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Helen Kopnina ^a

^a Haarlem and Fashion Institute, The School of Economics , The Netherlands

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Family Matters? Recruitment Methods and Cultural Boundaries in Singapore Chinese Small and Medium Enterprises

HELEN KOPNINA

The School of Economics, Haarlem and Fashiön Institute, The Netherlands

ABSTRACT *Singapore official discourse speaks of (Chinese) families as both cultural and economic assets and as vestiges of national identity. Chinese families are often described in traditional terms, namely as patrilineal, patrilocal, patriarchal and clearly hierarchical. In Singapore official discourse, the historical success of traditional family businesses is presented as a unique ethnic and national characteristic. Simultaneously, the Singapore state claims to be 'modern', 'Western', and 'cosmopolitan', allowing little space for 'parochial practices' and 'archaic traditions'. Either praised or looked down on, family businesses occupy an ambiguous position within the 'traditional' and 'modern' discourses of the Singapore state. This article supplies the evidence of changing family and business relations in Chinese–Singapore firms. Three major factors are isolated that influence Singapore attitudes towards family businesses: Chinese culture, globalization and the logic of developing capitalism, and the role of the Singapore state.*

KEY WORDS: Chinese enterprise, family businesses, guanxi, ethnicity in organizations, Singapore SMEs

This study, based on the research conducted on fifty Singapore Small and Medium Enterprises, aimed to explore divergent discourses of tradition and modernity both at official (national) and informal (local) levels. In these discourses, Chinese culture is viewed in opposition to Western notions of professionalism and modern management. In both official and informal discourses, Chinese culture is essentialized, being either elevated by its association with the centuries-old tradition of the work ethic, loyalty, and continuity, or stigmatized as being old-fashioned, restrictive and backward. Discourse on Chinese culture creates a symbolic boundary between indigenous and historically continuous *culture*, and imported new *modernity*. At times, the modernity discourse appears to negate the culture discourse, at other times the one is used to support the other, redefining the boundary between the old and the new, foreign and domestic, national and local.

The redefinition of symbolic boundaries produced by official and informal discourses is the focus of this study. Relating the question of boundaries to a concrete example of hiring practices in Small and Medium Enterprises, the question

Correspondence Address: Helen Kopnina, Van Linschotenstraat 41, 1013 PL, Amsterdam, The Netherlands.
Email: alenka1973@yahoo.com

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will be asked what effect Singapore discourses on culture and modernity have on recruitment practices within family businesses? Perhaps more prosaically, we shall inquire whether Chinese–Singapore business owners, managers, and workers practice what they preach.

Symbolic boundaries are closely linked both to discourses of modernity and tradition, and to national (Singapore) and ethnic (Chinese) discourses. In Singapore, it will be argued, ethnicity (Chinese or otherwise) plays an important albeit officially low-key role. Boundaries between, for example, non-Chinese Singapore workers and the Chinese–Singapore may be delineated by certain social practices (such as exclusion politics dictated by the purported values of family loyalty and attempts at social cohesion) or structural hierarchies (such as the rules of promotion and demotion, as well as the positioning of non-Chinese staff within companies). Such boundaries are also experienced between non-Singapore managers and workers and their Singapore co-workers, business partners or competitors. While official state discourse praises ethnic and cultural diversity and fosters ethnic integration within Singapore, informal discourse negotiates diversity and integration by redefining ethnic and cultural boundaries. This is not just an informal negotiation but the type of discourse that translates into concrete action of recruitment practices. In practice, the essentialized notions of culture and ethnicity are used to serve the recruitment practices most suitable to the structural needs of the company.

Although the vast body of literature on recruitment and succession in Small and Medium Enterprises all over the world will not be examined, since such a comparison would fall outside the scope of this paper, it is crucial to note that the question posed above fits within the body of literature concerning recent economic and social changes effecting Small and Medium Enterprises all over the world. The implicit set of questions, stemming from the inquiry, relates to the debated significance of culture in the modern world. Does Chinese culture (expressed through, for example, traditional family hierarchies or the proverbial work ethic) matter in modern Singapore Small and Medium Enterprises? What is particularly Chinese about Singapore family firms? Although it is tempting to ponder whether the purported trend towards the ‘modern ways of conducting business’ found among family businesses in other countries is reflected in the case of Singapore Small and Medium Enterprises, this article is limited to the Singapore situation, leaving the task of worldwide comparisons to others.

The choice of focusing on Singapore arises from an attempt to delve into an emic perspective of the official and informal discourses, in order to contribute new data to the question of whether local cultures are still responsible for shaping the recruitment practices of family businesses in the modern era. In conclusion the results of this research are examined to find whether there has been a change not necessarily specific to Chinese or Singapore, but to the larger pattern of the evolution of family businesses.

Theoretical Framework

This study addresses three aspects of recruitment practices in Singapore Small and Medium Enterprises: the historical role of the state, Chinese culture, and globalization trends.

The dominant role of the state in the social and economic life of Singapore has been widely discussed (e.g. Dahles, 2004; Murray and Perera, 1996; Puru Shotam, 1998; Tay Kheng Soon, 1994; Yeoh and Willis, 2004). This paper untangles the issues associated with state dependency and the heritage of mistrust engrained in Singapore entrepreneurs. As I have argued elsewhere (Kopnina, 2004a; 2004b), both the official discourse of the Singapore state, and the informal discourses of owners and managers of Singapore Small and Medium Enterprises, reflect the persistent belief in the strength of culture and tradition (be it national, Singapore, or ethnic Chinese) and simultaneously show an acute awareness of modern or global trends. In the conclusion, the question is addressed as to whether Chinese culture, the heritage of Singapore state's policies, or the structural changes brought about by modernity has a greater effect on recruitment processes in Singapore family businesses.

Methodological Background

The data was gathered between April 2002 and April 2003 from fifty selected Small and Medium Enterprises. Over 60 per cent of them could be classified as family firms, defined as having two or more family members in the ownership and/or top management positions.¹ The data was based on opinion surveys as well as interviews conducted among the owners, managers, and workers of selected firms. In the case of seven (mostly manufacturing) firms, the case-study approach was used, with in-depth and open interviews as well as participant observations (that sometimes involved participating in professional as well as social after-work activities). These case studies were conducted among companies that were most representative of the sample of 50 in terms of size, work-force composition, type of industry and years of operation.

Most of the companies were Singapore–Chinese owned (foreign owners in the sample were from Malaysia, Taiwan, Hong Kong and China, and were all ethnic Chinese). The firms were located and contacted by a Mandarin and Cantonese-speaking research assistant.

The selected firms represented different sectors of the economy. The sample roughly reflected national distribution: the majority of the companies firms were electronic parts producers, followed by traditional manufacturers and producers of food and clothes, for example, and finally service firms. Most businesses had between 10 and 50 staff members with owner-managers and little or no middle management (particularly in the case of 'family firms').

More than half of the companies in the sample were in the middle of their business life cycle and were either currently developing or growing. Four out of seven case studies were conducted among the 'maturing' firms that strived towards expansion, professionalization and continual growth. In the sample, only two firms were at the end of the business life cycle due to lack of successors.²

Small and Medium Enterprises were selected rather than multinational corporations (MNCs) or government-linked-organizations (GLCs) as Small and Medium Enterprises in Singapore are largely understudied. Also, Small and Medium Enterprises are widely considered to be the vestiges of 'traditional' businesses. The intention was to examine how national official discourse reflects

on such 'traditional vestiges' and whether, in a larger sense, one can speak of 'nationalization' or even 'globalization' and 'westernization' of local firms. Caution is necessary, however, in not conflating Chinese culture with traditional values and to imply that transnationalism, at least as experienced by (Chinese) Singaporeans within the studied Small and Medium Enterprises, is modern or Western. In the sample of Small and Medium Enterprises, over 80 per cent of the (Chinese-owned) firms were serving external markets (most cases involving Malaysia.³)

Most of the interview samples used in this study stem from the seven case studies and initial interviews with other firms conducted prior to survey research. Survey research results were used to make certain generalizations about social patterns, trends, and opinions among the fifty selected firms.

Policies of the Singapore State and Small and Medium Enterprises

Colonial and immigration history played a significant role in both the social and business development of the Singapore state (Carruthers, 2003; Cheng, 1985; Visscher, 2002a). The beginnings of family business in Singapore can be traced back to the 1920s, surviving the civil wars and the Japanese invasion of China in the 1920s and 1930s. Young immigrants were forced to take the most unpleasant jobs after the war to survive the poverty and to take control of their own lives (Poon, 1997: p.1).

Experience of travel and transference cast strong economic overtones on the way Singapore identities were historically constructed. Early Chinese immigrants to Singapore had to leave their locus of identity and culture to live in the land of modernity and opportunity (the latter being seen primarily in economic terms). However, Chinese immigrants also sought stability in the new life of change. Family, speech group, and native village connections, were all tools used to organize social, cultural, and business life (Chew, 1988; Visscher, 2002b).

The advent of the Singapore state in 1965 brought an extra dimension to the ambiguous relationship between family and modernity. On the one hand, it introduced meritocracy and the principle of exclusivity, and necessitated a certain business discipline. Developmentalism (translating the industrial ambitions of the Singapore state into a national rhetoric) became a state ideology. For over four decades, the Singapore state led by Lee Kuan Yew discouraged domestic entrepreneurs from developing, favouring large state and international enterprises instead. Family businesses were discouraged from participating in the Singapore economy and were presented as archaic, unprofessional, and essentially non-modern. Since the 1960s small and family businesses have been largely left on their own, receiving little government support and being stigmatized by officialdom. This resulted in the hiring practices used by such businesses which reflected the limitations that such marginalization imposed. The emergent generation of foreign-trained professionals with 'class-resources' was simply not attracted to the prospect of working in the small and family businesses. This essentially implies that although family businesses hypothetically might have *wanted* to hire professional staff, their ability to do so was largely limited (Cheng, 1985; Menkhoff, 1993).

In recent years, the People's Action Party in government has tried to rectify this situation by rhetorically praising the small and family businesses and, at least officially, attempting to stimulate the growth of domestic enterprise (Dahles, 2002; Tay, 1994). These attempts translated into policies and loans targeted at encouraging development and growth of promising domestic enterprises. Simultaneously, rhetorical praise of Small and Medium Enterprises as the backbone of Singapore economy has elevated domestic enterprise to the level of nationally essential economic components. Once again, it was the Singapore state and not the 'natural evolution' of family business or even the forces of globalization that was responsible for the changing role of Small and Medium Enterprises in Singapore economy (Kopnina, 2004a).

The extended kinship in the Singapore state has cast a shadow over the practices, including recruitment strategies, of most Singapore Small and Medium Enterprises. The proverbial image of the Singapore state as a 'Big Brother' extends the kinship metaphor casting the government and its agencies as senior members of a close family (Murray and Perera, 1996; Puru Shotam, 1998). Singapore national identity is a truly impressive national project involving creation of a nation with:

'One people' belonging to 'one place' and associated maneuvers to secure political legitimacy, build ideological consensus, discipline its industrial workforce and mould the consciousness of its new citizens (Yeoh and Willis, 2004).

In a provocatively witty article titled 'I not Stupid', based on the analysis of a Singapore film by the same name, Yao Souchou explores the allegory of the film, particularly the image of a teenager's mother as representing the People's Action Party-State (Yao, 2003: p. 6). Yao goes on to identify different family members appearing in the film as allegorical representatives of political institutions. For example, there is the defiant daughter who 'shows up the tension of the costs and rewards of citizenship':

Some will no doubt recognize her as speaking for those Singaporeans who, emboldened by education and economic mobility, are demanding greater personal freedom and political expression; she may even symbolize the opposition parties. Having a mind of her own, she constantly comes up against her mother's interfering ways. (Yao, 2003: p. 7).

The metaphors of the Singapore state as 'paternalistic' crop up constantly both in official and unofficial discourses, leading one to believe that the 'family of citizens' inhabiting Singapore, has recreated the structure and hierarchy of the traditional Chinese family (Yao, 2003).

As will be argued, Singapore takes care of its own 'children', relieving them of the burden of using traditional means of family or extended network support systems, such as *guanxi*. In fact, Dahles (2002) argues that the government itself is part of the personal *guanxi* network used by Singapore company owners.

This leaves traditional small family businesses in Singapore in an ambiguous position of being both ‘taken care of’ (at present) and yet having the memory of being ‘left on their own’ for almost half a century.

The typical Small and Medium Enterprise is run on a shoe-string, a fact that makes it easy, from the corporate viewpoint, to be dismissive of such enterprises. The danger is that this attitude is self-validating: it leads to the creation of a permanent underclass. Yet, this need not and should not be so. It is often the small activities that provide the variety and spice of life in any culture. The *char kway teow* sellers and the *karung-guni* men have and still do contribute much to the glue that defines Singapore. The *karung-guni* men should be given a national award rather than be looked down on as an underclass (Tay, 1994: pp. 161–162).

Despite recent attempts by the government to foster domestic enterprise, trust in government funding and support is still minimal and entrepreneurs often have to rely on themselves or on their informal contacts to start up their own business. These informal contacts are often family members, who have poured most of the money into starting a company. However, on the basis of gathered evidence, it appears that as soon as the Small and Medium Enterprise became more successful and accumulated some assets, it disposed of most of the family members in the company and continued with the more ‘professional’, that is formally recruited, team (Leung, 2004). It may well be argued that the ‘family dependency’ of the early Chinese immigrants in Singapore was substituted by ‘state dependency’ (Dahles, 2002).

Yet state dependency did not ‘cover’ those who did not play at the ideology of developmentalism and modernity. Traditional or small-scale (often family-owned) businesses felt left out of the grand state design; they found themselves overshadowed, and yet unnoticed, by the legislators and policy-makers. The heritage of mistrust and the practice of self-reliance were reflected in the interviews with most of the Singapore firm-owners and managers. The overwhelming feeling expressed by the interviewed (and particularly observed among the seven case study firms) was that of self-reliance. From the time the start-up capital was required to the time the firm reached the mature stage of its business life cycle and needed to hire more professional staff, the firm owners and managers testified to having to use their own resources – whether family savings or personal and professional networks. Although some 40 per cent of the selected firms testified to using ‘modern’ or ‘professional’ hiring practices (Internet or newspaper advertising, headhunting, etc.), in practice many did end up hiring staff known through family, friends, or former co-workers. More concrete examples of these practices will be discussed in the following sections.

Yet it would be wrong to assume that the rhetoric of the official discourse does not find resonance in informal discourse of the Singaporeans themselves. The continuing efforts of the Singapore state with regard to regionalization echo in informal discourses:

We note that the rhetoric of ‘going regional’ as a means to securing economic progress into the next century and the need to cultivate a more entrepreneurial spirit given its lack is well accepted among

Singapore. In this one respect, Singapore seemed to have imbibed the language supplied by state managers (Yeoh and Willis, 2004).

Singapore firm managers and owners, despite their mistrust of the government, reflected that they understand and 'go along with' state policies as such policies can actually be helpful in rectifying mistakes of the past, by allowing a domestic enterprise to prosper by including it into the 'global economy'. The manager of a pet-food company remarked that while he is generally mistrustful of the government's policies, he does not doubt that the recent efforts with regard to the regionalization of smaller businesses would have a positive effect on his business in particular. An electronics company manager saw the Singapore state as propelling its national economy, including small businesses, into the modern era.

Modern Chinese Culture

In the previous section, it was established that the Singapore state has had a large effect on the way domestic entrepreneurs view and run their business. But the state is not the only source of influence on small and family firms as Singapore certainly is (and eagerly wants to be) part of the global economy. In this case, the official discourse is reflected in the informal one, and the boundary between the state and the people is seen as diminishing by the common goal of modernization.

The boundaries between national and transnational, local and global are said to be constantly negotiated and shifting (Stacul, Matsou and Koprina, 2005). In modern states, cultural, political and economic factors are interrelated, balancing the power of the state, of the force of tradition and culture, and the global forces of international capitalism.

Within a state, cultural traditions and values influence the way politicians, business people, workers and consumers think and behave, while political authorities lay down the legal and regulatory framework in which business transactions are conducted (Kelly and Prokhovnik, 2004: 89–90)

So far, only the role of the Singapore state in the lives of Singaporeans has been considered. Consideration will now be given to the effect of culture and globalization on hiring practices within Singapore Small and Medium Enterprises:

In current social studies, criticism of 'culture' is triggered by the realization that 'cultures' are neither homogenous nor closed; that reified and essentialized notions of culture are outdated. Alvesson (2002) summarizes cultural fallacies as trends to reify, essentialize, unify, idealize, consensualize, etc. culture. Gupta & Ferguson (2002) also argues against rigidity of 'culture difference' terms, proposing that differences are constructed by anthropologists and policy makers, who appropriate anthropological concepts of 'culture' and feed them into the 'repressive ideological apparatus of immigration law and popular perceptions of 'foreigners' and 'aliens' (Gupta & Ferguson, 2002). Yet, culture did exist in its distinct form and is still viewed by most as linked to heritage, history, roots and the very essence of who one is today (Koprina, 2004). Translated to the Singapore situation, the belief in Chinese culture as a cornerstone of morals, values and beliefs is consistent with the historical presentation of culture terms.

Historically, Chinese families were described in 'traditional' terms, as a voluntary association of co-equals, patrilineal, patrilocal, and patriarchal (Hefner, 1998: p. 13). Chinese business' traditionalist view is closely interlinked and with families (Hamilton and Kao, 1990; Cheng, 1985; Wong, 1985; Ong, 2002; Dahles and Wels, 2002). Evidence originating in countries ranging from mainland China to Taiwan and Europe, the Chinese, whether in their own country, as a diaspora majority or a minority, are said to follow a similar pattern (Castells, 2000: p. 193).

Chinese capitalism is often referred to as 'network capitalism', combining Confucian values (particularly in reference to gender and age hierarchies within the families) and *guanxi* (Castells, 2000; Dahles and Wels, 2002; Menkhoff, 1993). These networks support what Redding (1990) calls 'indigenous capitalism', a model of Asian business different from the Weberian dichotomy between the Protestant West and the Confucian East, dependent on family networks together with Confucian values comprising an alternative to the Western capitalist model. It is thus implied that modernity in a sense of 'modern capitalism' is not challenged but goes hand in hand with 'traditional' Chinese culture (Kotkin, 1993). Applying this logic to Singapore businesses, we also discover that a particular formula of 'Chinese capitalism' combines both 'modern' and 'traditional' elements.

Another example of cultural patterning, still present in Singapore today, is the practice of traditional Chinese *guanxi*. Families, friends and firms, termed an F-connection by Ben-Porath (1980), are said to be present in countries with a significant Chinese population. Chinese *guanxi* extends beyond family connections, and includes networks of former colleagues, friends, people from the same village of birth and even people with the same last name (Hefner, 1998; Su et al., 2003). *Guanxi* is different from certain canons of Confucian values, which are based, among others, on responsibility for the elders and hierarchies between families, and involves a system of reciprocal relations (Redding, 1990).

The concept of *guanxi* has been critically examined and re-defined since the 1970s; while its entire usefulness has been questioned in the 1990s, switching the attention from the question of what *guanxi* is to why it is needed in the first place (Luo, 2000). Alternatives to *guanxi* or variations thereof were offered, promising to include political and economic, not just ethnic or cultural aspects of it. Luo (2000) asserts that the role of *guanxi* in Chinese businesses is still important for the functioning of Chinese firms across South-East Asia. He makes a distinction between blood-based and socially-based *guanxi*, arguing that while the former is more sensitive to the development of institutional law enforcement and is likely to decline, the latter form will persist. Tan (2000) speaks of political *guanxi* which substitutes an essentialistic and timeless idea of a Chinese network with a more instrumental and opportunistic one. Political *guanxi* can thus be strategically used and is sensitive to the changing cultural and social context.

In a recent study of Malaysian Chinese Small and Medium Enterprises, Zwart (2003) asserts that the role of *guanxi* has largely diminished in modern times due to a set of capitalist and political imperatives. However, a similar study of Singapore and Chinese Small and Medium Enterprises and patterns of foreign investment conducted by Dahles (2003), demonstrates that *guanxi* is far from extinct at both individual and organizational levels of operation. In a provocative

article about family, citizenship and capital circuits among the overseas Chinese, Ong provides a challenging view of *guanxi* as a negative and indeed violent institution that erases collective complexity over relations of domination and exploitation.

Misrecognition of business *guanxi* as basically a structure of limits and inequality for the many and of flexibility and mobility for the few is part of the ritual euphemization of ‘Chinese values’, especially among transnational Chinese and their spokesmen (Ong, 2002:177).

Guanxi is a largely relational concept, involved in the formation and functioning of ethnic networks, related but not necessarily identical with those of family businesses. Benton and Gomez (2001) address the issue of ethnic networks inside family firms, reflecting on the debate about strategic use of ethnic networks and its use as an information source within business networks (Bhopal, 2001). They particularly ponder whether Small and Medium Enterprises can be said to be the repository of the ‘tribal’ values imputed to ethnic Chinese business and the site of family-based ownership and intra-ethnic co-operation, or if they are, as Singapore Small and Medium Enterprises are said to be, lacking in ‘ethnic style’ (Benton and Gomez, 2001: 20). Menkhoff (1993) asserts that *guanxi* is still very much used in Singapore, and as in China, is based on *xinyong*, personal trust.

Based on the case study of a successful food-producing firm, Leung (2004) has discovered that family employment diminishes over time. She has also found out that most of the SME managers, who still hire new employees on a personal basis or through word of mouth, prefer to use their business network, which largely consists of former colleagues, and study-time friends, rather than family members.

I have discovered a similar pattern in my own sample, as in the ‘personal hire’ category, former business associates were mentioned before categories of family members and friends. It is interesting to ponder whether this could be seen as a departure from the ‘traditional’ domain of personal hires??, or as a compromise between ‘modern’/‘professional’ and ‘traditional’ hiring strategies.

However, most of my Singapore Chinese respondents were adamant in asserting that the role of *guanxi* in Singapore in general and in their firm in particular is minimal, and that reliance on personal networks diminishes by the year, caused by the increasing success of the business. Although over 60 per cent of the firm owners admitted to the initial use of *guanxi* connections for starting up the firm (including non-family members and most remarkably in my sample, former colleagues from businesses – sometimes MNCs – the founder(s) of the SME were previously employed in), very few of them admitted to involving such connections at the progressive stage of the firm’s development.

Curiously, this evasiveness did not apply in the case of hiring former colleagues. My respondents explained their decisions to hire former business associates by suggesting that since they knew these individuals professionally, valued their skills and were used to working with them, the choice of hire was not based on familiarity and favoritism, but on the candidates’ professional qualities. The same logic applied to hires ‘by recommendation’ of former colleagues or (business) study-time friends. In other words, if family members, friends, or individuals from the same neighborhood were hired at the start of the business, as in the case of the start-up capital, these individuals were later

regarded as 'residual' and no new recruits from such a personal network were hired. 'Professionalism' was thus equated with hiring candidates with necessary qualifications and skills, the fact that these candidates were personally known to the employer was only said to be important in as far as it was proof of the candidates' professional ability. One of the managers of the computer parts manufacturing firm referred to his business network as his 'private CV bank'. He has also emphasized that at the stage of expansion when he needed new employees he has as readily used 'CVs from the outside' (external advertisement and candidate's interviewing). Hiring former business associates thus appeared to be a compromise between 'traditional' and 'professional' practices: still *guanxi* but with a 'modern' and 'professional' twist to it.

Globalization and Modernity

Culture and identity have, it is argued, become fragmented, hybrid, and, generally, extremely complex and implicitly unmanageable in the presumably new world order characterized by the condition of globalization and transnationality (Bauman, 2001). Vertovec (2003), relying on Portes et al. (1999), defines transnationalism as a set of sustained, border-crossing connections, arguing that movements of the migrants and the networks they had built a hundred years ago, were not truly transnational in terms of 'real time' social contact, 'rather, such earlier links were just border-crossing migrant networks that were maintained in piecemeal fashion as best as migrants at that time could manage' (Vertovec, 2003: p. 3). However it is defined, transnationalism has also inspired theoretical debates on culture, implying that people have not only become more mobile and connected to countries other than their own, but have, as it were, stripped off certain constraints of culture and become 'transcultural'.

It can be argued that the modern era has caused an unprecedented shift in given culture, causing a drastic alteration of traditional norms and values, and so modern day Singaporeans have been affected by Western ideas that influence family structures:

Ties with the extended family may not be close. Some younger Westernized Singaporeans might grow up and pass relations and cousins on the street, never knowing who they are. They might see each other only at weddings and funerals when they are young, and later, perhaps not at all (Craig, 2001: p. 51).

In the traditionalist debate, the family is seen as a cornerstone of Singapore (Chinese) values. Generalized 'Asian characteristics' were used as a necessary 'cultural ballast' to support economic strides whereas the family was seen as a 'lightening rod for individualism' (Visscher, 2002). Modernity (as an economically inspired manner of organizing business) is thus as much part of Chinese business as is family. Dahles (2002) also argues that modern Singapore Small and Medium Enterprises are a continuation of family businesses, as many of them combine capital input of the family at the initial stages of their development with that of the capital derived from a diversity of other sources, such as government and foreign funds. These findings are supported by Leung's (2004) and this author's research data. Dahles (2003) speaks of hybrid or negotiated

forms of doing business, combining two or more cultural styles and developing business practices derived from both 'traditional', 'new', and 'hybrid' domains.

As Yeoh and Willis (2004) argue, Singaporeans are often balancing between the state pull towards regionalization and internationalization, and viewing Singapore as a 'home' in which culture and national history stand for what Singapore is really all about.

This divided sentiment is shown in the interview with the manager of a traditional food producing firm who reflected that although he appreciates the government's efforts to globalize domestic enterprise, he sees his own produce (primarily fish balls) as particularly well-suited to local taste. This, he contends, is 'what Singapore needs – a local product and if the international market needs it – that's a side benefit'. The manager further remarked that he prefers to keep his firm small and not hire any 'outsiders' because he sees his firm's mission as serving the domestic market that trusts the 'local producers'. Incidentally, the interviewed manager started his firm as a small family business and felt it most suited to 'keep it this way' in the face of what he saw as 'global competition'. 'At least Singaporeans like our fish balls', he concluded.

Another manager of a musical instruments firm reflected that the 'modernity' praised by the Singapore state is, 'naturally, part of our business'. However, he added, his own business remains part and parcel of the Singapore economy as it produces 'what Singaporeans will always buy'. This manager felt the need to attract international (and non-Chinese) staff in order to 'inform him about the ways [foreign] competitors do their business'. He further emphasized that such foreign staff has to be highly qualified to be able to add to the functioning of his (proudly termed) Singapore enterprise. Foreign employees could also help his firm to 'go regional', the manager reflected, by extending his, currently, weak international networks. Particularly non-Chinese employees, he felt, could contribute to the internalization of his firm as they are 'used to doing things in a different way'. When asked what he saw as the Chinese way, the manager stated: 'Well, it's hard working. . . But it's also Singapore, modern, doing things in new ways. . . Chinese in Singapore are adaptable. . . Whatever brings their firm wealth'.

Returning to the original question of this article, it appears that the official discourse is interpreted and adopted but also critically evaluated by Singapore firm managers. Modernity and internationalization – yes, but not without taking on the essentials of Singapore or Chinese culture. Particularly in the last extract, we see that unofficial discourse can conflate the notions of modernity and nationalism derived from official discourse and fit them to the particular practical needs of the firm.

Problems of Succession and Recruitment

Ong (2002) argues that the global relations of capitalism might have erased cultural distinctiveness. According to Redding's theory of indigenous capitalism, we note that transnational capitalism, be it 'indigenous' or Western, is defined by the universalistic form of what Ong terms 'flexible accumulation'. She defines flexible accumulation as an 'endless capacity to dodge state regulations, spin human relations across space, and find ever new niches to

exploit' (Ong, 2002: p. 191). This 'new' form of capitalism can well be responsible for the disintegration of traditional elements of Asian or indigenous capitalism, namely traditional families and business networks. Within businesses, this means that traditional hierarchies and rules of succession change to accommodate a form of universal capitalism independent of its indigenous origin. Problems of succession may arise from the susceptibility of family business to financial crisis (Morris, 1989), the lack of interest or ambition of the successor (Shelly, 1992), and unwillingness to accept responsibilities and sacrifices required by the transition in terms of change, trust, and communication (Farkas, 1991).

Many authors note the break with the tradition of generation successions in Chinese family businesses (Menkhoff, 1993; Luo, 2000; Poon, 1997; Leung, 2004). Poon (1997) identifies a number of such problems, specific to Singapore, namely problems of inexperience, disinterest and stress due to sibling rivalry and the responsibilities connected with being an heir to leadership in a family business. Throughout my interviews, examples of (founding) fathers complaining of their sons' inability or unwillingness to continue the family business abounded. However, while most of these fathers sounded disappointed with their sons' decisions, some also expressed their pride at their sons' ability to choose their own path, to be independent and to accept the risk of the unknown. One manager of a plastics manufacturing firm commented:

When I was a young lad, it was expected of me that I'd follow in my father's steps . . . My father had a business in agricultural products, and when I took over, I decided to introduce new products and technologies, something my father disapproved of. He saw it as a departure from his own path, he thought I was pretending to be smarter than him. His disapproval became increasingly offensive as my profits grew and I expanded into even more innovative products, completely departing from his original plans. He practically disowned me when I expanded into Malaysia, he thought I became arrogant and did not respect him, that I wanted to prove how much better than him I have become. . . Now, my own son's gone to the [American] college and he's studying agricultural sciences – my father would have been proud of him! The thing is though my son wants nothing to do with my business, in fact he wants to stay in America and teach at the university [where] he's studying now! And what do I say? Do I feel hurt or threatened by my son's ambition? Do I urge him to come back and take over the business? No, I'm proud of the fact how far he's gone! Nobody in my family had a real education. . .⁴ *

In this interview, the father went on to argue that even if his son was to continue working for his business, he would never do the same as his father or grandfather. Rather, he would use his newly acquired knowledge to develop even better technologies and conduct his business in a more 'professional' manner. My respondent clearly saw a progression from the simple form of what he termed 'dumb imitation' of the original owner to innovation brought forth by

accumulated knowledge of the successor. When asked whether he found it a pity that his business would not continue and prosper after him, my respondent answered that it would not be his business in any case. The respondent thus reflects on two related issues: an emotional one having to do with envy and a lack of understanding from the part of his own father, showing the limitations of the traditional hierarchical family model, and his own progress in terms of acceptance of his son's decision and his superior education. In both cases, he seems to view tradition as an impediment to personal and professional achievement.

Another (founding) father, the head of a successful electronics company, had a more negative view of his twin sons (who were working abroad), who were refusing to take over the firm. He referred to them as 'lazy', 'afraid of responsibility', and 'unwilling to carry the banner of family tradition'. This manager strongly identified himself with his business and saw his sons' departure from it as a personal insult. Tradition was thereby broken at both family and business levels, which caused my respondent to feel ashamed by his sons' decisions. Curiously, the manager referred to his sons as 'leavers', a term officially used by the current Singapore government to describe Singaporeans who have left their country to work and study abroad. 'Leavers' are contrasted with 'stayers' and described as social and cultural deserters, thus essentially as 'non-Singaporeans'.

Second to the problem of succession, the problem of recruitment has arisen. The latter is closely related to the question of whether family members are seen as an asset or a burden to the business. More precisely, the problem is related to how 'traditional family' is generally viewed. Throughout the interviews, respondents complained about conflict and strife between family members. Hierarchies between the sexes and generations were often openly challenged, sometimes with explicit reference to 'Western ideas'. Some (male) firm managers proudly introduced their female and/or younger assistants (as well as foreigners), stressing the fact that they 'occupy a very important position' or 'serve a highly responsible role' within the firm's hierarchy. These demonstrations were normally associated with proclamations of 'how things have changed' or how (business) culture has progressed. It was remarkable how self-conscious and reflective most respondents were and how guardedly the desired (politically correct) image was conveyed to the interviewer.

In a self-conscious reflection, the music equipment manufacturer manager casts family business in a category of discarded traditions, known both in the East and West.

You might have had family businesses [in the West] before. Italians are still working with families. But it's not done any more, as in the long run, families provide more obstacles to the business than profit *

Ironically, the same manager later admitted (being confronted with an observation after the interview with one of his associates) that he himself employs his in-laws, arguing that 'at least they are not my direct family'. Apparently many owners and managers of the firms either reluctantly admitted to the presence of, or underplayed the role of family members in their firms. They did not seem to feel comfortable with something that they saw as a remnant of the past or something

that could be interpreted as nepotism or favouritism, all inconsistent with the notion of the 'modern business'.

Those who admitted to having family members currently working for the firm often felt compelled to explain this in terms of a (usually financial) necessity and was reassuring that as soon as the business conditions improved, 'modern' recruitment methods would be used. Over 70 per cent of the family firms reported using Internet and newspaper advertisements to hire new staff. Almost all the firms in the sample said that they started off by hiring through personal networks and by word of mouth and later progressed to more 'professional' channels. Reasons given for that had to do with financial pressures and needs of the growing firm to hire increasingly higher qualified staff. Only 25 per cent of the company owners admitted to still wanting to hire family, friends, or former colleagues.

There is ample evidence that this situation occurs in most small and family businesses in the growing economies – but that is a question that needs to be addressed in further research.

Conclusion

As mentioned earlier, Visscher (2002) argues that the ambiguity between modernity and tradition was present from the beginning of the Singapore nation and predates the development of Singapore. Yet, a trend also seems to be developing that goes beyond historical continuity, having to do with the unprecedented advancement of Western business morals and mentality. Most of my respondents showed that they were aware of 'how things are done in the West' and felt somewhat uneasy about their own 'indigenous capitalist' (using Redding's term again) model. Problems with succession in Singapore businesses identified by Poon (1997) (inexperience, disinterest and stress) were still present. Conflict between family members, counter-productive to economic success is found throughout Chinese family businesses in different countries of the Chinese diaspora (Ahmad, 2003; Benton and Gomez, 2001), were apparently just as strongly felt in Singapore.

We have seen that families have an ambiguous place in Chinese Singapore Small and Medium Enterprises. On the one hand, the 'traditional' element of family presence within business is praised and honoured, on the other hand, it is also seen as archaic and embarrassing. Family presence is clearly experienced as going against the 'modern', 'cosmopolitan', 'international', and 'Western' grain of Singapore identity (Thompson and Tambyah, 1999). Paradoxically, however, part of Singapore's national identity is closely linked to ethnic (that is, Chinese) identity, as well as purportedly accepting all cultural forms (even 'archaic' ones) and seeing its comparative advantage in business in the flexibility of such identity. Singapore Small and Medium Enterprises are caught between dreams of success (often equated with growth and expansion and praised in official discourse and rankings) and realization of their comparative advantage of being self-sufficient, flexible, adaptable and based on centuries-old principles of trust and reciprocity. Hiring practices and succession in Singapore Small and Medium Enterprises reflect this paradox as family involvement in business is seen as a source of both pride and shame, as an expression of a lived culture and an outdated system of organizing business. Be it extended kinship allegory of the Singapore state or the

centuries-old and honoured tradition of *guanxi* and culture of close-knit Chinese family values, the family of the modern Singapore state enters and leaves firms and businesses in a way unprecedented by previous generations. Shamed into rendering family members invisible to outsiders and yet relying on them as 'shadow supporters' or 'hidden beneficiaries' to provide a start-up capital or as actual workers, or praising their loyalty and ability to work harder than outsiders, family hiring remains an uneasy subject for Singapore employers.

Returning to Visscher's (2002b) point, it appears that both modernity and history still co-exist in the business life of Chinese Singapore. Just as its people are affected by ideas of tradition *versus* modernity and face challenges to traditional structures of power and hierarchy, Chinese culture in Singapore is affected by global trends. In fact, modernity and tradition may in this case be seen as closely interlinked; whereas the social structure of the firm may not be altered (by continuing the tradition of family businesses or generational succession), the function and orientation of the firm may be described as 'transnationalized'. The boundary between the old and the new, local and global, is continuously being renegotiated and redefined by social actors. Practices resulting from such negotiations are rationalized and vary according to the structural needs of the firm.

The heritage of mistrust of the Singapore government, whose official discourse has shifted through the decades from stigmatizing small and family firms to the recent praise of these firms as the backbone of the national economy, has had a deep impact on Small and Medium Enterprises' hiring practices. These effects are felt through the ambiguity of informal discourse (either reifying or downplaying the importance of traditional family enterprise) and the resulting practice of hire, which is actually dictated by a mix of economic necessities and cultural loyalties or traditions.

The influence of the Singapore state, however, should not be overstated, as Singapore Small and Medium Enterprises also grapple with the issues which confront all growing economies – globalization, transnationalism and general trends towards professionalization of small and family enterprises. Official discourse, emphasizing culture, ethnicity and tradition is also reflected in informal discourse, both serving to essentialize such notions. Essentialized Chinese culture (expressed through, among others, traditional family hierarchies and close networks of *guanxi*) is an acceptable term in both official and informal parlance. Chinese culture can apparently be used to explain changes experienced within Singapore Small and Medium Enterprises, even though these changes might have been caused by structural adjustments due to state policies or the forces of globalization. It may well be that the rise of global capital that can override specific national and cultural heritage and propel small and family businesses into the era of modernity experienced throughout the world. Nonetheless, Chinese culture remains an important term both in official and informal discourses.

The results of my research in Singapore may indicate the worldwide patterns of diminishing significance of culture and evolution of family-owned Small and Medium Enterprises in developing economies. This pattern, however, still needs to be tested against worldwide evidence. The question whether owners of Small and Medium Enterprises will continue to hire family members over time and whether family ownership will constitute a form of business succession, should be a subject of further research.

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Notes

¹ I am aware of various definitions of family firms but chose this one as it reflects the definitions found in most Singapore literature on Small and Medium Enterprises. By this definition, over 80 per cent of all Singapore Chinese firms are family firms.

² This could be due to a self-selection mechanism since the firms most willing to participate in my research were generally more successful or hopeful of future success than average.

³ This could also be due to the original selection criteria of my research, as I was primarily interested in Small and Medium Enterprises involved in cross-border trade with Malaysia.

⁴ A '*' indicates a direct citation of respondent's words.

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