Entrepreneurs and ritual in China’s economic culture

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(Received 5 January 2019; revised 5 April 2019; accepted 5 April 2019)

Abstract
Culture, mainly defined as values and beliefs, has recently attracted much attention in economics. Cultural practices receive less attention, as emphasized in anthropology. We argue that the notion of ‘ritual’ can enrich economic research on culture as a specific form of socially standardized interactions that create shared contexts and emotions to build mutual trust and community. China is an important case in point, because ritual is a central concern in common interpretations of traditional Chinese culture. We look at practices of Chinese entrepreneurs that activate rituals in various settings. We conclude that these phenomena can be analytically condensed in the cultural complex of a ‘ritual economy’.

Keywords: Economic culture; ritual; entrepreneurs; China; networks; kinship; family business; local governance

1. The importance of ritual for understanding the relationship between culture and economy

In recent decades, the concept of culture has gained considerable analytical traction in economics (Alesina and Giuliano, 2015). In the magisterial survey of the field by Beugelsdijk and Maseland (2010: 11) the authors suggest a definition of culture: ‘we loosely define culture as those behavioural and ideational structures that are deemed essential to the constructed identity of a community.’ The topics that loom large in their detailed treatment are trust and social capital, institutional diversity across countries or entrepreneurial attitudes and motivation. In this paper, we focus on entrepreneurship, and we suggest a specific extension of the concept of culture, which is mostly made empirically operational in terms of values and beliefs.

There is a rich literature on culture and entrepreneurship in Austrian economics that is neglected in Beugelsdijk and Maseland’s survey (for a collection of papers, see Grube and Storr, 2015). It pursues the question how far entrepreneurship is enabled, framed and mediated by culture, beyond certain universal characteristics that have been explored seminally by Kirzner (1979, 1997), especially entrepreneurial properties such as alertness. Lavoie (1991) argued that Kirzner’s view remains under the influence of neoclassical equilibrium economics and overlooks the role of culture in creating the meanings of entrepreneurial opportunities in a concrete social context. Beyond the topic of entrepreneurship, Austrian economists approach the market as a cultural phenomenon, thus establishing a broader framework for understanding entrepreneurial action. This is motivated by the critical observation that economics mostly approaches markets as abstract systems operating according to certain mathematical principles and thereby ignores how markets are factually constructed, operated and maintained in the real world (Chamlee-Wright, 1997).

The Austrian approach emphasizes meaning and sense making in analysing economic action, and culture is conceived as a medium. This view mostly highlights the subjective side of action and its hermeneutic dimensions. However, when anthropologists study culture, they give more emphasis to its public manifestations, as in Geertz’s (1963) classical contributions, which showed how social structure
and cultural activities work together in producing certain forms of economic organization and institutions of markets. One of the central concepts by which anthropologists approach these public aspects of culture is ‘ritual’. In Geertz’s (1973) work, the question is prominent how different individuals and groups interpret rituals and how they mobilize rituals in their actions. Most Austrian economists neglect rituals in their emphasis on subjectivist hermeneutics, but there are important exceptions. A case in point that has much in common with our observations on China is Storr’s (2006) analysis of the Bahamian festive ritual Junkanoo, which is a ritual expression and confirmation of a specific entrepreneurial and work ethic. Boettke, Coyn and Leeson (2008) introduce a new term, métis, in referring to the role of practices, signals or behavioural conventions for fixing behavioural patterns that might stay in tension with formal institutions imposed on societies in policies of economic modernization and transformation. However, ritual cannot just be approached in terms of ‘informal institutions’, à la North (1990): rituals are often cast in formal terms, such as texts prescribing proper performance, which can be also enforced by law (think of religious law).

Rituals are essential for fixing cultural meanings by explicitly sharing practices and the formalization of habits as the behavioural roots of culture, a term that Veblen early identified as a core theoretical notion in institutional economics (Hodgson, 2004). Their distinctive role jumps to the eye once we recognize that although rituals coordinate and even synchronize actions, they are often interpreted in various ways by different actors. From that point of view, shared culture would not necessarily imply ‘shared mental models’ à la Denzau and North (1994). A general theoretical reference is ‘public representations’ in the game-theoretic model of institutions proposed by Aoki (2007). This view has the great advantage that culture, otherwise only seen as shared values and beliefs, would no longer imply the homogeneity of actors along these dimensions, but allows for analytically distinguishing between culture and diverse interests, reflected in various interpretations and appropriations of ritual (compare Zweynert, 2009).

Despite its ubiquity in all human societies, ritual has been neglected in theorizing about societies in general. This reflects the process of ‘excarnation’ aptly analysed by Charles Taylor (2007). That means, in modern Western societies rituals have mainly been regarded as remnants of traditional societies and conservative mindsets, reflecting the long historical process of de-ritualizing Western societies, as beginning in the struggle over Christian rituals in the Reformation period. As a theoretical concern, beyond religious studies ritual has always been analysed in the context of anthropology, seen as dealing mainly with preliterate, small-scale societies. However, especially in the context of theories about social interaction, ritual has remained a powerful analytical device, such as in Goffman’s (1967) influential research about rituals governing everyday human encounters. Yet few theoretical frameworks assign ritual to a central position for understanding modern societies on structural terms. This neglect is reflected in economic approaches to culture.

In a cross-cultural perspective, the importance of ritual becomes salient. One of the most interesting cases is China, today a global power in driving the world economy. We refer the generic term ‘ritual’ to the classical Chinese notion of ‘li’ (禮), which includes not only social etiquette (such as ritual gift giving), but also ceremonial aspects, ‘yi’ (儀), especially in the context of religion and kinship. Traditionally, following proper rites was conceived as being the hallmark of human civilisation, ‘wen’ (文), in the understanding of ‘being Chinese’. However, China is also a case for the alleged obliteration of ritual in societal modernization. Ritual was the central concept in Confucianism as the ideology of empire. Accordingly, ritual became one of the targets of the violent efforts of modernizing China: the Communist party suppressed, prohibited and often aggressively acted against any forms of traditional rituals such as ancestral cults. At the same time, however, Maoism created new forms of ritual, especially during the Cultural Revolution, even including magical connotations of ritual practices (Goossaert and Palmer, 2011: 187ff). In contemporary China, especially in the vast rural areas, traditional rituals undergo a vigorous revival which, however, as our fieldwork shows, transfers to rapidly urbanizing places.

Ritual was the core concept around which the indigenous worldview of traditional China was organized, both in popular culture and in the ‘great tradition’ of the Confucian elites. In the 20th century,
however, this was rarely elevated to a theoretical level in the context of modern, aka ‘Western’, social science. One exception is the famous sociologist and anthropologist Fei Xiaotong, a student of Malinowski and Radcliffe-Brown, who developed his own theory about Chinese society on comparative terms and elevated the concept of ritual to the theoretical level in arguing that ritual organization of society is an alternative to Western ‘rule of law’ (Fei, 1947). Yet Fei approached this mainly in reference to rural society, and did not believe that ritual can survive societal modernization with its wide-ranging social interactions in an almost anonymous context, especially in the setting of urbanization. This assessment, however, ignores the fact that many 19th-century Chinese cities were much larger than most European cities, and that ritual played an important role in ordering these large-scale urban communities (Rowe, 1989). These rituals were mostly tied to residing merchant communities, often sojourners from other places of China, hence to urban educated elites.

In recent research on traditional China the term ‘ritual economy’ has been introduced. It relates to specific forms of embeddedness of economic action, especially with reference to kinship and popular religion (Faure, 2006; Yang, 2007). To take two paradigmatic examples: in late Imperial China, lineage organizations were based on kinship ritual imbued with religious meanings in the context of ancestral cult; yet they were often adapted in flexible ways to business functions. Similarly, temples and temple festivals were also sites where regular markets took place. This enmeshment of economy and ritual was theoretically recognized in the celebrated Skinner model of Chinese economic geography. Skinner (1964) argued that the basic community in Chinese society beyond kinship was not the village, but the local market. This reflected not only the high level of specialization and production for the market in Chinese villages, with families as production units, but also the central role of the market town for all life concerns of the villagers, such as matchmaking for marriages or important religious rituals throughout the lunar year. Accordingly, if we investigate into the relationship between ritual and economy in contemporary China, that boils down to the question whether we can still employ ritual as a core theoretical concept to analyse economic institutions (Herrmann-Pillath, 2017).

One particularly interesting phenomenon stays at the centre of this paper: the role of entrepreneurs in the contemporary revival of ritual. The paper grew out of research on private entrepreneurs in China, focusing not primarily on ritual but on other issues, such as collective organization. Our interest in ritual was triggered by the observation that so many of those entrepreneurs were engaged in ritual activities (in this sense, methodologically, we are building a grounded theory of ritual in China). Entrepreneurs may have the necessary resources and social status to provide for the material enactment of ritual, and they might pursue direct economic interests in using ritual for promoting certain practices in a collective, which they mobilize in their business pursuits.

This paper gathers information from two different field projects. The first set of empirical observations is a series of interviews with about 60 entrepreneurs conducted between 2015 and 2017, mostly in the coastal provinces (Guangdong, Zhejiang), but adding insights from Hebei, Beijing and Chengdu (C. Herrmann-Pillath and Xingyuan Feng), which focused on family business organization and networking practices. The entrepreneurs lead mostly medium-scale companies (only about seven companies in our sample are large ones), with a focus on manufacturing, with some also spreading out in other sectors such as venture capital or IT industries. The second project is ongoing research since 2017 in Shenzhen about urban villages (C. Herrmann-Pillath and Man Guo), where local entrepreneurs often act as community leaders. From our two field projects, we select ex post those cases in which ritual activity is especially salient and where entrepreneurs manifest ritual agency. We combine this material with cases reported in the scholarly literature that cover a broader geographical area. Further, we include other materials, such as publications and published speeches by entrepreneurs.

The paper proceeds as follows. In section 2, we briefly sketch the theoretical approach to ritual. From this we extract the structure to organize our presentation of the empirical material in five topics: section 3 looks at how entrepreneurs invest in ritual artefacts, such as temples, section 4 introduces ritual aspects of family business organization and kinship, and is followed by section 5, on networking practices. Section 6 approaches ritual as a local governance structure, and section 7 introduces modernist rituals in corporate culture. Section eight concludes with a theoretical evaluation.

https://doi.org/10.1017/S1744137419000201 Published online by Cambridge University Press
2. Ritual as a theoretical concept

Ritual is a very complex term that has been interpreted in so many ways in the literature that some scholars have regarded it at almost devoid of meaning (Leach, 1968): on the one hand, ritual may refer to very specific phenomena such as religious rituals, on the other hand, it seems a universal human condition that encompasses all types of behaviour, such as individual morning rituals. This creates difficulties in comparative assessments, as claims of cultural specificity regarding ritual, as in the Chinese case, may meet with deflating criticism that ritual is present in all kinds of societies. Mostly starting out from Durkheim (1915), specialist ritual studies have branched out into different fields, but still focusing mainly on domains such as religion (survey in Stephenson, 2015). Apart from that, there is the micro-sociological perspective on ritual originating from Goffman.

All these different strands have been seminally woven together by Randall Collins (2005) into his theory of ‘interaction ritual chains’: ritual is conceived as regularized patterns of social interaction in groups that focus on externalized artefacts and symbols, and activate and channel emotions resulting in heightened cognitive and emotional states of community, solidarity and collective action. In complex societies, ritual interactions are enmeshed with economic actions in many ways, because ritual artefacts are often produced and exchanged in markets, and because conducting rituals requires resources; on the other hand, rituals also have functions in enabling economic exchange, because they create and signal trust and trustworthiness. Finally, and most generally, rituals are one important type in the range of actions that result in the creation and reproduction of culture, as defined above. Collins’ analytical conception of ritual is most helpful in the economic context, compared to other influential ones, such as that of Turner (1967), who explicitly includes reference to ‘mystical beings’ in formalized behaviour at specific settings.

When considering the role of ritual in economic agency and entrepreneurship, in particular, rituals often foster trust among individuals, in the sense of setting up a shared framework for mutual understanding (think of business small talk on the golf course). On an intermediate level, rituals are an important aspect of corporate culture (think of larger scale family businesses and the celebration of founding myths). On the societal level, entrepreneurs may get involved in community rituals, thus expressing their social status and nurturing social connections. In all these examples, rituals serve to create shared frameworks of understanding and define situations in which certain forms of collective economic action can be generated (such as concluding a business deal).

It is important to realize that in activating rituals, we do not necessarily need to refer to a specific meaning for the entrepreneur, as what mostly counts are publicly recognized meanings that allow for a wide range of individual interpretations. The entrepreneur who sponsors a religious community festival does not need to be a believer herself. Further, the focus is on actions, less on notions such as ‘cultural capital’, which is seen as problematic especially by authors in the Austrian tradition (Storr, 2015). What comes close to this, however, is when ritual action crystallizes in artefacts that endure beyond the original situation, such as sponsoring the construction of a local temple: artefacts create affordances of ongoing interpretive actions. Yet this is not necessarily identical with capital accumulated by the entrepreneur, because various individuals and groups in society interpret and appropriate the temple in diverse ways. Therefore, we need to distinguish between direct engagement in ritual and the indirect provision of resources for conducting rituals. The latter is not ritual action in the narrow sense, yet has a clear ritual meaning. They overlap in the moment when entrepreneurs also lead a ritual action on premises that they had earlier sponsored. In addition, ritual acts are often minimal and interwoven with the daily practices of groups such as the family, for instance when the wife of the male entrepreneur maintains incense at the family altar.

Beyond the general approach, we specify our approach further in looking at entrepreneurial action in ritual proper (which corresponds to other more familiar extensions of the notion of entrepreneurship, such as political entrepreneurship; in the context of cultural analysis, see Spranz et al., 2012). This means that we do not argue just that entrepreneurs use existing rituals for their own goals, but also that they create and maintain rituals as an entrepreneurial activity sui generis, including entirely new forms.
of ritual as when building corporate culture: we thus need to distinguish neatly between the generic notion of ritual, traditional forms of ritual in China, and new forms of ritual that may nevertheless reflect a deeper inclination to mobilize ritual for interaction (Herrmann-Pillath, 2017). This establishes a clear distinction from general phenomena of cultural sponsorship. For example, a company may sponsor a local museum, but this differs from, say, an entrepreneur actively and regularly participating in certain religious ceremonies of a local community and assuming leadership roles.

In the context of China, the concept of ‘cultural entrepreneurship’ has been suggested by Christopher Rea and others in research on related phenomena in Republican China and in Chinese emigrant communities in Southeast Asia (Rea and Volland, 2015). Cultural entrepreneurs are individuals who explicitly reflect upon culture and adopt forms of cultural creativity in their own entrepreneurial actions. For example, in Republican China the creation of new Chinese brands was not seen just as a marketing strategy, but as a way to manifest Chinese modernity and to contribute to new forms of cultural identity of the Chinese (Gerth, 2003). The entrepreneurs may put their business strategy in the context of developing themselves as cultural personalities, adopting new forms of personal and Chinese identity (Lean, 2015). We suggest that in the Chinese context, cultural entrepreneurship is often ritual entrepreneurship.

Building on Collins’ theoretical approach, we organize our empirical material along five aspects:

1. the role of artefacts in expressing and manifesting entrepreneurial activities;
2. the role of family and kinship in business organizations;
3. network building and the entrepreneurial creation of arenas for networking;
4. local governance;
5. modern forms of ritual in corporate culture.

In analysing the material, it is important to notice that ritual is often interwoven in the first place with what many economists would refer to as an ‘institution’. For example, inheritance would be conceived as institutionally regulated, and in modern China it is regulated by family law. However, in modernizing rural areas the family law interpretation is at odds with ritual notions of inheritance, which centre on the genealogy as physically represented in the jiapu. The jiapu is an essential ritual artefact that traditionally excludes daughters, in tension with family law. The jiapu regulates many other ritual activities, such as inclusion in ancestral rites at the ancestral hall. Hence, inheritance in the traditional sense was mainly ritually regulated, like other property relationships, such as those established by marriage. The interaction between ritual and institutions can be theorized by the previously mentioned concept of métis suggested by Boettke et al. (2008).

3. The entrepreneurial creation of ritual artefacts

Let us start with a first case, the rural entrepreneur Sun Dawu, who is a nationally known entrepreneur and self-made man who made a fortune in chicken breeding, the poultry business and eggs (for a previous study on Sun, see Delman and Yin, 2011; we visited him in September, 2016). His headquarters are near Baoding city, Hebei province. He gained national fame when he resisted certain measures and policies of the local government, finally being indicted for allegedly opening an illegal deposit business. Today he is fully rehabilitated and is a member of the People’s Political Consultative Conference in Hebei Province.

Sun is the almost ideal-typical case of a cultural entrepreneur in the sense of Rea and Volland (2015). He presents himself as a self-taught political and social philosopher and poet who employs his business acumen and financial success to pursue broader concerns of cultural and societal progress. His cultural ambitions have a political dimension, as he supports a liberal view on politics and the economy, while also emphasizing traditional sources, such as Confucianism, with a special twist, for example by legitimizing the role of private entrepreneurs in shaping society.1

1A Canadian scholar maintains an English language website about Sun Dawu, see https://sundawu.ca/Biography.html (accessed 26 March 2019).
Sun invested his money in setting up a vast ritual infrastructure at the headquarters of his company and in the village, including the construction of a large theme park as a tourist site. This park is devoted mainly to the history of the Sun ‘family’. In doing this, Sun Dawu mobilizes cultural archetypes to undergird his own conception of cultural progress, invoking traditional notions of community, in this case the imagined community of Sun, which is presented as one of the backbones of the Chinese body politic since ancient times. The core ritual artefact is a hall in which a larger-than-life statue of Sun Yat-sen can be revered by burning incense and proper prostrations. The religious dimension is bolstered by a Buddhist temple complex, which is managed by Buddhist nuns and features a large Guanyin statue on the courtyard.

One of the salient expressions of ritual entrepreneurship today is active involvement in the religious revival in China. Temple building has always been a crucial element in creating and maintaining communities, independently of actual faith (DuBois, 2005). Another contemporary case in point documented in much detail is Adam Chau’s (2006) study of the Black Dragon King temple in a Sha’anbei village: A businessman gives up his commercial activities and engages in rebuilding a temple, as a temple manager, without clearly expressing ‘genuine’ religious beliefs, an attitude shared by Sun Dawu. The motivation is strengthening the community and developing the temple into a regional religious attraction, which also contributes to the local economy, as was also the case in historical manifestations of the ritual economy.

In a similar vein, a highly significant phenomenon is the revival of ancestral rituals in South China. Kinship rituals and religion interact strongly, which shows in the pairing of ancestral halls with temples, both sponsored by the same members of the lineage, evidenced by the long lists on plaques that record their donations. Lineage members engage in collective action that restores and maintains communal solidarity, while centring on the economy as the primary field of action. Entrepreneurs often take the lead. An example in our fieldwork is the Huang lineage in Shenzhen, Xiasha village, where the lineage leader acts as a successful businessman, launching huge projects such as building a new mall (this case is analysed in much detail in Guo and Herrmann-Pillath, forthcoming). He is also elevated to spiritual leader, being explicitly named at the altar, the ritual centre, as the promoter of temple construction on the Xiasha public square.

This pattern of combining ancestral hall and temple construction is found frequently, always going together with business activities. For example, the Wen lineage in Fenghuang village, Shenzhen, did not only invest in a rich ancestral hall, but also launched a large tourism project in the hills belonging to village territory where a huge temple complex was built on the site of the original village temple. Yet the temple is not just a mock-up for touristic enjoyment. It is official registered as a Buddhist temple, with a residing Buddhist cleric, and the statues have been properly ‘activated’ (‘kai guang’). Many visitors, including many young people, engage in serious religious worship and appropriate rituals.

The religious dimension is not always explicitly recognized by entrepreneurs, as this is sensitive topic. However, ritual action may include genuine acts of belief, as is the case in the Christian communities of Wenzhou studied by Cao (2008, 2009). In these communities, successful entrepreneurs are often elected as community leaders, in a quasi-Calvinist vein, just because their business success also appears to demonstrate certain religious virtues, manifest in high levels of trustworthiness or personal charisma. They approach church building with tools and tactics that they employ in their business, and even combine church building with business projects that they pursue in other regions of China. In sum, the engagement of entrepreneurs in funding and organizing the creation of ritual artefacts seems a ubiquitous phenomenon in China today and is a clear symptom of the revival of the ritual economy.

4. Ritual and family business

In the traditional concept of ritual, family and kinship take the centre stage: Rituals do not only express, but also perform kinship. This implies that the notion of kinship is based, not simply on notions of consanguinity, but also on ritual practices. This is important when considering family
business. The Chinese term ‘jiazu qie’ signals the ambiguity of the term ‘jiazu’ (also meaning ‘lineage’), which goes back to the semantic fluidity of the term ‘jia’ (for more detail, see Guo and Herrmann-Pillath (forthcoming)). According to Fei Xiaotong (1947), the jia is a flexible unit defined by its economic functions in a specific context, and therefore can include or exclude extended kin, or may even, depending on relation of closeness (qin), include affinal kin. In other words, at the heart of jia lies the potential for ritual in creating metamorphoses of the jia.

We begin with another case from our field records. This is the large Shenzhen real estate developer San Ke. The company was founded by a poor immigrant from Chaohou who worked in the construction industry and is engaged in many large developments, such as a high-end condominium on the seaside. The father is retired, but still oversees the business. The ‘Ke’ in San Ke refers to his three sons, who have ‘Ke’ as their second given name, according to custom. The family conceives the migration to Shenzhen as the event to set up a new lineage branch. The headquarters are a rectangular row of buildings at the centre of which stands an ancestral hall lavishly decorated with many precious carvings and artwork related to Chinese history and religious motives. Left and right of the hall are the houses of the family, connected by open gateways. The offices are placed next, also directly connected to the living space. The offices also feature many items with religious meanings that combine ancestor worship, Confucianism, Daoism and Buddhism. For the entrepreneur and his sons, ancestor worship, Daoism and Buddhism will bring protection and prosperity to the family while Confucian values such as trust and harmony are essential for family life and business operations. The architectural design of the headquarters is a physical manifestation of the ritual order of the family. By creating this ritual space, family members and employees are permanently invited for ritual action, such as a swift act of paying respect to an ancestor or the daily maintenance of incense and offering of fresh fruits on the altar.

Clearly, those artefacts reinstate traditional family values. Yet in modern Chinese family firms, entrepreneurs often adapt traditional notions of family to modern business environments. The ritual aspects loom large in Chinese journalistic accounts of the succession issue (Zhou Xibing, 2014). Our first field case considered in this paper, Sun Dawu, is a case in point, since he created a ‘family constitution’ that constrains the role of family members in his business, which is modelled along the lines of Western political constitutions (Du, 2011). Innovations in family practices are often implemented in growing family businesses. Much media attention was attracted to the case of FOTILE Corporation (a multinational company in household appliances), in which the son was groomed to become the successor, at the same time as the owner excluded other family members from management, while also promulgating Confucian reading classes in the company. This case is a creative reconstruction of traditional lineage conceptions, as the owner excluded his brothers from the process of cross-generation property transfers, while observing other ritual aspects in excluding the daughter from inheritance (Fang, 2013; Zhao, 2014).

Beyond these phenomena, however, there are many idiosyncratic cases of syntheses being created between family values and modern management that do not relate to family business proper. For example, the restaurant chain Haidilao explicitly endorses family values in its corporate culture, which boils down to specific measures fostering ‘filial piety’ among the employees. The company mainly employs young rural migrants, educates them, and claims to become a ‘family’ for them, for example, by offering subsidized housing. At the same time, the company directly deducts a part of the salary and transfers it to the parents of the employees, which is an explicit recognition of ritual obligations and apparently goes far beyond the widespread use of the ‘family’ metaphor in business of other countries (Zhongguo guanli moshi jiechu jiang lishihui, 2012: 144ff). Another case is that of a large pharmaceutical group, Jointown Corporation, which also pursues the aim of becoming a ‘large family’ for its employees. Beyond standard measures in this direction, such as offering company housing, they have implemented a peculiar personnel management system: They endorse employees attracting relatives to the company, but have installed special software that implements an ‘avoidance’ (‘huibi’) policy, so that relatives would always be registered and would not be allowed to work in the same department of the company (Zhongguo guanli moshi jiechu jiang lishihui, 2011: 138ff).
An interesting case of hybridizing the notions of family and company are the mass weddings held at Alibaba corporation, which were launched by the founder himself, Jack Ma, explicitly alluding to the merger between notions of loyalty in marriage and in the company as a lifelong commitment of its employees. Mass weddings are, however, not a new ritual, but were also practised during Maoist times, when frugality and collectivism were preached to the masses. This shows that we should not equate ritual only with traditional forms: entrepreneurial action may include ritual innovation (see section 7).

5. The ritual formation of arenas for social networking

Often scholars dealing with China’s economic culture use a generic, though culture-specific notion of network to encompass kinship and other forms of relationships, in a succession of circles with different degrees of closeness (Landa, 2016). However, one problem in that view is that ‘closeness’ is seen as being exogenously fixed, that the formal status of being a family member determines ‘closeness’. In fact, closeness is a dimension of relationships that is partly performed and created by rituals. Rituals play a crucial role in social networking guanxi. There is an ongoing scholarly debate about the degree how far ‘Chineseness’ makes these different from social networking in other societies (for comprehensive surveys, see Chen et al., 2013; Gold et al., 2002). Ritual is a central, distinctive feature, in the sense of governing the mutual obligations in gift exchange that provides the basis for creating and maintaining guanxi (dubbed li shang wanglai, an expression that goes back to pre-imperial times: Chang, 2010). These rituals turn networks into groups as communities that share certain experiences, often with strong emotional charging, as theorized by Collins (2005). As Osburg (2013) has demonstrated in much detail, experiences are shared in highly ritualized settings such as dinners and drinking in karaoke bars, which might include the enjoyment of sexual services, often illicit, if officials are involved. Osburg shows that these rituals embed market relations in a moral economy of gift exchange governed by ritual obligations.

We want to highlight an aspect of ritual in networking that relates to the explicit ritual construction of arenas that enable the formation of guanxi. This follows Sangren’s seminal approach to Chinese associations in general (Sangren, 1984). Extended kinship relations often drive the formation of business networks. For example, in the temple project of Fenghuang village mentioned previously, the many stalls selling water, incense etc. to the visitors all belong to lineage member households. When lineage entrepreneurs migrate, they often create collective business ecosystems in new localities. An interesting case is that of the Luo lineage in Fengshun County, Guangdong, Meizhou Prefecture. A Luo entrepreneur moved to Shenzhen in the 1980s and established a hotel business. Other Luo followed and created a complementary service ecosystem of restaurants, shops etc. (Zhou, 2003).

Another manifestation of ritual as breeding ground for collective business action is village communities acting as ritual entities (Lagerwey, 2010). One case is the village studied by Wu specializing in jewelleries and goldsmithing (Wu, 2014, 2015). Although the many business entities are individually owned and spread across China, village identity, undergirded by rituals to which the sojourners return regularly back home, also fosters the creation of specialized networks through which materials and other inputs are sourced cooperatively: The collective supply chain builds on the moral economy of ritual.

Between kinship and non-kin networks, an intermediate stage is the role of surname associations that go beyond the borders of extended kin groups, such as where the Luo lineage establishes a Luo surname association that transcends to locality. Surname associations as ritual bodies create a ritual setting that allows the performance of specific guanxi processes between individuals who are not kin in terms of consanguinity (in detail, see Guo and Herrmann-Pillath, forthcoming). This includes networking across local kinship rituals: For example, the Huang at Xiasha are involved in the World

\[ \text{https://doi.org/10.1017/S1744137419000201} \] Published online by Cambridge University Press
Huang Surname Association, and members may realize mutual visits in which they participate in local rituals. This includes joint pilgrimages to sacred sites such as the tombs of lineage founders, to which today millions of bearers of the same surname may trace back their origin (Huang is ‘Wong’ in Cantonese). Certain sites, such as the Huang memorial site in Xiamen, which we visited when interviewing the General Secretary of the Huang Chamber of Commerce, play a pivotal role in mediating relations with specific subgroups, in this case Taiwanese Huang.

Ritual can create other forms of relatedness. One type of association is the native place association, which is under tight control by the government and forbidden nationally. Nevertheless, native place associations are abundant at the local level, where they often function as intermediaries between local government and large migrant populations from different parts of China, for instance when resolving labour conflicts and unrest. Our field case of a veritable ritual entrepreneur is Wu Jiyan, the founder of the first Hunan Chamber of Commerce in Chongqing 2002, a successful businessman who has also authored a book about his activities (Wu, 2014). Rapidly after the first establishment, Hunan chambers were created in many localities. Wu masterminded the basic rules and mission of these organizations in creating a modernist version of traditional ‘shang bang’ (group of merchants) named ‘xiang shang’ (Hunan merchants), while explicitly rejecting the notion of ‘Confucian entrepreneur’ (‘ru shang’). Instead, he has created a modernist ritual, based on the general idea of ‘small government, big society’, by which the members of the Chamber commit themselves to upholding a set of ethical values and duties of citizens in creating a ‘harmonious society’. This includes a manifest of xiang shang, a hymn and other ingredients of ritual procedures.3 In some regions and foreign countries, Hunan Chambers of Commerce also practice public oaths, for instance in the Philippines.4 In the manifest, they regard ‘responsibility, innovation, prudence, harmony and honesty’ as the contemporary spirit of xiang shang culture. The hymn stresses the long tradition of xiang shang, their hard work, willingness to become benchmarking entrepreneurs, create branded goods and keep honesty in business.

This initiative was launched independently from government, yet native place associations are complex as they engage both the native and the host local government. In 2010, the Hunan provincial government issued an ‘Opinion’ that endorsed Wu’s initiative, obviously as a means to support Hunanese business at other locations in China. In Dongguan self-organization of Hunan entrepreneurs is also supported by the local authorities which had been facing many troubles governing the large migrant communities, with local Dongguan people by far in the minority in the new metropolitan area. In our fieldwork, we met a local business leader who actively takes part in these Hunanese networks, arguing that they are important to resolve social conflicts without direct interference from government. The Hunan Chamber of Commerce of Dongguan maintains special divisions such as the Emergency Service Committee and Family Harmony Committee to provide services to all businessmen and workers from Hunan. The local government has recognized the serious potential of social disruption in the large and anomic migrant societies of the Pearl River Delta, where the native population has shrunk to a tiny minority and therefore local identities have become blurred and even vacuous (Ngok and Zhuang, 2011). Entrepreneurs actively reflect upon historical traditions and social imaginaries by creating social organizations that aim at bridging between government and society, and involve a wide range of ritual activities.


4The Association of Promoting the Xiang Shang Culture Sent a Delegation to Celebrate the Inauguration of the Hunan Chamber of Commerce and Hunan Natives Association of Philippines’, Wu Jiyan’s Sinablog, 3 December 2017, at http://blog.sina.cn/dpool/blog/s/blog_59bd2c3e0102x65i.html (accessed 26 March 2019).
6. Local governance, institutions and ritual

The example of the Hunan native place associations reveals an important aspect of traditional ritual as a system of local governance. This implies that there is a close interaction between ritual and institutions. Entrepreneurial activity can result in the creation of hybrids that can be traced all the way back to Maoist times. In Guangdong this is manifest in the specific institution of the ‘shareholding cooperative company’ (compare Trémon, 2015). This institution emerged from de-collectivization and goes back to the informal merger between socialist collectives and lineages in People’s Communes (Potter and Potter, 1990). Socialist collectives basically mirrored traditional conceptions of lineage estates, especially when the household responsibility system was introduced after 1978. Traditionally, lineage estates operated as communal landlords, managed by lineage leaders and renting out land to tenants. In appropriations of the estate model to other business projects, lineage members were shareholders and received annual dividends (Zelin, 2009).

In the 1980s, many single-lineage villages transferred their land rights to shareholding cooperative companies, thus separating land ownership from the administrative and political hierarchy (Po, 2008). When metropolitan regions expanded rapidly, this caused an explosion of land prices, often turning villages into communities of wealthy rentiers in a couple of years. However, this development, most visible in the so-called ‘urban villages’ (’cheng zhong cun’), also created strong tensions over urban planning. In many places of China, local communities were outflanked by urban administrations and could not realize the potential gains from their institutional advantages.

Shareholding cooperative companies are involved in many traditional ritual activities. This begins with colloquial language: The land owned by the company is ‘ancestors land’, and the division of dividends is ‘dividing the pork’ (compare Zhou, 2014). For example, in Shenzhen villages, we observe the practice of dividends being distributed at New Year, according to custom, and this is accompanied by huge communal feast at which the traditional ‘common pot’ (’pen cai’) is served, in which pork is the main ingredient (for more detail, see Guo and Herrmann-Pillath, 2019). In pre-1949 China, common pot banquets were essential ritual expressions of lineage solidarity, because everybody snatched pieces of pork from the ‘common pot’, and no hierarchical rules of etiquette applied. This was a very important means of giving access to scarce meat for poorer members of the lineage (Watson, 2014).

The shareholding cooperative companies are not simply replicas of old lineages, for sure. Especially, lineage elders play no necessary role as leaders; however, even in old China management of lineage estates was often delegated to professional managers (Zelin, 2009). A litmus test is the rights of women, who traditionally had neither the right to participate in lineage rituals nor the right to inherit lineage property. In fact, initially many shareholding cooperative companies adopted similar rules, thus flatly contradicting the stipulations of binding Chinese law. However, this also caused public debate, and compromise solutions were established, such as giving women rights to shares but no voting rights (which might be allocated per household, represented de facto by the male head), or still constraining inheritance to the male line in the lineage. This is reflected in actual practice: in Fenghuang village, our informants clearly stated that women will not take part in certain rituals conducted inside the ancestral hall.

One medium through which traditional ritual obligations are revived is the public statement and dissemination of lineage rules. Even President Xi Jinping is cited as endorsing the use of ‘family customs’ (’jiafeng’) as a means to create a moral commitment to a ‘harmonious society’. The public recognition of lineages as contributing to social order is expressed in many ways: For example, the Shenzhen flagship museum (Shenzhen bowuguan) has an instalment of the pencai feast and displays a lengthy video of the recent ‘Great Ancestral Rites’ held by the Huang at Xiasha.

This hybridization of ritual and institutions appears to reproduce a pattern of a co-option of lineages by the state (Faure, 2007). In our fieldwork, the most salient example is the Wen lineage that we have already introduced. This lineage traces itself back to Wen Tianxiang, a Song scholar-general and national hero, as he resisted the Mongols and was eventually executed. His ‘Song of Duty’ has been widely known throughout Chinese history and is still cited today. On the one hand,
the Wen lineage builds on him as a reference point to boost lineage solidarity and reputation. On the other hand, the Shenzhen government strongly endorses the establishment of official Wen memorial halls and museums: apart from the biggest in Shenzhen, the Fenghuang memorial site, there is another one in Songgang village, which has also been officially declared an ‘educational basis for CCP members’. This reveals how lineage organization is recognized increasingly as an important ingredient of informal urban governance (Bach, 2017). Via the institution of the shareholding cooperative, governance, ritual and business are inextricably enmeshed.

7. Modernist rituals in corporate culture
Ritual as a means of social governance is also present in modernist forms, especially in the context of corporate culture. In state-owned enterprises, corporate culture is often promoted by the CCP to instrumentalize management for wider goals of social control. This continues with the institution of the ‘danwei’ in Maoist times (Hawes, 2008). Naturally, this also impacts on the attitudes of private entrepreneurs who need to cultivate their relationship with government to succeed in business. Yet corporate culture involves hierarchical power relations and aspects of social control anyway, so that the two domains overlap to a considerable degree. One way to grasp this ambivalence is via Foucault’s (2004) notion of ‘governmentality’, which has been well received in China studies (Sigley, 2006). Via the corporate agents of the market economy, economic pressures in the labour market and career formation, individuals are subject to new ritual practices that govern their behaviour (Hoffman, 2010). Often, these are created by leading entrepreneurs.

One interesting aspect is the import of Communist Party methods of mobilization into corporate culture. For example, the founder of Alibaba, Jack Ma, explicitly refers to Mao Zedong’s Yan’an rectification campaigns in designing management processes in companies (Chen et al., 2014: 130). Hybrids of CCP organizational culture and management often emerge in leading technology firms, i.e. the most advanced and ‘modern’ sector in the economy. Huawei Corporation has installed managerial mechanisms that import Maoist techniques. One example is the use of rituals of ‘self-criticism’, in which the hierarchical distance between management and employees is levelled down, and superordinate managers are obliged to exercise self-criticism in public. Huawei Corporation is also famous for its propagation of a ‘wolf’ culture that combines the individualistic pursuit of success with a collectivist orientation to the group, thus also creating cultural hybrids, in this case even between Han and Mongol traditions. The wolf entered the Chinese social imagery after the blockbuster novel by Jiang Rong was published in 2004, ‘Wolf totem’ (Wedell-Wedellsborg, 2010). In the business literature, this has been condensed into the ‘Wolf’s way’, langdao.

Corporate rituals are often motivated by patriotism, implying that references to traditional values and rituals are also conceived as pointers to national revival and strength. As in the case of Jack Ma’s mass weddings, this often refers not only to China, but also specifically to Han culture. Indeed, in many cases we met activities in which Han symbols were prominent, for example, when organizing activities at private schools established by companies in which the kids wear Han costumes at festive occasions. For many entrepreneurs, their success in business is also a contribution to national strength and ‘cultural self-confidence’.

An interesting special field of study may be the interaction between cultures in the context of cross-cultural management. An illuminating case is presented in Davies’ (2007) study of Walmart in China: When various artefacts such as Sam Walton’s ten rules for business were communicated (i.e. translated) in Chinese establishments, they assumed a distinctly Chinese flavour, and certain practices in personnel management underwent a process of strengthening their ritual nature. In directly comparing various artefacts such as texts and translations and observing practices, the distinctiveness of the Chinese cultural setting could be highlighted (another relevant example is Chinese notions of

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5See the statement by the founder of Huawei, Ren Zhengfei, available at http://wenku.baidu.com/view/7cc3ab2ead02de80d5d84002 (accessed 26 March 2019).
professionalism, as studied by Hoffman, 2010). At the same time, however, the ritual aspects of Western business practice are also put in the limelight.

8. Conclusion

We have presented a wide range of observations on how entrepreneurs in China activate and participate in rituals in pursuing their goals. This creates a potential self-reinforcing trend: the more rituals become publicly visible, the more they become an important medium of entrepreneurial action.

Rituals often create a scene in which business interactions can be nurtured. In the Durkheimian tradition, rituals create a situation of effervescence, and thus may launch the emotional energy that Collins (2005) sees as the currency by which interactions are mediated. Indeed, the Chinese word ‘renao’ could be aptly translated as ‘effervescence’, as it refers to the state of bustling activity, noise and frenzy that is typically involved in many Chinese rituals and festivals. If the Huang World Surname Association holds a huge ‘common pot’ feast on Xiasha Plaza with thousands of tables and tens of thousands of guests, this establishes states of emotional excitement that create feelings of shared identities and common destiny. Therefore, recording and analysing rituals in the public sphere is an important complement to the existing literature on business interactions in China.

This leads us to raise the question whether ritual action is driven by genuine concerns, especially moral ones, or by mere opportunistic instrumentalization. This issue has been thoroughly debated in the context of earlier studies of the ‘Confucian capitalism’ phenomenon, where notions such as Confucian paternalism were denounced by critics as merely masking exploitative relationships (Dirlik, 1996). However, research in management sciences, psychology and social sciences has shown that there is a behavioural core in the phenomenon (Chen and Farh, 2010). We suggest grasping this in the notion of ‘ritual economy’: There is a deep-structural fusion between economy and ritual in the Chinese cultural framework that cannot be reduced exclusively either to economic or to moral motives. For example, it would be clearly misleading to explain Sun Dawu’s activities by mere business motives, given that he took high personal risks in realizing them.

One important aspect of ritual comes to the fore when locating it in the semantic field of concepts such as ‘civilization’ (‘wenming’) or ‘quality’ (‘suzhi’) (Herrmann-Pillath, 2017; Kipnis, 2006). There is a close affinity to Confucian concepts of ‘jiaohua’, referring to education as transformation. Ritual is seen as a means of transforming individuals into moral persons. In Chinese studies, this has led some scholars to distinguish between two different regimes of cultural epistemology, ‘orthodoxy’ versus ‘orthopraxy’ (overview in Sutton, 2007). In an orthopractic regime, it matters in the first place, not whether individuals intrinsically subscribe to certain values and beliefs, but whether they show sincerity and commitment in ritual actions. Conducting proper rituals eventually transforms culture, as manifest in the inner states of individuals. This distinction is very productive in improving our understanding of the relationship between meaning and practices as ventilated in the Austrian economics literature on culture that we briefly introduced in section 1. As argued in Herrmann-Pillath (2017), cultural differences between China and Western countries may be rooted in deeper differences in cultural epistemology, which translates into differences in how to evaluate and practice ritual in society (this view builds on seminal work by Nisbett, 2003 and Yamagishi, 2012).

The challenge lies in the theoretical systematization that could be achieved in characterizing various societies and economic systems. The concept of ‘ritual economy’ is particularly powerful here, as it points to a systematic difference in Chinese and Western economic systems (for a comprehensive treatment, see Herrmann-Pillath, 2017). In a nutshell, this opposes functional differentiation versus functional symbiosis, where differentiation itself can be maintained by ritual means. One case in point is family business. Whereas in the Western context functional differentiation between family and firm is mostly emphasized, including the probably invalid Chandlerian thesis that eventually the family will whither away as an organizational form of the firm, the Chinese context would strongly suggest that the family will remain a core phenomenon in the economy because in the ritual economy, the economic functions of the family are directly embodied and enabled in kinship ritual, including
means of functional differentiation. Although in mainland China the One-child policy has certainly deeply affected the structural stability of the traditional Chinese family, we can observe the resilience of central values such as filial piety (Zhang, 2017).

In sum, we endorse the enrichment of the core set of theoretical notions in institutional economics by the term ‘ritual’. The term relates closely to the concepts of ‘habits’ and ‘routines’ on the one hand, and to ‘informal institutions’ and ‘culture’ on the other hand. The distinctive features are the emphasis on externalized behavioural patterns, including a wide range of artefacts that are standardized in certain reference groups following ritual prescriptions, though possibly maintaining diverse values and beliefs. Rituals are often formalized and even enforced by certain authorities, ranging from companies to religious bodies, and bridge intra-organizational and society-wide practices. Agents often actively pursue interests in conducting and maintaining rituals, and thereby contribute to the reproduction of cultural foundations of economic institutions in their societies.

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Acknowledgements. Research by Herrmann-Pillath and Feng was partly funded by Straniak Foundation, Vienna; research by Herrmann-Pillath and Guo by was partly funded by China Development Institute, Shenzhen.

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https://doi.org/10.1017/S1744137419000201 Published online by Cambridge University Press