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Editor
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Book reviews editor
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Note from the editor

Economic sociology in Asia – from modernization to embeddedness

Cheris Shun-ching Chan

It is a great honor for me to serve as the first Asian editor of *economic sociology. perspectives and conversations.* In this privileged position, my first instinct is to introduce economic sociology in Asia to the global readers. With the limited space, this issue focuses on the development of economic sociology in China, Japan, and the four Asian tigers (also known as the four little dragons, which are Hong Kong, South Korea, Singapore, and Taiwan).

Economic sociologists in Anglo-American contexts have long been interested in the Japanese economy and Japan being the economically most advanced country in Asia in the second half of the twentieth century was taken as a prototype of Asian capitalism. The contrast between Fordism and Toyotaism, for instance, has always been in my economic sociology syllabus. Japan's speedy recovery in its economic development after World War II made it the lead of the Asian economy in the 1960s to 1980s. At the same time, the economies in Hong Kong, Singapore, Taiwan, and South Korea began to take off and attracted most attention in the 1990s. The People's Republic of China (PRC) launched its economic reform in the 1980s and began to take the global stage in the twenty-first century. Despite the vast variety of these Asian economies in terms of government policy, cultural force, market structure, and institutional setting, their organizational features were broadly characterized as Asian capitalism or network capitalism (Hamilton 1996; Hefner 1998). While no one will deny the importance of relationships in doing business in Japan and China, what kind of relationships matter and

how to do it right, however, vary to a large extent. Where personal, family, and kinship ties form the core of Chinese business networks, long-term intercorporate ties set the stage for the Japanese business networks (Hamilton 1996). At the same time, except in the case of Hong Kong, the state in these Asian economies is often more directive than simply regulatory. For example, the *keiretsu* in Japan and the *chaebol* in South Korea, which could be considered the backbones of Japanese and Korean industrialization, had gained immense support from and favor with their respective state's policies (Gerlach 1992; Biggart and Guillen 1999). In China, the state does not only provide favorable policies for domestic corporations to catch up with the global giants; it is the architect and the composer of the country's economic performance.

The six contributions in this issue were written by authors who grew up and have been residing in their own countries or regions. They document what economic sociological works there are in China, Japan, South Korea, Taiwan, Hong Kong, and Singapore, and provide an engaging account of economic lives there. These pieces together provide us with a comparative lens for glancing through the development of economic sociology in (East and Southeast) Asia. It is not by accident that indigenous sociological inquiries about economic lives in both China and Japan appeared in the early twentieth century with the intention of understanding some social problems brought about by modernization and industrialization. Intriguingly, economic sociological works on the four Asian tigers as well as those on China and Japan began with the Weberian question of the emergence of a particular form of capitalism (and its absence). We will see that household economy and family business are prevalent in Hong Kong and Taiwan, but both economies have managed to join the global value chain by moving their factories to the PRC for cheap labor. Taiwanese manufacturers go a step further to develop mega-size factories like Foxconn, which became a "world factory" that serves as the main supplier of Apple devices. Empirical studies of embeddedness are another common focus of Asian economic sociology. Social embeddedness in the Japanese economy is so sweeping at the interorganizational level that "institutional linkages" could lock individual employees in their job positions for life. While the Japanese form of embeddedness is not the same as the Chinese form of embeddedness, both cases demonstrate the problem of over-embeddedness. On the other hand, the conceivable negative connotation of the role of informal relationships in affecting economic outcomes implies corruption in Singapore, and hence local studies of embeddedness are relatively scarce.

To our surprise, economic sociology has been experiencing tremendous growth in the PRC, despite the country being a latecomer of economic development in the twentieth century. According to Ping Fu, professor of sociology at Central China Normal University and the chair of the Economic Sociology Section of the Chinese Sociological Association, and colleague, interdisciplinary social science research on economic lives appeared in China as early as the twentieth century. Early sociological studies focused primarily on the economic foundation and the impacts of urban and rural industrialization. The problem of modernizing China was the key concern of the Chinese sociologists at that time, and a rather unique focus was on agricultural economy. Many of these sociologists were trained overseas. Among them, Xiaotong Fei, a student of Bronislaw Malinowski, published his ethnographic research on a village in east China, entitled *Peasant Life in China*, in 1939, and this text remains one of the classics in Chinese sociology today. Unfortunately, sociology was among the social science subjects that were abolished and disappeared for more than two decades during the Maoist era. When sociology was reborn again in the post-Mao era, economic sociology grew so rapidly and impressively that an economic sociology department was inaugurated in Shanghai University of Finance and Economics in 2003. In 2012, an economic sociology section was formed under the Chinese Sociological Association. Today, Chinese economic sociologists come from various training backgrounds. What they have in common is that they are not confined to applying theories and concepts imported from the occidental

Cheris Shun-ching Chan is associate professor of sociology at the University of Hong Kong. She received her PhD from Northwestern University and held a postdoctoral fellowship at UCLA's International Institute. She was also a fellow at the Summer Institute on Economy and Society in the Center for Advanced Study in the Behavioral Sciences at Stanford University. Her research interests include culture, economic practices, healthcare, globalization, new social movements, and Chinese societies. She is author of the award-winning book *Marketing Death: Culture and the Making of a Life Insurance Market in China* (Oxford University Press, 2012). Her writings have also appeared in the *American Journal of Sociology, British Journal of Sociology, Theory and Society, Social Psychology Quarterly, China Quarterly, Modern China, International Sociology,* and *Developing World Bioethics.* Chan is currently working on two projects. One is on the moral economy of informal payment and social networks in gaining access to hospital care in China and Taiwan, and the other is on the sociocultural implications of the social credit system in China. *cherisch@hku.hk*

contexts but are making efforts to develop original theories to understand the ever-increasing complexity of Chinese economic lives.

In contrast, Tsutomu Nakano, professor of organization and strategy at Aoyama Gakuin University in Tokyo, and his colleagues tell us that economic sociology is not as widely recognized in Japan. Indeed, this is reflected in the process of soliciting a short article about economic sociology in Japan for this issue. I approached a number of Japanese scholars who have published excellent sociological works related to various Japanese economic lives, yet they did not seem to identify themselves as "economic sociologists" and hence courteously declined the invitation with the reason that they did not know much about "economic sociology in Japan." Thanks to Nakano and colleagues' detailed description, we now learn that locally published economic sociological inquiries appeared in Japan in the early twentieth century. After World War I, the Weberian question of economy and society was raised by the very first economic sociologist, Yasuma Takata from Kyoto University. Like in China, sociological inquiries emerged here in the face of social problems brought about by modernization and industrialization. In the 1960s, Takata's followers formed the Society of Economic Sociology, which consisted of both institutional economists and sociologists who studied the social aspects of the Japanese economy and economic phenomena embedded in Japanese society, respectively. Contemporary sociological research focuses on social relations and organizational management, interfirm embeddedness, and the impact of institutional linkages on the labor market and job-changers.

While the question of embeddedness is the core concern of the new economic sociology in Japan, it is rather invisible in the academic discourse in Singapore. According to Vincent Chua, associate professor of sociology at National University of Singapore, Singapore as a developmental state has placed a singular focus on meritocracy. The form of capitalism is state-driven, as expressed by a close coupling of the state and market. Chua perceptively notes the lack of critical studies on the social embeddedness of economic activities in the academic discourse in this country. He maintains that embeddedness can be a sensitive topic in Singapore because informal relationships may imply corruption, which runs against the core principle of meritocracy. Chua himself thus conducted a series of studies on the impact of social networks on the labor market in different job sectors. He found that while the job market in the public sector is rather immune to the use of networks, the private sector, especially the small business sector, shows substantial use of job contacts in the labor market. Thus, he concludes that different job sectors display different degrees of embeddedness rather than an absence of it.

Based on the figure presented in Chua's article, the other three Asian tigers also record high meritocracy scores. Among them, Hong Kong's GDP per capita is close to that of Singapore. Indeed, Hong Kong and Singapore are keen competitors in many aspects, though the government in Hong Kong has long adopted a laissez-faire approach. Tai-lok Lui, chair professor of Hong Kong Studies and director of the Academy of Hong Kong Studies at the Education University of Hong Kong, details how the central focus of economic sociology in Hong Kong changed over time from the 1960s. In Lui's description, Hong Kong as a British colonial city prior to 1997 underwent industrialization through small manufacturing establishments. The subjects for economic sociological studies range from informal economies like hawkers to macro and formal industrial relations. In the 1970s to 1980s, Hong Kong often served as a window to studying Chinese capitalism when it was impossible or difficult for academic researchers to get access to the fields in the PRC. The topics range from family business to global production and organizational dynamics. Economic restructuring began to take place in Hong Kong in the second half of the 1980s when manufacturers relocated their production lines to the mainland. Economic sociological studies remained active with diverse research focuses and theoretical perspectives. As Lui remarks, economic sociology in Hong Kong has always been empirical-oriented rather than clinging to a particular theoretical approach. Weberian perspective, Marxian theory, world system theory, embeddedness approach, network analyses, and cultural-political approach all have their market in such a tiny city as Hong Kong.

Similar to the situation in Hong Kong, Taiwan began its industrialization in the 1960s and experienced rapid economic growth in the 1980s to 1990s. Zong-Rong Lee, associate research professor at the Institute of Sociology in the Academia Sinica, provides an engaging account of Taiwan's development from an economic sociology perspective, along with a brief review of other sociological work on Taiwan's economy. According to Lee, Taiwan's economy was state-directed and followed a departmental state model at first. It then adopted a rather closed-door policy to protect the state-owned enterprises. It also controlled currency rates and the flow of investments. The economy was characterized as a system of small- and medium-size family businesses. However, with pressure from global forces, the state began to liberalize its market and opened its door for foreign investment and enterprises from the late 1980s to the 1990s. The role of the state became regulatory and business interests became more powerful in shaping the economy. The house-

hold economy gave way to the globalizing economy being integrated with China's "world factory." Mega-size Taiwanese factories based in the PRC became an integral part of the global value chains, resulting in increasing inequality and discontent at home.

The last article is contributed by Kyungmin Baek, associate professor of information sociology at Soongsil University in Seoul, and presents the recent development of economic sociology in Korea. Like Taiwan and Singapore, Korea followed the path of a developmental state model during the 1970s to 1990s, but it has transformed into a post-developmental state adopting a more neoliberal model since the Asian financial crisis in 1997. A free market economy emerged but has been dominated by large family-owned business *(chaebol)* conglomerates. According to Baek, economic sociology began to grow rapidly in Korea after the 1990s. Most of the active Korean economic sociologists trained at the top universities in the United States and hence brought home the theoretical perspectives and analytical techniques from American mainstream economic sociology. Their work covers a wide range of research subjects, from organizational structure to social network analysis and inequality in the labor market. The theoretical frameworks derived from new institutionalism are widely applied to understand the organizational dynamics of not only business firms but also social enterprises and government bodies. Marxian class theory and political sociology are also incorporated in the analyses for the study of inequalities.

Before we move on to the six exciting pieces about economic sociology in Asia, I would like to note that the search for authors to write about the Japanese case is itself revealing regarding the definition of economic sociology and its boundaries. While this field overlaps substantively with other fields, such as work, labor, consumption, organization behavior, and network analysis, what constitutes "economic sociology" is still an open question. Is it defined by the subject matter? Or is it defined by the theoretical gist? When the embeddedness approach and new institutionalism appear to be the theoretical cores of new economic sociology, does it prevent some scholars from identifying themselves with the field? The articles in this issue will demonstrate how broad the subject matter of economic sociology can be in Asian academia, and how diverse the theoretical concerns can be in view of the local contexts.

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