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From bamboo to bits and bytes

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THE Internet is taking parts of East Asia by storm. South Korea and Singapore already rank among the world's most wired economies, and Hong Kong and Taiwan are not far behind. In the troubled economies of South-East Asia, by contrast, only Malaysia shows promise. Assuming that they will all become avid netheads in due course, what effect will that have on the local business culture?

The biggest would be to fill South-East Asia's "informational black hole", a phrase coined by George and Usha Haley and Chin Tiong Tan in an important study of overseas Chinese tycoons, "New Asian Emperors" (Butterworth-Heinemann, 1998). Developed economies are awash with public data to be crunched and pored over by analysts and market researchers. South-East Asia, by contrast, is conspicuously devoid of public information. That makes it hard for foreigners to do business there, but suits local tycoons splendidly. In the absence of public sources, information of any kind becomes private and privileged. It creates opportunities without risk. That is why the "bamboo network" of whispers and winks has proved so successful in the past.

Finding public information about the lack of public information is tricky, but Mr Haley and his colleagues had a good try. They used articles written about business in the region as a proxy, and found that in the late 1980s, when foreign investors were getting interested, Asian business received only 5% of the coverage of American business. In the early 1990s, as the tigers became more fashionable, coverage of Asian business went up, but not by much; and, surprisingly, when the tiger bubble was at its biggest, the number of articles declined. What little coverage there was, moreover, was mostly of tiny but developed Singapore.

The Internet could help to eliminate this black hole. Because the net makes it easier to disseminate information, it should also encourage people to gather more of it. And once new information pops up all over the world's computer networks, the value of

the stealthy bamboo network will decline. Simon Cartledge, who produced a study on the bamboo network for the Economist Intelligence Unit, a sister organisation of *The Economist*, argues that in future, "Whom you know will matter less than what you know," even for the overseas Chinese. And that would spell the gradual end of bamboo business as they know it.

Mr Cartledge takes the thought further. The Internet is universal and open; the tycoons are secretive. Its mass audiences are made up of strangers; the tycoons trust only insiders. It busts tariffs and other trade barriers by introducing online competition (in banking, say); the tycoons rely on closed markets and monopoly rights. The Internet and the tycoons, it would appear, will not be friends.

In fact, the Internet may turn out to be quite an insidious enemy. Because it requires creativity, it forces companies to compete for talent. And talent in this field, even in Asia, tends to reside in the same sort of pony-tailed, geeky and individualistic people as in California. Obedience to the Confucian elder? They want responsibility. Firm handshake of trust? They want share options. So perhaps, one day, the Internet will prove effective in unravelling the bamboo network and obliging tycoons to change their style. But not just yet.