Introduction: Chinese Philanthropy between Continuity and Change

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Chinese Philanthropy in Asia between Continuity and Change

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This special issue features seven essays that were presented at the Fifth International Research Conference on Asian Business entitled “The Future of Chinese Philanthropy in Asia between Continuity and Change” organized by the Lee Kong Chian School of Business at the Singapore Management University, Singapore, on April 13, 2009. The conference was chaired by Practice Associate Professor Thomas Menkhoff, Lee Kong Chian School of Business, Singapore Management University. The meeting provided a platform for scholars from Singapore, Australia, Hong Kong, and the Philippines to explore the relationships between ethnic Chinese cultural values about wealth and changing attitudes toward philanthropy, charity, and giving. As the ethnic Chinese population in Southeast Asia continues to grow and to assimilate more fully into mainstream society, more wealthy ethnic Chinese are interested in giving back to society, not just to their own families and clan members, but to society at large, which has provided them with the opportunity to create wealth in the first place. Against this background, the papers in this special issue are aimed at exploring the changing face of ethnic Chinese philanthropy and the motivations behind this sector. Key research questions which the papers address are: What is so unique when it comes to philanthropy and giving by ethnic Chinese in Asia and beyond? How have philanthropy patterns of second and third generation Chinese (in contrast to first generation immigrants) changed over time? What motivates ethnic Chinese philanthropists to give?

INTRODUCTION

Despite the growing importance of the nonprofit sector in Asia (Cheng 2008; Cheng and Mohamed 2010), not much attention has been paid to the study of philanthropy and giving by Southeast Asia’s ethnic Chinese (Chan and Chiang 1994; Haley et al. 2004; Menkhoff and Gerke 2004; Menkhoff et al. 2008). Along with the expansion of the middle class in Asian countries such as Singapore, Malaysia, and Indonesia, there has been an increase in wealth in Asia (Anft 2002; Berry and Chao 2001; Hoon 2008). Against this background, this special issue aims to explore the changing face of ethnic Chinese philanthropy. What makes ethnic Chinese philanthropy tick? How do changing identity patterns of second and third generation ethnic Chinese shape their attitudes about philanthropy and
giving? Why do affluent people in Asia such as ethnic Chinese entrepreneurs engage in philanthropic acts?

We 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 (Chan and Ng 2000). Prominent examples of ethnic Chinese philanthropists in Asia are Tan Kah Kee (1874–1961) and Lee Kong Chian (1893–1967), two of Singapore’s most successful entrepreneurs and millionaires. As stated in the website of Singapore’s National Library, which put together an exhibition of these two men in 2008, both were “ardent supporters of education and community and social causes, using their wealth not for personal betterment but to improve the lot of society as a whole … With their vast fortunes, Tan and Lee were able to endowed a multitude of social, cultural and educational institutions, many of which still thrive today” (National Library Board Singapore 2010). Tan Lark Sye and Lien Ying Chow are other prominent examples of ethnic Chinese philanthropists who made a huge difference in the lives of many people in Asia by donating money, goods, services, time, and effort to support socially beneficial causes aimed at improving the human quality of life.

The legacy and great potential of ethnic Chinese philanthropy in Asia raises interesting questions about the relationships between ethnic Chinese cultural values about wealth, philanthropy, charity, and giving (Lee 1990; Smith et al. 1999, Young and Shih 2003) as well as the impact of socioeconomic change on the ideological perspectives of “old” and “new” ethnic Chinese philanthropists. In order to explore the uniqueness of philanthropy and giving by ethnic Chinese in Asia, we will begin with some historical reflections about traditional conceptions and practices of Chinese philanthropy.

HISTORICAL REFLECTIONS OF CHINESE PHILANTHROPY

Traditionally, philanthropic virtues such as civic betterment, benevolence, charity, compassion, or generosity have always mattered in Chinese culture as evidenced by the teachings of Confucianism, Buddhism, Taoism, and folk religion (Tsu 1912; Wolf 1978). 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 socioeconomic conditions often dictated the need for mutual help and cooperation among 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 practiced during the Chou dynasty (1050–256 BC) were not uncommon.

Studies suggest that ethnic Chinese do appreciate the value of reciprocity in philanthropy due to the importance of collectivist values with its emphasis on family, clan, community, and village (Chang 2003; Tan and Chee 2005; Tong 2002, 2006; Triandis 1988). In this context, philanthropy has strong connotations of helping trusted others in one’s inner circle in form of giving goods, time, skills, and money (Menkhoff 1995; Tong 2008). As Ho (2004) 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 essentialize Chinese conceptions of philanthropy (Yao 2002) vis-à-vis an imaginary “West,” there is some evidence that early forms of mutual help and giving were influenced by cultural values related to familism and communalism. The rotating credit associations (ROSCA) studied by Geertz (1962) in Southern China (Swatow; now Shantou) 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 organizing communal feasts. ROSCA require interpersonal trust (Menkhoff 1995) as payments rotate among members, and loan defaults are prevented due to the power of face and associated sanctions in case of noncompliance with norms and informal rules.

The Khoo Kongsi in Penang belongs to the clan association of the (Hokkien) Leong San Tong clan. The Khoo was among the wealthy Straits Chinese traders of seventeenth-century Malacca and early Penang. Traditionally, Kongsi provided important socioeconomic functions such as uniting clan members, organizing 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 kongsi can benefit from some of these services such as scholarships (Gerke and Meinert 2008).

INFORMAL GIVING, REMITTANCES, AND QUEST FOR EDUCATION

An important characteristic of Chinese giving is the emphasis on guanxi, that is, personal connections (Menkhoff and Gerke 2004; Tan and Chee 2005; Tong and Yong 2002). In philanthropic acts, there is a strong emphasis on guanxi. For Ho (2004), 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 Ho (2004) has stressed, “giving is mainly centered 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.”

Remittances, that is, sums of money that migrant workers send back to their country of origin, represent a unique form of philanthropy aimed at giving back to relatives in their home country (Stanton et al. 2004). According to a World Bank study, China was the top remittance recipient in East Asia and Pacific in 2007 ($25.7 billion), followed by the Philippines ($17.0 billion),
indonesia ($6.0 billion), vietnam ($5.0 billion), thailand ($1.7 billion), malaysia
($1.7 billion), cambodia ($0.3 billion), mongolia ($0.2 billion), fiji ($0.2 billion),
and myanmar ($0.1 billion). While remittances arguably cannot be classified as
formal philanthropy, they play an important catalytic role in terms of sustainable
development finance (ratha and xu 2008).

due to the importance of education in chinese culture, educational
institutions such as colleges and institutions of higher learning represent
traditional targets of chinese philanthropy. a local example is singapore’s
nantah, which was established by the late chinese community leader and
philanthropist tan lark sye. a contemporary example is li ka-shing, one of
asia’s most generous philanthropists. in 2006, forbes magazine honored him
with the “malcolm s. forbes lifetime achievement award.” indonesian chinese
tycoon putra sampoea is another asian philanthropist with a passion for
education. he was the owner of sampoea cigarettes before it was sold to philipp
morris. during the past ten years, his professional philanthropist organization,
putera sampoea foundation, has given out thousands of scholarships, adopted
dozens of schools, initiated training measures for teachers and principals,
established a graduate business school, and set up a student loan facility
<http://www.sampoeafoundation.org/>. another case of a modern educational
philanthropist is gordon wu who made a substantial donation to princeton
iversity. besides education, which is traditionally regarded as key to prosperity
in chinese culture, there is a strong tendency among asian philanthropists to
support health care related causes.

what motivates chinese philanthropists?

factors that influence decisions to give include the power of traditional
chinese values such as doing good or moral excellence (lee in this volume),
altruism, business interests, benefits (chan in this volume), legacy, vintage of
wealth, luck, education, guilt (peralta 2007), passion (sim in this volume), and
faith (hoon in this volume). while there is a dearth of empirical studies
examining each of these potential motivators in greater depth, both case study
material and anecdotal evidence suggests that philanthropists sometimes feel
indebted to their deceased spouses or parents (especially the omnipowerful 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 (chan in
this volume). self-actualization needs, cultural honor in terms of prestige and social
capital, the wish to obtain and retain one’s elite status and/or access to
information qua membership in exclusive social circles of giving represent
powerful rewards (peterson 2005). associated benefits arguably 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.

altruism (batson 1998), helping behavior that benefit others without
regard for oneself, incentives or rewards, has been explained from a number of
perspectives, the most common and popular of which is sociology and
(evolutionary) psychology. sociobiology explains altruistic behavior from a
natural selection, neo-darwinism approach. the basic underlying idea is that
social behaviors, like altruism, aggressiveness, envy, courage, affection, among
others, are controlled by genes and inherited. it is well known that altruistic
behavior 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 death
threatening posture for a tortoise. he might bake to death before he can right
himself. yet, certain species of tortoise in the american southwest have been
observed turning 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 might speculate that tortoises who have been beaten 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 and
leaves those he had beaten to die would constantly have to fight newcomers. thus,
under these circumstances, merciful and hence altruistic behavior would have
survival value and would spread at the expense of hard-heartedness. so, is
chinese generosity and the moral excellence of the donor simply a pragmatic
affair or is there more to it? according to the contributors of this special issue,
there is much more to it due to the power of emotions and relationships (chan in
this volume), culture (hoon in this volume), generational change (ho and yuen in
this volume), social exclusion (talisayon in this volume), as well as time as “currency of life” (sim in this volume).

other variables that 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 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 wee cho yaw, chairman of united
overseas bank (uob), 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, the wee family set up
the charitable wee foundation, which is aimed at helping young people to
further their education and 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
knowledge (buchholt and menkhoff 1994), 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 among ethnic Chinese in the region but also considerable change in terms of worldviews, identity formation, and giving patterns. 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 behaviors 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 the 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 socioeconomic insecurity, the second or third generation enjoys much better material conditions (Chao 1999, 2000). This in turn will motivate them to-do more in terms of giving and contributing more resources to philanthropic causes (Ho and Yuen in this volume). 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 programs in business (Talisayon in this volume), which will motivate them to be more open toward more universal individual or corporate giving patterns. As the formation of new types of modern mutual aid organizations such as the Family Business Network suggests, there is no doubt that the next generation (aged 18–40) of business-owning families will play a leading role in determining Asia’s philanthropic legacy. The role of Chinese culture in Chinese philanthropy will continue to excite and drive philanthropy researchers in “East” and “West.”

**Contribute rs and Abstracts**

The paper by Lee Cher Leng et al. (“How Is ‘Philanthropy’ Represented in Chinese Characters, Words, and Phrases? Toward an Etymological Interpretation”) examines the history of words associated with Chinese notions of charity and philanthropy, including terms such as benevolence, love, compassion, moral excellence, doing good, etc. As she argues, such virtues have always been important in Chinese culture as evidenced by the teachings of Confucianism. The paper scrutinizes the etymological implications of traditional Chinese conceptions of charity and philanthropy in the context of modern society and practical efforts to increase the well-being of humankind. It intends to contribute to the discussion on “how Chinese philanthropy” represents an exciting area for further empirical research.

“To give or not to give?” is the key question Chan Kwok-Bun critically discusses in his keynote paper “Doing Good as Exchange.” Why do ethnic Chinese philanthropists “give back to society”? Based on the notion that human actors seek to maximize reward and minimize cost, Chan postulates (based on the case study of a Hong Kong-based businessman cum philanthropist and analytically guided by exchange theory) that philanthropic engagement implies tangible rewards such as access to market information and, what is probably more important, “psychological tranquility” or self-consolation. Donating time, money, and effort, for example, to education, which is key to prosperity in Chinese culture, brings pride, pleasantness, and joy. These are strong emotions that money alone cannot buy. As the author points out with reference to the sociology of relationships, commitments, obligations, and devotions (and face), each represents very strong psychological forces within a social philanthropic ecosystem that makes it almost impossible to terminate associated giving relationships. The latter (the Chinese call this “riding a tiger but not being able to get off its back”) implies considerable costs, a key factor that needs to be considered by any analyst who wants to understand the strong collectivistic culture of “altruism” among ethnic Chinese philanthropists. More comparative research on Chinese and non-Chinese philanthropy patterns is necessary to assess to what extent costs and benefits matter in Asian and non-Asian societies.

Another interesting explanatory framework is put forward by Yao Souchou in his essay entitled “More than Buying Face: Sympathy and Chinese Philanthropy.” For Souchou, “buying face” is sometimes regarded as the motivation of philanthropy. This view questions the altruism of the charitable act, and sees it as motivated by the expectation of returns in the form of material rewards or prestige. Yet the “rewards” of philanthropy are neither clear nor immediately evident. According to Souchou, we need an approach that takes into account altruism as well as some kind of “return” that is not straightforwardly accrued by the giver. As he elaborates in his paper, Adam Smith’s notion of “sympathy,” with its emphasis on moral concern for the recipient and social proximity, offers a solution to the dilemma of explaining charity in Chinese society. At the same time it is important to focus the analytical lens on the recipients of “doing good” and to acknowledge how humiliating it can be to be on the receiving end. According to Souchou, in some cases, charity can even be perceived as an insult by beneficiaries with substantial emotional costs. This implies that researchers who want to understand the logic of philanthropy and giving in Chinese society face great challenges in remaining objective and maintaining a certain distance from their research subjects whether they are powerful philanthropists or the poor.

Deeper insights into the motivations and giving patterns of some of the most prominent elite Chinese philanthropists in Indonesia are provided in the paper by Hoon Chang-Yau entitled “Face, Faith, and Forgiveness: Elite Chinese Philanthropy in Indonesia.” Face, faith, and forgiveness are conceptualized as key contributing factors to philanthropy among Chinese-Indonesians. As Hoon argues, philanthropy has become an attempt for Chinese Indonesians to claim national belonging, debunk the “economic animal” stereotype, build a more favorable
image, elevate social status, enter into elite social network, and express certain religious piety. A very interesting aspect of his paper is the fact that many Chinese philanthropists have converted to Christianity. While it could be argued that they simply seek refuge in religion given the volatile environment, an equally plausible explanation might be that this is the manifestation of what German sociologist Max Weber more than one hundred years ago defined as Protestant values such as self-discipline, frugality, hard work, and so forth. Similar revivalist tendencies can be observed in Wenzhou, People’s Republic of China (PRC), one of the commercially most successful cities in China with a very large proportion of Christians. With an increasing number of ethnic Indonesian Chinese donors transcending ethnic and communal boundaries and new regulations pertaining CSR and nonprofit foundations, it will be interesting to observe the future development of philanthropy in Indonesia in light of continuity and change.

In “Corporate Social Responsibility and Emergent Models in Management of Stakeholder Capital in Philippine Conglomerates,” Serafin D. Talisayon takes a closer look at the evolution of corporate social responsibility in the Philippines with reference to Chinese Filipino conglomerates. The paper adopts a social benefit-cost analysis framework to look at three stages in the historical development of management of stakeholder capital of corporations in the Philippines. While the first two stages were government-driven with emphasis on environmental impact issues and “regulatory capture” by big corporations, Stage Three has been internally driven from within the Philippine corporate sector. It consists of corporations assuming social development roles and generating social benefits through CSR (corporate social responsibility) policies and programs. It gradually developed during the last two decades. Toward the end of the paper, speculative pessimistic and optimistic Stage Four scenarios in Philippine and East Asian contexts, particularly with reference to Chinese Filipino conglomerates, are drawn up. While both low- and high-skilled Filipino migrant workers remain in demand across different parts of the globe, associated social costs (in conjunction with domestic labor exploitation) represent a great challenge for the Philippine corporate sector, which requires new collectivistic models of organizing “the socially embedded corporation.” To combat poverty and social exclusion, a new type of “bridging leader” is required who can initiate and sustain collaborative processes to achieve meaningful social change with the help of multiple and diverse stakeholders.

A Chinese American perspective of philanthropy is provided by the article “Chinese American Diaspora Philanthropy: A Perspective on History, Characteristics, and Potential” written by Andrew Ho and Dien S. Yuen. As they point out, Chinese Americans, in particular, continue to gain influence in society, both through gains in technology, science, education, and business. As both China and Chinese Americans begin to prosper, the effects of the Chinese American diaspora on philanthropy are significant. The paper offers an overview of the Chinese American diaspora, general observations of philanthropic practices, and motivations that shape charitable giving, philanthropic vehicles and resources available to encourage greater participation, and trends shaping the philanthropy of Chinese Americans. As the authors argue, it is very likely that the emergence of a highly mobile international business and professional elite, characterized by strong business and commercial ties between the US and China, Hong Kong, and Taiwan, will include a number of significant future philanthropists. What is more difficult to predict is whether generational differences between the first and second (third, fourth, etc.) generations will diffuse a common set of characteristics of Chinese American philanthropy. Whether there will be a conversion of the latter and “US philanthropy ideas” remains to be seen.

The final paper “Fighting the Toilet Taboo: The Personal Journey of Philanthropist Jack Sim” features the story and lessons learned of Jack Sim, founder of the World Toilet Organization (WTO), a global nonprofit organization aimed at improving toilet and sanitation conditions around the globe. It was founded in 2001, and now has 151 member organizations in fifty-three countries working toward delivering sustainable sanitation. Besides advocacy, capacity building and implementing concrete sanitation projects, WTO is propagating a market-based strategy to address the dysfunctional sanitation market for the poor, by creating an efficient market infrastructure. In 2006, WTO was awarded the “Outstanding Social Entrepreneur of the Year by the Schwab Foundation (World Economic Forum). In his paper, Sim shares some stories about WTO’s evolution, its BOP (bottom of the pyramid) engagement and his personal philosophy as a philanthropist in Singapore and beyond. At the end, he provides us with some powerful words of wisdom: (1) People love you when you love them; (2) Fear breeds arrogance, defense, and paralysis; (3) Have courage to trust, love, and share; (4) Time is the currency of life, not money; (5) Dream the wildest dreams. It’s for free; (6) See a clear vision and work backward and; (7) Work with all your heart. Be irresistible.

**Conclusion**

Increasing unmet social needs in areas such as education, health care, access to micro-funding, etc. suggest that philanthropists continue to play a strategic partnership role in the fight against poverty, ignorance, illnesses, and diseases as well as economic underdevelopment. As the group of well-heeled Asians continues to grow and to integrate more fully into mainstream society, there is evidence that more affluent ethnic Chinese are pouring money into charity and development-related project measures, transcending ethnic and communal boundaries beyond their own families and clan members. Regardless of race and ethnicity, well informed and business-savvy philanthropists expect greater accountability and social impact of their donations. Increasingly, they take a more hands-on approach to get real exposure to their beneficiaries and to understand the root causes of the various social causes they are supporting with their funds. While this puts more or less gentle pressure on performance management systems of projects and programs funded by philanthropic donors in East and West, it also often motivates the latter to continue with their involvement and to expand advocacy works in new areas. These changes represent a fine new challenge for Asia’s institutions of higher learning as the growing professionalization of people involved in the third sector will have to be supported by new programs and
executive education courses in areas such as nonprofit leadership, philanthropic management, and social innovation.

In terms of research, the contributions featured in this special issue point to a variety of exciting topics for further studies such as the role of emotions in doing good or the intersection of religion, Asian philanthropy, and globalization. One trend that emerges from the studies above is that there seems to be a shift from ethnicity-based giving to professional, strategic CSR driven by educated second or third generation ethnic Chinese, some of which who display a unique set of values inherited by their philanthropic parents or shaped by life experiences and other factors. More empirical, comparative research is required to avoid the danger of essentializing ethnic Chinese giving in Asia and beyond.

REFERENCES


