



Management in Chinese cultures

Clan-based networking

Presenter: Jane Henry

Until recently, the Pacific Rim has shown the most extraordinary growth rates. We've come to Hong Kong and China to see what part culture and values play in the way organisations develop there. How have family based conglomerates come to dominate business in South East Asia and what lessons there might be in this very Eastern way of doing business.

The majority of people in the world are Asian, and the largest cultural group in Asia is of course the Chinese. The Chinese based cultures, which includes most of the Pacific Rim countries, China, Hong Kong, Taiwan, Japan, Korea, and the Chinese pop in the Philippines Indonesia and Malaysia all share a Confucian value system stressing hard work, harmonious relations and respect for authority.

What is relationship between these values and the way they do business?

It seems they have been very conducive for business. Despite the financial turmoil in the late 1990s, Chinese businesses have been and continue to be very successful throughout the region. Though the Hong Kong skyline boasts an array of famous global brands, it's the smaller family owned businesses that have traditionally formed the backbone of the economy. This small, family owned, Hong Kong based company making watch faces, has, like many others, exploited the opportunity to move into mainland China.

Sum Yuk Ha: Director: Vie Sun Watch Dials (Chinese speaker -voiced over in English)

My husbands runs the factory in China I manage the company in Hong Kong, my younger sister assists me in taking orders. Now most of the production is in China and the Hong Kong office is only for taking orders and quality checking. We have more than a hundred people in our factory in China but we have 6 people here in Hong Kong.

Jane Henry

The dominant form of organisation in China is round the family. Typically an owner/manager sets up a very lean firm financed by family members and does business with members of his clan. Indeed it's just this kind of networking that has enabled Hong Kong and Taiwan to fund much of the enormous expansion we've seen in Southern China in recent years. They do this through a network of contacts in their extended family and they are not just local, these networks span all the countries in the Pacific rim.

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When I visit Vietnam my sister has a small business, and she said why not come back home and help us to expand the business. In terms of finance, well when I talk about it with the greater family, my wife's relatives, my own relatives, the aunts uncles -everybody chip in little bit, so its basically family financed.

Jane Henry

Is this type of family based entrepreneurship an efficient and way of starting up a business?

Due DO

I guess it would be quite typical for an Asian way of starting up a business, very low cost, very efficient in the beginning, because, you know, I don't have to spend a lot of time to do market research, I don't have to spend a lot of time to find the customer base, I don't have to spend a

lot of time to find the supplier base, I can go straight in, do a connection with an existing business within the family, so I have the market base, and then all I need to do is find the right suppliers for the right products that we already have so in that way it is very quick to set up and very efficient in the beginning.