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Social Capital and Business Networking: A Case Study of Modern Chinese Transnationalism

Hong Liu*

Abstract

This essay is an attempt to bridge social science theorizing and empirical research by looking at the margins and intersections of two closely-related socio-economic domains: Chinese business networking and transnational entrepreneurship. By employing the concept of “social capital” and situating it within the biography of a prominent Sino-Southeast Asian entrepreneur, it underscores the significance of social connections (including with non-Chinese actors) in the formation and sustaining of Chinese business networks in the global arena.

The closing years of the twentieth century have witnessed three concurrent and inter-related phenomena: the remarkable economic growth of East and Southeast Asia (at least until 1997); the significant contributions of (Chinese) business networks to this development; and the accelerated pace of globalization of Chinese business firms [McVey 1992; Hamilton 1996a; Gambe 1999; Yeung and Olds 2000]. Various interpretations have been advanced to explain the rapid ascendance of these forces and their role in shaping the future of the Asia-Pacific. Yet there seem to be no consistent units of analysis or effective theoretical frameworks that can link the social, economic, and political dimensions of Chinese business networks. Partly as a result of the lack of a comparative perspective and reliable data, the existing literature gives little attention to the extensive interactions between Chinese and non-Chinese actors and to the inner workings of Chinese transnational entrepreneurship. Some of the misperceptions and myths about Chinese essentialism have thus persisted or been reinforced. They tend to collectively portray the Chinese Diaspora as a culturally unique and behaviorally exclusive ethnic group, whose primary concerns remain primordial and inward-oriented toward their kinfolk, either in China or overseas; their business networks are considered to be characterized by informal, personal, and based upon family ties, with little or no institutional foundation [c.f., Liu 2000a].

This essay is an attempt to bridge social science theorizing and empirical research by looking at the margins and intersections of two closely-related socio-economic domains: Chinese business networking and transnational entrepreneurship. By employing the concept of “social capital” and situating it within the biography of a prominent Sino-Southeast Asian entrepreneur, it is intended to underscore the significance of social connections, including with

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non-Chinese actors, in the formation and sustaining of Chinese business networks in the global arena.

This paper is divided into four sections. The first discusses the concept of social capital and its relevance to business networking. After examining the forms and functions of social capital, as postulated by theorists such as Pierre Bourdieu and James Coleman, I suggest that social capital can be employed as an effective comparative tool in delineating the socio-cultural foundation of Chinese business networks. The second section is concerned with the perceptions of social capital (and its variations and attributes) held by Tong Djo (唐裕), a Sino-Indonesian tycoon residing in Singapore. I argue that the cultivation of various types of human relations (among both Chinese and non-Chinese) constitutes a key element in his social outlook. The third section focuses on Tong Djo’s social capitalizing practices by exploring the correlations between different layers of social networks and the operations of his transnational enterprises. The concluding section looks beyond this individual case by briefly comparing Tong Djo with other Sino-Southeast Asian capitalists. I conclude that Tong is a typical example of Chinese transnational entrepreneurs whose business philosophy and networking practices have been fundamentally shaped by their social outlooks and their strategies for employing social capital in expanding the horizons of transnational entrepreneurship.

This paper relies chiefly on two kinds of data for its documentation. The first consists of my own personal interviews with Tong, his personal correspondence, and his speeches at various functions.\(^1\) The second is composed of the existing scholarly work dealing with Tong and his business, and journalist accounts in the Indonesian, Chinese, English, and Japanese languages. It is hoped that this diverse range of source-materials will help portray a multi-dimensional individual and his socio-economic world in a more objective manner.

### Social Capital and Transnational Entrepreneurship

Although the term *social capital* was first used in the early 1960s, it was not until the 1980s that the concept gained increasing currency and entered social science polemics concerning human

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1) My numerous interviews with Tong Djo started in 1994, when I first met him while conducting my doctoral research on Sino-Indonesian relations. After coming to teach at NUS, I have conducted both structured and informal interviews with him, sometimes in a more relaxed environment (such as visits to Megawati and on the occasions of his hosting various Chinese delegations). Together they constitute a process of participatory observations, within which I have been a neutral observer. I also make use of some personal correspondence between Tong Djo and national/local leaders of Indonesia and China. The continuing sensitive nature of the ethnic Chinese issue prevents me from revealing the full contents of these correspondences and from quoting the names. They nevertheless provide background information essential to the writing of this paper. Unless otherwise indicated, all the following accounts are based upon my personal interviews, including those with Tong Djo’s eldest son, Melvin Tong who serves as the General Manager of Tunas Company and Chairman of Inno Pac Holdings Company, which is listed on the main board of the Singapore Stock Exchange. It should be emphasized here that none of them read or comment upon earlier versions of this paper.
interactions and their economic-political consequences [Portes 1998]. This section briefly surveys the definition, forms, and functions of social capital and delineates the theoretical links between social capital and business networks. This will serve as the conceptual framework within which my specific case is placed.

Social Capital: Definitions, Acquisitions, and Functions

According to Pierre Bourdieu, there exist three forms of capital: economic, cultural, and social, of which,

[social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition — or in other words, to membership in a group — which provides each of its members with the backing of the collectivity-owned capital, a ‘credential’ which entitles them to credit, in the various sense of the word. [Bourdieu 1986: 248–249; emphasis is mine]

Sociologist James Coleman further the study of social capital by highlighting its function and forms as well as the effectiveness of an actor-driven approach. In addition to the existence of financial, physical, and human capital, there is social capital, which is “embodied in relations among persons” and it is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors — whether persons or corporate actors — within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. [Coleman 1988: S98, S118; emphasis is mine]

Coleman suggests that social capital has three major forms: obligations and expectations, which depend on the trustworthiness of the social environment, information-flow capability of the social structure, and norms accompanied by sanctions [ibid.: S119].

Francis Fukuyama argues that social capital is “a capability that arises from the prevalence of trust in a society or in certain parts of it. It can be embodied in the smallest and most basic social group, the family, as well as the largest of all groups, the nation, and in all the other groups in between” [Fukuyama 1995: 26]. Political scientist Robert Putnam regards social capital as testifying to the critical level of trust among the members of a society that makes collective action possible. Lucian Pye points out that social capital builds upon the norms of civility (the rules that form a society) and denotes it as “networking and learning to work together on the basis of trust” [Pye 1999: 769].

It is evident from the foregoing discussions that social capital can be seen as an essential capacity of social networking, which is in turn based upon trust and the ability of working together within a specific social spectrum. How, then, does one acquire social capital? According to Bourdieu,
Fukuyama [1995: 26–27] makes the similar point by suggesting that the acquisition of social capital requires “habituation to the moral norms of a community and, in its context, the acquisition of virtues like loyalty, honesty, and dependability.” In other words, individuals simply acting on their own cannot acquire social capital, as it exists in the interaction processes of different (individual and corporate) actors. The acquisition of social capital is conditioned by the external environments: 1) “the closure of social structure,” which facilitates the trustworthiness of social structures that allows the proliferation of obligations and expectations; and 2) “the existence of appropriable and voluntary social organizations,” which aids the formation of social capital [Coleman 1988: S107–108].

Once formed and acquired, social capital can play a significant role in economic and political development. Bourdieu [1986: 253] points out that social capital and economic capital are mutually convertible, though the latter is “at the root of all the other types of capital.” Fukuyama [1995: 29] argues, “Social capital and the proclivity for spontaneous sociability have important economic consequences.” As a metaphor for a type of “public good,” social capital reduces a range of costs through social network-based trust, it is thus being equated with “social infrastructure,” which can increase economic productivity and has considerable positive externalities [Unger 1998: 14].

*Social Capital and Business Networks: Theoretical Links*

Because of its utilities and multi-dimensional applications, the concept of social capital has received increasing attention among the social scientists [e.g., Portes 1998; Jackman and Miller 1998; Dasgupta and Serageldin 2000]. A number of empirical studies using the concept have shed new light on related topics. For example, Lucian Pye regards social capital as “a powerful concept” for explaining Asia. “The amount of social capital amassed by a society sets the stage for the emergence of a healthy civil society, which in turn provides the dynamics for democratic politics” [Pye 1999: 764]. He contends that Overseas Chinese economic success in Southeast Asia has been significantly attributed to the fact that, in comparison with indigenous Southeast Asians, they possess a greater amount of social capital, including an institutionalized arrangement for ensuring mutual obligations such as *guanxi*. “The Chinese *guanxi* networks are powerful forces for economic relationships,” concludes Pye [ibid.: 776]. “In Indonesia, the bonding of *bapakism* can produce political stability but also [economic] stagnation.”

In a study of the impact of social capital on the political economy of Thailand, Danny Unger [1998] argues that there exist virtually two Thailands and that the ethnic Thais and immigrant Chinese have distinctive endowments in social capital. In comparison, the Chinese have higher level of sociability and social capital. Through active participation in the multiple levels of social networks in the transnational setting, the Chinese are able to overcome market failure and
to achieve rapid economic growth. “Their networks of cooperative institutions, bolstered by their minority status, helped them overcome the obstacles to business growth that stemmed from the weaknesses of the Thai state” [ibid.: 168–169]. In a World Bank Workshop held in 1997, there emerged a widespread consensus on the hypothesis that “social networks can affect economic performance” [Dasgupta and Serageldin 2000].

Can the concept of social capital be brought into the study of (Chinese) business networks? If so, how? To be sure, there are already plenty of solid studies highlighting the importance of trust and other attributes of social capital to Chinese business, leading some analysts to characterize Chinese capitalism as “guanxi or network capitalism” [Hamilton 1996; Hefner 1998; Tong and Yong 1998]. Nevertheless, there seems to be a tendency to essentialize guanxi; no systemic efforts have been attempted to employ social capital as a consistent unit of analysis or as a comparative tool for studying (Chinese) business networks.

On the theoretical level, the feasibility of incorporating the concept of social capital into (business) network analysis derives from the convergence of the two approaches in terms of their forms, acquisitions, and functions. Network analysis has been regarded as “one of the most promising currents in sociological research and a powerful new approach to the study of social structure” [Emirbayer and Goodwin 1994]. “By definition, a network is composed of a set of relations, or ties, among actors (either individuals or organizations). A tie between actors has both content (the type of relation) and form (the strength of the relation).” One of the two major network approaches views “networks as a kind of organizing logic, a way of governing relations among economic actors” [Powell and Smith-Doerr 1994: 368–370, 377; emphasis is mine]. This approach also highlights the fact that trust, mutual forbearance, and reputation may supplement and/or replace the price mechanism or administrative fiat. Another point of convergence between network analysis and social capital (as a strategy of investment) is found in the multiple logics of networking that requires extensive time and efforts: “Nor are networks created overnight; new relations must be grafted on to old ones, or exist side by side.” Seen in this vein, “Trust and other forms of social capital are particularly interesting because they are moral resources that operate in a fundamentally different manner than physical capital. The supply of trust increases rather than decreases with use; indeed, trust can become depleted if not used” [ibid.: 382, 385].

When viewed within the framework of a network approach, social capital provides a compelling tool for analyzing Chinese (business) transnationalism. 2) For one thing, it affords

2) A group of social anthropologists who pioneered the studies of transnationalism defines the concept as follows:

We define “transnationalism” as the processes by which immigrants form and sustain multi-stranded social relations that link together their societies of origin and settlement. We call these processes transnationalism to emphasize that many immigrants today build social fields that cross geographic, cultural, and political borders…. An essential element is the multiplicity of involvements that transmigrants sustain in both home and host societies. We are still groping for a language to describe these social locations. [Basch, Glick Schillier and Blanc-Szanton 1994: 6]
comparative conceptualization through which Chinese social and business networks can be fruitfully studied, thus avoiding the pitfalls of Chinese exceptionalism and Chinese essentialism that underline many existing studies of Chinese business practices [c.f., Dirlik 1997]. Indeed, as C. Wright Mills has convincingly demonstrated in *The Power Elite* [1956], the business networks he studied were maintained through interlocking board memberships, leading to a system in which a relatively small number of individuals exercised inordinate economic power. He also argues that the relatively small number of individuals in the United States who occupied top positions of corporate leadership maintained close relations to political leaders through intermarriage, clubs, and other social ties. Business influence over government came not through distant lobbying but through a shared worldview, informal personal networks, and overlapping roles [see also Haggard, Maxfield and Schneider 1997: 53–54]. On the other hand, the integration of social capital into business network analysis has some particular relevance to the study of Chinese business practices, which have long been influenced by a variety of links that transcend the boundaries between society and the economy. As Ambrose Yeo-chi King argues, Kuan-hsi (*guanxi*) is one of the two “key sociocultural concepts to the understanding of Chinese social structure” [King 1994: 109].

Compared with *guanxi*, however, social capital offers greater analytical power. For one thing, as an integral component of a social science analytical framework, it can be easily employed with a greater degree of comparative advantages and flexibility. The concept can be applied and tested in different social/ethnic settings. Whereas *guanxi* is often portrayed as a unique cultural phenomenon characteristic of Chinese societies, conveying with it a strong sense of Chinese exceptionalism. Second, while *guanxi* is frequently seen as “personal networks” [*ibid.*], social capital is all-embracing in that it incorporates institutionalized social networks, informal personal ties, and their socio-psychological underpinnings. In this sense, the concept of social capital — with its focus on the obligations, trust, and norms as well as its concerns over the dynamics and modes of socioeconomic operations — would constitute a critical unit of analysis to decipher the characteristics of Chinese business networking in the transnational setting.

It should nevertheless be pointed out that social capital does have its inherent limitations in explaining human interactions in non-Western societies. On the theoretical front, this concept is derived from Western social science tradition. In tune with a well-established tradition of legal protection for private property rights, it has been taken for granted that political influence can be acquired after one obtains sufficient economic capital. It is therefore not surprising that there is no place for “political capital” in the theoretical formulations of Bourdieu and Coleman. 3) They are more concerned with human capital, its variations, and accumulations, instead of its political and institutional underpinnings. This, of course, has been closely associated with the fact that Western industrialized countries have achieved sustained economic growth because of the existence of formal institutions and informal constraints based upon formal rules [e.g., North

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3) I thank Professor Wang Gungwu for bringing my attention to this important point.
Yet in many Asian (and Chinese Diaspora) societies, political power is essential for the obtaining and retaining of personal wealth, which has not been under formalized legal protection. In this context, kinship and native place collegiality in a Chinese society play roles “analogous to those played by law and individuality in the West” [Hamilton 1996b: 43]. Therefore, the accumulation and maintenance of political capital should receive greater attention. In addition, social capital theory has been fundamentally shaped by the Rational Choice theory [Hofferth, Boisjoly and Duncan 1999], which tends to (over) stress universal patterns of behavior over differences of place, history, and culture [to be sure, there are some major exceptions such as Putnam 1993]. To avoid these inherent pitfalls, it is necessary to balance the actor-centered approach with a socio-political institutional analysis. In other words, social capital formation and business networking should be seen as an ecological system that intimately integrates various economic and cultural variables, and we should consciously incorporate what Kenneth Arrow calls “the social system” into the study of economic transformation.  

As a practice, social capital has its downside. As sociologists Alejandro Portes and Patricia Landolt [1996] point out, there are three distinctly negative aspects of social capital: 1) “Conspiracies against the public” (the same strong ties that help members of a group often enable it to exclude outsiders, the “public” are all those excluded from the networks and mutual support linking insiders); 2) “Restrictions on individual freedom and business initiative” (the closely-knit community is tightly controlled by a few clans according to conformity, the press of obligations to family and friends routinely undermines business success); and 3) “Downward leveling pressures” (the inner-city youth gangs, for instance, are also social networks that provide access to resources and enforce conformity, yet it also prevents its members from entering the mainstream).

In sum, with its overriding concerns on socially constructed trust, social structure (norms and enforcement mechanisms), and on the integration of business and culture, social capital provides a convincing tool for studying Chinese economic activities in the transnational setting. In the Asian context, it can be effectively incorporated with the concepts of political capital and symbolic capital (discussed below) and linked with the conversion to economic capital. In other words, with a keen awareness of its limitations and contextualization, it can be used as a comparative and encompassing framework within which the total ecology of Chinese business is explored.

4) According to Arrow, all three elements of the social system are needed for the economic system to work: “the element of communication, such as codes, symbols, and understanding; the element of shared social norms, which is the reasonable expectation that the norms will be followed even if it would be profitable not to follow them at least in the short run; and thirdly, the existing institutions for enforcement, which themselves operate outside the market system and are needed for enforcement purpose” [Swedberg 1990: 139–140].

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The Social Capital in Tong Djoeh: Formulations

This and the following sections are devoted to a detailed analysis of a Chinese transnational entrepreneur, Tong Djoeh, a citizen of Indonesia and resident of Singapore. His career has spanned the spaces of three nations (Indonesia, China, and Singapore) over half of a century, which has witnessed the rise and demise of three colonial masters (Dutch, Japanese, and British) and the formation of new nation-states. In the Indonesian setting, the past several decades have also seen five political regimes, from Sukarno and Suharto to Habibie, Wahid, and Megawati. According to various journalist reports [e.g., Sanda and Martisasi 1998; Garda, August 30, 2000; Lianhe Wanbao, August 26, 2001], Tong has been personally close to all of them. Tong can therefore be taken as a prototype of Chinese transnationalists whose experience has been fundamentally shaped by various cultural, political, and socio-economic currents in different geographical locations, which are in turn strongly influenced by emergent globalization and regionalization. As will be demonstrated, Tong exemplifies the extensive and intimate interplay of culture, politics, and economy — with the acquisitions and applications of social capital play a key part in these complex interactions.

Tong Djoeh: A Profile

Though not as well-known as his Indonesian counterparts such as Liem Sioe Liong, Tong Djoeh is no stranger to observers of the Indonesian political economy and Sino-Indonesian relations. The existing accounts about him can be divided into two genres: academic work and popular/journalist chronicles. The first is mainly concerned with Tong’s activities in the contexts of anti-Dutch revolution (1945–49) and the evolution of the Pertamina, the giant Indonesian State Oil Company (late 1950s to the mid-1970s). The former [Mestika 1991; Twang 1998: 297–298, 315–326] situates Tong in the Sumatran politics and the Indonesian-Singapore trade during the critical years of the Indonesian Revolution. With respect to Pertamina, Tong Djoeh’s rise in the 1960s and the 1970s was closely associated with a key Indonesian politician/military leader, Dr. Ibin Sutowo. Aden [1988] and Robison [1986; 1990] both provide some data based upon Indonesian business registers pertaining to the economic cooperation between Tong and Sutowo. Nevertheless, more detailed and substantive information is not available to these authors, and Tong emerges mainly as a background figure in this literature and as a piece of many puzzles making up the larger picture of Indonesian business and politics.

The numerous popular/journalist accounts, on the other hand, make Tong Djoeh a more widely known figure among the public in Indonesia, China, and Singapore. This literature, appearing in Indonesian, Chinese, English, and Japanese [e.g., Xu 1991; Goh 1993; Oshita 1993; Anwar 1996; Lee 1996; Li 1997: 1–7; Sanda 1997], is predominately concerned with his business success and his role as “a civic ambassador” in facilitating the resumption of Sino-Indonesian trade and diplomatic relationships in the 1980s. They are sometimes inaccurate and, as a rule, lack theoretical depth and analytical rigor. In spite of this deficiency, they do collectively point
to the critical importance of various types of connections to Tong Djoee’s international fame.

Tong Djoee was born in 1926 in Medan, Sumatra, of an immigrant family originating in the
village of Penglai, Anxi County, Fujian (Hokkien) Province. His father was a small shopkeeper
who had four children (Tong Djoee is the youngest). He went to school in Singapore, enrolling in
one of the schools that primarily recruited pupils from Fujian (Hokkien). In order to avoid
being drafted by the Japanese into the military, he joined a small shipping firm (Chuan Ann) in
1943, which was owned by his elder brother, Tong Lian Liang (1911–67). By shipping between
Singapore and Sumatra, Tong Djoee thus began a long career associated with the seas linking
various Asian nations. During the anti-Dutch war (1945–49), the Tongs supplied rice, military
equipment, and medicines to the Republican army and shipped rubber and coffee back to
Singapore. In this process, Tong got acquainted with a number of key military leaders in South
Sumatra, among them Dr. A. K. Gani (1905–68) and Dr. Ibnu Sutowo (1914–2000), who would
later on play a significant role in the evolution of Tong’s business and social world.

From the beginning of the 1950s through the mid-1970s, Tong Djoee and his brother were
deeply involved in developing the shipping and petroleum industries, two of the most
strategically important trades in the newly independent Indonesia. At the invitation of Gani
(who was one of the top leaders of the Indonesian Nationalist Party during the 1950s), the Tong
brothers participated in the development of PELNI (the Indonesian National Shipping Company),
with Tong Djoee focusing on inter-island shipping and Tong Lian Liang taking charge of the
shipping between Indonesia and Singapore. In 1953 Tong Djoee founded his own shipping firm,
Naga Laut [Dick 1987: 71, 74]. After the late 1950s, through his long-time relationship with
Ibnu Sutowo, who was developing the Indonesian State Oil Company (Pertamina and its
predecessors), Tong Djoee became Pertamina’s overseas representative and agent in Singapore
and Hong Kong [Pertamina 1962; 1963], in charge of shipping crude oil from Indonesia to
Singapore for refining to be sold in other countries. In 1961 Tong Djoee founded Tunas
Company, with its headquarters in Singapore and branches in Indonesia and Hong Kong. His
business interests were in such areas as shipping, import-export, and tourism. According to
Matahari, together with Liem Sioe Liong, Ciputra, Bob Hassan, and Sofyan Wanandi, Tong Djoee
was named as one of the 17 biggest Chinese economic elite in Indonesia [cited in Suryadinata
1997]. Tempo [December 1, 1978] discloses that Tong owned more than 40 ships totaling more
than 100,000 dwt, and that his Singapore office alone employed more than 125 people.

By the early 1980s, Tong Djoee had entered the Chinese market, and through his Hong
Kong-based Solid Resource Company, he invested heavily in China, especially Xiamen (Amoy), a
booming coastal city close to his Anxi hometown. According to Indonesian and Japanese
journalist reports, the China projects in which Tong Djoee participated were valuing billions of
dollars and his net assets are estimated at more than US$500 million [Oshita 1993; Moera and
Suprapto 1997; I received no confirmation nor denial from Tong with respect to the accuracy of
these figures].

Apart from being economically successful, Tong Djoee was one of the key individuals who
worked behind the scene in the efforts to reestablish Sino-Indonesian direct trade and diplomatic
In recognition of this endeavor and his extensive involvement in the nation’s socio-economic development, the Indonesian government awarded him the prestigious Bintang Jasa Pratama Medal in August 1998 [Alatas 1998]. This was a significant gesture, not only because it was in the aftermath of the May 1998 Anti-Chinese riots, but also because Tong was one of a handful of ethnic Chinese being honored. Since 1999, Tong has been elected as the Director-General of the International Confucian Society. Headquartered in Beijing and with over a dozen branches in different corners of the world, this Society has been headed by Ku Mu, former vice prime minister of China.

In short, over the past half of a century Tong Djoie has lived a colorful life that not only spans the space of different nation-states, but also crosses the spheres of economy, politics, and socio-culture (as a benefactor for community, cultural and educational affairs). How do we explain the growth of his business? What accounts for his multi-dimensional callings that transcend space and time? Does the concept and practice of social capital offer any useful explanations to his long journey toward wealth and fame?

*Tong Djoie’s View of Attributes of Social Capital*

As mentioned, social relations, obligations, and trust constitute the key attributes of social capital, and they are fundamental forces in shaping the nature and features of Chinese business networks. Tong Djoie’s view of these elements is the product of his own upbringings (growing up in an extended Chinese family and receiving traditional Chinese education) and his diverse experiences in dealing with various types of people from a variety of ethnic, national, and cultural backgrounds. In his own words, he has been learning from experiences and from “the School of Bolts and Knots” (“shehui daxue,” literally, “social university”). The “siege and insecurity mentality” of Southeast Asian Chinese and their continuous transnational mobility play no small part in the formulation of his view of society and economy. Central to his social perceptions has been the fundamental importance of human relations, which can be further divided into differing levels, including general relations, family ties, connections based upon native place and kinship, and political connections.

Tong Djoie’s general view on human relations is strongly reflected in the *Twenty Keys to Success*, a pamphlet produced by a management professor from Indonesia based upon a lengthy interview in 1996 [Liu 2000b]. Among the “10 DOS,” four of them are concerned with the cultivation and maintaining of *guanxi* and *xinyong* (trust). They include such principles as “good friendships are those mutually fulfilling,” “giving opportunities to others,” and “establishing trust in others.” Similarly, the “10 DON’TS” are filled with the ideas of reciprocity, such as “don’t forget other people have their own interests too,” and “don’t start a friendship with distrustful feelings.”

In Tong’s view, the lack of *guanxi* can be devastating; the Sino-Indonesian tycoon Oei Tong

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5) This author has in his possession some personal correspondences and official documents pertaining to Tong’s deep involvements in the process, yet their contents cannot be revealed for understandable reasons. See also Xu [1991], Xin [1992], and Muryadi [1996] for some relevant information.
Ham (1866–1924) is a case Tong has repeatedly referred to. Oei was one of the richest persons of his time, yet his family fortune was entirely taken over by the Indonesian authorities in the late 1950s. Because, according to Tong Djoie, his offspring did not cultivate proper relations with key figures in the Indonesian government. This is one of the cases convincing Tong that “money is just like air, a tool that one uses for certain purposes” [personal interviews; see also Sandra and Martisasi 1998]. In his view, “money can be used out one day, but human relations will not. Therefore, we have to treasure relationship (guanxi)…. Money is just a piece of paper, the most important thing is the relationships” [Oshita 1993: Parts 12, 35]. “Two things are most essential in life,” he likes to say. “One is education and ability, and the other is guanxi. These are things that people cannot take away from you under any circumstances” (personal interviews). According to him [Tong 1996], the emphasis upon human relations has been a positive attribute distinguishing Asians from Westerners: “Asians are particularly concerned about the promotion of cordial personal relationships.” In a letter to a former vice prime minister of China (dated October 10, 1997), Tong states, “With the advance of science and technology, the world has been shrunken, and human interactions have significantly increased, we should therefore rely more on Confucianism to maintain harmonious and friendly relations.”

On a more specific level, any Chinese guanxi ties have to start from the (extended and fictive) family, which is the cornerstone of the Chinese business and social structure, and its continuation is considered as the key for a Chinese entrepreneurial spirit [Harrell 1985]. Tong recalled being told by his father when he was a teenager that “Chinese work so hard because they want to leave some wealth to their offspring, you must also work diligently to bequeath something for your children.” And he stresses, “the most important thing is the family” [personal interviews; Oshita 1993: Part 7; Sandra and Martisasi 1998].

As an extension of fictive family, kinship and native-place collegiality play an important part in the formation of social networks, especially those linked with qiaoxiang (the ancestral hometowns of the Chinese overseas). Tong declared at the opening ceremony of the Singapore Anxi Clan Association’s Sixtieth Anniversary, “The teaching of Confucianism can be summarized in four phrases: ‘The cultivation of the person lies in the correction of the mind’; ‘The regulation of the family lies in the cultivation of the person’; ‘Before governing the country, you must first regulate your family’.” He continued. “The Jia (family) in Confucian teaching does not merely refer to nuclear family; Instead, it refers to the associations in between the individuals and the state, such as our association” [Tong 1986]. Some ten years later, he spoke at the opening ceremony of the Second Anxi International World Convention [Tong 1994]: “There are some 4 to 5 million Anxiese residing in all parts of the world and it is difficult for us to gather to celebrate. The fact that we are here is an indication that although we live outside of China, we still think about the hometown and our root.” This native-place feeling can also be stretched to co-ethnic sentiment. In the welcoming speech for the visiting Fujian Provincial delegation headed by Governor Hu Ping in 1984, Tong stated, “Although Singapore and China are nations with differences, our people inherent the same cultural heritage and we have had close historical relationship. Our ancestors came from China. Although we now live in this independent
nation, we still maintain blood relationship (*xueyuan guanxi*) with the hometown.”

As a minority entrepreneur operating in a transnational setting that has been characterized by constant political uncertainties, Tong Djoe has been keen to acquire political capital. “To have good relations with people in business circles and the government, the most important thing is to know who is who and who has the key. You always have to keep in perspective what roles people play and what positions they are in,” discloses Tong [personal interviews; Lee 1996: 57]. The cultivation of political relationships would necessarily involve risk-taking, and Tong is readily to accept it. In 1968, Tong helped the PRC government to retrieve goods worth HK$10 million that were stuck in Indonesia due to the change from the pro-Beijing government of Sukarno to Suharto’s anti-communist regime. He had to incur personal loss, because nearly 50% of goods were spoiled. Referring to this event, he said, “Sometimes you have to make some sacrifices and be the fool” [Dagong Bao, August 9, 1993; Goh 1993; Lee 1996: 57]. In a number of occasions Tong told this author, “Helping someone is always beneficial; for one thing, you get friendship, and even if you later find out that the person you have helped is not worthwhile, you will still have gained experience.”

Unlike many of his counterparts, Tong Djoe brings his understanding of *guanxi* to his view on state-to-state relations. In 1993, he urged the Singapore, Indonesian, and Malaysian governments to develop “mutually beneficial co-operation” [Daily Bulletin, March 8, 1993]. He commented that Singapore’s move to form close economic collaborations with China “is wise and correct” [Lianhe Wanbao, Feb. 26, 1996]. In a letter (dated Jan. 19, 1990) to Chiang Hsiaowu, grandson of Chiang Kai Shek and the then representative of Taiwan to Singapore, who suggested to Tong that he “not be biased toward the mainland,” Tong replied: “I am willing to see a unified China, which is to the best interest of all Chinese; I will try to seek peaceful reciprocity and friendship” [see also Yang 2001]. When asked on how should the Indonesian government solve the economic problems, Tong stated, “The government should be more proactive in creating and maintaining good relationships with other countries, so that we can sell our natural and industrial products” [Tangkudung 1999].

It is evident from the above discussions that familism, trust, community work, reciprocity, and obligations form the central tenets of Tong’s thinking about economy and society, which have evolved around the fundamental principle of human relations. To a significant degree, they become the guidelines for his actions in the business and non-business spheres. As I have demonstrated, these notions constitute the core ideas (and ideals) of social capital, which is in turn partly rooted in the existence of economic capital. I will now turn to the question of how Tong’s social capital has been put into practice and converted into economic capital.

The Social Capital of Tong Djoe: Practices

As noted, the value of social capital can only be realized and increased when it is being used, and social capital does not exist in isolation; instead, it is embodied in the process of interactions among various (individual and corporate) actors. The following pages examine the practices of
Tong Djoe in different phases of his business and social life that are closely associated with the accumulation and dispersion of social capital. We will also delineate the linkages among various dimensions of social, economic, political and symbolic capital. To decipher clearly a wide range of his social networking circles, it is necessary to identify three levels: 1) family and close kinship; 2) the mixture of social/business/political connections; and 3) the incorporation of symbolic capital into economic capital, through the acquisition of social capital. These social networking orbits are built upon various foundations and entail a variety of forms, from personal to institutional, from semi-official to official; and their time frames vary from a few years to several decades.

*Family and Kinship as the Core of Social Capitalizing*

Wong Siu-lun declares in a seminal essay [1985], “The core of Chinese economic organization is familism.” The same can also be said of the Chinese social capitalizing practices. Like the great majority of Chinese entrepreneurs, the foundation of Tong Djoe’s business and social world has been the family. The building block of this social capital is genealogical relationship and kinship, obligations, trust, and affections. His first job was with the small shipping firm (Chuan Ann) owned by his elder brother. In the early Republican days, Chuan Ann had close business dealings with the pro-Republican Chinese peasant organization, PKTT (Persatuan Kaoem Tani Tonghooa), which was founded by Tong Djoe’s relative, Tung [Tong] Ah Swie and Tung [Tong] Tjie Kau. PKTT engaged in the buying of agricultural produce and supplying the Japanese Army that remained in Palembang. It not only cooperated with republican organizations, but also with the Bin Tjok Kai Hong-Seng Hong Toei (National Liberation Front) across the Straits with Chuan Ann. Thanks in no small part to this close kinship tie (both nuclear and extended), the Tongs’ business grew rapidly in the late 1940s, when it owned at least half a dozen ships, the smallest weighed more than 100 tonnages, and the biggest more than 1,000 tonnages [Twang 1998: 267–268; Mestika 1991: 425–426].

After the business took off in the early 1950s, Tong Djoe continued to rely on the critical support of his family members, especially his wife, Tan Boew Hwa, and his eldest son, Melvin Tong, who received his academic training in Britain and is now the general manager of the Tunas Company, taking care of the daily operation of the family businesses in Singapore, Indonesia, and China. This core of the family circle provides the foundation of the Tongs’ social networking. With this extended family, additional resources and kin members were being brought in (for example, some of Tong Lian Liang’s offspring still work at Tunas Company), thus strengthening the potential of Tong’s collective social capital.

*Mingling Social, Economic, and Political Capital: Among Non-Chinese*

“Being Chinese in China is in itself a complex problem,” remarks Wang Gungwu [1994: 127–128]. “But being Chinese outside China has several additional complicating features…. For most Chinese abroad, it is the non-Chinese environment that impinges on their lives most directly.” For the Chinese transnationals, this non-Chinese environment shapes their strategies
of social capitalizing. Indeed, as pointed out by Bourdieu, the formation of social capital is not a natural given; it is the product of deliberate strategies of investment. Tong has invested heavily in human relationship, especially in Indonesia where political uncertainty and market imperfection have been the norm rather than exception, and the ethnic Chinese have been regarded as “essential outsiders” and systematically discriminated against [Chirot and Reid 1997; Wibowo 1999]. The forging of social capital, therefore, has to be closely linked with the accumulation of usable and reasonably durable political capital, through co-operating with non-Chinese actors.

The formative period in Tong’s emergence as an entrepreneur and a skillful network builder started during the Indonesian Revolution (1945–49) in Palembang, which was the center of the “networks of economic and political brokers.” Based upon Dutch archival records, Mestika [1991] examines Tong Djoe (and other Chinese entrepreneurs originating from Sumatra and Singapore) within a complex “broker network” centered on Dr. A. K. Gani. As the first resident of Palembang (1945–46), Minister of Economic Affairs and Vice Prime Minister (1946–49, 1947–48), Gani managed to control strategic channels, through personal connections and formal relations. He did this at the local, regional, and national levels and partly for promoting the political and economic interests of the Indonesian Republican in Palembang. This broker network consisted on the one hand of groups of younger people (military and laborers) who had access to material assets such as coal and oil, and on the other of Chinese traders who dominated the Singapore network. As a consequence, Palembang (which had some 40,000 ethnic Chinese in the late 1940s) became the center of a regional trade network connecting Java, Sumatra and Singapore. This formative stage was crucial for Tong as a transnational entrepreneur, not only because of the lasting social and political ties forged during this period, but because, as he later said, the thorny journeys traveling on the sea reinforced his conviction in the importance of trust and mutual help. It also contributed to the shaping of an entrepreneurial ethic characterized by risk-taking and innovation [Xinning Ribao, Dec. 31, 1992].

Tong Djoe became an integral component of this networking orbit, in part through the building of a fictive/artificial kinship — Tong was reportedly Gani’s “adopted son” (anak angkat) and among the closest to him [Mestika 1991: 425–426; Nurhan 1995]. And these close personal ties continued until Gani’s death in 1968 (letter from Gani to Tong, dated December 16, 1968). In the meantime, the businesses of the Tongs grew rapidly. Chuan Ann Shipping Co. was in the fields of import-export, rubber, and shipping; its ships traveled to more than a dozen ports in Singapore, Indonesia, and Malaya [Sanshinian zi Gongsan, 1921–1950 1950]. By the mid-1950s, Tong Lian Liong Co. was founded, specializing in shipping [Sanshiwenian zi Gongsan, 1921–1955 1955]. Through Gani’s introduction, Tong Djoe and his brother were appointed PELNI’s agents, participating in the development of Indonesia’s domestic and international shipping. It was in this period that Tong’s own company, Naga Laut was formally established. Meanwhile, Tong Djoe joined the Indonesian Nationalist Party (PNI), thus expanding the resources of building political capital (it was during this time that he first met President Sukarno). It is evident that social and political connections were intertwined in his
tie with A. K. Gani. The complex pattern of linkages and brokerage, involving different ethnic groups and economic/political elites in a transnational sphere, became the prototype of Tong’s subsequent efforts in combining social capital with business networks.

The second and perhaps more important pattern of social/business/political linkages was with Dr. Ibnu Sutowo, whom Tong Djoe first met in 1947, when Sutowo was participating in the anti-Dutch guerrilla war in South Sumatra at the rank of major [Bartlett III et al. 1972: 137; Aden 1988: 161]. In 1956, Tong Djoe assisted Sutowo in the efforts to bring the rebellious Sumatra army to negotiations with the central government in Jakarta. Through this process, Tong got acquainted personally with Achmad Yani and Abdul Nasution, two of the top military leaders [Anwar 1996; Aden 1988: 161]. The late 1950s was a turbulent transition time in the nation’s political and economic history, which brought Tong into another strategic area of the Indonesian economy — petroleum. In 1957, at the instruction of Sukarno, Sutowo took charge of Permina (National Oil Company, the predecessor of Pertamina, the Indonesian State Oil Company). Tong was involved in this endeavor from the very beginning, partly because he had known Sutowo personally for a decade and partly because he happened to be in the field of sea transportation. Together with production/refinery and marketing, they constituted the three key areas in the development of Pertamina [Pertamina 1974: 107].

In addition to developing its own tanker fleet (Pertamina Tongkang and Ocean Petrol, based in Hong Kong), Pertamina engaged in the services of other shipping companies, and Tong’s Tunas Company was one of its largest suppliers and major overseas representative. Pertamina Tongkang, a wholly owned subsidiary of Pertamina formed in 1969, was also managed by Tong [Bartlett III et al. 1972: 368, 378; Aden 1988: 411]. Tugu Insurance, founded in 1965 in Hong Kong, was a fifty-fifty joint venture between Pertamina and several investors, which served as guarantor for Pertamina in the ownership of their tankers, and Tong was instrumental in its establishment [Bartlett III et al. 1972: 379; Wahono 1997: 38; Pertamina 1974: 169; Hartadi 1998].

According to Robison [1986: 350], Sutowo built the “largest private indigenous business group in Indonesia” between 1967 and 1976, when he was the President-Director of Pertamina. Tong was one of the two key Chinese partners (the other being Robin Loh). Sutowo and Tong developed substantial private business partnerships in the fields of shipping, shipyard, travel, insurance and engineering companies [ibid.: 353–354; Aden 1988: 411]. It was during this period that Tong’s business reached its height, symbolized by the completion of the 28-storey Tunas Tower in 1973 in Singapore’s prime commercial district, the then highest building in the nation [Indonesian Perspective, Oct. 1973: 12–18]. Tong conceded in an interview: “My business in Indonesia is a result of Dr. Ibnu Sutowo’s trust (kepercayaan) in me and in my company, Tunas” [Malik 1978: 16]. While this political capital was significant, it was not durable as it lacked an institutional foundation within the Indonesian political hierarchy. Its acquisition and dispersion had to rely heavily — and precariously — on the person of Sutowo. It was therefore not surprising that Tong’s business was being seriously affected with the fall of Sutowo in 1976 [ibid.; Dick 1987: 81].
**Blending Social and Economic Capital: Among Ethnic Chinese**

Within this layer of networking partners, there are a number of patterns of entrance and modes of cooperation. The most important is through the channel of Chinese voluntary associations. According to Coleman [1988], the associational life facilitates the “closure of social system” and is thus conducive to forming business trust and accumulating social capital. Tong has been a major benefactor for a number of associations, including regional associations, clan associations, trade associations, and recreational and charity associations. Unlike the political capital just mentioned, this social capital has been built upon institutionalized linkages, which serve as an important foundation for sustaining transnational Chinese business networks [Liu 1999].

Tong Djoie has been actively participating in two major regional associations in Singapore: Anxi Association and Hokkien Association. The former, founded in 1926, represents those Chinese originating from the county of Anxi, while the latter is the provincial association of Fujian (Hokkien) and has been the single most important regional association in Singapore (and many other Southeast Asian countries). Tong Djoie was the chairman of Anxi Association between 1977 and 1998 and an executive committee member of the latter for more than two decades. The social network built upon this regionalism has important economic ramifications. Both associations have been traditionally headed and managed by prominent entrepreneurs. One of Tong’s major partners in China investments, Pek Ah Tuan, is an executive committee member of the Anxi Association, where the two met. Through Hong Kong-based Solid Resources Holding Company (of which Tong was the chairman and all other board directors were originated from Anxi), they founded three companies in Xiamen in the 1980s: Huicheng Construction Company, Huixing Building Material Company, and Huiyuan Business Systems Company. Huicheng alone had registered capital of RMB20 million in 1985 [McGregor 1992; Directory of Foreign Investment Enterprises, 1979–1987, Part I 1988: 296].

The trade association is another essential venue for building social and economic capital. Together with his brother, Tong Djoie was a founding member of the Singapore Overseas Chinese Importer-Exporter Association in 1947, which was the most important business association for traders concerned with Singapore-Indonesian trade, and Tong has been its chairman since the 1970s [Twang 1998: 297; Darusman 1992: 12–13; personal interviews]. In the 1970s, Tong Djoie served as the chairman of the Singapore Shipping Association (SSA), which was founded in 1953 and represents the interests of ship owners in Singapore whose main purpose was to “development of regional trade by providing dependable shipping and handling services.” By the mid-1970s, it had grown from a 7-member organization to a membership of 47 and with a fleet of over a million deadweight tons. In 1975, through the good office of Tong Djoie, SSA and its Indonesian counterpart (the Indonesian National Shipowners’ Association) concluded an important agreement on shipping and maritime matters concerning the two nations that had been disrupted by the Malaysian Confrontation in the mid-1960s [Seafreight: Bulletin of the Singapore Shipping Association, May 20, 1978; Indonesian Perspective, Oct. 1975; Dick 1987: 33].
The Singapore Chinese Chamber of Commerce and Industry (SCCCI) is another key arena for social capital accumulation. As the single most important Chinese organization in the early years of postcolonial Southeast Asia [William Skinner’s remark in 1950, cited in Liu 1999], SCCCI has been a vital institutional nexus for Asian Chinese business networks, in addition to being the leading Chinese organization in Singapore. Since the 1970s, Tong has been an executive committee member (as one of the few who are not Singapore citizens). His various involvements with SCCCI include activities in the international trade, and more importantly, in the efforts to bridge the ties between Singapore Chinese businesspeople and the Indonesian government. This relationship was crucial to many Chinese businesses, but was severely damaged by the 1963–65 Confrontations and the subsequent hostilities between the two nations. Through Tong Djoë’s arrangement, a large-scale SCCCI delegation visited Indonesia in 1975 and was received by President Suharto, thus mending the damaged ties [SCCC Annual Report 1975 1976].

It is apparent from the proceeding pages that indigenous politicians were instrumental in Tong’s business and that their linkages ranged from joint venture to inter-firm business networking. Tong has also enjoyed close extra-firm ties with various Indonesian governments. What distinguishes Tong Djoë from many of his Chinese counterparts lies in two characteristics. First, Tong was an integral component of this political-business networking orbit from the late 1940s when the Tongs helped the Indonesian guerrilla. In the 1950s/1960s, leaders of this movement came to power and sought to replace Dutch economic control of the country (such as shipping and oil industries), it was natural that they would look for the cooperation of Chinese businesspeople such as Tong Djoë whom they had worked with. The fact that the Indonesian indigenous capitalist class was still in its infancy and generally lacked capital, management skill, and transnational connections reinforced such a tendency of alliance. Second and perhaps more important, partly as a result of his upbringing and tough maritime experience, Tong has paid special attention to the forging and maintaining of social networks with people of various backgrounds, particularly those in power. It is also a reflection of the nature of the Indonesian political economy within which private wealth (especially that of the non-indigenous) enjoys no formal legal protection.

Transnational Symbolic Capital as a Supplement to Social Capital
While the aforementioned social networking activities have been intimately and directly linked with various dimensions of business, some of Tong’s social capitalizing practices go beyond monetary concerns, especially when he and his family became financially secured. These include participation in various charitable and educational organizations, elite clubs, and the so-called high societies. Tong Djoë has been a patron of a number of educational institutions, such as Singapore Maris Stella High School, the Chinese Industrial and Commercial Supplementary School, and the Thong Chai Medical Institution. And this support for the education won him a Medal of Long-term Service to Education awarded by the Singapore government in 1997. Tong has been chairman of Goh Loo Club (founded in 1909), executive
member of the Singapore Chinese Weekly Entertainment Club (founded early twentieth century), and the Eo Hoe Hean Club (founded in 1895). All these clubs are frequented by prominent (older generation) Chinese entrepreneurs for recreational and networking purposes [Chan and Chiang 1994]. In addition to these ethnicity-based associations, Tong has been consistently selected as one of “the top 250 essential registers of Singapore high society.” This is a small group of “dynamic individuals, whose social and professional contributions in the fields of business, science, medicine, education and the arts entitle them to be part of Singapore’s most select group” [Singapore Tattler Society: The Essential Guide to the Social Season 1996–98].

Tong’s social networking has been characterized by its transnationality; he maintains close ties with people in different circles in many parts of Asia. He was, for example, the founding chairman of the International Anxi Society, whose constituencies include more than 3 million Anxiese living outside of the Mainland. The Society held its first international convention in Singapore in 1993, which drew more than 2,000 attendances from different corners of the world. The subsequent three international conventions were held in Anxi and become a driving force for the local economy [Liu 1998]. Mainly because of his extensive involvement in the process of resuming Sino-Indonesian trade and diplomatic ties throughout the 1980s, Tong Djoe has built up an impressive range of personal ties with top PRC national leaders. In May 1998, Tong was invited to join the Chinese National Association for Overseas Liaisons, whose members include prominent national and internationally renowned social and economic players.

These connections are largely forged out of a sense of charitable and diasporic sentiment, and it constitutes a source of symbolic capital, which is “the power granted to those who have obtained sufficient recognition to be in a position to impose recognition” [Bourdieu 1989]. By reinforcing trust and reputation of concerned transnational entrepreneurs, symbolic capital serves as an effective, albeit indirect, dynamic for accumulating their social capital. In August 1997, Tong arranged an exclusive meeting and photo session between the visiting Chinese Premier Li Peng and a few leading Chinese entrepreneurs in Southeast Asia. In an acknowledging letter to Tong (dated September 23, 1997), an Indonesian tycoon wrote that his photo with Li Peng was “a symbol of honor and a manifestation of trust.”

It is clear that Tong Djoie has had extensive social networks that are characterized by the following facts. First, these networks are elastic and inclusive, rather than inflexible and exclusive, as most analysts and politicians portray them. They consist of both Chinese and non-Chinese in different geographical locations. Second, they tend to be all encompassing and mutually reinforcing, covering not only the economic sphere, but also the social, political, and cultural arenas. The different types of capital are mutually reinforcing, though the availability and accumulation of economic capital that might constitute the sources and ultimate target of their concoction. Third, they are transnational and coupled with multiple identities. This transnationalism is not confined only to the market (the market knows no boundaries, so to speak), but is extended to the socio-political arenas with profound implications for identity (trans)formation. As an entrepreneur, Tong Djoie has substantial businesses in Indonesia, Singapore, China, and Hong Kong, and this transnational endeavor serves as a backdrop to the
construction of his social networking orbit. The participation of transnational social activities, furthermore, strengthens his symbolic capital, and is conducive to the accumulation of economic capital.

Finally, the making of Tong’s social capital (social networks, trust, and obligations) is a mixed product of both culture and environments: Chinese traditional culture (especially Confucian ideals of family, state, and society, and guanxi) serves as guidelines for his actions. They have been subsequently shaped by his multi-faceted experiences and his being exposed to different ethnic and political actors. The particular environments of the Chinese in Southeast Asia (who are often regarded as outsiders but attempt to get into the inside or being accepted by the mainstream; and the close of political structure) make the acquisition and sustaining of social/political indispensable. Seen in this context, social capital formation is not only an essential survival strategy for transnational Chinese entrepreneurs, but is also an adaptive means of responding to the social and political environments of postcolonial Southeast Asia. The emergence of a global capitalism, together with the resurgence of Chinese collective diasporic consciousness, makes this strategy not only feasible, but highly effective.

It should be emphasized that the search for and accumulation of social capital does have some downside effects. For one thing, the means (social capitalizing) may run the risk of becoming the end (profit) itself. An entrepreneur who knows Tong Djoe and also from the same hometown of Anxi pointed out to me that Tong has spent too much time and efforts in social networking, sometimes at the expense of his own business interests. There may be some truth to this observation. Over the last decade or so, Tong Djoe has traveled extensively in East and Southeast Asia and hosted a large number of delegates. But most of these activities appear to be mainly in the realms of creating and maintaining social capital, instead of creating economic capital. As mentioned earlier, Tong Djoe had to absorb large amounts of loss in attempting to retrieve damaged goods on the behalf of the Bank of China in 1967. Throughout the 1980s, while helping the resumption of Sino-Indonesian trade and diplomatic relations, Tong reportedly spent several million dollars in making arrangements for the secret talks [Dagong Bao, August 9, 1993; Huashan: Economic Quarterly, April 1, 1994: 39]. One of Tong’s social networking patterns (participating in and contributing to associational life) has been both time consuming and costly, especially with some surname associations that are not effective in generating economic returns.

In Lieu of Conclusion: Tong Djoe in Comparative and Theoretical Perspective

I have suggested that social capital can be used as a powerful concept and a coherent framework to delineate the features of (Chinese) transnational entrepreneurship and that it systematically incorporates certain elements to the formation of the networks in the global arena. These universal and not Chinese specific elements include the importance of personal and institutionalized relations, trust and obligations, the linkages with economic and political capital, the crucial role of social networking, and sanction mechanisms. This concluding section
briefly looks at the empirical and theoretical applicability of our particular case.

**Comparative Perspectives**

Although this is the case of an individual entrepreneur whose colorful career has spanned a diverse range of nations and periods, Tong Djoë is not unique in his efforts to accumulate and dispense social capital or in his patterns of linking social and business networking. Vertically and historically, Southern Hokkienese (a dialect and regional sub-ethnic grouping to which Tong belongs) had been among the most successful and mobile entrepreneurs in recent Chinese migration history to Southeast Asia [Wang 1991]. Studies have shown that as a marginal group from the mainland, they were readily prepared to merge with the social and economic networks of host countries and to “become native people.” They were also renowned for their possession of “business confidence”: industry, frugality, hard work, and adaptive business behavior. All these qualities have been essential for Chinese entrepreneurship [Dobbin 1996: 48–71]. Moreover, the rise of the Hokkienese merchants more or less coincided with the emergence of “Maritime Asia” in which ethnic Chinese networks played an important part [Hamashita 1998]. As we have seen, Tong Djoë can actually be placed within such an environment that has cherished this strong mercantile and entrepreneurial tradition; in a sense, he is the product of this Hokkienese-dominated trading tradition in Southeast Asia.

Horizontally and contemporarily, there are a number of prominent Sino-Southeast Asian entrepreneurs whose views and practices of social capital are remarkably parallel to those of Tong’s. Liem Soie Liong of Indonesia, for example, regards trust as his “second life” and attributes his success to “luck and one’s own efforts.” The latter includes the need to treat others nicely and modestly, and to leave good impressions. In so doing, Liem feels, people will think of him when opportunities arise [Zheng 1999: 312–314]. The key to Robert Kouk’s success lies mainly in his extensive social, business, and political networks [Zhou 1993; Heng 1997]. Udane Techapaiboon, a Sino-Thai tycoon, likes to attribute the success of the overseas Chinese to “two unique Chinese traditions”: kinship and native-place sentiments, which are actually the foundation of Chinese social networking [cited in Liu 1998].

**Theoretical Implications**

Theoretically, this case study may be seen as an exercise highlighting some of the limitations of the existing literature on Chinese business networks, which are often described as informal, un-institutionalized, “with no ideology,” and confined exclusively to the Chinese and within national boundaries. Our case study questions such conventional wisdom by offering the following implications in deciphering the complex nature and features of modern Chinese transnationalism as well as the role of social capital.

The first implication concerns the dialectic relationship between institutionalism and individual initiatives. Although some of Tong Djoë’s social networking activities are carried out through personal connections, a significant portion of his networking orbit has been conducted within the institutional framework of business and social associations. While his leadership and
financial support to various associations help to sustain the latter, the institutional backing in turn reinforces his symbolic capital, thus facilitating the search for social capital. Therefore, it is necessary to seek a balance between personal guanxi and the impersonal system (of social relations and trust/sanction mechanisms) in the analysis of Chinese business networks. Like water and earth, they actually are integral parts of a total socio-ecological system that collectively constitutes Chinese socio-business network. Within this system, social capital is an indispensable bonding force linking the individuals, organizations, the state, and the society at large. It is precisely within this context that social capital as a social science concept has its compelling explanatory power, which can also be theorized within the institutionalist framework of the state-business relations in the (trans)national arena [Hawes and Liu 1993; Lucas 1997; Haggard, Maxfield and Schneider 1997].

The second implication pertains to different modes of modern Chinese transnationalism. As a new field of study concerned with “a growing number of persons who live dual lives: speaking two languages, having homes in two countries, and making a living through continuous regular contact across national borders” [Portes, Guarnizo and Landolt 1999: 217], transnationalism has gained increasing currency in the studies of global (trans)migration. While some see it as “the cultural specificities of global processes” and attempt to trace “the multiplicity of the uses and conceptions of ‘culture’” [Ong 1999: 4], it is also imperative to look at the dimensions of transnational entrepreneurship. To successfully operate in a foreign environment, the strategy of accumulating social capital — forging relations and (personal and systemic) trust, among Chinese and non-Chinese alike — is becoming more and more important, and this has been supported by empirical studies [Chen 1998; Chan 2000; Wang 2000; Gomez and Hsiao 2001]. Our case demonstrates the significance of intimate intersections and flexible convertibility of social, political, and cultural capitals.

Finally, the nature and characteristics of networking with non-Chinese actors should receive greater attention. Although the existing literature does pay attention to the role of non-Chinese in the development of Chinese business networks, it has been mostly confined to political favoritism/cronyism in the form of Ali-babaism, cukongisme, or patron-client relations; within this literature, Chinese are described as pariahs or ersatz capitalists [Yoshihara 1988]. Although there is no denial that the mutually beneficiary arrangements fit into the self-interests of both indigenous political elite and Chinese big capitalists, the collaborative mechanisms sometimes do go beyond the functional rent-seeking behavior. For one thing, this relationship can be seen as a strategy of investment on the part of Chinese entrepreneurs who were exercising their entrepreneurial spirit (risk-taking), especially when the relations started well before the indigenous political elite took over power, such as Tong Djqo’s relations with Gani and Sutowo. More significantly, this search for political capital has become an integral part of Chinese transnational entrepreneurs’ social capitalizing activities that are not confined to ethnic Chinese only. With the accelerated pace of globalization of Chinese business firms and the blurring of ethnic boundaries in some major Chinese transnational corporations, there is a tendency for the Chinese to align with non-Chinese actors (both Westerners and non-
Westerners), not only in gaining favors, but more importantly, as a source of capital financing and management expertise. The 1997–99 Asian economic crisis unmistakably reinforces this tendency [Yeung 1999; Yeung and Olds 2000]. The practice of cross-ethnic/trans-national social capitalizing, therefore, would become an indispensable venue and a vital force in shaping both the economic growth and identity (trans)formation in the Asia-Pacific in the new millennium [Liu 2001]. Social capital, in the final analysis, offers an accommodating parameter and a comparative framework to strategically study transnational (Chinese) business networks in a rapidly changing world.

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