

THE DEVELOPMENT OF ENTREPRENEURSHIP IN CHINESE COMMUNITIES: AN ORGANIZATIONAL SYMBIOSIS PERSPECTIVE

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Abstract

Why has the rate of entrepreneurship gone down in Singapore? Why is entrepreneurship in Southern China (e.g., Guangdong or Fujian provinces) relatively higher than the rest of China? Why is corruption rampant in some Chinese business communities but virtually nonexistent in others? Although we often speak of “Chinese entrepreneurship” as a monolithic entity, the fact is that there are many variants of Chinese entrepreneurship and these variants continue to rapidly evolve and take on new forms. Yet mainstream management theory has been at a loss to explain these high rates of variation and evolution. To shed light on these issues, we introduce the idea of symbiosis from biology and adapt it to the development of entrepreneurship in Chinese ethnic communities. Symbiosis is the science of how different organisms coexist with each other in a self-sustaining system. Using this approach, we develop six propositions to explain what types of entrepreneurship are likely to evolve in different Chinese ethnic communities and how this process of evolution is likely to proceed. The implications for researchers and practitioners are discussed.

Keywords: commensalistic entrepreneurship, mutualistic entrepreneurship, parasitic entrepreneurship, organizational symbiosis

INTRODUCTION

Chinese entrepreneurship is often discussed as though it is a monolithic entity. But in reality, there are as many different variants of Chinese entrepreneurship as there are different Chinese business communities. Furthermore, although we often speak of Chinese culture as naturally fostering entrepreneurship, such was not always the case as traditional Chinese culture did not look favourably on entrepreneurship; in imperial China, the surest pathway to prestige, wealth and success was to become a government official through the imperial examination system rather than become part of the merchant class (Jenner, 1992). Furthermore, unlike Western firms, many of which have a long history of colonial expansion, the Chinese did not seem to have the mindset and resources needed to conquer foreign markets and compete globally. Yet today, overseas Chinese are legendary in their dominance of Southeast Asian economies and China towns around the world bustle with entrepreneurial activities (Haley, Tan & Haley, 1998). At the same time, mainland China is quickly becoming very entrepreneurial (Weidenbaum & Hughes, 1996).

The primary theories used by organizational researchers, such as institutional theory or population ecology cannot completely explain these phenomena. How does ethnic Chinese entrepreneurship evolve and flourish, particularly in potentially hostile foreign markets? What accounts for the wide variety of Chinese entrepreneurial culture?

To shed light on these issues, we introduce the idea of symbiosis from modern biology. In biology, symbiosis is defined as “the living together of unlike organisms” (Douglas, 1994: 1). There are three primary types of symbiosis: mutualism – a relationship between individuals of different species where both individuals derive a fitness benefit; parasitism- a relationship in which one member of the association benefits while the other is harmed; and commensalism - a relationship between two living organisms where one benefits and the other is not significantly harmed or helped (Abmadijian & Paracer, 1986). Drawing an analogy from symbiotic theory, develop six propositions to more accurately account for the manner in which entrepreneurship in Chinese communities evolves. We also provide a better account for the existence of the major variation in Chinese entrepreneurship.

This paper contributes to the literature by dealing with the issues of Chinese entrepreneurship from a new perspective, which is different from the past approaches that emphasize mainly on competition or foreign adaptation. Studying the entrepreneurial activities of ethnic Chinese firms can improve our understanding of the development of Chinese entrepreneurship as well as that of emerging economies in general. Before developing such a new perspective, we first review some relevant literature.

LITERATURE REVIEW

Organizational Ecology

From an organizational ecology perspective, ethnic Chinese firms can be thought of as a specific sub-population of the general population of all organizations. This sub-population of firms can be thought of as interacting with the general population of organizations in their host countries and their presence affects the survival and growth rate of the others. Population ecology or organization ecology uses the term *competition* to describe these interactions as these firms are competing against one another for growth and survival (van Witteloostuijn, 2000). This line of population ecology has been around since the early part of the 20th century and it draws analogies from the biological world. For example, Gause (1934) observed the coexistence of closely related species of beetles in a controlled environment. Based on these observations, Gause proposed a *principle of competitive exclusion*. Specifically, this principle holds that two species that occupy the same fundamental niche cannot coexist in equilibrium. This theory has had an influence on the theory of competition among organizations from population ecology (e.g., Hannan & Freeman, 1989).

The major research findings from organizational ecology are the effects of many population-level factors, including competition, population density and mortality and growth rate

of organizations in a given population. Yet the theory of organization ecology pays little attention to the issue of how communities develop entrepreneurial drive in the first place, or how entrepreneurship seems to take different paths in different institutional environments. To assist in this manner, we develop a new perspective on organizational symbiosis. Before we discuss these symbiotic relationships further, we first provide a brief review of relevant findings from biology, on which our theoretical perspective in this paper was developed.

Symbiotic Theory from Biology

The theory of symbiosis depends heavily on neo-Darwinism (Margulis, 1981). Neo-Darwinism is a combination of the Darwinian principle of natural selection with Mendelian genetics, and it has been applied to the study of social evolution or organizational behaviour (e.g., Hannan & Freeman, 1977; Simon, 1992). According to this theory, species or organism evolve through a gradual process based on random changes in the genetic code through natural selection and competition for resources (Wikipedia). By considering institutions as analogous to special species or organisms in human societies, neo-Darwinism has been applied to the study of institutional change (Veblen, 1934). According to this view, institutions are subject to the rule of the survival of the fittest. Human beings struggle for existence, prosperity and social status. In doing so, they choose certain institutions. Those institutions that accomplish goals the most effectively and efficiently will survive; those that do not will perish. Thus, the evolution of social structure can also be seen as a process of the natural selection of institutions (Veblen, 1953).

Today this neo-Darwinism is criticized as too simplistic of a description of evolution. Researchers now know that the evolutionary process is not always gradual. New species may arise from the merging of different species in a relatively short period of time (Sapp, 1994). This is also true in the institutional world. For example, since China's economic reform began in 1979, innovative new firms, such as those with state ownership (e.g., TCL and Haier), come into existence quite quickly. They materialized quickly and cannot be explained by the neo-Darwinism. Also evolution does not result only from competition. Sometimes it results from partnership, cooperation, mutualism (Boucher, 1985). Evolution may even occur through altruism, which refers to the behaviour of organisms that sacrifice the production of their own progeny or their own fitness to the environment to enhance the fitness of others (Simon, 1992).

The word "symbiosis" is derived from the Greek word for "live together." Symbiosis is "the intimate living together of two or more organisms, called symbionts, of different species" (Margulis 1984: 5). It is a permanent or long-lasting association between two or more different symbionts. Through this process, new species or organizations can emerge relatively quickly. Thus, symbiotic theory is able to explain the relatively sudden emergence of new institutions or organizations. As Margulis & Bermudes (1985:111-113) put it, in bringing together divergent genomes, symbiosis "has created some of the major cellular innovations responsible for the origin of some higher taxa. The birth of new species or organisms represents major genetic reconstructions with synergistic capabilities unavailable to its unassociated components"

Three Types of Symbiosis

According to Abmadijian and Paracer (1986), there are three types of symbiosis: commensalisms, mutualism, and parasitism. An association in which one symbiont benefits and the other is neither harmed nor benefited is called a commensalistic symbiosis – like a bird living in a tree. A partnership in which both symbionts benefit is a mutualistic symbiosis – for example bees deriving nectar from flowers provides pollination. A relationship in which a symbiont receives benefit at the expense of a host organism is a parasitic symbiosis – for example a tic living on a dog; almost all free-living animals are host to one or more parasites. All three types of symbiosis differ from the relationship of competition in the sense that the symbionts are not competing for the same resources.

Another component of symbiotic theory is the Gaia hypothesis (Margulis, 1984) which makes an important point. The environment was previously thought to be a product of geological and physico-chemical processes to which living organisms adapted to or perished.

The Gaia hypothesis challenges this view by arguing that the composition of the environment is regulated by living organisms in their interaction with the environment. The levels of oxygen, carbon dioxide, nitrogen and temperature are products of the mechanics of life. Accordingly, in the broadest sense, there is a co-evolution of life forms and environmental conditions, and each depends on the other for its existence and maintenance (Margulis & Sagan, 1995). If the Gaia hypothesis is applied to the social sciences, then it is arguable that a societal culture, such as an entrepreneurial culture, is actually formed by the processes of interaction and co-evolution between individuals and organizations. According to this view, entrepreneurship in a given society is also influenced by the activities of individuals and organizations within that society. As human societies are constantly evolving, the evolution of entrepreneurial culture is understandable.

In summary, symbiotic theory maintains that changes in organisms, organizations or populations are not *only* gradual processes that are based on random changes in the genetic code as is suggested by neo-Darwinism. Furthermore, social institutions can also change through symbiotic processes, and they can take place relatively quickly. Continuing evolution, often through symbiosis, is the real force that leads to change.

Using Biological Symbiosis to understand Entrepreneurship

Using Abmadijian and Paracer's (1986) three types of symbiosis, we can draw an analogy to entrepreneurship to propose three types of entrepreneurship: commensalisms, mutualism, and parasitism. Specifically, we define commensalism or commensalistic entrepreneurship as stressing an association or cooperation among entrepreneurial firms so that, while some of them benefit from the association, others do not benefit. But they are not harmed either, so, in essence they are not affected. On the other hand, we define mutualism or mutualistic entrepreneurship as stressing a partnership in which both entrepreneur firms benefit; in essence it is a mutually beneficial relationship. Finally, we define parasitism or parasitic entrepreneurship as a relationship in which an entrepreneurial firm receives benefit at the expense of some organizations in their host countries. All these symbiotic relationships of entrepreneurship differ from the relationship of competition, which has been studied by population ecology; these symbiotic relationships avoid competing for the same resources. Table 1 illustrates the three types of symbiosis from Biology with extension and examples from entrepreneurship.

[Insert Table 1 about Here]

ENTREPRENEURSHIP IN ETHNIC CHINESE COMMUNITIES

The ethnic Chinese that founded businesses in Southeast Asia mainly came from provinces of southern China, such as Guangdong and Fujian. Large-scale migration from these provinces began in the middle of the seventeenth century (Hunter, 1966) as a result of war and other social changes in China. The eighteenth century saw the Industrial Revolution in Europe, coupled with the opening of the Suez Canal in 1869, which accelerated the penetration of Western countries in Southeast Asia. These developments created demand for labor and industrial materials in Southeast Asia. However, the opportunities that arose out of these developments in general were not pursued by local or indigenous people in Southeast Asia, but by Chinese immigrants. At the macro level, certain consistent patterns in Chinese entrepreneurship can be observed. For example, initially, Chinese immigrants were extensively involved in trading activities, using the savings that they had accumulated through hard work. These Chinese entrepreneurial activities would usually start off as sole-proprietorships. After the accumulation of more funds, these entrepreneurs built wider business networks and gathered enough experience and market information to gradually move into industrial and manufacturing activities, either by themselves or in partnerships with members of their family (Chen, 2001). The gradual withdrawal of Western colonialists after World War II created new opportunities for these Chinese entrepreneurs. The early Chinese traders gradually diversified into resource-based economic activities, such as rice milling, tin dredging, and rubber processing. As a result of urbanization and other favorable macro-economic conditions, Chinese entrepreneurs

gradually moved into construction and development, financial and banking services, and down-stream manufacturing activities, especially those that involved low and medium levels of technology (Ahlstrom, Young, Chan & Bruton, 2004).

These entrepreneurial activities were systematic and consist. For example, Chinese entrepreneurs differed from their Western counterparts in that few of them engaged in high technology or innovative activities. Moreover, their entrepreneurial activities depended heavily on networks of kinship ties (Li & Karakowsky, 2002). These Chinese entrepreneurs often started out in business as the middlemen between Western colonialists and the local people. As Selmer (1997) points out,

“The more energetic and clever Chinese placed themselves as trade intermediaries for the colonialists. In doing so, the menial workers eventually found their way into retail and wholesale trades, or acted as commission agents and compradors, with the approval of the colonial powers. The enterprising Europeans had no particular liking for the Chinese socially, but found them indispensable in business.” (Selmer, 1997:162)

These middlemen grew into a very significant economic force across the whole of Southeast Asia. They dominated almost all of the “middlemen” businesses in the region, such as import-export, food processing, retailing, car dealing, financing, and banking. For example, in 1955, before local government restrictions were imposed, Chinese entrepreneurs owned 75% of the rice mills in the Philippines, and 80% to 90% of the rice mills in Thailand. Chinese entrepreneurs conducted 70% of all retail trade in Thailand and Indonesia, 75% in the Philippines, and 85% in Malaysia. Almost all of the large local banks in Southeast Asia are owned by ethnic Chinese, including the largest in the region, the Bangkok Bank (Selmer, 1997:163).

The activities and successes of these Chinese entrepreneurs helped to form an entrepreneurial culture in their hometowns in southern China. On the one hand, this entrepreneurship had elements of Western colonialism, such as placing value on overseas ventures. On the other hand, it also contained traditional Chinese values, such as the importance of the family, and this type of entrepreneurship emphasized the interests of family. Young Chinese were encouraged to venture abroad to earn a fortune for their families. The respect that these emigrants gained within their family and hometown could be as important as the material gains (Redding, 1986), and as soon as they earned some money, their first thought was to send it back to their hometown.

Chinese entrepreneurship has influenced entrepreneurial activities in southern China for decades, which may also explain some of the behaviour in southern China today. For example, irrational and illegal emigration activities still occur in southern Chinese communities. Although they can now find opportunities and a better life in their home towns, young people still risk their lives to venture abroad illegally. In fact, compared with their counterparts in inland Chinese provinces, people from the coastal areas of China actually enjoy a much higher standard of living and better opportunities. However, coastal people are much more likely than people in inland China to be involved in risky overseas ventures, including illegal emigration (Becker, 2000). Given this divergence, we argue that it must be institutional factors in these southern Chinese communities, rather than economic factors, that are more significant in explaining the entrepreneurial activities there.

On the other hand, in recent years, a systematic decrease in entrepreneurship in some other East Asian Chinese societies has been observed (Yang, 1986; Yeh, 1988, 1991; Yeh & Lawrence, 1995; Yeo, 1997). For example in Singapore, Yeo (1997) reported that cultural values have changed among managers in the Singaporean manufacturing industry in recent years. With regard to the concepts of cultural values that are identified by Hofstede (1991), Singaporeans scored significantly higher than their counterparts in Hong Kong and Taiwan on power distance and uncertainty avoidance. Other researchers also report similar findings (House, et al., 1999; Li, et al. 2008). Business people in Singapore have a strong tendency to avoid taking risks and developing ventures abroad.

In a study of over 150 firms sponsored by the Singapore Chartered Institute of Marketing, Tan (1997) found that local Singapore firms are very reluctant to invest in other countries. This is despite the fact that their home market and resources are very limited. He further concluded that this reluctance constitutes a serious impediment to firm survival and growth. Furthermore, the Singaporean government has made great efforts to encourage Singaporean firms to expand their operations to other regional and international markets, but to no avail (Saywell, 2002). Tan (1997) further found that only 40% of local Singaporean firms indicated that they planned to expand to other countries in the coming year. This compared with 70% of multinational firms from the West and 80% of multinational firms from other Asian countries that had their regional headquarters in Singapore. Other research has similarly suggested that small firms in Singapore are relatively conservative in their strategic approach, and seldom venture overseas (Lee & Low, 1990). A common Chinese expression in Singapore reflects this lack of entrepreneurship. This expression is “*kiasu*” (or “*pashu*”), which means “fear of failure”. According to Singaporean government leaders, many Singaporeans possess the problem of “*kiasu*”, in that they show little creativity or entrepreneurial spirit (Lianhe, 1997: 11).

The behaviour of firms also reflects a change in the nature of entrepreneurship. For example, when Singaporean firms conduct business in foreign markets, they adopt a different approach from their Hong Kong and Taiwanese counterparts. In China, firms from Hong Kong, Singapore, and Taiwan often adopt different business strategies. Firms from Hong Kong and Taiwan rely mainly on their networks of kin and friendship in China, whereas the majority of Singaporean firms rely on the networks that have been built by the Singaporean government. Regardless of the business opportunities, Singaporean investors usually go to the cities in China in which their government has already established relations with the local government (Li & Karakowsky, 2002). As a group of Australian government researchers observe:

“Despite 80 percent of Singapore’s Chinese having ancestral origins in either Guangdong or Fujian provinces, only 24.1 percent of recently announced projects are in either province. Very few Singaporeans have ancestral origins in Jiangsu or Hebei Provinces and yet 45.1 percent of recent projects are there. Thus, Singapore might well be a gateway to China for Western investors, but the means of access will usually not be the traditional Chinese network.” (East Asia Analytical Unit, 1995, p. 240).

Entrepreneurs in Singapore themselves have also noticed this change. When asked to compare the Singaporean Chinese with the Chinese in mainland China in terms of entrepreneurship, a successful entrepreneur in Singapore commented:

“About 70% of Singaporeans are ethnically Chinese, so by all accounts we should have the same genetic blueprint that enables us to be fabulous entrepreneurs. But somewhere along the way nature and nurture thing did something strange. Singapore is not an entrepreneurial nation.” (Saywell, 2002: 62).

All of these observations highlight the change in entrepreneurship in Singapore, which has evolved in a different direction from entrepreneurship in other Chinese societies. In Hong Kong and Taiwan, for example, the culture has been changing in a direction that emphasizes independence from government control and risk-taking. In Singapore, however, the culture seems to be moving away from the entrepreneurial tradition of older generations of overseas Chinese in Southeast Asia, and people in Singapore rely more and more on the government to take care of their life and businesses. Consequently, when Singaporean firms invest in China, they adopt a conservative strategy that is consistent with the values of a high power distance and high uncertainty avoidance (Haley, Tan & Haley, 1998).

How can we explain these changes or evolution of entrepreneurship at the macro or societal level? Past research on entrepreneurship has largely ignored this issue, and has attributed its findings to one or two external factors, such as economic development. Institutional theory alone cannot sufficiently explain these changes. Although some researchers in institutional theory have developed models on organizational change and

deinstitutionalization (Oliver, 1992), these models cannot explain why the entrepreneurship of similar societies has evolved in different directions, and why some evolution takes place at a quicker pace in one society than another. As we have suggested, a review of the social and economic developments in Hong Kong and Singapore suggests that the functional, economic, and social pressures have been similar in these two Chinese societies. If these pressures are the engines of change in societal cultures, then why are these cultures changing in different directions? Do similar environments “select” entrepreneurship in different ways? Can the evolution of entrepreneurship take place without these pressures or against the current of these pressures? Finally, what determines the “fitness” of entrepreneurship or entrepreneurial firms in each of these Chinese societies? Current theories, such as population ecology or institutional theory, cannot offer a convincing answer. We develop several propositions that address these issues by drawing upon the theory of symbiosis from biology.

PROPOSITIONS

Evolution of Entrepreneurship in Ethnic Chinese Communities as a Symbiotic Process

Based on the theory of symbiosis, we develop a set of propositions regarding the evolution of entrepreneurship at the society or community-level, with particular emphasis on ethnic Chinese entrepreneurs. First, this new perspective emphasizes the strength of symbiosis as the main force of evolution, which undermines the past notion of entrepreneurial culture as something that is fixed and stable. According to this theory, social institutions, including entrepreneurial culture, persist through continuing evolution and reproduction. Only those that do so efficiently and effectively can survive and reproduce. In this selection process, more symbiosis is emphasized over competition.

Moreover, this symbiotic perspective stresses that the cognitive aspects of institutions cannot be separated from its social and physical aspects (Margulis & Sagan, 1995). Accordingly, entrepreneurial culture changes in patterns that can be identified by symbiotic theory. These institutions, including entrepreneurial culture, persist through the process of continuing reproduction and evolution, which is often characterized by symbiosis, due to the selection of Gaia.

In the case of Chinese entrepreneurship, it is difficult to explain how it arose given the institutions that existed in traditional Chinese culture. Traditional Chinese cultural values, such as Confucianism, do not encourage people to venture overseas. Confucianism espouses that children should avoid travelling far away, and should stay close to their parents to take care of them. Consistent with this value, Chinese governments traditionally did not want people to venture abroad because that would have threatened their source of revenue. Historically, those who travelled outside China risked official prosecution. Legislation to discourage emigration existed as early as the Tang dynasty (618 to 906 A.D.) and continued for many successive dynasties. The criminal law of the Manchus (the Qing dynasty) not only prohibited emigration, but also imposed an immediate death sentence on Chinese emigrants who tried to return secretly, which was in effect until 1891 (Selmer, 1997: 129).

Given all of these preexisting values and constraints, Chinese entrepreneurship was formed by integrating new cultural values from European colonists or business people. Since the Tang dynasty (618 A.D.), the provinces of southern China have been the center of China’s foreign trade. Local merchants were able to achieve high social status through overseas ventures, which set examples for the local public and formed an institutional belief on the value of overseas ventures. It is the integration of this Western value with traditional Chinese culture that formed Chinese entrepreneurship in southern China (Johnson, 2003).

However, as has been suggested, this Chinese entrepreneurship has never been static and stable. As a social institution with cognitive aspects, Chinese entrepreneurship has evolved differently in different ethnic Chinese communities. In Singapore, for example, as a result of important policies that have been adopted by the Singaporean government, such as the promotion of Confucian values, some cultural elements have been highlighted or reintegrated into social institutions. These elements include a high power distance and uncertainty

avoidance (Li & Karakowsky, 2002).
reintegration, entrepreneurial culture in Singapore has been deinstitutionalized, and the level of entrepreneurial activity has gone down. To sum up, Chinese entrepreneurship has evolved differently and taken on different forms in different communities. According to these observations, we propose:

As a result of this

Proposition 1: *Entrepreneurship of Chinese ethnic communities is malleable in a symbiotic process, within which it merges and re-merges with cultural elements from foreign societies or other sources.*

Different Evolutionary Tracks for Chinese Entrepreneurship: Commensalistic, Mutualistic and Parasitic Entrepreneurship

According to the symbiotic perspective, the real engine of social evolution is not the physical world, but the workings of the human mind. The human mind contains different cultural values or elements that exist symbiotically (North, 2005). Different combinations of cultural elements explain the different versions of entrepreneurship. For example, as stated earlier, symbiotic theory has identified three types of symbiosis: commensalistic, mutualistic and parasitic. Taking the analogy to entrepreneurship, we could say that there are three types of entrepreneurial activities that are likely to occur given certain elements in an entrepreneurial culture (see Table 1). Commensalistic entrepreneurship is found among entrepreneurs in Chinese ethnic communities who have a high level of collectivistic cultural values, such as those found in Chinatowns throughout the world. Mutualistic entrepreneurship is likely to be found among entrepreneurs in ethnic Chinese communities that emphasize innovation and creativity, while parasitic entrepreneurship is likely to be found among entrepreneurs in ethnic Chinese communities that have little elements of risk-avoidance or respect for the law.

Taking the first one, commensalistic entrepreneurship, in any given Chinatown, one can observe many entrepreneurial firms that co-exist without competing against each other for resources, such as a Chinese grocery store or a dry cleaner operating next door to a Chinese restaurant. The combination of these activities or elements can often be seen as a single entity that reflects Chinese entrepreneurship. Based on this relationship, we can name these entrepreneurs “commensalistic entrepreneurs.”

It is arguable that commensalistic entrepreneurship is more likely to occur when values of family or kinship are a major element of entrepreneurial culture. As Selmer (1997: 165) suggests, in such a relationship, Chinese firms are often rooted in particular kinship or ethnic ties. The result is the formation of homogeneous social groups across different markets that are bound together by Confucian ethics, which fosters the cohesion of all of the traders in the market network. With this network, Chinese entrepreneurs share a formidable resource base that spreads across national borders; they have access to business information, capital, entrepreneurial projects, and a social structure that encourages and facilitates their ventures. Hence, although this symbiotic relationship does not create direct mutual benefits, the ethnic homogeneity of these Chinese entrepreneurial firms functions as an institutional arrangement that facilitates survival and growth. This emphasis on the value of family and kinship also explains similar types of commensalistic entrepreneurship in other societies or communities, such as those of Italy and South Korea. In all these societies, the effects of family values or kinship help offset some of the conflicting interests or potential competition among small entrepreneurs. As a result, when compared with other cultures, small entrepreneurs with this cultural element are more likely to remain in close proximity and form networks of commensalistic entrepreneurs. Considering this effect of culture, we propose:

Proposition 2: *The more the cultural element of the value of family or kinship is present in a given entrepreneurial culture, the more likely is the development or persistence of commensalistic entrepreneurs.*

Second, mutualistic entrepreneurship is likely to be found in an entrepreneurial culture that emphasizes innovation and creativity. More specifically, the societal culture in some societies or communities has an element of encouraging individuals or firms to find new opportunities and novel solutions to doing business. This cultural element stresses not merely innovation in technology, but also innovative organizational arrangements, such as strategic

alliances. A typical example of mutualism is the interdependency between Microsoft and IBM when Bill Gates first began developing MS DOS (Aldrich & Kenworthy, 1999). The relationship of Chinese “middlemen” entrepreneurs in Southeast Asia with the large firms that were set up by Western colonialists in Southeast Asia can be considered to be a kind of mutualism. In this symbiotic relationship, the enterprising Europeans in Southeast Asia had no particular liking for the Chinese, but found their small firms to be indispensable in business (Selmer, 1997). In addition, for a new and small entrepreneur with limited resources, the formation of this mutualistic symbiosis would increase the chance of survival and success.

As Aldrich and Kenworthy (1999) suggest, it requires creativity and innovation to identify opportunities to develop this kind of mutualistic entrepreneurship. Accordingly, in many Western societies in which creativity and innovation are important elements of entrepreneurship, a higher instance of mutualistic entrepreneurship will be observed. This is because, in a culture that encourages innovation and creativity, entrepreneurs will make greater efforts to identify opportunities or possibilities to form mutualistic relationships with other organizations and parties, especially those organizations that are powerful. At the same time, given the cultural element encouraging innovation and creativity, other organizations and parties may also be more likely to appreciate the efforts or ideas of small entrepreneurs and are more willing to lend assistance. With these effects, the mutualistic entrepreneurship is more likely to be successful and to survive in this culture.

In the case of Chinese society, as suggested above in our current paper, this cultural element mainly exists in the regions that have been heavily influenced by Western culture, e.g., in China’s Guangdong province. Since the Tang dynasty (618 A.D.), these regions or provinces of southern China have been the center of China’s foreign trade as well as the locations where Western firms conducted their businesses (Johnson, 2003). The interaction or merge of cultural elements from both the West and China help creates this innovative cultural element in doing business. Moreover, entrepreneurs with such innovation and creativity were able to achieve high social status, which also help promote this cultural element in the society. As a result, one can observe more cases or examples of this type of entrepreneur innovations in these regions or provinces. Accordingly, we propose,

Proposition 3: *The more elements of innovation and creativity there are in a given entrepreneurial culture, the more likely is the development of mutualistic entrepreneurship.*

Parasitic entrepreneurship is likely to be found in an entrepreneurial culture that has little elements of risk-avoidance or respect for the law. In this type of culture, there is a cultural element of risk-taking that causes persons to be entrepreneurial even if it means skirting the law. An example of entrepreneurial parasitism would be the entrepreneurial firm that survives and succeeds by bribing government officials to obtain some important resource, such as government orders, information that can lead to advantage, or knowledge on how to avoid paying taxes or government fees, or what Nelson (1990) refers to as the “kept woman” strategy. In recent years, a large proportion of corruption or fraud cases that involved government officials in China have been attributed to this kind of entrepreneurial activity (Chau, 2006).

A lack of risk-avoidance or respect for the law in an entrepreneurial culture can help to explain the formation of this kind of entrepreneurial firm. China is a society with a long history of “fief” culture (Boisot & Child, 1988, 1996), a cultural tradition of disrespect for the law and reckless risk-taking among many Chinese entrepreneurs. The saying that “heaven is high and the emperor is far away” (Boisot & Child, 1988: 512) reflects a lack of respect for the state’s laws and regulations. This cultural element or belief still exists in the minds of many Chinese entrepreneurs.

It should be pointed out that this type of entrepreneurship exists not only in China but also in many developing countries where the law system is underdeveloped. Without an institutional tradition of respecting law, entrepreneurs in these countries or economies should be more likely to conduct irregular or illegal activities. The reason is that, without a well-developed law system, this type of entrepreneur activities should be more likely to succeed with much

lower risk of being caught. In this sense, the social institutions encourage this type of entrepreneurship. Accordingly, the following is proposed,
Proposition 4: *The fewer cultural elements of uncertainty avoidance and respect for the law there are, the more likely it is that parasitic entrepreneurs will develop.*

The Process of Symbiosis

Symbiosis produces new organisms as well as new institutions, including new types of entrepreneurship. Just as the teamwork of different organisms enables life to spread on Earth (Margulis & Sagan, 1995), so teamwork allows institutions, including new forms of entrepreneurship, to evolve and spread in human societies. The innovation or creation of new types of entrepreneurship can often result from an integration or reintegration between existing elements and new elements. And new types of entrepreneurship or entrepreneurial firms can emerge in a very short period through symbiosis. One example is the successful Chinese internet firms that have stock listed on the New York Stock Exchange. The creation and success of these entrepreneurial firms did not involve a long evolutionary period. Instead, the integration of Chinese entrepreneurial culture and Western Internet culture created this new form of entrepreneurship in China in a very short period. In other words, by integrating the foreign elements into the existing forms of entrepreneurship, new types of entrepreneurial firms can come into existence in a short period of time. Observing the successes of these Internet entrepreneurs in China against the background of symbiotic theory, we propose,

Proposition 5: *Through symbiosis, new forms of entrepreneurship can emerge and succeed in a short period without a long period of evolution.*

The symbiotic perspective suggests that the relationship between entrepreneurial culture and entrepreneurial activity is a co-evolutionary process. Entrepreneurial culture in a society can influence or shape entrepreneurial activities, but at the same time entrepreneurial activities in a given society can also create an entrepreneurial culture under certain circumstances. As has been suggested, the traditional institutional environment in China does not really encourage entrepreneurial activities. However, entrepreneurial activities in southern China have actually helped to form a unique Chinese entrepreneurship through the integration of Western values into traditional Chinese family institutions (Redding, 1986). It should be pointed out that entrepreneurial activities can also influence other social institutions, such as government policy toward entrepreneurial firms. For example, the current government policies towards entrepreneurial firms in China have arguably been influenced by the successes of these entrepreneurs, such as in the city of Wenzhou in southern China. Given these observations, we propose,

Proposition 6: *Entrepreneurial culture in a given society influences or shapes entrepreneurial activities, but entrepreneurial activities can also create or change an entrepreneurial culture through interaction with other elements in the society.*

Table 2 summarizes the hypotheses.

[Insert Table 2 about Here]

DISCUSSION

Based on the theory of symbiosis, we argue in this paper that the change and evolution of entrepreneurship at the community or society level is a result of symbiotic processes. The creation of a new version of entrepreneurship does not *necessarily* happen after a long period of evolution; the selection of a new form of entrepreneurship, such as the Chinese entrepreneurship that is studied in this paper, depends on whether it can extract the attention, acceptance, and compliance of the human society of which it is a part (North, 2005). Here, the critical factor is the function of Gaia, which is a self-balancing and self-maintaining system that

selects a given institution to ensure its persistence as a system. If an institution can pass the selection of Gaia, then it will be preserved; otherwise, it will die.

It should be emphasized that although entrepreneurship is not a living organism, it cannot survive independently from living organisms, or specifically, human beings. Entrepreneurship in a given society or community persists as a cognitive institution in the collective and individual minds of human beings, and the theory of symbiosis suggests that we cannot separate the human mind from human activities in studying human entrepreneurship. Furthermore, the relationships among institutions and economic actors are multiple and complex. Relationships may have commensal, mutualistic and parasitic elements concurrently although one of them is more salient at a particular point in time. These relationships can change over time, e.g., from parasitic to commensal and from commensal to mutualistic.

These arguments are supported by the basic assumptions of institutional theory (Scott, 1994). Criticizing the approach that attributes institutional changes to exogenous forces, DiMaggio (1988: 12) argues that this approach relegates institutional theory to merely explaining how successfully institutional practices diffuse and reproduce. Likewise, Scott (1994: 96) asks the rhetorical question "institutional environments are in organizations and inside individuals. How can our causal arguments and our statistical methods accommodate this more complex version of interdependence?" A symbiotic perspective on entrepreneurial evolution helps the understanding of the interdependence between entrepreneurial culture and entrepreneurial activities.

From this symbiotic perspective, the differences in entrepreneurial culture across East Asian Chinese societies can be explained. For example, we examined why the entrepreneurial cultures and related activities of Hong Kong, Taiwan, and Singapore have evolved in different directions, even though these Chinese societies share a similar cultural heritage and have adopted similar technological resources. Based on the perspective of symbiosis, we can attribute the differences to the fact that the societal cultures in these societies merged with new elements and reassembled them in different ways. In Singaporean culture, for example, traditional Confucian cultural values have blended with the existing entrepreneurial culture, which has had the effect of decreasing entrepreneurial activity in that society as a whole.

In another development, in Malaysia, the economically superior Chinese entrepreneurs are found to be cooperating with less economically developed Malays to form a new type of symbiotic relationship in which different cultures merge each other (e.g., Norhashim & Aziz, 2005). All these developments or processes provide evidence supporting the argument that symbiosis leads to the changes of entrepreneurship or the creation of new entrepreneurs.

Future Research Directions

For researchers, this new perspective draws attention to the need to deal with the issues of entrepreneurship using a more macro, dynamic, and timely approach. We highlight three important points: First, we need to consider entrepreneurial innovation not only as a micro case of long evolution but as a symbiotic process at the macro level by which new types of entrepreneurship are generated or changed, often in a short time period and in a systematic way. This will mean reconsidering the way that entrepreneurship has traditionally been viewed.

Second, when studying entrepreneurial evolution as an institutional process at the societal level, a more dynamic approach is called for. The relationship between entrepreneurial culture and its related activities needs to be addressed not only from the dominant institutional perspective that focuses on the effects of institutions on entrepreneurial activities, but also from a symbiotic perspective that examines entrepreneurial culture as an inter-dependent variable in a Gaia system that can be influenced by entrepreneurship and other human activities by the selection of Gaia. This approach will improve our understanding of the evolution of entrepreneurship.

Finally, we also need a more timely approach to studying cross-cultural elements. Taking the perspective of entrepreneurship as a symbiotic process suggests that changes in societal cultures can take place rapidly. In this environment, research data quickly becomes obsolete because of the rapid changes in the nature of entrepreneurship in a given community. For example, a study showing that Taiwan has a high level of power distance may show that Taiwan possesses a low power distance culture three years later. As noted earlier, Singapore is

considered to be a society with a high level of entrepreneurship, but entrepreneurship has decreased significantly and rapidly in Singapore in recent years. Because of these rapid changes, research into entrepreneurship faces a new challenge, that of out-of-date data. To prevent misunderstanding, more frequent measurements are needed to accurately gauge the extent of symbiosis.

CONCLUSIONS

Just as in biology and ecology, in which the evolutionary process cannot be fully understood until the close interactions between organisms and their external environments are understood (Abmadjian & Paracer, 1986), so the evolutionary processes of entrepreneurship cannot be understood without understanding the symbiotic relationships between entrepreneurial culture and entrepreneurial activities. In this paper, we have used the ideas and the terminology from biology to explain the significant differences in the evolution of entrepreneurship across different Chinese ethnic communities or over time. This perspective is likely to be more useful in the future as the increasing interactions among modern societies and the rapid development of communication technology different cultures into closer contact.

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Table 1: Adapting Commensalism, Cooperation and Parasitism from Biology to Entrepreneurship*

Name	From Biology	An Analogy to Entrepreneurship	Example from Chinese Ethnic Communities
Commensalism	<p>Commensalistic Symbiosis - an association in which one symbiont (living organism) benefits and the other receives neither harm nor benefit – like a bird living in a tree.</p>	<p>Commensalistic entrepreneurship - stresses an association or cooperation among entrepreneurial firms so that, while some of them benefit from the association, others do not benefit, but they are not harmed.</p>	<p>Commensalistic entrepreneurship is found among entrepreneurs in Chinese ethnic communities who have a high level of collectivistic cultural values, like Chinatowns throughout the world. These entrepreneurial firms co-exist without competing against each other for resources, such as a Chinese grocery store or a dry cleaner operating next door to a Chinese restaurant. The combination of these activities or elements can often be seen as a single entity that reflects Chinese entrepreneurship.</p>
Mutualism	<p>Mutualistic Symbiosis - a partnership in which both symbionts benefit is a mutualistic symbiosis –</p>	<p>Mutualistic entrepreneurship - a partnership in which both entrepreneurial firms benefit; in essence it is a mutually beneficial relationship.</p>	<p>The relationship of Chinese “middlemen” entrepreneurs in Southeast Asia with the large firms that were set up by Western colonialists is a kind of mutualism. In this symbiotic relationship, the Europeans found the small Chinese firms to be indispensable</p>

bees gathering
nectar provide
pollination

in business and vice-versa.

Parasitism

Parasitic
Symbiosis - A
relationship in
which a
symbiont
receives benefit
at the expense
of a host
organism – a tic
living on a god.

Parasitic
entrepreneurship - a
relationship in which
an entrepreneurial
firm receives benefit
at the expense of
some organizations
in their host
countries.

Entrepreneurial parasitism exists
in Chinese communities when an
entrepreneurial firm survives and
succeeds by bribing government
officials to obtain some important
resource, such as government
orders, information that can lead
to advantage, or knowledge on
how to avoid paying taxes or
government fees.

*Adapted from Abmadijian and Paracer (1986). All three of these symbiotic relationships of entrepreneurship differ from the relationship of competition, which has been studied by population ecology, in the sense that these symbiotic relationships avoid competing for the same resources.

TABLE 2: Summary of**Propositions****Proposition**

One	Entrepreneurship of Chinese ethnic communities is malleable in a symbiotic process, within which it merges and re-merges with cultural elements from foreign societies or other sources.
Two	The more the cultural element of the value of family or kinship is present in a given entrepreneurial culture, the more likely is the development or persistence of commensalistic entrepreneurs.
Three	The more elements of innovation and creativity there are in a given entrepreneurial culture, the more likely is the development of mutualistic entrepreneurship.
Four	The fewer cultural elements of uncertainty avoidance and respect for the law there are, the more likely it is that parasitic entrepreneurs will develop.
Five	Through symbiosis, new forms of entrepreneurship can emerge and succeed in a short period without a long period of evolution.
Six	Entrepreneurial culture in a given society influences or shapes entrepreneurial activities, but entrepreneurial activities can also create or change an entrepreneurial culture through interaction with other elements in a Gaia system.