

# Transnational Exchanges

## Business Relations and Identity Formation Emanating from Asia

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Recent literature on processes of globalization identifies the emergence of transnational social spaces 'as social realities and entities that grow up either from the grassroots by international migration or through a complex top-down and bottom-up process brought about by international business companies' (Pries 2001). Transnational social spaces emerge as a result of the growing and differentiating migration movements and of substantial changes in the activities of international business companies. Or in other words, the development of international business networks generates transnational spaces either through the operations (investments, outsourcing of production and services, etc.) of the enterprises involved, or through labour migration created by these operations.

The question arises as to whether business companies lose their distinct national identity when operating in transnational spaces. If so, which alternative markers of identity do they resume in order to position themselves under the specific conditions of transnationalism? As Aihwa Ong (1999) points out, the concept of transnationalism denotes new relations between nation states and capital, which have developed under late capitalism as cultural interconnectedness and mobility intensified across space.

Economic activities in transborder areas (industrial districts extending across borders, special economic production zones, EU-regions, growth areas, triangles or corridors, in many parts of the world) make for excellent research and are bound to increase our understanding of processes of identity formation in organizations. Transnational organizations are located in specific culturally and ethnically defined spaces. This particular condition of transnational spaces impacts on their management strategies, coalitions and joint ventures, and competitive positions. The economic arrangements that emerge in transnational spaces are comprised of elaborate network relations, public-private partnerships,

The ASEF-Alliance workshop 'Transnational Exchanges' tried to map transnational business relations in Asia and trace them in space and time, across national boundaries, regions, and continents, exploring their historical roots. A comparison of transnational business relations across space and time may throw light on a number of issues that figure prominently in the ongoing theoretical debates, such as the role of national vis-à-vis ethnic identities in trade and business ventures. Below a brief description is given of the content of the workshop, the reasoning behind the choice of theme, and the context in which the theme is to be appreciated.

forms of subcontracting and outsourcing, and franchising; and these relations of economic cooperation bind together both multinational corporations, and large- and small-scale enterprises. Corporate identities and business cultures become exposed to local business practices and management models. This is the field that organizational anthropologists regard as a challenging area for research on processes of integration, fragmentation, hybridization, the emergence of multiple identities in organizations, and the dynamics of local management practices.

The features that mark today's globalized world, such as multiple types of exchanges, from goods and services to technologies, ideas, and peoples, have also been predominant in transactions between the different parts of Afro-Eurasia over the previous centuries. Cross-border transactions have a long history, stretching back beyond the past two millennia into prehistoric times if we are referring to Eurasian interaction. World historians Andre Gunder Frank and Barry Giles argue in their book, *The World System: Five Hundred Years or Five Thousand?* (1992) that Europe, Asia, and Africa were part of a single world-system as early as 2000 BC. A historical dimension not only confirms the processes of global and regional integration that have been ongoing, but also supplies a sound historical empirical basis to the recent debates on the rationale of business coalitions and exchanges in transnational space.

The workshop raised questions addressing continuity and change in transnational relations, such as: To what extent do these relations differ if pre/post-colonial and colonial conditions are compared? What kind of factors and relationships emerge as recurring or stable? What processes can be identified in transnational business relations and practices? What role does the nation-state play in either facilitating or hampering transnational exchanges? What underlying mechanisms of loyalty and commitment can be identified in transnational exchanges? How does cultural affinity relate to political and economic interests?

The papers were grouped around historical eras, starting in colonial times and moving onto decolonization and the post-colony, and into the twenty-first century. A number of papers by (business) historians focused on transformations in trade and business networks emanating from the Straits and the identity politics affecting both existing business partnerships and new cooperative ventures.

The manifold ways in which organizational boundaries are affected as a consequence of economic transformations in Asia and beyond has been the focus of the workshop. Doing business across borders implies not only relocation of production processes, but also relocation of labour and management models and strategies. The emergence of transnational organizations raises questions about passing involvements vis-à-vis the management of cohesion in organizations, identity formation,

local management strategies, and inter- and intra-organizational conflicts and crises. As has been acknowledged in management literature, there is a trend towards fluidity and complexity of boundaries, both physical and symbolic, within and outside organizations due to diminishing time-space stability in late capitalist economies. This, however, does not imply that boundaries are disappearing. The increasing permeability of boundaries surrounding and delimiting organizations from their environment may on the one hand generate processes of redefining and strengthening of symbolic boundaries, distinguishing the organization from others, and on the other stimulate segments within the organization to reassert their position in times of change. What happens if different entrepreneurial styles meet in transnational organizational cooperation? Some scholars expect the emergence of mixed cultural styles, or the hybridization of entrepreneurial culture, as for example Chan Kwok Bun who argued that multiple forms of cooperation between mainland Chinese firms and Western companies generate hybrid arrangements at management level.

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Others show that either Western or local styles of doing business are advocated instead of some hybrid mix of both. As Helen Kopnina pointed out, recruitment practices in small- and medium-scale Singaporean Chinese companies may show a preference for professional managers over family members; this, however, does not necessarily imply that family ties and paternalist hierarchies do not figure in the power relations within the firms.

It is becoming more and more accepted, in both managerial and scholarly debates, that *heterarchy*<sup>1</sup> should replace hierarchy and local autonomy should replace centralized decision making, resulting in an 'integrated variety' model of management that combines the autonomy of local management with the integrative regime of a global organization. Nonetheless, management practices in transnational companies often perpetuate long-estab-

lished hierarchical relations. Geeske Boode illustrated this by showing how cultural boundaries between Thai staff and Western management, cast in persistent unequal power relations, generate and enforce structures and practices of domination. In contrast, Hyunghae Byun and Sierk Ybema demonstrated that such structures and practices of domination are reproduced in Western contexts by Asian (in this case Japanese) companies, which maintain a strict hierarchical and top-down approach to management based in an integration perspective. In transnational organizations, inter-organizational relationships between groups of people from different cultural, ethnic, religious, gender, and class backgrounds pose problems in terms of management of group interests and the management of boundaries between these groups. There is a multiplicity of coordination and control elements, and there may be considerable tensions between them, as discussed by Mhinder Bhopal and Chris Rowley,

whose paper demonstrated how multi-ethnicity in Malaysian companies can be an asset as well as a liability to both management and staff.

In the final analysis, organizational change always challenges group identities and sets new targets for identification. Mergers, acquisitions, strategic alliances, and diverse forms of partnerships between both large- and small-scale enterprises generate new organizational forms and necessitate the redefinition and renegotiation of organizational boundaries. The disappearance of borders, in both past and present, has not necessarily led to more openness or cosmopolitan orientation, but has given rise to the emergence of socially constructed borders within and across spaces. <

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#### Info >

The interdisciplinary ASEF-Alliance sponsored workshop 'Transnational Exchanges: Business Networks and Identity Formation in Nineteenth and Twentieth Century Asia and Europe' was organized as a joint activity of the Free University, Amsterdam and the University of Malaya, Kuala Lumpur. The papers presented at the workshop will be published in an edited volume and a special issue of a business journal. The abstracts are available at: [www.asia-alliance.org](http://www.asia-alliance.org)

#### Note >

- 1 *heterarchy*: lit.: 'the rule of foreigners'; in the context of late capitalist organizations this concept refers to diverse loci of power and control within and outside these organizations, which are partly converging, partly conflicting, and continuously changing in a complex global economy.