

Moguls of the Chinese Cinema: The Story of the Shaw Brothers in Shanghai, Hong Kong and Singapore, 1924–2002

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Abstract

The history of the Shaw enterprise in Shanghai, Hong Kong and Singapore, is a history of Chinese cinema in a century of business evolution. The Shaw industrial model of “vertical integration”, which combines production, distribution with exhibition, keeps pace with the technological developments and manages to expand its retail outlets from the stage to cinema, television, DVD and the Internet. Although the Shaw organization embraces a western industrial model to expand its business, it retains the very nature of a traditional Chinese family business. The issues surrounding the cultural and institutional evolution of the Shaw enterprise over the past 80 years are profound indications of its time.

Over the last few decades, movies have become one of the most popular subjects of study in the research of economics of culture. Many of these endeavors have analyzed western films in the wake of globalization and concur that Hollywood movies are a homogenizing force in an ever increasingly globalized world. According to these analyses, movies are regarded as cultural commodities that can be used to forge cultural identities by aspiring transcendent thoughts.¹ Film-making is both an art and business. From the perspective of business history, many factors have contributed to the hegemony of the US film industry, and one in particular was Hollywood’s ability to widely distribute its

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¹ See, for example, Douglas Gomery, *Shared Pleasures: A History of Movie Presentation in the United States* (London: BFI Publishing, 1992); Bill Grantham, *Some Big Bourgeois Brothel: Contexts for France’s Culture Wars with Hollywood* (Luton: University of Luton Press, 1999).

products by adopting the industrial mode of vertical integration—combining production, distribution and exhibition under the same roof.²

In Asia, studying Shaw movies is a popular venture in current literature.³ The Shaw enterprise, expanding its businesses from Shanghai, Hong Kong to Southeast Asia, had established an industrial model based on what is now called “Fordism” in the industrial history of the United States. Modeling its operation on the oligopolies of Hollywood, i.e. integrating production, distribution with exhibition, Shaw had lent itself readily to studying various models of operation in an era of rapid globalization. Nevertheless, movies study, like many other fields of Social Sciences, is an area of study which strongly resists over-simplification. The odyssey of the four Shaw brothers, founders of the Shaw enterprises, can hardly be summarized adequately by the idea of “globalization” (i.e. following the US model). After all, the evolution of the Shaw enterprise has lasted almost 80 years—it is expanded from Shanghai to Hong Kong and Singapore, from the Tianyi Company (Unique) to the Nanyang (literally, South Sea) Studio, Shaw & Sons Limited, and finally the Shaw Brothers (HK) Limited. Of all the movie moguls in the world of Chinese cinema, only the Shaw brothers have an envious track record. Shaw’s story is worthy of detailed historical study.

Economic organization is to a great extent shaped by historical and cultural context. Despite transplanting the western industrial model into Asian culture, the Shaw enterprise retained the very nature of traditional Chinese family business—being run by family patriarchs. As will be seen, this management style had significantly impacted the mechanics by which Shaw movies were financed, managed and propagated. By looking into the leadership of the Shaw enterprise, this article touches on a popular ideology supported by existing literature on traditional Chinese family businesses. According to

² See, for examples, Barry R. Litman, *The Motion Picture Mega-industry* (MA: Allyn & Bacon, 1998), pp. 64–8; Harold L. Vogel, *Entertainment industry economics, A guide for Financial Analysis*, fourth edition (Cambridge: Cambridge University Press, 1998), pp. 3–141; David Puttall, *Movies and Money* (New York: Vintage Book, 2000); Jason E. Squire (ed.), *The Movie Business Book*, the third edition (New York: Fireside, 2004); Irving, Bernstein, *Hollywood at the Crossroad: An Economic Study of the Motion Picture Industry* (Hollywood: by the author, 1957); Adolph Zukor, *The Public is Never Wrong* (New York: G.P. Putnam’s Sons, 1953); Norman Zierold, *The Moguls: Hollywood’s Merchants of Myth* (Los Angeles: Silman James, 1991).

³ See, for example, Wong Ain-ling (ed.), *The Shaw Screen, A Preliminary Study* (Hong Kong: Hong Kong Film Archive, 2003).

many of these works, “Asian values” had contributed largely to the success of paternalist leadership in the Chinese family businesses. The term “Asian values”, however, has been used with varying degrees of imprecision by journalists and academics. A major consensus of these studies, for instance, suggests that “cross-border familial networks” and “patriarchic rule” are important pillars to Chinese family businesses. The longevity of the patriarch is seen as a significant asset—it injects stability to the leadership and cross-border familial networks, as well as helping to keep succession crisis at bay.⁴ At first glance, Shaw’s story fits well into the above observation – the Shaw enterprise had been run by authoritarian patriarchs and the patriarchs tended to recruit assistants among their siblings and have built a web of cross-border business networks in Shanghai, Hong Kong and Southeast Asia. Because of these arrangements, powers were retained at top by the Shaw patriarchs; decision- makings were highly centralized. However, Shaw’s story also has its uniqueness—in the Shaw’s history there was not only one patriarch, but four patriarchs (with very different leadership styles) in the same generation. How was this possible? As will be seen, the seniority of the four brothers had helped a great deal to subdue their potential conflicts. It is worth noting that the four Shaw brothers were all blessed with longevity. With the passing away or retirement of the elder one, the younger one filled in the power vacuum and assumed the film production business of the Shaw enterprise. This cycle had repeated itself three times within one generation, with each patriarch leading the Shaw enterprise to new directions. One of the greatest assets of the Shaw business was the power stability that has continued for eight decades, and with it, the reliable personal networks that the brothers had woven in Southeast Asia, Shanghai and Hong Kong. The article, by examining the role played by the four patriarchs in the Shaw story, is designed to bring out the interrelationships of historical and cultural forces which created the very dominant status of the Shaw enterprise in the world of Chinese cinema.

Enter the Shaw Brothers

With the establishment of the British colonial rule in Singapore, Hong Kong and in the foreign concessions of Shanghai, a commercial

⁴ See, for example, Charles Handy, *Understanding Organizations*, 4th edition (Harmondsworth: Penguin, 1999).

corridor had slowly developed in maritime Asia. These three maritime metropolises gradually became the “frontier par excellence” for many Chinese and western merchants.⁵ In this Singapore-Hong Kong-Shanghai commercial corridor, film making technology soon emerged in Shanghai. By the 1920s, film making in Shanghai was a thriving industry. Just as family-based dramas dominated the market, family run operations also characterized these early film companies. One of the most notable was the Unique (Tianyi) Film Productions founded by the Shaw family.

The Shaw family traces their ancestry to Zhenhai, Ningbo. The founding patriarch of the Shaw family, Shao Xingyin (1867–1920), was a prudent Ningbo merchant keen for business speculations. He started in the dye pigments business in Ningbo and gradually extended his networks to Shanghai. Common to traditional Chinese entrepreneurs, this patriarch also regarded his offspring as a significant business asset. He had ten children, and among the surviving seven, four were sons—Runje (1896–1979), Runde (1899–1973), Runme (1901–1985) and Run Run (1907–). The 2nd generation Shaw males all had names starting with “Run” (benevolence), indicating the aspiration of their father. Growing up in Shanghai, Shao Xingyin groomed his four sons in traditional Chinese education and Western learning. Among the four brothers, Run Run was the most westernized in terms of an educational background. He was sent, by his father and his eldest brother, to study at an English school organized by the Young Men Association in Shanghai. As will be seen, the boom and bust of the Shaw enterprise was closely related to the history of the Shaw family members.⁶

A Family Business and its Division of Labour

Unique Film Productions was a typical Chinese family business. The founder of Unique was Runje Shaw. His business acumen had made him a role model to his younger brothers, especially Run Run.

⁵ See, for examples, Anthony Reid, *Sojourners and settlers: histories of Southeast Asia and the Chinese* (Sydney: Asian Studies Association of Australia in association with Allen & Unwin, 1996); Jennifer Cushman, *Family and state: the formation of a Sino-Thai Tin-mining dynasty, 1797–1932* (Oxford: Oxford University Press, 1991).

⁶ See Stephanie Chung Po-yin, “The Industrial Evolution of a Fraternal Enterprise: The Shaw Brothers and the Shaw Organisation”, in Wong Ain-ling (ed.), *The Shaw Screen, A Preliminary Study*, pp. 1–17.

Runje enjoyed an initial career as a lawyer in Shanghai. As a typical Ningbo merchant, he also squeezed time to engage himself in a wide array of profit-making ventures like dye-making, sugar, silk, and private banking in Shanghai, Tianjin and Ningbo. He purchased a bankrupt theatre in 1923 and transformed it into a modern theatre where “wenming xi” (literally, civilised drama) was staged. In 1925, he transplanted his experience in organizing civilized drama and ventured into filmmaking. With a registered capital of \$50,000 along with scripts, costumes and a versatile cast inherited from the civilised dramas staged in his theatre, Unique Film Productions came to be.

Unique was a family managed business. Under Runje’s leadership, the four brothers operated in a mode of collaboration whereby each looked after an Asian coastal city (Shanghai, Hong Kong, Singapore). Being the eldest of the four brothers, Runje took up the position of general manager. Making good use of his family networks, Runje set up the business with family members in key positions. Runje became the film director, Runde was the accountant, and Runme was the distributor. Run Run, the youngest brother, assisted in marketing the films while studying full time at an English school. After his graduation, Run Run also acted as a cameraman. Their salaries were all entered into the company/family account books, thus avoiding conflicts between labour and management. To save on the actors’ salaries and to prevent their salaries from skyrocketing once they became famous, Runje married Unique’s starlet Chan Yoke-mui who became his second wife and geared up Unique’s publicity to make Chan a star. He regarded the marriage an effective means of cost control for his family business.⁷

Although Runje had received a modern education, his cultural and moral values were conservative. Runje’s cultural inclination also affected his younger brothers. Under his leadership, Unique adopted the expressed policy of “upholding traditional morality, ethic and culture while avoiding westernization”. Nevertheless, actress Butterfly Wu, who had worked for Runje for two years, recalled that “Unique was too business-oriented. Their productions were long on entertainment values but short on artistic achievements, and were charged with old morals. Although attracting sizeable audiences, few, if any, left memorable impressions. Unique films seldom received acclaim from

⁷ Ibid.

critics.”⁸ With a track record in producing low budget films and developing its brand name by adapting folktales and legends from popular literature, Unique’s business strategy was “low cost, short cycles, fast production and big turnouts”. In the first two years, the company churned out eleven films, almost all directed by Runje. The three younger brothers were also involved in script-writing. Typical amongst Ningbo merchants, Runje also bought everything in cash to avoid paying dividends and interest to others. In an interview with the Shanghai press in 1933, Runje said “Unique is my personal company. Ten years ago, the capital was \$10,000. This grew to \$100,000, plus a cash flow of \$70,000 to \$80,000 . . . Unique has a special quality, and that is we do not have debts. We buy everything with cash. This is something not found in other companies.”⁹ As a theatre operator, Runje was aware of the need to expand Unique’s film outlets outside Shanghai. He entrusted this task to his younger brothers. In 1925, the third brother Renme was sent to Southeast Asia for the purpose of lining up support from the local theatre operators. In 1926, Run Run, fluent in English, was also sent over to Singapore assisting Runme to seek support from the Baba merchants (English-speaking, local-born Chinese). Starting in the 1930s, when talking movies were introduced to China, Runje also capitalised on this golden business opportunity. He ordered Run Run to purchase recording equipment from overseas then ventured into producing the Cantonese movie *White Gold Dragon/Bai Jin Long* (1933) in Shanghai. Starring Sit Kok-sin, the movie was made efficiently with readily available scripts, costumes, cast and songs. The film was extremely popular among the Cantonese communities in and out of China. Encouraged by this easy success, Runje relocated his film production base to Hong Kong in order to establish collaboration with Cantonese opera talents located there.¹⁰ He entrusted the distribution business in Shanghai to his younger brother Runde. In 1934, Runje also established a Unique branch in Hong Kong. Ten films were produced the following year; about half of them were adaptations of Cantonese operas. However,

⁸ Butterfly Wu (dict) & Liu Huiqin (ed.), *Hu Die Huiyilu* [Butterfly Wu: A Memoir] (Taipei: Udn Publications, 1986), p. 32.

⁹ ‘Ben Bu Zeng Kan’ [‘City Supplement’] *Shen Bao*, Shanghai, 6 October 1933.

¹⁰ Lao Ji, ‘Shao Zuiweng Yu Xue Juexian’ [‘Runje Shaw and Sit Kok-sin’], *Panorama Magazine*, Hong Kong, No 19, June 1975, p. 63; see also Stephanie Chung Po-yin, ‘A Tale of Two Cinemas: Prewar Tug-of-War Between North and South’, in Wong Ain-ling (ed.), *The Hong Kong-Guangdong Film Connection* (Hong Kong: Hong Kong Film Archive, 2005), pp. 50–67.

Runje's plan suffered serious setbacks in 1936 when two fires broke out in his Hong Kong studio. Runje believed they were arsons ordered by his competitors. A dejected Runje decided to retire. The power vacuum in Hong Kong was filled by second brother Runde.

By the 1930s, an effective division of responsibilities had already taken place among the four brothers, facilitating Shaw's vertically integrated business in Shanghai, Hong Kong, and Singapore.¹¹ Runje had been a model to his younger brothers. Despite his retirement, Runje's business acumen had already shaped the future development of the Shaw enterprise.

A Smooth Power Transition, A Southward Shift of Business Gravity

In 1936, the second brother, Runde, relocated to Hong Kong and filled the void left by his elder brother. The power transition was extremely smooth. Runde centralized Shaw's film making business under his control. In addition, Runde's wife who was from a prominent family in Zhenhai understandably exerted a strong influence on her husband. They had six sons and one daughter. Among all the four Shaw brothers, Runde had the largest number of male heirs, where sons were considered business assets. Runde's sons would eventually become his business partners in the future Shaw & Sons Limited (1949). As will be seen, the growing independence of Shaw & Sons Limited would pose a potential threat to the Shaw brothers' delicate division of responsibilities.

Runde's management strategy was very different from that of his elder brother. He seldom was involved in film production. Throughout his career, he had shown more interest in managing figures than making films. When Unique was founded in the 1920s, Runde was responsible for the company's accounting and bookkeeping. When his elder brother relocated Unique's production base to Hong Kong, Runde stayed behind in Shanghai to look after the distribution business. When his elder brother retired, he had to relocate to Hong Kong. Coming from the background of accounting, he immediately straightened out the company's bookkeeping and implemented a new accounting system. Lacking experience in film production, he had to delegate film-making duties to hired hands. He invited

¹¹ See, for example, *Nanyang Year Book* (Singapore: Publication Department, 1939), p. 197.

southbound director Hung chung-ho to join the company. However, Runde retained strong control over Hung's production budget and accelerated the cycle of film productions. Production cycles were cut short and a large number of low budget films were churned out. By 1937, when Shanghai was occupied by Japan the movie industry became stagnated, Runde's studio in Hong Kong was still producing low budget Cantonese movies. Runde's line of entertainment films provided a steady supply to Runme and Run Run's cinema circuit in Southeast Asia. In 1938, Runde renamed Unique's Hong Kong Studio to Nanyang (literally, South Sea) Studio, indicating the southward shift of Shaw's business. It was recorded in 1938 that the Nanyang Studio had five directors making movies simultaneously, with each film requiring about \$6,000 and three weeks time to complete.¹² This production cycle had guaranteed a steady supply of movies for his brothers' cinema circuit in Singapore. In 1941, when the war broke out in Hong Kong, Nanyang Studio was confiscated by the Japanese troops. Runde fled with his family back to Shanghai. After the war, Runde immediately returned to Hong Kong and resumed ownership of the Studio in 1946.

In 1949, with the assistance of his sons, Runde reorganized his business and established a Shaw & Sons Limited. At this point, the film production arms of the Shaw Empire were all monopolized by Runde and his sons. With the influx of filmmakers from Shanghai, Runde shifted resources to produce low budget Mandarin films. He hired such southbound directors and actors as Doe Ching, Wang Yin, Yan Jun and Li Lihua and produced many melodramas adopted from popular literature and legends. From 1952 to 1957, more than seventy Mandarin films were churned out by Runde in Hong Kong feeding his two younger brothers' exhibition business in Southeast Asia.¹³ However, when Great Wall and MP&GI appeared on the scene, Shaw's low budget movies were losing their market share. Runde and his sons were criticised for being too conservative in cost control.¹⁴ As the land price in post-war Hong Kong skyrocketed, Runde's business interest

¹² Lao Da, 'Shao Zuiweng Nuli Pai Yuepian' ['Runje Shaw's Cantonese Filmmaking Endeavour'], in *Movie Tone*, Vol. 7, No 11, 1938, p. 204.

¹³ See Lao Ji, 'Shao Zuiweng Zhidou Lin Kunshan' ['How Runje Shaw Outwitted Lin Kunshan'], *Panorama Magazine*, Hong Kong, No 20, July 1975, p. 61.

¹⁴ For the history of these competitions, please see also Stephanie Chung Po-yin, 'A Southeast Asian Tycoon and His Movie Dream: Loke Wan Tho and MP & GI', in Wong Ain-ling (ed), *The Cathay Story* (Hong Kong: Hong Kong Film Archive, 2002), pp. 36–51.

gradually switched. In the 1950s, as the government's blueprint for a new urban development did not permit the establishment of film studios in the urban area, Runde sold Shaw's studio for a handsome price. Again as he continued to show more interest in managing figures than making films — in the late 1950s, he was starting to lose interest in the filmmaking industry. Runde, with a background in accounting, believed that rebuilding a film studio was not a sound investment.¹⁵ Instead, he used the capital to invest in Hong Kong's property market. Runde's decision upset the Shaw brothers' division of responsibilities.¹⁶ After all, Runme and Run Run were still operating more than a hundred theatres and ten amusement parks in Southeast Asia, and they were in a continuous need of a reliable film supply from Hong Kong.

In 1957, in order to secure a stable film supply, Run Run Shaw relocated to Hong Kong where he carried on the family's filmmaking business. In March 1958, he severed ties with Runde's Shaw & Sons' Limited and announced the birth of Shaw Brothers (HK) Ltd, with Runme and Run Run as principal shareholders. By then, Runme and Run Run had already worked together in Singapore for more than thirty years. Over the years, a special bond had been forged between them. Even Run Run's son, Vee-meng, was adopted by Runme as heir-to-be. In the late 1950s, while Run Run charted out plans to build a movie studio in Hong Kong, Runme continued to be in Singapore taking care of Shaw's distribution business. The two brothers' co-operation, however, would draw to an end in 1983 when Runme suffered a stroke and fell into a deep coma. In 1985, Runme passed away in Singapore, leaving Run Run as the last remaining Shaw patriarch to govern the family's movie business.

The New Patriarch

Run Run Shaw was already fifty years old when he relocated to Hong Kong. In terms of an education background, he was the most westernized among the four Shaw brothers. Building up a giant studio in an alien business environment, and different from his three elder

¹⁵ Lao Ji, 'Shao Cunren Dao Xianggang' ['Runde Shaw's Arrival in Hong Kong'], *Panorama Magazine*, Hong Kong, No 22, September 1975, pp. 65–66.

¹⁶ Lao Ji, 'Shaoshi Xiongdi Wei He Fenjia' ['Why the Shaw Brothers Split'], *Tanxing*, Hong Kong, No 1, April 1962, pp. 76–77; Lao Ji, 'Shao Zuiweng Xuanlan Gui Pingdan' ['Runje Shaw: From Heydays to Retreat'], *Panorama Magazine*, Hong Kong, No 21, August 1975, pp. 51–52.

brothers with no younger brothers to rely on, he had to recruit talents outside the family. When it came to recruiting his think tank, Run Run Shaw immediately looked to the Shanghai-educated circle in Hong Kong for inspiration. He was looking for professionals, preferably with a university education, to run a westernized movie studio. In 1959, through his Shanghainese network, Run Run recruited Raymond Chow (former Hong Kong Standard reporter and Voice of America producer) from the US Information Service Hong Kong Branch. Through Chow's network, Run Run also recruited Leonard Ho to join the Studio. Both Chow and Ho were Cantonese but had received their education from Shanghai's St. John University and Fudan University respectively. In Hong Kong, they were two of a handful of media veterans fluent in Shanghainese, Cantonese and English. With time, they were entrusted to head Shaw's publicity and production departments. When it came to building cross-border business networks, Run Run Shaw looked to the second generation of his old employees for assistance. Through his assistant Chua Boon-hean in Singapore, Run Run recruited Chua Lam as Shaw's Japan's office manager. Chua Lam, the son of Boon-hean, was at that time studying film in Japan. Boon-hean personally also assisted Run Run with Shaw's film distribution business in Southeast Asia. After Chua Lam graduated from film school in Japan, he also joined Shaw Brothers in Hong Kong, bringing along his Japanese connections. Besides transplanting Japanese expertise and techniques into Hong Kong, Chua also helped Shaw to penetrate the Japanese market. Given these events, Shaw's production personnel inevitably injected a lot of Run Run Shaw's shrewd business calculations into the movies. To ensure that all of Shaw products were marketable, all scripts and casting lists would be sent overseas to the distribution managers for comments. Nevertheless, it is false to say that Run Run Shaw ran his studio with liberalism. Albert Odell, a film distributor who had worked for Shaw and Cathay (the two big film studios in post-war Hong Kong) in the 1950s and 1960s commented that "the difference between Cathay and Shaw is, when I was associated with Cathay, you don't know where you are, with so much biting and politics, this and that. With Shaw you know where you are. You were nowhere. Whoever [are] working for [the] Shaws know that if they think they were big shots outside the Shaw family, they were only kidding themselves."¹⁷ Run Run's

¹⁷ Interview record with Albert Odell, Hong Kong Film Archive, Oral History Project, 11 December 2001.

producers and distribution managers were “gatekeepers” helping to monitor and guide Shaw’s frontline productions and overseas distributions.

Corporate Structure, Corporate Image

As Run Run adopted Western practices of integrating production, distribution and exhibition in running the new Studio, Shaw’s management styles and cultural outlooks also had to be adjusted. Among other measures, under Raymond Chow’s leadership, Runde Shaw’s practice of shooting at night was reversed in the new Shaw Studio. This managerial innovation was introduced to enhance frontline monitoring from the top under Chow’s supervision. To keep every stage of production on track, script, planning and production departments were established. A clear corporate structure was installed. A clear corporate image, as reflected by the slogan “Shaw movie, great drama”, was being geared up. Differing from Runje’s strategy of promoting his wife as the company’s starlet, or Runde’s strategy of relying on transient, southbound movie directors and actors, Run Run chose to establish an actor’s training school where he created his own stars and production crews. Comprehensive training programs were provided hatching different types of movie stars that fed the various movie genres offered by Shaw. A Publicity Department, under Raymond Chow, also orchestrated media outlets promoting Shaw’s stars and movies worldwide. The traditional practice of synchronised sound recording was replaced by post-production dubbing to facilitate a cast of varied dialects and lower production costs. To a greater degree, Shaw movies were tailor-made to meet the various censorship policies in Taiwan, Hong Kong and Southeast Asia. To maximize profit, three versions of the same film were often produced to supply the different markets. The “moderate” version would be reserved for the Hong Kong market, while the “mild” and “hot” versions were tailored for the markets in Southeast Asia (where censorship policy was strict) and US/Europe/Japan (where censorship was more lenient) respectively.¹⁸

¹⁸ Interview record with Raymond Chow, Hong Kong Film Archive, Oral History Project, 27 February 1997.

Shaw Studio as a Clique-based Creature

Underlining its westernized Hollywood outlook and modern corporate structure/image, Shaw remained a typical clique-based family business. These cliques, often organised along conflicting lines of cultural and ethnic backgrounds, were competing for production resources in the Shaw Studio. According to Raymond Chow, in 1969, the production cost for one Shaw movie ranged from HK\$0.8 to 1.5 million (around US\$300,000 at that time) and the total annual production cost of the Shaw Studio exceeded HK\$100 million. Its annual profit return was about threefold. With such a handsome profit, it was evident that different cliques sprouted on Shaw's fertile land. As early as in the 1950s, Run Run Shaw had recruited under his wing a number of southbound directors. They were mainly "men of letters" having received solid classical Chinese training from Northern China. Notable among them was Director Chang Cheh, who coined his label of yang gang (staunch masculinity) film genres. Chang's *One-armed Swordsman* (1967), for example, had turned southbound actor Jimmy Wang Yu into a superstar. Chang's bargaining power in the Shaw Studio was further consolidated. Director Li Han-hsiang's *huangmei diao* musicals, adopted from operas popular in the Zhejiang region and stuffed with scholarly sentiments, also enhanced the clique's bargaining power for more production resources. To secure their dominance inside the Studio, these cliques were keen on repeating their successes. By the same token, they were grooming their camps of actors/actresses into superstars — valuable assets of the cliques. In the late 1960s and the early 1970s, with the departures of these northern directors Run Run Shaw was driven to reorganize the hierarchy under his wing. Local Cantonese film talents such as Chun Kim, Chor Yuen and Lau Kar-leung were gradually appointed as film directors. With their local Cantonese backgrounds, they resurrected such traditional Cantonese legends as "Southern Shaolin" into popular movies.¹⁹ The generational changes of these Northern and Southern directors had helped prolong the production life cycle of the Shaw Studio.

¹⁹ *Ibid.*, see also Interview record with Ho Meng-hua, Hong Kong Film Archive, Oral History Project, 21 November 1997; Chang Cheh, 'Shaoshi De Boxing: Xianggang Shi De Haolaiwu' ['The Rise of Shaw: Hollywood in Hong Kong'], in Chang Cheh, *Huigu Xianggang Diaying Sanshi Nian* [Looking Back at Thirty Years of Hong Kong Cinema] (Hong Kong: Joint Publishing (Hong Kong) Company Ltd., 1989).

The “Mutiny”

As illustrated by the above, managing the Shaw Studio actually entailed delicate attempts to keep its cliques in good balances. With the assistance of Raymond Chow and Leonard Ho, Run Run Shaw had managed to maintain this balance and made the Shaw enterprise a remarkable business success. In the 1960s, Run Run was also grooming his two sons, Vee-meng and Vee-zhong (Vee-meng was adopted by Runme as his heir) to share his administrative responsibilities. Both were active in Shaw's exhibition business in Singapore. However, by the early 1970s, this delicate power balance inside the Shaw Studio was drastically upset. The root of these dramatic changes can be traced back to a “mutiny” that occurred in 1969, when Raymond Chow along with his associates left Shaw—after Mona Fong headed the procurement department of the Shaw Studio. Mona Fong was of Guangdong, Nanhai descent, and was born in Shanghai in 1931. In the 1930s, her mother was a celebrated dancing hostess in Shanghai. Fong came to Hong Kong in the late 1940s and became a songstress in a cabaret. In 1952, she performed in cabarets in Singapore where Run Run soon became her fan. Thereafter, Fong was invited to perform theme songs for several Shaw movies. In 1969, when a member of the Shaw family resigned from the purchasing department of the Shaw studio, Run Run Shaw invited Fong to head that department. Held in high regard by Run Run, Fong was promoted to the props department. The purchasing and props departments, remarkably, were Run Run Shaw's informal auditing arms. Both the production and publicity departments, under the leadership of Raymond Chow and Leonard Ho, were subject to Fong's informal supervision. The power hierarchy within the Shaw studio was disrupted. This paved the way for Fong to enter into competition with Raymond Chow. Eventually, a desperate Chow along with Leonard Ho left Shaw in 1970. In the same year, Chow and Ho founded a Golden Harvest Co Limited. In the 1970s, Shaw and Golden Harvest had a head-on collision in the market. After the release of several Bruce Lee movies, Raymond Chow gradually found a path independent from Shaw's studio formula. By shrinking “in-house” movie production, Golden Harvest reduced its role to financiers of independent productions. This practice created flexibility in Golden Harvest's investment mechanism. With the rise of Golden Harvest, Shaw's production was shrinking in scale and number. As Raymond Chow's “contracting-out” practice became the mainstream,

the influence of Shaw's studio model gradually faded away in Chinese cinema.²⁰

After Chow's departure, Fong officially became Run Run Shaw's assistant, playing an important role in numerous major business decisions. Under Mona Fong's leadership, Shaw Brothers (HK) Limited became a listed company in Hong Kong starting in 1971. Over the past three decades, Run Run Shaw and Mona Fong retained over 60% ownership of the company's shares. Fong started to head the Shaw production department in 1973 and decided to tighten up production costs. In 1981, Fong joined Shaw Brothers' board of directors. The following year, Run Run Shaw's sons Vee-meng and Vee-zhong withdrew from the studio's Hong Kong business, leaving Run Run Shaw and Fong as the company's major shareholders and decision makers. Entering the mid-1980s, Shaw's model of vertical integration in movie production was formally dismantled—its cinema circuit ceased operation, its cinemas were leased to tycoon Dickson Poon's D&B circuit and its studio was leased to Television Broadcasts Limited (TVB). While Run Run Shaw was retreating from the cinema industry, his influence on the television industry was on the increase. Shaw and Fong's business vision had shifted — from film to television. Modeling on the old receipt of vertical integration, TVB is a “reincarnation” of Shaw in the Chinese television circle. TVB's Studio City, converted from the Shaw Studio in 1986, becomes the world's largest producer of Chinese-speaking TV programmes. In 1988, Fong became the director of Television Broadcasts Ltd (TVB). In 1990, she was also appointed Shaw Studio's senior executive director. The couple eventually got married on May 6, 1997 in Las Vegas, implying that she would be the future heir to the Shaws' empire. By the turn of the 20th century, the proliferation of new exhibition outlets such as satellite television, pay-TV and DVD, had also inspired Fong and Shaw to explore a new market — Galaxy Satellite Broadcasting Limited was set up in Hong Kong in 2000. Shaw's film archive was sold to a Malaysian conglomerate in the same year. In 2002, Mona Fong became TVB's deputy chairman. Also in 2002, digitally-remastered

²⁰ Interview record with Raymond Chow; see also 'Jiahe Chuang Ying De Shiyan Chang' ['Golden Harvest's Testing Field'], *Golden Movie News*, No 95, February 1980, pp. 36–37; Chang Cheh, 'Jiahe De Ling Pi Tujing Duli Zhipianren Zhidu' ['How Golden Harvest Created the Independent Filmmaker System'], in Chang Cheh, op cit, pp. 67–108; Shao Fu, 'Shaoshi De Moluo' ['The Decline of Shaw'], in Peggy Chiao Hsiung-ping (ed), *Bashi Niandai Diaying Fengmao* [The Cinema Scene of the 1980s] (Taipei: China Times Publishing Co, 1987), pp. 99–104.

Shaw CDs and DVDs were released by Celestial Pictures (with Shaw as its core shareholder). Mona Fong's assistant, Chung Siu Ling, also became Celestial's high executive. More than one million of Shaw's digital products were sold in 2003 worldwide. The history of the Shaw Organization eventually becomes a history of Chinese cinema in a century of evolution. The history of Shaws' family business keeps pace with the technological developments and extends its outlets from the stage to cinema, television, satellite TV, VCD, DVD and the Internet. Although the Shaw organization embraces a western industrial model to expand its business, it retains the very nature of a traditional Chinese family business.

Concluding Remarks

Business culture can be seen as a reflection of the times. In the 20th century, the classical rags-to-riches story of self-made entrepreneurs, like the Shaws, was a profound signature of the era. Since the beginning of the nineteenth century, with the establishment of the British colonial rule in Singapore, Hong Kong and in the foreign concessions of Shanghai, a commercial corridor had been carved out in maritime Asia. These areas gradually became the "frontier par excellence" for economic penetration. Chinese family businesses, along with their extensive familial and cultural networks, had also carved a niche in these frontier areas where local economic and legal institutions were either embryonic or ineffective. By spreading wealth across borders, these families had not only diversified their business risk, but had also built a mechanism to enforce business ties across borders. As émigrés of China, many of these self-made Chinese merchants worked their way up through hard work, frugality, and strong personal networks in coastal China and Southeast Asia. The case of the Shaw brothers is evidence of this development. In the 1920s, in order to avoid business competition in Shanghai, Shaw's film outlets had to expand southward to Singapore and gradually a Shaw cinema circuit was set up in Southeast Asia. After the Second World War, the Shaw cinema circuit in Southeast Asia had to extend northward and set up their film production bases in Hong Kong when film supplies from Shanghai were cut off. As a Chinese family business, the four Shaw brothers (operating in a mode of collaboration whereby each looked after an Asian coastal city) had made these business shifts smooth and successful. Shaw's adoption of the US studio system for

mass film production in colonial Hong Kong was also relevant for its time. To a great degree, Shaw movies were “tailor-made and quality-controlled” to meet the various tastes, censorship policies and political inclinations of the markets in Taiwan, Hong Kong and Southeast Asia. For decades, colonial Hong Kong had offered a safe haven to protect these film production activities. The move also gave rise to Hong Kong’s unique position in the matrix of transnational Chinese cinema.

Over the last few decades, the influence of institutional environments, cultures and management styles on Chinese family businesses has attracted the attention of scholars.²¹ Wong Siu-lun, for instance, has pointed out that the Chinese family business usually experienced four phases of development—emergent, centralized, segmented and disintegrative phases.²² Cohen has also utilised membership and estate to illustrate that the Chinese domestic unit always experienced a process of formation, expansion and disintegration.²³ In this regard, the Shaw’s story is remarkable. Similar to many traditional Chinese family businesses, the Shaws employed traditional Chinese values like discipline and paternalist benevolence. Despite transplanting the western industrial model into their business, the Shaw studio retained the very nature of traditional Chinese family business and was headed by family patriarchs. Nevertheless, the longevity of the Shaw patriarchs, as well as the smooth power transfer among the four brothers, was a significant asset that helps to keep succession crisis (and business disintegration) at bay. Starting in 1925, the Shaw enterprises have been operating for more than 80 years under the highly centralized leadership of Shaw’s first generation patriarchs. After the passing away of the elder brothers, Shaw’s leadership was centralized by Run Run Shaw, the youngest of the four brothers. Shaw’s unrivalled stability in its leadership was a factor for its transnational

²¹ See, for examples, David Faure, “The Lineage as Business Company, Patronage versus Law in the Development of Chinese Business”, *Second Conference on Modern Chinese Economic History* (1), Taipei: Academia Sinica, 1989, pp. 347–76; Choi Chi-cheung, “Competition Among Brothers, the Kin Tye Lung Company and its Associate Companies”, R. Brown (ed.), *Chinese Business Enterprise in Asia* (London: Routledge, 1995), pp. 96–114.

²² Siu-lun Wong, “The Chinese Family Firm: a Model”, *The British Journal of Sociology*, Vol. XXXVI, No.1 (1985), pp. 58–72.

²³ M. Cohen, “Developmental Process in the Chinese Domestic Group”, in M. Freedman, *Family and Kinship in Chinese Society* (Stanford: Stanford University Press, 1970) pp. 21–36.

expansion. Understandably, as a double-edged sword, paternalist leadership has its shortcomings. As a highly leveraged family business, succession crises can easily up-root the business empire that was built by the polygamous patriarchs. In 2005, as Sir Run Run Shaw, the youngest of the four Shaw brothers and the last of the Shaw's first generation patriarchs, reaches his late nineties, a familiar question arises—will the enterprise survive its first generational succession. Behind the grand saga of Shaw's odyssey of business expansion in Shanghai, Hong Kong and Singapore is a typical Chinese story of fraternity, as well as hidden competition among family members.

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