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THE ROLE OF YOUNG CHINESE ENTREPRENEURS IN THE PHILIPPINE ECONOMY: RENEWING TRADITION, FACING NEW CHALLENGES AND OPPORTUNITIES

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OUR GENERATION OF young entrepreneurs are heirs to a rich tradition and culture from our forebears. However, it is essential that we should establish our own identity, create our own new worlds and forge our own destiny. In the 1980s and 1990s, we are witnessing the rise of a new breed of young Chinese entrepreneurs who shall most likely become the future business leaders of the 21st century. Our elders, who were either immigrants or the children of immigrants, had gallantly triumphed over all kinds of tribulations and crises in order to pave the way for a better future for the next generation. We can never forget that our forebears had overcome many problems and overwhelming odds with their high standards of strength, courage and sacrifice which we the younger generation should seek to emulate. Unlike our elders, who have been tested in adversity, our generation of young entrepreneurs still have to prove ourselves. We should cherish the heritage and wisdom of our elders, their cultural and moral values, their risk-taking and pioneering

spirit, their sense of adventure, their capacity to endure hardships, their perseverance and determination. Ours is a generation which has no vivid memories of the civil war in China, the violence of World War II and the dark era of Japanese occupation of the Philippines, and the poverty and struggles of immigrant life. This new generation of young entrepreneurs indeed have a better life and more opportunities. Our generation had also grown up and learned business in a totally new environment, in an era when the Asia Pacific region has already overtaken America and Europe as the world's fastest-growing economic region. These young entrepreneurs are entering the business arena in a region where China is fast becoming a major economic power and the 55 million Overseas Chinese have become successful entrepreneurs not only in the Asia Pacific region, but all over the world.

In the national context, these young entrepreneurs grew up under two decades of Marcos rule and the years of political turmoil and change of the 1980s. Due to a combination of terrible political and natural calamities, the once robust Philippines economy had suffered serious setbacks. In this climate of turbulent change and crises, the young entrepreneurs have to do business amidst rampant criminality, widespread graft and corruption, chronic labor unrest and socio-political instability.

The young entrepreneurs of today are also beneficiaries of a progressive government policy of naturalization in the 1970s. The national government allowed members of the Chinese community easier access to Filipino citizenship, thus allowing long-time residents to finally become full-fledged citizens of the land of their birth. This historic event augured well for more long-term Chinese investments in the Philippine economy, allowing Chinese to enter the professions, to own properties, to be secure in their status and civil liberties in society, and encouraging long-term Chinese commitment to the economic destiny of the country.

NEW CHALLENGES FOR THE FUTURE TAIPANS

In this decade of the 1990s, some of the Chinese entrepreneurs at the helm of big Philippine enterprises are from the young generation in their 30's and 40's. Some are authentic self-made tycoons, while others inherited their businesses from their parents or grandparents.

NEW CHALLENGES FOR THE YOUTH

I agree with the observations of Asian Institute of Management (AIM) Prof. Dr. Victor Limlingan about the challenges confronting the

young Chinese entrepreneurs of the Philippines today, which he listed as: motivation, institutionalization and social responsibility.

He said: "The success of the Filipino-Chinese business community brings with it further challenges. And one of the challenges facing you, the heirs, is building on the success of your forebears. The challenges you face are best expressed in the Chinese saying: The first generation creates the wealth, the second generation enjoys the wealth, and the next generation destroys the wealth. In this Chinese saying are the challenges facing you.

1. How can we enjoy the wealth and still keep the hunger that created it? We call this **motivation**.
2. How can we enjoy the wealth and be sure that the next generation will be as fortunate? We call this **institutionalization**.
3. How can we enjoy the wealth when many of our countrymen do not? We call this **social responsibility**.

Despite earning his Ph.D. in business administration from Harvard University, Limlingan warned against totally adopting Western management systems for Chinese family enterprises. He said: "We should look askance at those who claim that institutionalizing is possible only by adopting the Western System of Professional Management, since this would betray our Chinese heritage and destroy our competitive advantages."

THE QUESTION OF SUCCESSION

In my view, among the other possible challenges faced by our generation are: the problems in succession, such as who among the many brothers, sisters or cousins shall eventually take over full control of the family enterprise. Succession is a common problem to all successful business families in the world, whether Chinese, American or European. Due to the strong family ties and organizational set-ups of Chinese and Asian companies, succession is a major challenge. How can a smooth and orderly transition be achieved? Are the heirs as capable as the founders? Do they share the vision, dreams and ambitions of the founders?

One tragic example of a crisis caused by wrong business decisions of the young generation is the family behind the Astra Group of Companies, once the second wealthiest Indonesian Chinese business clan and among the world's most successful entrepreneurial families. Only the

business group of Lim Sioe Ling was bigger than their empire. The patriarch William Soeryadjaya was a self-made man, whose "rags-to-riches" saga is legendary. He was highly respected in Asia. He built up a multi-billion conglomerate with diversified interests, ranging from manufacturing of vehicles to banking. His wrong choice of heir apparent, an eldest son who lacked business acumen and prudence, caused the downfall of the family conglomerate. Observers said that his youngest son was the most capable, yet he chose his favorite eldest son to assume a lot of authority in the business group.

Another challenge to young entrepreneurs is the transitions from the patriarch to the heirs, the transfer of power and management authority, the ensuing adjustments within the organization in terms of people, values and management styles. It is not just motivation and business skills which must be passed on. In the Asian business environment, especially among Chinese business families in the region, interpersonal relationships are unqualifiable in their economic and strategic importance. Although such factors as entrepreneurial talents, hard work and prudent financial management are indispensable to success, some of the business empires in Asia were also started on deals and special ties sealed with only a handshake or a promise. In fact, in the past, Chinese bank loans were granted solely on the basis of the borrower's character and his "trustworthiness" or "*sin-yong*."

I wish to cite a few real cases of transition problems, without mentioning names. There is one version about the downfall of a well-known business establishment in downtown Manila in the 1970s which had faced financial difficulties under the heirs and yet the business survived for some years due to an important credit line from a prominent bank. It is said the patriarchs of both the company and the bank were close friends. However, upon the death of the bank chairman, the credit line was stopped by the heirs of the banker and the business establishment collapsed.

There is also another case of two businessmen whose companies supported each other in their early days of struggling for survival, thus the manufacturer had an exclusive distributorship arrangement with his friend the dealer to facilitate nationwide sales and to free him from the burden of bad accounts from clients. The dealer paid him cash for all his manufacturing output and spent for promotions and advertising. But with the deaths of the two founders many years after two companies have grown big, the dealer's son one day lost the lucrative exclusive distributorship.

Another example is a major manufacturing firm established by two childhood friends. Both were classmates and went through the Japanese occupation of Manila as partners in various small business ventures. After World War II, their enterprises grew into one of the country's largest industrial companies. Years later, and with the deaths of the two founders, the two sets of heirs did not share a lot of things in common and all kinds of conflicts inevitably started to disrupt business operations. Internal tensions caused inefficiency and financial problems for their business. The company was eventually split up into two new companies, and the two families became bitter rivals in the industry.

Will the heirs be able to inherit the intricate interpersonal relationships and longstanding friendships of the founder with his old business allies, associates, creditors, suppliers and clients which were cultivated and tested through the years? What about past deals and arrangements with allies or patrons? What about old debts of other people to the founder, whether in terms of financial obligations or debts of gratitude for past favors which can be beneficial to the future of the family companies? Of course, the young entrepreneurs will create his or her own new contacts, friendships and connections, yet these old ties are often priceless and essential to maintain the competitive edge and the strength of the family companies.

CREATING A NEW IMAGE, A NEW IDENTITY

One challenge for young Chinese entrepreneurs is to change the perception of government and other sectors of Philippine society about our community. Due to the unique circumstances of the elder generations, most of whom were immigrants or the children of immigrants who do not have citizenship rights, the Chinese entrepreneurs of the past have been viewed and often exploited as virtual "milking cows". Entrepreneurs in the past have been victims of fund-raising schemes or even outright extortion by all sorts of politicians and bureaucrats. In the 1990s and beyond, young Chinese entrepreneurs are already full-fledged Filipino citizens who are secure in their rights and privileges. We can talk and communicate with political personalities on the same level. We can have meaningful dialogues and exchange of ideas. In fact, we can actively lobby for economic policies which shall benefit Philippine progress, without resorting to money. In the past, due to the lack of communication skills and due to different circumstances, the older generations communicated through money—whether in the form of gifts or financial contributions. But today,

we can confidently deal with our peers in government and other sectors as fellow citizens who all share common aspirations for the country's well-being.

Another option open to the young entrepreneurs, and which the elder generations did not have, is the opportunity to enter public service either as elective politicians or as technocrats. In Thailand, Malaysia and other countries, some of the best finance ministers, economic planning ministers and legislators come from the ranks of the young entrepreneurs of their Chinese communities which are ethnic minorities.

IN THE FOREFRONT OF INTERNATIONALIZATION

Another challenge for young entrepreneurs in the Philippines is to use their education, their financial resources and international exposure to modernize Philippine industries. For years, a lot of Philippine industries had been shielded from international competition by protectionist policies which supported and caused local industries to become inefficient. These industries have grown big due to the protected domestic markets, but they lag behind in terms of technology and productivity compared to those in Asia's "Dragon Economies." The young entrepreneurs should not be complacent and be content with homegrown success. Our generation of entrepreneurs should overhaul local industries, invest more in new technologies, in training of personnel, in research and development and try to help the Philippine economy compete in global markets.

For the 1990s, young Chinese entrepreneurs should focus on exports and other industries which earn more foreign exchange for the Philippines. In many Asian countries, Chinese family companies are the biggest exporters which have helped propel the "economic miracles" of the region.

Young Chinese entrepreneurs of the Philippines should take the lead in tapping the fast-growing economic opportunities all over the Asia Pacific region, by networking with the different Overseas Chinese communities in each country. Economist Dr. Bernardo M. Villegas acknowledged the importance of the Overseas Chinese diaspora and China when he predicted that the three most important languages of the 21st century shall be English, Computers and Chinese. We can use our international contacts and kinship ties to boost foreign investments in the Philippines, expand foreign trade and encourage transfer of technologies. One of the biggest challenges to our young entrepreneurs is to help the Philippines

gain a firm foothold in the People's Republic of China, which now is the world's fastest-growing major economy. China is also predicted to become the world's biggest export market in the 21st century. Progressive Asian economies such as Hong Kong, Taiwan, Singapore, Thailand, Malaysia, Indonesia and others have their dynamic Chinese entrepreneurs aggressively investing in mainland China, with the long-range goal of becoming major players in the ultimate economic superpower of the future. Helping Realize the Dream of "Philippines 2000"

In 1991, a group of idealistic young Chinese entrepreneurs and professionals organized the Anvil Executive Club, with the purpose of promoting traditional Confucian values and work ethic, dynamic entrepreneurship and civic consciousness. Anvil seeks to galvanize the idealism, diverse talents and resources of the young Chinese entrepreneurs for service to the cause of Philippine economic, social and cultural progress.

On November 22, 1991, then President Corazon C. Aquino formally inducted the first set of Anvil Executive Club officers at Malacanang Palace. On this occasion, she had expressed the national government's all out support for the young generation. I wish to quote some excerpts from her speech:

"The image of the anvil that we are familiar with is that of a heavy, steel-faced iron block where metal is hammered into shape by hand. With the young Filipino-Chinese businessmen and professionals who make up the Anvil Executive Club, I am certain this common image will soon change. It will bring images of hardworking, disciplined, civic-minded and conscientious businessmen and professionals. If you should become a decisive bloc in the molding of Philippine Commerce and industry in the next century, I would already be glad that I took this time to administer the oath of your first set of officers today."

In conclusion, I believe young Chinese entrepreneurs should vigorously participate in the great task of nation-building. We should draw hope and strength from the wellsprings of our rich Chinese cultural heritage and traditional Confucian values. Compared to our elders, ours is a more privileged generation. Our problems and obstacles to success are different from those which confronted our forebears in the past, and we should create our own solutions to our new problems, and build our own distinctive identity. We enjoy the blessings of better opportunities, a better

quality of life and more social acceptance in Philippine society. We should recognize that these privileges bestow upon us a responsibility to continue to project a positive image of Chinese entrepreneurs as model citizens of this country. We likewise have duty to our elders and to our own children and future generations, to uphold our community's time-honored tradition of dynamic entrepreneurship and service to Philippine society.

The entrepreneurs of our young generation should champion the ideals of free enterprises and reaffirm the positive role of the private sector as the primary engine of Philippine economic and social progress. Apart from civic and social welfare undertaking, we should support the cause of social justice. Our generation should take the lead in supporting the campaign to enhance our ecology and to protect our natural environment. We should likewise spearhead strong private sector support for the promotion of arts and culture. We should help modernize and revitalize the Philippine economy, preparing our industries to aggressively compete in global markets.

We should take the lead in supporting President Ramos in his vision of the Philippines emerging as a Newly Industrializing Country (NIC) by the year 2000. For many of the young Chinese entrepreneurs, the leadership of President Ramos is reassuring, for he had pledged greater socio-political stability, better peace and order, improvement in our electric power supply situation and a more pragmatic approach in economic development. I believe there is a growing consensus among our generation that all sectors of Philippine society should now close ranks and help the government succeed in its socio-economic development programs.

In this final decade of the 20th century, the torch is being passed to a new generation of young Chinese entrepreneurs—born and raised in the Philippines, educated in the best of Asian and Western cultures, imbued with growing sense of social idealism, proud of our ancient heritage and devoted to the future of this country.

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