spirit houses” and the employers are expected to make donations to appease the spirits. Potentially laughable to the Westerners, there have even been factories shut down when the employees believed that the spirits were angry and in other cases a holy men had to be called in order to cleanse the factory before the workers could return. On the other hand, another facet of the tolerance is about the negotiations. The bamboo network businessmen will be using their ways of raising elements of discussion and to resolve the issues. The Westerners could find themselves obliged to run the things their way. Still, it could be a wrong step. If they respect and try to be aware of the others’ needs, they will be treated in the same way. We shall point out that there must be a mutual negotiation. A passive manager that does not sustain his own position can be suspicious. Although one must be aware of the existence of little ceremonies that accompany the discussion sometimes need to take place despite the impression that they must be useless (Ibidem).

A cultivating patience counts as the fourth value described by Ian Rae. Undoubtedly there are many agreements that are concluded very fast. But a

proper negotiation usually means a long period of debate that could last months. It is a consequence of the relationship-building process as the two parties need to know each other well. Sometimes this can be a strategy to see if the other party will make a wrong move. It designates an entire art of waiting that is encompassed in a Chinese war stratagem. Being aware of this can also bring respect. There are some Chinese businessmen who even enjoy the negotiation for their own pleasure. Ian Rae gives the example of one Malaysian Chinese manager who once told to an American businessman "We could have reached an agreement before, but we have been very satisfied with our discussions that we did not want to let you go." Other bamboo network managers consider the negotiation process as a game and an opportunity to apply their tactics on the other. If a Western manager displays wits and act smartly he will be considered courageous and will deserve respect. The same method applies when it comes to establishing the joint ventures that we described before. As it is more of a political process involving the government, it might take a long time until reaching a common ground. Also, finding the right staff is long and quite difficult when setting up businesses in places where the education is less advanced than in the West. For this reason, it is important to conduct prior researchers. However, the waiting game will always be a part of the deal (Ibidem).

A very interesting aspect of the waiting strategy is about the climate conditions. Ian Rae writes that the Westerners from the Northern countries shall take into account that the climate is very different. The heat and the humidity can represent a tool turned against him both physically and mentally. The patience is decisive and stands as a paramount virtue. Some studies even show that the bamboo network businesses have a longer planning line than the Western businesses. It could also be explained by the relatively small number of public companies but equally by the Confucian philosophy that is relative to the long plan. The haste should be avoided but this does not mean that the patience as a virtue will be an obstacle when the circumstances require to move quickly or to take a fast decision. The Chinese people do a lot of prior research so that they are able to exploit the right opportunity at the right moment. They have the ability to wait until the right moment and one could also affirm that they are better at this than the Westerners (Ibidem).

The fifth point is related to the respect for the elders and the hierarchy. The age of the seniors will be treated with respect and even enthusiasm because it stands for wisdom. It is important to treat the others with politeness and not to be predominant in discussions when meeting others. It is the same when dealing with people in key positions. The others might also be curious to know what position the one they are dealing with occupy in their own firm. In other words, they want to know how senior someone is and the treatment that someone will get will be depending on a mixture of the own security and that of the opposite party. It is a good idea to know the people who will be attending during a debate.

This should be understood as trying to deal from the same positions. If key positions players attend a meeting, it is important for them to know that they are dealing with same people. In the West, when it comes to meetings with Chinese negotiators, those who speak are not always the ones in charge although they appear to be the leaders. Within the bamboo network there is a leadership tradition – the leader is sitting in the back and watches quietly how his employees take the charge. Ian Rae calls this tradition as “self-effacing leadership”. For example, Lee Kwan Yew, the founder of modern Singapore and prime-minister from 1959 to 1990, was acknowledged to be the leader of the Republic although he has never had a higher post than vice-president. In the same logic, Deng Xiaoping was the leader of the People’s Republic of China but his official status was the post of president of the Federation of bridge clubs. Stories There are stories from the Chinese literature about elder sweepers or concierges sit quietly on the side and at the end they turn out to be the king or the emperor. It is of course one severe example but it should point out that Western managers should not be surprised when during a negotiation the quiet man who stands on the sides and watches turns out to be in charge of the entire operations (Ibidem).

The sixth condition of trading with the bamboo network is to accept that the politics cannot stay out of the business. Government is always a player. In Southeast Asia the politics and economy interfere often. The government officials are very interested in doing business and keep a very close eye on the economy. Malaysia, Vietnam or Indonesia applied interventionism since a few decades ago. Same measures in Thailand and Singapore. The Ministries is able and does intervene in the business of the small-sized and individual companies. Despite the direct interference into the economy it seems that this process has appeased. The government became more conscious about the advantages that the non-intervention can offer. In Malaysia, the officials from Kuala Lumpur have put in place a few relaxing policies with regard to the composition of management. For a long period of time, the business management teams were imposed to have at least one local manager. Now this policy was replaced, but the presence of the government still exists. For this reason, the Western managers could try to develop relationships with the ministries if they want to have more space of maneuver for their economic operations. It can bring much better conditions, a good share of vital information, licenses and applications being taken into account more firmly. It might appear a corrupt practice, but the truth is that government is more disposed to do business with firms that they find friendly and accepting (Ibidem).

The corruption represents a delicate point. It surely exists just like everywhere else in the world, but in some cases it is a more discussed topic than in others. The corruption brings problems especially in the less advanced countries such as Burma (or Myanmar). The bamboo network businesses could

be sometimes saved by paying bribe to the authorities. However in some other cases it depends on each manager whether he or she is willing to bribe in order to secure the economic operations. There are of course different kinds of corruption and the Western managers should be aware. On the one hand there are payments which are made because the managers need to assure that a service is done properly, and on the other hand some payments are made to people in order to break the law. The first type of corrupt payments could be named as consultancy fees and they are everywhere in some countries. Oftentimes they are required because the business can encounter difficulties. Thus, it should be mentioned that it is an illegal practice in countries like Singapore who are more advanced economically and politically. Paying the others to break the laws shows that major decisions should be made for ensuring a strong and growing business. The relationships are meant to be based on self-respect and trust. Thus one question to ask is how far can a manager trust an official whom he knows he will break the rule? If this is the only way of action then there is no coming back. Once a bribe is paid, a mutual guilt is created and the next time a similar service is required the bribe would have to be more consistent. It is a dangerous process as the companies could become targets of the justice. We can illustrate this action as a domino puzzle that is about to be built. The first firm that requires a law-breaking service stands for the first piece of the domino that is put on the table. It could perfectly stand and if it is to fall, then it falls alone. But the problem is that once at the bribe has been involved into assuring services, the word can spread and other companies will be willing to pay for such services as well. If someone is caught by the justice, then the other domino pieces will fall too. Corruption exists everywhere in the world, but some believe that in Southeast Asia it is an endemic occurrence and there is no other way to operate without. Developing a career on honesty is surely an advantage, but there are just a few businesses that could work this way, and generally they are small-sized (Ibidem).

The last adjustment strategy is to be always prepared for the change. Being a part of the region and having been assimilated into the culture, the bamboo network has accustomed to the continuous political and economic turmoil during the years. The Southeast Asian region has been growing a lot since the last decades. It is due to the measures and the liberal policies that relaxed the market and liberalized the operations. Yet the instability occurs sometimes showing that there is no such stability. Another reason which causes the uncertainty is the power exerted by China in the region. The Western managers should then develop links with the bamboo network because they can learn how to adapt to the change in Southeast Asia. But this is only a half battle that needs to be prepared. One has to be cautious and to take fore measures before opening a business (Ibidem).

5. Conclusion

The guarantee of success is never out of risks. These seven principles and strategies can help but they will not bring the success immediately. Following them can be a major advantage for business people because they have been proven to be effective over the years. The bamboo network in Southeast Asia can be the launching ramp for the Western businesses because their relations with the officials and their experience are crucial. Southeast Asia can be a satisfying and fruitful place on many levels – both individual and professional. The people are known reputed for their kindness and generosity. Working with them can bring mutual benefits both for the Westerners and for their societies. The living and working environment can be joyful when the right steps are made (Rae, 2008, pp. 143-145).

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