

Chinese Philanthropy in Southeast Asia: **BETWEEN CONTINUITY AND CHANGE**

What makes ethnic Chinese philanthropy tick? Thomas Menkhoff looks at what drives prominent Chinese business leaders to give back to society and offers a glimpse of the changing face of ethnic philanthropy.



Despite the growing importance of the non-profit sector in Asia, not much attention has been paid to the study of philanthropy and giving by Southeast Asia's ethnic Chinese.¹⁻³ Along with the expansion of the middle class in Singapore, Malaysia and Indonesia, there has been an increase in wealth in Asia. Against this background, this essay is aimed at exploring the changing face of ethnic Chinese philanthropy and the motivations behind this sector.

The article will focus specifically on ethnic Chinese in Southeast Asia as they continue to run some of the wealthiest and most dynamic companies in the region. As this group continues to grow and integrate more fully into Southeast Asian mainstream society, we believe more affluent people will give more and beyond their families and clan members.⁴⁻⁵

Historical Reflections of Chinese Philanthropy

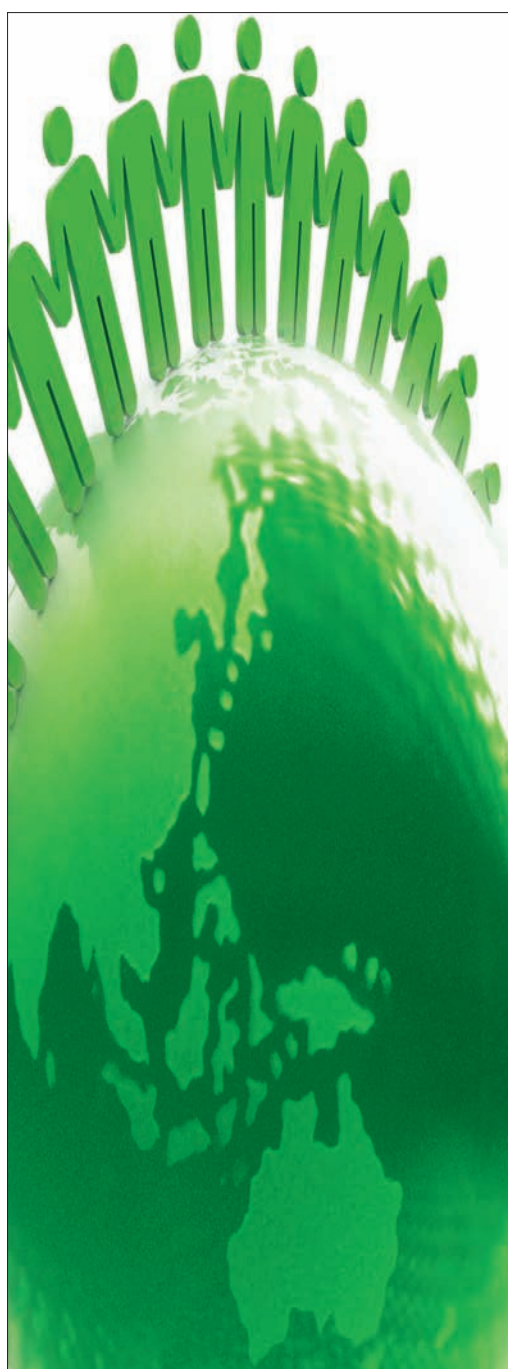
The great potential of ethnic Chinese philanthropy in Asia raises interesting questions about the relationships between ethnic Chinese cultural values on wealth, philanthropy, charity and giving⁶ as well as the impact of socio-economic change on the ideological perspectives of 'old' and 'new' ethnic Chinese philanthropists. In order to explore what is so unique when it comes to philanthropy and giving by the ethnic Chinese in Asia, let us begin with some historical reflections about traditional conceptions and practices of Chinese philanthropy.

Traditionally, philanthropic virtues such as civic betterment, benevolence, charity, compassion or generosity have always mattered in Chinese culture as evident by the teachings of Confucianism, Buddhism and folk religion.⁷ Both Confucius and Mencius regarded philanthropy as 'the distinguishing characteristic of man, as one of the fundamental constituents of nobleness and superiority of character'. In China's rural areas, harsh socio-economic conditions often dictated the need for mutual help and cooperation amongst villagers. An example is the pooling of monies to enable village children to attend school. While the rural population was seldom engaged in truly philanthropic acts and practices, 'noble acts' of charity and giving by paternalistic dynastic rulers, such as support for orphans, as practised during the Chou dynasty (1050-256BC) were not uncommon.

Cultural Influences in Chinese Philanthropy

Cultural studies suggest that ethnic Chinese do appreciate the value of reciprocity in philanthropy due to the importance of collectivistic values with its emphasis on family, clan, community and village.⁸⁻¹¹

Contrary to the first-generation Chinese immigrants who were unable or unwilling to write wills, donate money for social causes, or leave bequests to charities due to their socio-economic insecurity, the second or third generation enjoys much better material conditions.





In this context, philanthropy has strong connotations of helping trusted others in one's inner circle in the form of giving goods, time, skills and money. As Ho¹² has argued, 'philanthropy, as defined and practiced by the Chinese, is mainly giving on an individual basis, which includes charity, mutual aid, and giving to one's family and community'. The Western concept of philanthropy in contrast 'is exhibited mainly through giving towards institutions to solve root problems of society'.

While one has to be careful not to essentialise Chinese conceptions of philanthropy¹³, there is some evidence that early forms of mutual help and giving were strongly influenced by cultural values related to familism and communalism. The rotating savings and credit associations (ROSCA) studied by Geertz¹⁴ in Southern China (Swatow; now Shantow) or the Kongsis in Malaysia represent interesting examples of mutual aid associations.

ROSCAs were usually founded by individuals in need of money who would approach family members to form groups reflective of the Chinese familial culture. Each month, the 'pot' or total collection of money would be handed on to one member as a disbursement. Only the founder was expected to pay interest, and it was customary that the loan could be paid off with either money or by organising communal feasts. ROSCAs require interpersonal trust¹⁵ as payments rotate amongst members, and loan defaults are prevented due to the power of face and associated sanctions in case of non-compliance with norms and informal rules.

The Khoo Kongsis in Penang belongs to the clan association of the (Hokkien) Leong San Tong clan. The Khoos were among the wealthy Straits Chinese traders of 17th century Malacca and early Penang. Traditionally, Kongsis provided important socio-economic functions such as uniting clan members, organising worship, devoting offerings to ancestors, awarding scholarships to deserving children of the clan and/or providing subsistence allowances to widows of clansmen. Even today, members of the Khoo Kongsis can benefit from some of these services, such as scholarships.¹⁶

Another important characteristic of Chinese giving is the emphasis on *guanxi*, i.e. personal connections.¹⁷⁻¹⁹ In philanthropic acts, there is a strong emphasis on *guanxi*. For Ho²⁰, the concept of *guanxi* is 'an extension of the friendship, trust, and obligation that comes from strong family unity'. As a consequence, most philanthropic acts by ethnic Chinese – whether

in Asia or in the US – have been informal in nature, unlike the charitable foundation model. As Ho²¹ has stressed, ‘giving is mainly centred on providing for the family first, then the ethnic community, and then beyond that to mainstream society. Most giving has come in the form of remittances and community giving circles’.

What Makes Chinese Philanthropy Tick?

Factors that influence decisions to give include altruism²², business interests, legacy, vintage of wealth, luck, education and guilt.²³ While there is a dearth of empirical studies examining each of these potential motivators in greater depth, both case study material and anecdotal evidence suggest that philanthropists sometimes feel indebted to their deceased spouses or parents (especially the omnipotent father figure who could never be pleased during one’s lifetime), are afraid that they might be punished by ‘heavenly authorities’ if they do not give back, or simply gain pleasure and tangible rewards by engaging in philanthropic acts.²⁴ Self-actualisation needs, cultural honour in terms of prestige and social capital, the wish to obtain and retain one’s elite status and/or access to information and membership in exclusive social circles of giving, represent powerful rewards which often outweigh the high costs of giving in terms of high relationship termination and loss of face costs, social pressure to be visible and to continue with social engagements over long periods of time, and so forth.

Due to the importance of education in Chinese culture, educational institutions represent traditional targets of Chinese philanthropy. Examples include Singapore’s Nantah established by Tan Lark Sye and Singapore Management University’s library by Hong Kong’s Li Ka Shing. A more integrated example is the Putera Sampoerna Foundation²⁵ sponsored by Indonesian Chinese tycoon Putera Sampoerna, which provides services for philanthropy and Corporate Social Responsibility (CSR). Singapore’s Lien Foundation focuses on education for the disadvantaged, most recently by providing access to preschool for children from needy families through the Young Women’s Muslim Association. Whether third and fourth generation Chinese will do likewise remains to be seen.

Other variables which need to be considered if one wants to understand what makes Chinese philanthropy tick are demographics, such as the age of the respective philanthropic decision-maker. It is not uncommon for Asian ‘philanthropy heroes’ and corporate patriarchs (with their more traditional views) to keep

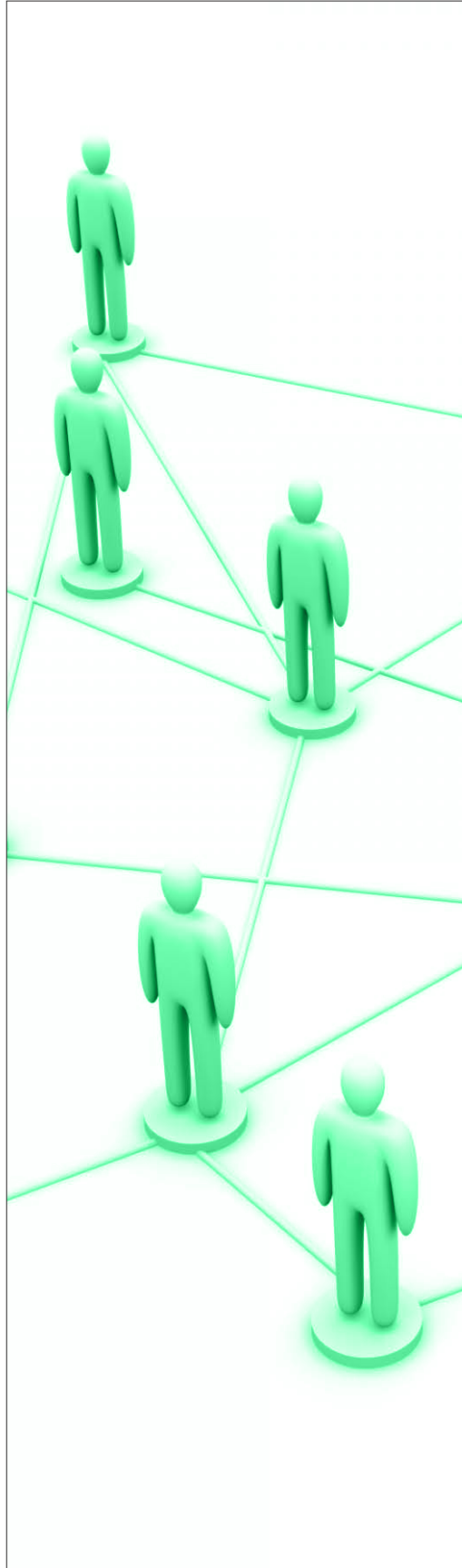
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ALTRUISM

Altruism, a form of helping behaviour that benefits others without regard for oneself, incentives or rewards, has been explained from a number of perspectives, the most common and popular of which are sociology and (evolutionary) psychology. Sociobiology explains altruistic behaviour from a natural selection, neo-Darwinism approach. The basic underlying idea is that social behaviours, like altruism, aggressiveness, envy, courage and affection, among others, are controlled by genes and inherited.

It is well-known that altruistic behaviour is common throughout the animal kingdom. For instance, a tortoise can win a fight by flipping its opponent over. Being on its back is a potentially life-threatening posture for a tortoise. He might bake to death before he can right himself again. Yet, certain species of tortoises in the American Southwest have been observed to turn their opponents over onto their feet again. Why this merciful act when death is often the outcome for the vanquished in the animal world?

Sociobiologists speculate that tortoises who have been beaten and then rescued will, thereafter, defer to the winner. At the minimum, they are not likely to challenge the victor to a fight again. A strong but kind tortoise could thus surround himself with intimidated underlings. He could devote his time to eating and reproducing. On the other hand, a merciless tortoise that just waddles off, leaving those he had beaten to die, would constantly have to fight newcomers.²⁶ Thus, under these circumstances, merciful and hence altruistic behaviour would have survival value and would spread at the expense of hard-heartedness.



a tight ship well into their 80s. A strong relationship to the patriarch can be instrumental in obtaining buy-in for a request. One example of a generous Singaporean Chinese philanthropist is Mr Wee Cho Yaw (80 years old), Chairman of United Overseas Bank, Singapore. Together with three other Singaporean Chinese (Margaret Lien, Chew Hua Seng and the Kwee family), he was featured on the 'Forbes Heroes of Philanthropy List 2009'. Recently, Wee Cho Yaw and his family set up the charitable Wee Foundation, aimed at helping young people to further their education as well as assisting the poor and the aged in Singapore and elsewhere in Asia. It also promotes Chinese language and culture. Are the giving patterns of philanthropists in their 70s and 80s more particularistic than those in their 40s or 50s? Whether there is a positive or negative relationship between age and ethnicity-based giving in Asia has to be examined by future empirical studies on ethnic Chinese philanthropy patterns.

Winds of Change

While traditional stereotypes of ethnic Chinese in Southeast Asia as being particularistic and clannish continue to exist due to ignorance and lack of knowledge²⁷, examples of generous philanthropic acts initiated by ethnic Chinese – such as the Indonesian tycoon Putra Sampoerna or Singapore's Lien Foundation which transcends ethnic and communal boundaries – suggest that there is not only a significant philanthropic potential amongst ethnic Chinese in the region, but also considerable change in terms of worldviews and identity formation. Nowadays, the second and third generation offspring of first-generation Chinese immigrants are represented in all major professional fields, including science, engineering, finance, business and civil society. Along with their greater educational advancements, there has been a tremendous increase in affluence in Asia. According to the Asia Pacific Wealth Report 2008 which examines the investment behaviours and trends of high net worth individuals (HNWIs) in Australia, China, Hong Kong, India, Indonesia, Japan, Singapore, South Korea and Taiwan, the region's wealthy held a combined US\$9.5 trillion in financial assets, up 12.5% from a year earlier and making up 23.3% of global HNWI wealth.

As the ethnic Chinese population in Asia continues to become more engaged in mainstream civil society, we argue that more ethnic Chinese HNWIs will be motivated to give back to society. Contrary to the first-generation Chinese immigrants who were unable or unwilling to write wills, donate money for social causes, or leave bequests to charities due to their socio-

economic insecurity, the second or third generation enjoys much better material conditions.²⁸ This in turn will motivate them to do more in terms of giving and contributing more resources to philanthropic causes. Increasingly, young members of HNWI families are exposed to real community work, gain first-hand philanthropic experiences by setting up foundations and appreciate the benefits of strategic CSR programmes in businesses, which will motivate them to be more open towards more universal individual or corporate-giving patterns. As the formation of new types of modern mutual aid organisations such as the Family Business Network²⁹ suggests, there is no doubt that the next generation (aged 18 to 40) of business-owning families will play a leading role in determining Asia's philanthropic legacy. ❖

¹ Chan Kwok-bun and Claire Chiang, *Stepping Out: The Making of Chinese Entrepreneurs* (New York: Prentice Hall, 1994)

² See also Thomas Menkhoff and Solvay Gerke, eds., *Chinese Entrepreneurship and Asian Business Networks* (London and New York: RoutledgeCurzon, 2004) [soft cover]

³ Thomas Menkhoff, Pang Eng Fong and Hans-Dieter Evers, eds., (2008), "The Power of Knowing: Studies of Chinese Business in Asia," Special Issue of the *Journal of Asian Business*, Vol. 22, No. 2-3 (2006) & Vol. 23, No. 1 (2007) (Ann Arbor: Stephen M. Ross School of Business at the University of Michigan, 2008)

⁴ Mindy L. Berry and Jessica Chao, *Engaging Diverse Communities for and Through Philanthropy* (Washington: Forum of Regional Associations of Grantmakers, 2001)

⁵ See also Willie Cheng, *Doing Good Well: What Does (and Does Not) Make Sense in the Nonprofit World*, (John Wiley & Sons, 2008)

⁶ Robert Lee, *Guide to Chinese American Philanthropy and Charitable Giving Patterns* (California: Pathway Press, 1990). See also Barney Smith et al, *Philanthropy in Communities of Color* (Indiana: Indiana University Press, 1999)

⁷ Arthur P. Wolf, *Studies in Chinese Society* (Stanford, 1978). See also Yu-Yue Tsu, *The Spirit of Chinese Philanthropy* (New York: Columbia University Press, 1912)

⁸ Harry C. Triandis, "Collectivism vs. Individualism: A Reconceptualization of a Basic Concept in Cross-Cultural Psychology," in *Cross-Cultural Studies of Personality, Attitudes and Cognition*, eds., Verna, G. K. & Bageley, C. edited by (New York: St Martins Press, 1988), 60-95

⁹ See also Iris Chang, *The Chinese in America* (New York: Penguin Books, 2003)

¹⁰ Tan Hwee Hoon and Dave Chee, "Understanding Interpersonal Trust in a Confucian Influenced Society: An Exploratory Study," *International Journal of Cross Cultural Management* 5(2), 2005, 197-212

¹¹ Tong Chee Kiong and Yong Pit Kee, "Personalism and Paternalism in Chinese Business," in *Chinese Entrepreneurship and Asian Business Networks*, eds., Thomas Menkhoff and Solvay Gerke, (London and New York: RoutledgeCurzon, 2002), 217-231

¹² Andrew Ho, "Asian-American Philanthropy: Expanding Knowledge, Increasing Possibilities," Working Paper No. 4, Georgetown University, Center for Public & Nonprofit Leadership (Paper presented at the ARNOVA Annual Conference, Los Angeles, CA, 2004) <http://cpnl.georgetown.edu/doc_pool/WP04Ho.pdf>

¹³ Souchou Yao, *Confucian Capitalism: Discourse, Practice and the Myth of Chinese Enterprise* (Routledge, 2002)

¹⁴ Clifford Geertz, "The Rotating Credit Association: A 'Middle Rung' in Development," *Economic Development and Cultural Change*, 10, no. 3 (1962): 249-254

¹⁵ Thomas Menkhoff, "Business on Trust – Chinese Social Structure and Non-Contractual Business Relationships," (in German), *Sociologus – A Journal for Empirical Ethno-Sociology and Ethno Psychology*, 45, no. 1 (1995): 59-84

¹⁶ Solvay Gerke and Sarah Meinert, "Cultural Diversity at the Straits of Malacca: A Study of Associations of Georgetown, Penang," in *The Straits of Malacca. ZEF Development Studies*, eds., Solvay Gerke, Hans-Dieter Evers and Anna-Katharina Hornidge, (Berlin: LIT Verlag, 2008), 153-187

¹⁷ Tong Chee Kiong and Yong Pit Kee, "Personalism and Paternalism in Chinese Business," in *Chinese Entrepreneurship and Asian Business Networks* edited by Thomas Menkhoff and Solvay Gerke, (London and New York: RoutledgeCurzon, 2002), 217-231

¹⁸ See also Thomas Menkhoff and Solvay Gerke (eds.), *Chinese Entrepreneurship and Asian Business Networks* (London and New York: RoutledgeCurzon, 2004) [soft cover]

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²⁰ Andrew Ho, "Asian-American Philanthropy: Expanding Knowledge, Increasing Possibilities," Working Paper No. 4, Georgetown University, Center for Public & Nonprofit Leadership (Paper presented at the ARNOVA Annual Conference, Los Angeles, CA, 2004) <http://cpnl.georgetown.edu/doc_pool/WP04Ho.pdf>

²¹ Ibid. See also Nick Young and June Shih, *The Chinese Diaspora and Philanthropy* (Harvard University, May 2003)

²² Daniel C. Batson, "Altruism and Prosocial Behavior," in *Handbook of Social Psychology*, eds., Daniel Gilbert, Susan Fiske and Gardner Lindzey (New York: McGraw-Hill, 1998), 282-316

²³ John Peralta, "In Asia, a Different Art of Asking – Philanthropy," *Chronicle of Philanthropy*, 18, no. 23 (2007): 7-7

²⁴ Chan Kwok-bun, "The Spirit of Chinese Philanthropy: A Sociological Analysis," Keynote Address at the 5th International Research Workshop on 'Asian Business' entitled "The Future of Chinese Philanthropy in Asia between Continuity and Change," Singapore Management University, Singapore, April 13, 2009

²⁵ Since 2001, SF has given out 30,000 scholarships, adopted 22 schools, offered world-class training for teachers and principals, established a graduate business school, and set up a student loan facility. <<http://www.sampoernafoundation.org/>> and <http://en.wikipedia.org/wiki/Putra_Sampoerna>

²⁶ The author is grateful to Professor Chay Yue Wah, SIM University, for sharing the 'altruistic turtle story' with him.

²⁷ Helmut Buchholt and Thomas Menkhoff, "Huaqiao – The Social Role of the Ethnic Chinese in Indonesia," (in German), *ASIEN – Deutsche Zeitschrift fuer Politik, Wirtschaft und Kultur* 51, 1996, 25-38

²⁸ Jessica Chao, *Asian-American Philanthropy: Expanding Circles of Participation*, Council on Foundations, 1999

²⁹ The Family Business Network was set up in 1990 and is now represented in more than 50 countries with a membership of more than 3,200 family business leaders with 25 chapters in North America, Asia-Pacific, Europe and Latin America. Issues the network deals with include bringing on the next generation of owners, organising governance of the business and the family as well as dealing with inheritance and gift taxes.



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