

Social Science Research on Chinese Organizations in the English Literature: A Survey

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Introduction: Intellectual Landscape in the Study of Chinese Organizations

In this essay, we survey and assess the English literature of what we have loosely grouped under the umbrella of “social science research on Chinese organizations.” Let us first delineate the boundary of this literature. Most of what is being surveyed here are those studies carried out by social scientists, especially those in sociology, political science, economics, and management research, published in social science journals or by academic presses, and focused on Chinese organizations broadly defined—those analyses and discussions that have implications for the organizational aspects of Chinese society. We pay particular attention to the more recent research activities, especially those in the last two decades, partly because this is the period when social science disciplines have provided important theoretical models and analytical tools for understanding the organizational phenomena, and partly because the transformation of Chinese society in the last three decades has greatly stimulated social research in this area.

Our survey is motivated by two general observations. First, formal organizations play a central role in the Chinese society. It is not exaggerating to say that contemporary China since 1949 has been *an organizational society*, where various aspects of political, economic, and social life have been organized by formal organizations, especially those of the state apparatus. Hence, the study of Chinese organizations provides a key to understanding different arenas of Chinese society. In the post-Mao era, the transformation of Chinese organizations has been at the center of the ongoing, fundamental institutional changes of Chinese society in the last three decades. Formal organizations are both the very economic, political, and social institutions being transformed and the basis for other institutions such as law, markets, and other governance mechanisms. That is, institutional transformation is first and foremost captured in organizational changes and innovation; at the same time, institutional legacies and historical imprinting are also inherited and renewed through forms and practice of formal organizations. In this light, organization research has much to offer for our understanding of Chinese organizations and Chinese society in general.

Second, there has been considerable accumulation of knowledge in the literature on Chinese organizations. In the last thirty years, social science studies of Chinese organizations have been salient in both scale (number of studies) and impact on our understanding of Chinese society, from patterns of inequality, reconfiguration of social groups, distribution of resources, and center-local relationships to the making of social movements. Moreover, a large number of studies have flourished in recent

years with distinctive theoretical logics and themes to address different aspects of the organizational phenomena. We note that not all studies reviewed here are commonly identified as belonging to the literature on Chinese organizations, nor did all these authors claim their analytical approaches as organizational analysis. We carve out this arena because many studies share the same subject matter—organizational phenomena—and/or they adopt, explicitly or implicitly, conceptual and analytical tools that can have close relevance to the field of organizational research.

Before we plunge into the specific studies in this literature, in this section we sketch the broad landscape of research on organizations and the connections among social science research, organization research, and the study of Chinese organizations.

In the English literature, the relationship between social science research and organization research has been a long, reciprocal one. In the United States, the study of formal organizations became an academic research field after World War II (Perrow 1986; Scott 2003). In the early days, studies of organizations drew heavily from different disciplines of the social sciences—the Weberian model of bureaucracy in sociology (Merton 1952), the role of interests and political coalitions in political science (Lindblom 1959; March 1988), and economic analysis of bureaucratic behaviors (Downs 1967), among others.

Over several decades of intellectual accumulation and evolution, organization research has developed a distinctive set of theoretical models, conceptual and analytical tools, and active research agendas, and organization research has become a distinct field of intellectual inquiry (Scott 2003). By now it has become a received wisdom that formal organizations have their respective structures, processes, and mechanisms, whose logics require distinct analytical models. Since the 1980s, the influence of theoretical paradigms in organization research in other social science disciplines has been keenly felt. For example, the concepts and explanatory logics developed in the sociology of organizations, such as institutional theory (DiMaggio and Powell 1983; Meyer and Rowan 1977), population ecology (Hannan and Freeman 1977), and network analyses (Burt 1992), have been widely adopted by researchers in political science, education, and business management. Models of organizational analysis have been applied to the study of social stratification (Baron 1984) and social movement (Davis and McAdam 2005). In political science, organizational research provided a distinct analytical lens through which to better understand government decision making (Allison 1971) and the organizational basis of politics (March and Olsen 1989; Moe 1991, 1994). In economics Williamson's (1975, 1985) theory of transaction cost economics drew explicitly from the behavioral theory of organizations in the tradition of Simon, March, and Cyert (Cyert and March 1963; March and Simon 1958; Simon 1947). The new economics of industrial organizations also draws inspiration from classical studies of organizations by Weber (1946), March and Simon (1958), Barnard (1938), Dalton (1959), and Crozier (1964).

A central theme of this survey is that the study of Chinese organizations may benefit significantly from cross-fertilization between social science research approaches and the field of organization research. To highlight this theme, it is useful to make a distinction between the two terms: *the analysis of organizations* and *organizational analysis*. We use the phrase “the analysis of organizations” to refer to social science studies that treat, either directly or indirectly, formal organizations as the subject matter of research; we reserve “organizational analysis” to refer to theories or analytical tools developed in the field of organization research.

Allison's (1971) classic study of the Cuban missile crisis provided an excellent illustration of the distinction between the two. In analyzing decision-making processes in the Kennedy administration during the Cuban missile crisis, Allison employed and contrasted three distinct models: the rational model, the model of organizational processes, and the model of bureaucratic politics. The rational model, featured prominently in economic analysis, assumes that actors act rationally, with consistent goals, and in pursuit of efficiency in maximizing their goals. In contrast, the model of bureaucratic politics, an analytical lens characteristic of political science, emphasizes those factors that are relevant to political processes: multiple interests, bureaucratic bargaining, and coalition building. Finally, the model of organizational processes draws from the insights of organization theories and highlights those factors that are intrinsic to processes in formal organizations: bounded rationality, the satisficing principle, uncertainty avoidance, and rule-based behaviors. All three theoretical models help us understand different aspects of the processes and outcomes in this dramatic episode. In particular, Allison showed that organizational analysis provides a distinct lens that cannot be reduced to the subject matter of one social science discipline or another. Indeed, formal organizations are regulated by their particular routines, authority relationships, and internal design; all these are built on the codification of organizational learning experience, interest articulation, and adaptation to their environments over time. As such, their behavioral patterns are subject to organizational analysis.

Turning to the studies of Chinese organizations, we observed a parallel, but considerably delayed, reciprocal process in social science research on Chinese organizations. In the social science disciplines, the study of Chinese organizations has had a long tradition in sociology, political science, and economics. In the last decade, it became an active field of research in the business school tradition of organization research. In the early studies, social science disciplines provided rich theoretical and analytical tools in the study of Chinese organizations, with strong discipline imprinting. Occasional trespassing notwithstanding, for a long time research was characterized by disciplinary segmentation, in both subject matter and research topics. As we will review below, political scientists confined their attention to the political arena, such as government, policy making, and bureaucratic behaviors; economists focused primarily on industrial organizations, such as the structure and performance of industrial organizations (e.g., state-owned firms and township and village enterprises [TVEs]); and sociologists attended to the organization of workplaces as vehicles of social mobility and as bases of social life and activities. Although the burgeoning field of management studies borrowed conceptual frameworks from these disciplines (including psychology), management scholars have largely focused on business management and organizational culture in Chinese organizations or foreign-invested enterprises (e.g., joint ventures) in China.

In recent years, as China research moved from area studies to more discipline-based approaches, this situation has changed significantly. In particular, there has been significant infusion of both research topics and analytical tools across social science disciplines. Nowadays, as we will see, sociologists routinely study firm behavior, as well as the behaviors and promotion patterns in the Chinese bureaucracy, and political scientists draw on the economics of incentives and information to explain political institutions and processes. At the same time, economists have become interested in governance issues that involve both political and social institutions. These research activities give rise to cross-fertilization, as well as competing theoretical paradigms, in this diverse, loosely bounded literature.

In contrast, analytical tools and concepts developed in the field of organization research have only slowly, occasionally, and often implicitly been employed in social science research on Chinese organizations. Following our theme of the important role of organizational analysis, we will argue and demonstrate that this asymmetric relationship, especially the intellectual failure to treat firms, government agencies, and workplaces as distinct organizational phenomena with their own logics and behavioral patterns, has generated glaring gaps in our understanding of Chinese organizations and China's transformation.

Our survey does not aim for comprehensiveness; instead we are selective and topic oriented in order to highlight key issues and research activities on the organizational phenomena in Chinese society. Our goal is to identify major lines of research activities on Chinese organizations, the theoretical arguments, and the causal mechanisms. For exposition purposes, we organize our survey by the disciplinary fields—sociology, economics, political science, and management science—but throughout our discussion we will make cross-references to related studies in other disciplines. By comparing and contrasting studies across academic fields, we emphasize intellectual connections, bifurcations, or departures. Along the way, we point out the potential benefit of organizational analysis for the study of Chinese organizations in social science disciplines. While recognizing the impressive contribution of this literature, we also intend this review to be “critical” in the sense that we will be especially biased toward emphasizing the unsolved problems in this area and identifying intellectual gaps and lack of communication and accumulation in these research camps, with the hope that future efforts can overcome these barriers. Finally, we confine our review and discussion to studies in the English literature; we only occasionally make reference to studies in Chinese in order to illustrate selected issues.

The rest of the essay is organized as follows. First, we organize our survey of research activities on discipline-based arenas—sociology, political science, economics, and organization research—respectively. Second, we turn to one specific area—the rise and fall of TVEs as an organizational phenomenon—to evaluate and contrast analytical approaches, research styles, and their limitations across academic fields. Finally, we conclude our survey by offering our assessment and critique of the literature and by proposing a set of research agendas in the study of Chinese organizations.

The Sociology of Chinese Organizations

We begin with sociological studies of Chinese organizations. The “sociology of Chinese organizations” refers to those studies that are based on sociological research traditions, have identified social mechanisms, and typically have been conducted by sociologists. These studies tend to share similar topics (e.g., stratification, social inequality, and employment relationships) and similar research styles (based on empirical analyses of quantitative data). In the last two decades, a large number of studies by sociologists have been published in sociological journals, a testimony to the extent sociological studies of Chinese societies have been incorporated into the mainstream of sociological research.

Sociological approaches to organizations are predicated on the premise that formal organizations depend on and, at the same time, exert major impacts on the social structure in which they are situated. In an influential treatise on this topic, Stinchcombe (1965) elaborated at length the multifaceted

relationships between social structure and formal organizations in contemporary society. A key proposition in Stinchcombe's arguments is that the rise and decline of formal organizations—organizational form, practice, and interorganizational relationships—depend on the specific social and historical context of a society. This is because a society provides bases for organizations' survival and growth in terms of resources (human resources, skill, and know-how), legitimacy (ownership structures), and behavioral patterns (government regulations and cultural expectations), as well as opportunity structures (e.g., the rise of private sector or foreign direct investment in China in the post-Mao era). Broadly, from a supply point of view, government regulations, cultural expectations, and socialization and institutionalization processes channel individuals into different walks of life, affecting the differential rates of organizational success or failure.

Another insight of Stinchcombe's argument is the effect of historical context on organizational structures and practice. Drawing on his studies of the contrast between craft and bureaucratic organizations, and other studies in the literature, Stinchcombe showed the differentiating roles that historical legacies (legal systems, religious organizations, etc.) have played in different organizational structures and practices. This has been a recurrent theme in sociological studies of authority relationships and managerial strategies in organizations and industries (Bendix 1956; Guillen 1994; Hamilton and Biggart 1988).

Finally, Stinchcombe's arguments that formal organizations play a major role in shaping patterns of social stratification anticipated the wave of organization research centered on this theme since the 1980s. Stinchcombe argues that organizations act as stratifying mechanisms in educational institutions and organized dependency relationships in the workplace. Research since the 1980s has demonstrated the role of organizations in labor markets, gender inequality, and income disparity (for a review, see Baron 1984; and Baron and Pfeffer 1994).

More than forty years later Stinchcombe's propositions and discussions are as persuasive, refreshing, and relevant in our digital society today as before. As we shall see, all these themes fit Chinese society well and are echoed in studies of Chinese organizations. With these key insights in mind, we now examine research on Chinese organizations through the sociological lens.

As argued above, since the establishment of the People's Republic in 1949, major political, economic, and social activities have been organized by stable, formal organizations under the Chinese state. In the Mao era, all aspects of social life were organized on the basis of formal organizations in the planned economy—from educational opportunities, employment, family planning, salaries, and housing to retirement. In rural areas, peasants were organized into production teams, brigades, and people's communes. In this sense, most research on contemporary China speaks to various aspects of organizational phenomena. For example, Parish and Whyte 1978 and Whyte and Parish 1984, two comprehensive studies of urban and rural societies of the Mao era, devote much space to describing and documenting in detail the organization of workplaces in urban and rural areas, respectively, and analyze behaviors and practices on the bases of these organizational apparatuses.

Among the early studies of Chinese organizations, Walder 1986 is exemplary in combining the strength of the area studies characteristic of rich observations and sense making and the analytical power characteristic of social science research. In this study, Walder developed a "communist new traditionalism" model to explain political mechanisms in employment relationships in the Chinese

workplace. This model emphasizes the infusion of traditional practice, such as patron-client relationships and preferential treatments, into communist political control in the workplace in Maoist China. Central to this theme is an organizational analysis of dependency relationships of employees on local authorities, and how positive incentives exercised on the shop floor were used to induce political compliance. Walder's analysis demonstrated that the key to understanding political order in Maoist China lies in everyday practice in the workplace. These studies are especially remarkable given the fact that the empirical evidence was largely based on interviews with immigrants from the mainland to Hong Kong.

Seen through the lens of the sociology of organizations, these studies of Mao's China shared one common characteristic: the role of formal organizations was featured prominently in these studies, but organizational analysis was at best implicit. That is, researchers invariably emphasized the importance of the formal organizations and stable organizational arrangements, but they seldom applied concepts and tools developed in the sociology of organizations. This partly reflected the closed boundaries of discipline-based and area studies before the 1990s, where there was little communication between area researchers and discipline-based scholars, and between organizational sociology and other areas of sociology. Also, difficulties in access to Chinese organizations made it next to impossible to conduct in-depth sociological research on the internal workings of organizations, a characteristic of American sociology of organizations during this period of time (see below).

In the post-Mao era, along with China's gradual opening up to the outside world, scholars have much wider access to Chinese society and Chinese organizations. As a result, the area of China studies has flourished, as evidenced in the noticeable surge in the research publications in sociological journals (for a recent review, see Bian 2002). In American sociology, Nee's (1989, 1991) market transition theory developed explicit theoretical arguments on the consequences of the rise of markets on traditional redistributive system in China and stimulated a large number of studies of transition economies in China and other former state socialist societies. Research on Chinese organizations gained momentum in this intellectual context. In our review below, we group sociological studies of Chinese organizations along two major themes: (1) explorations of organizational transformation in China's transition economy; and (2) the organizational consequences of social stratification in the post-Mao era.

Understanding Organizational Transformation in China's Transitional Economy

Consistent with the earlier period, the study of Chinese organizations witnessed the infusion of multidisciplinary approaches. Of these, theoretical models and analytical tools developed in the sociology of organizations have played a larger role in the literature to better understand and explain organizational phenomena in the context of China's transition economy. Among sociological studies of Chinese organizations, three studies—Nee 1992, Walder 1995b, and Lin 1995—stand out in terms of their intellectual contribution and the distinctive mechanisms they identify.

Nee (1992) developed theoretical arguments on how the expansion of markets leads to competition between redistributive and market mechanisms and the organizational dynamics resulting from this competition, especially changes among state firms, collective firms, and private firms. Extending his market transition logic, Nee argues that those organizations that are closer to market transactions (i.e.,

private firms) are more likely to witness more rapid growth and enjoy competitive advantages relative to those governed by nonmarket mechanisms. Along with the expansion of markets, then, we should expect significant changes among different populations of organizations with distinct property rights relationships to the state and markets. In this light, Nee identified and discussed the significance of the hybrid forms of organizations in China's market transitions. In line with Williamson's transaction cost economics arguments, Nee conceptualized Chinese firms as taking actions in response to environmental constraints in order to minimize transaction costs. In this light, Nee highlights the importance of the hybrid form of organizations—firms with mixed property rights in China's transitional economy.

Nee 1992 is among the earliest sociological studies to directly address organizational changes among Chinese firms in the transition period. This study highlighted the hybrid form of organizations in China's transition economy and developed a clear theoretical logic on differential performances and survival among different types of organizations. Unfortunately, the multifaceted processes of change make the test of such theoretical ideas extremely difficult. For example, when we observe the continuing strength of state firms in their performance, does this mean that the role of political mechanisms is prevalent or that state firms also actively engage in and benefit from market competition or both? Or are other alternative mechanisms at play?

Observing the active role of local governments in China's transition economy and interventions in local firms, Walder (1995b) developed an imagery of local governments acting as the headquarters of a corporation and organizing economic activities of the local firms as its subsidiaries. He argued that financial incentives offered during the fiscal reforms in China are especially strong at the lower levels of the administrative jurisdiction: "[G]overnments at the lower levels are able to exercise more effective control over their assets than are governments at higher levels" (270). That is, as one moves down the administrative hierarchies the goals and interests of local governments are increasingly aligned with those of local firms, and the monitoring and controlling capacities of local governments are greatly strengthened. Moreover, because of their monopoly positions in the local jurisdiction, local governments are in a position to provide the kinds of advantages that no other type of owner can achieve. That is, at the lower levels of the administrative hierarchies in China, local governments have increasing capacities in monitoring and intervening in local firms' everyday activities within their jurisdiction. Hence, those so-called hybrid forms of organizations in rural China and the collective sector "are under a form of public ownership no different from the large urban state sector, except that government has clearer incentives and a greater ability to monitor firms and enforce their interests as owners" (266). In so doing, Walder developed a forceful argument that public organizations, facilitated by local governments, are the main driving force in economic growth.

Another area of active research is related to network research. Lin' (1995) called attention to, and developed theoretical arguments for, the importance of social networks in China's institutional changes. Focusing on one prominent village in North China, Lin uncovered dense social relations built around the key players. On this basis, he developed the "local socialism model," which emphasizes the role of stable social institutions. Lin argued that "local coordination is built upon [a] local, primarily kin, network. This network pervades and superimposes over a synchronized institution of economy, polity and society. The indigenous institution is based on the traditional Chinese family-village elements, decidedly unassociated or dictated by the principles of state socialism or market mechanisms" (310).

Lin's work identified network ties as an effective organizing mechanism in the village collective, with implications for other forms of governance.

The three studies outlined above addressed different mechanisms—markets, local governments, and network ties—in the organization of social and economic activities in China. In so doing, they treat Chinese organizations as the focus of analysis. They draw theoretical ideas from the economics of market competition, the economics of incentives, and sociological studies of social networks. But these studies approach these organizational phenomena with little reference to the literature in the sociology of organizations. For example, by focusing on market competition as the main driving force, Nee's study did not give adequate attention to the persistent role of nonmarket mechanisms and other aspects of organizational environments such as political protection or local governments' capacities in resource mobilization. Walder's model implicitly assumes that local governments behave like rational, economic actors, as if they were the CEOs of large corporations. Research on the bureaucratic phenomena has cautioned us that officials in those offices have their own objectives, which might not be consistent with those of local firms. Attending to these issues would significantly revise our conceptualization of the role of local governments.

In contrast, Guthrie (1997, 1999), Keister (1998, 2001, 2004), and Zhou et al. (2003) have produced studies that were largely motivated by or closely linked to research traditions in the sociology of organizations. These scholars explicitly drew from the sociology of organizations literature to guide their research and engage in a dialogue with the research issues in that literature. Based on his fieldwork in Shanghai, Guthrie's work focused on the transformation of state firms into market-oriented firms. Trained in the institutional tradition, Guthrie adopted an institutional approach that emphasizes the isomorphic behaviors among organizations in response to uncertainty. He used this theoretical model to explain the adoption of market-oriented strategies and managerial practices in Chinese firms, especially state-owned firms. Keister's research drew more broadly on theoretical ideas on interorganizational relationships in organization sociology and economic sociology to examine the formation and evolution of business groups and interfirm relationships within business groups. Zhou et al. (2003) examined interfirm contractual relationships and the mechanisms that underlie different aspects and phases of contractual relationships. The authors adopted a comparative framework to examine how different mechanisms—institutional isomorphism, social networks, and economizing transaction costs—affect contractual relationships between firms. Although all employed quantitative methods in their data analyses, these studies were nevertheless informed by extensive interviews and close observations in fieldwork.

In other, related areas, sociologists also studied changes in property rights and their effects on firm behaviors. Oi and Walder (1999) assembled a number of in-depth empirical studies on the variety of changes in property rights configurations in Chinese organizations. Chen (2004) studied how local institutions affected the formation of property rights in three regions in rural China. There are also a number of studies that examine the relationship between property rights configuration and firm behavior (Peng 2004; Zhou, Cai, and Li 2006). However, sociological research in this area has not gained momentum.

Organizational Consequences of Social Stratification

For a long time, the sociology of Chinese organizations was a by-product of research on social stratification in Chinese society. The central role of work organizations in one's life chances, especially in urban China, inevitably led research on social stratification and mobility to a focus on formal organizations; or conversely, most research on formal organizations was situated within the framework of social stratification research—examining and assessing changing patterns of social stratification in China's transition economy.

One important contribution of these studies, especially those of urban China, is recognition of the hierarchy of work organizations in urban China and their impact on life chances. Lin and Bian 1991 and Walder 1992 were among the early studies that developed explicit theoretical arguments and examined stratification consequences. Bian's study (1994) offered a comprehensive examination of the impact of work organizations on the welfare of urban residents under the state redistributive system. This framework has also been extended to examine changes and stability in the stratification order in China's transition economy (Bian and Logan 1996; Nee and Cao 1999, 2002; Walder 2003). More recently, Wang (2007) developed a broad and systematic study of "categorical inequality" based on stable social institutions in urban China. Political scientists have also shown some interest in "*danwei*" phenomena (Lu and Perry 1997; Solinger 1995), although the attention was more occasional than sustained.

Studies in this literature shared several characteristics. First, most studies focused on the determinants of personal income, where one's location in the work organization plays a key role. The choice of analytical focus appears to be a matter of convenience—it is easier to collect information on personal income in survey-based research—rather than based on a careful, theoretically informed research design. Second, these studies are confined to urban areas, for the simple reason that organizational hierarchy was most salient there. In contrast, this line of argument was absent in research on social stratification patterns in rural areas. It appears as if there was a total segmentation in terms of redistributive institutions and mechanisms between urban and rural areas. Third, these studies are typically survey based, using statistical methods and engaging in a dialogue with mainstream sociological research on social stratification in other societies. Subsequent studies have extended this literature into other areas. For example, Davis (1992) and Zhou (1997) examined patterns of job mobility in the post-Mao era to assess the direction and extent of institutional changes. Others have examined patterns of other economic benefits such as housing and other latent benefits (Bian et al. 1997; Shu and Bian 2003; Zhou 2004; Zhou and Suhomlinova 2000).

In the last two decades, studies of mobility and promotion patterns among managers and bureaucrats in Chinese organizations have developed a small but noticeable literature. In particular, two theoretical models were proposed in this literature. One is the dual-path model developed by Walder and his associates (Li and Walder 2001; Walder 1995a; Walder, Li, and Treiman 2000). The dual-path model argues that the political logic of the Chinese bureaucracy gave rise to two distinct career paths: one based on political screening that channels individuals into political careers and the other based on expertise criteria that channel individuals into professional careers. The two career paths are thus governed by distinct mechanisms, generating different career patterns and life chances. In contrast,

Zhou and his associates developed a model of political dynamics that emphasizes the role of shifting state policies and selection criteria across historical periods that generate fluctuating life chances for bureaucratic recruitment and promotions (Zhao and Zhou 2004; Zhou 1995, 2001). Bian, Shu, Logan (2002), and Cao (2001) have also conducted research in this area and developed similar arguments on the political dynamics (see also Zang 2001; and Cao 2001). We should also note that both political scientists and economists have shown strong interest in this area as well (for political science studies, see Lampton and Yeung 1986; and Li and Bachman 1989). Economists Li and Zhou (Li and Zhou 2005) developed a line of argument about “administrative achievement” incentives in the promotion of provincial leaders. This study distinguishes itself from sociological studies in the authors’ explicit consideration of incentive designs within the Chinese bureaucracy and quantitative data in testing these arguments. Overall, research in this area is characteristic of statistical analyses based on survey data, which show aggregate patterns across work organizations and over time. However, these studies are virtually silent on those mechanisms operating *within* organizations.

An understanding of the organizational phenomena in China has ramifications in other areas. Lee’ (1995) studied gender roles in division of work and authority relationships in workplaces in China’s fast-growing economic zones. Based on ethnographic research and close observations, Lee’s work provides a rich account of feelings, expectations, and life experiences on the shop floor. In a study of Guangzhou in the reform era, Lee (1999) showed that, departing from organized dependence in neotraditionalism, there was evidence of “institutional discontinuities which have deprived many SOEs [state-owned enterprises] of the delivery capacities crucial for sustaining paternalism, removed old constraints on managerial domination and fragmented the working class by engendering divisions and conflicts other than those prevalent under neo-traditionalism” (46). What are the organizational bases for these new patterns of employment relationships? Lee identified a set of mechanisms: the shifts from welfare paternalism to welfare commodification and familial dependence, as well as the ascendance of managerial power.

One area of particular interest for sociologists is the state-society relationship and the role of formal organizations in political dynamics. Organizational analyses also shed light on understanding social movement and collective action. In earlier works, anthropologist Skinner (1985) developed his model of hierarchical market structure in Chinese society and provided an interesting example of organizational analysis of economic transactions across rural localities. In particular, Skinner and Winckler’s (1969) discussion of policy cycles in rural China came closest to an organizational analysis. They examined the interactions between the implementation of government policies and peasants’ response that generated the pressures from the latter to cause frequent shifts in the former. Here the state was no longer a monolithic authority imposing its will on society; rather, the coupling between the two led to interesting dynamics that can be best explained by organizational analysis.

Zhou (1993) applies an organizational analysis of collective action in the Chinese context and developed theoretical arguments about the relationship between unorganized interests and collective action, and the role of “collective inaction.” Central to his argument is the role of institutional arrangements that paradoxically channel unorganized interests, diverse demands, and complaints to converge into collective action, and to be directed toward the state. Lee (1998) applied the concept of “collective inaction” to examine labor movements in Guangzhou in the post-Mao era. Zhao’s (1998)

study on the ecology of social movements demonstrated the role of the ecological organization of residential and work locations in generating distinct patterns of social interactions and mobilization.

Taking Stock

Now we come to our first stop to take stock and assess the state of the art in the sociological study of Chinese organizations. On the positive side, we note that there has been significant achievement over time in both the quantity and quality of studies of Chinese organizations. In terms of quantity, there has been a significant increase in the sheer number of publications in sociological journals, as we reviewed above. These studies have covered a variety of organizational phenomena and their implications for social inequality in China. In terms of quality, the level of sophistication and rigor in analytical skills, the quality of data being gathered and analyzed, and the clarity in conceptual and theoretical exposition have also improved significantly. Compared to early studies in this area, which were largely descriptive and confined to area studies, recent publications have been able to engage direct dialogue with mainstream research activities in the discipline.

On the other hand, this field has also experienced significant obstacles to future advancement. Our first observation is that, overall, *there is a lack of interaction between the study of Chinese organizations and the literature in the sociology of organizations*. Most research reviewed here did not explicitly draw from studies in the sociology of organizations. For example, studies of promotion in Chinese organizations have made no reference to a large number of studies in organization research and, as a result, have not benefited from the analytical concepts and research designs of that field. Our second observation is that, *in terms of research styles, there is a lack of close observation and sense making in the study of Chinese organizations*. Most studies in recent years have been based on surveys or long-distance observations. These studies are more explicitly theory driven and hypothesis testing, and are largely motivated by theoretical paradigms and research agendas in the English literature. This research style induces researchers to borrow from the literature rather than to embrace the more challenging task of making sense of what is really going on through close observation. As a result of such research designs, there is usually an absence of empirically grounded microlevel mechanisms and processes in these studies. Our third observation and most serious critique is the *lack of accumulation of knowledge in this area*. As the reader probably has already noted in our review and discussion above, there is a lack of connection among these studies, especially in terms of improving and refining analytical concepts and research designs and scrutinizing competing theoretical arguments. These problems are also common in other fields of research on Chinese organizations. We will return to these and other related issues in our conclusion.

Chinese Organizations in Political Science Research

Political science study of Chinese organizations has largely focused on political institutions, bureaucratic behaviors, and central-local governmental relationships. Although mostly motivated by discipline-based ideas and topics, these studies have examined, or bear relevance to, a variety of organizational phenomena in China. In recent years, political scientists have increasingly drawn their theoretical ideas and analytical concepts from the economic literature, especially in public choice and the new economics

of industrial organizations, employing analytical concepts and issues related to incentives, information, and resource allocation in political processes. Our review aims to highlight the connections between these studies and the literature of organization research.

Starting from the early totalitarian and authoritarian models, political scientists have long recognized the importance of formal organizations in political control, policy making, and economic development under state socialism. In the 1960s, the pluralist model of interest politics in American political science had a strong influence on the Soviet studies and gave rise to the studies of interest group politics in the Soviet Union and other Eastern European countries, which identified the organizational bases (ministry, industry, and economic sector) on which interests were articulated in the political processes (Griffiths 1971; Skilling 1966). This reorientation from the authoritarian model to the pluralist model was extended to China studies soon after, especially fueled by the manifestation of chaos and conflicts during the Cultural Revolution. Tsou's (1986) study of the Chinese politics during the Cultural Revolution is in part an organizational analysis of the tensions and conflicts within the Chinese political apparatus.

It has been long recognized that the Chinese state relies on an elaborate bureaucracy for policy making, political control, and resource redistribution. As a result, the Chinese bureaucracy has attracted major research activities. Schurmann's (1968) early study called attention to the role of bureaucracy in China's nation building. Harding (1981) made a systematic study of the evolution of the Chinese bureaucracy and especially its associated problems between 1949 and the late 1970s. In sociology Whyte's early work (1973, 1980, 1985) provided the most elaborate discussion of the Chinese bureaucracy. In his exposition of Mao's critique of the bureaucratic problems, Whyte (1973) noted key differences between the Weberian bureaucracy and its counterpart in Mao's China.

One basic aspect of the Weberian ideal type that is modified by the Chinese Communists is the notion that bureaucracies contain a hierarchy of specialized posts to which people are appointed and promoted according to criteria of technical competence. The Chinese do not argue for organizations without hierarchy or without specialized office, but they do object to the emphasis on technical competence. They do not ignore questions of education and skills, but they also place strong weight on political purity. . . . The Chinese Communists do not subscribe to the notion of authority contained in the bureaucratic ideal type. They are fundamentally ambivalent toward rational-legal justifications of authority and toward the hierarchy and obedience entailed in large, complex organizations. (150–52)

In our view, an understanding of the Chinese bureaucracy in such a comparative framework remains a key task in the study of Chinese organizations.

The study of the Chinese bureaucracy began to flourish in the 1980s when China opened its doors to outside researchers. Between the 1980s and mid-1990s, there accumulated a respectful amount of literature on Chinese organizations, especially regarding the Chinese bureaucracy, as exemplified by a series of publications and edited volumes by Lampton and Lieberthal (Lampton 1987; Lieberthal and Lampton 1992; Lieberthal and Oksenberg 1986, 1988). What emerged from these studies was the "fragmented authoritarianism" model, which argues that "authority below the very peak of the Chinese political system is fragmented and disjointed" (Lieberthal and Lampton 1992, 8). The fragmented authority was attributed to the structure of the Chinese bureaucracy.

China's bureaucratic ranking system combines with the functional division of authority among various bureaucracies to produce a situation in which it is often necessary to achieve agreement among an array of bodies, where no single body has authority over the others. In addition, the reforms' decentralization of budgetary authority enabled many locales and bureaucratic units to acquire funds outside of those allocated through the central budget, which they could use to pursue their own policy preferences. (8)

The fragmentation was partly attributed to the larger reform context, which provided a less politically coercive, less ideologically driven atmosphere. As a result, bureaucratic bargaining, consensus building in the processes of policy making, and implementation come to the foreground of research. Among more elaborate and systematic studies of the Chinese bureaucracy, Yang 2004 focused on state building through bureaucratic reform in the post-Mao era in the midst of market expansion.

One particular issue is related to the effectiveness of authority relationships in the Chinese bureaucracy, especially in terms of relationships between policy making and bureaucratic implementation. Echoing the model of fragmented authoritarianism, Shirk (1993) provides an elaborate examination of the processes of bureaucratic bargaining and consensus building in policy-making processes in the reform era. She demonstrates the evolving authority relations that give discretion to government bureaucracies and the "reciprocal accountability" between leaders and the electorate, which imposes constraints on the hierarchical structure of bureaucratic bargaining and the characteristic "delegation by consensus" in making economic policies. What emerges from these discussions is a picture of a highly pluralistic political process involving extensive bargaining and incorporating different bureaucratic interests into decision making. This provides the key to understanding the incremental change characteristic of Chinese economic reform.

In a broader context, the issue becomes the relative strength of state capacities versus the resilience of autonomous social institutions in resisting state capacities. Scholars vary greatly in their assessment (Perry 1989), partly due to the areas of their analytical focus and partly due to evolving central-local government relationships over time. Shue's (1988) "honeycomb" model portrays modular structures in Chinese local areas in which local boundaries of villages and communities were segmented and fortified so as to resist the penetration of the state. In this light, state capacities and the reach of the state were greatly constrained. Friedman, Pickowicz, and Selden (1991) offered an elaborate empirical study on this account. They examined in detail the entrenchment of the socialist state in rural villages during the collectivization era but also the fact that traditional authority relationships and social institutions have succeeded in resisting the intrusion of formal organizations of the state. As they observed, "Villagers and their allies and patrons among officials also tried, as they had for many generations under various regimes, to dodge, deflect, and blunt the impact of demands detrimental to local interests and values. Those negative impacts gradually eroded the new state's popular legitimacy" (xv). They concluded that "an unintended consequence of the state's war on village culture and the peasant household economy was that villagers, expropriated of so much they treasured, clung more tightly to surviving, virtually sacred, household resources, from the home to the lineage to the marriage bond" (269). In a similar vein, Pearson (2007) reached similar conclusions in her study of Chinese regulatory reform in more recent years. She argued that the reforms have led to "extreme institutional fragmentation and an inability to imbue new governmental bodies with authority" (718). Even the

decentralization process, however, is not a one-way street. There were also organizational designs that increased the monitoring mechanisms from above. Huang (1995) discussed the role of administrative monitoring in the Chinese bureaucracy during the period of decentralization before the mid-1990s. Oi's (1989) study of state-peasant interactions in dividing harvests showed extensive interactions among government officials, local cadres, and villagers, which defies the modular forms of grassroots organization. The administrative decentralization of the 1980s led to significant changes in central-local relationships. O'Brien and Li (1999) showed that local governments were able to be selective in their implementation of policies; see also Edin 2003 for a study that focuses on the capacities of local governments in their daily work environments. Tsai (2007) examined the role of local institutions—kinship and local norms—in the provision of public goods in rural areas in the absence of a strong government presence.

The salient and active role of local governments in the reform era can no longer be explained in the traditional analytical framework of authority relationships in the Chinese bureaucracy. Wong (1991) examined the relationship between fiscal decentralization and central-local relationships in the early phase of the reform era. The role of local governments has become a focus of study in political science. Oi (1992) developed the “local state corporatism” characteristic of the intertwining between political authority and economy and between governments and business firms. Her key arguments are that the fiscal reforms, especially the organizational design in revenue sharing, provide local governments with incentives to promote economic development and facilitate private business enterprises. Oi's (1999) subsequent study of the development of rural industries provided empirical evidence on the role of local governments, under the new incentives, in promoting rural industries. She traced how changes in incentive designs (revenue sharing, performance evaluation) have led local governments to shift their behaviors from protecting collective enterprises to actively promoting private business. In a similar logic, Whiting (2000, chap. 3) offered an elaborate discussion of the incentives and organization in the Chinese bureaucracy. Based on her study of institutional changes in rural industry in the Yangzhi Delta region, her focus is on township governments—the lowest administrative level in the Chinese bureaucracy. She noted that as political leaders, township cadres pursued not only economic but also sociopolitical goals. However, competition among local governments for resources, investments, and other preferential treatments may inadvertently lead to suboptimal equilibria for local development. Focusing on the macroeconomic policies and government behaviors toward foreign investment, Huang (2003) offered the most serious critique of the incentive-distorted policies and behaviors among local governments that, in his view, had disastrous economic consequences. Zhou (2009) developed an organizational analysis of the collusive behaviors among local governments in their selective attention and effective resistance to policies and fiats from higher authorities.

Incentives for official behaviors are not only provided within the bureaucracy but also by the business community. Scholars also found evidence that local governments may be “captured” by business. Wank's (1999) study examined in some detail how local officials interact with and provide political protection for private business. However, as Pearson (2007) pointed out, given the fact that the major operators and regulators originated in the same predecessor organizations, it is difficult to parse whether business is “capturing” the regulator or the regulator is protecting its offspring.

Another active area of research in political science is village elections in rural China. Studies in this area have touched on various aspects of governance issues in the rise and evolution of village elections as an emergent institution. Because of space limitations, we will not review this literature. For a recent twenty-year retrospective, see O'Brian and Han 2009 and related commentaries in a special issue of the *Journal of Contemporary China* (18, no. 60 [2009]).

We now pause briefly to reflect on the connections between the political science research on Chinese organizations and those in the general organizational literature. We can now verify our earlier statement about the close connections between the two. The studies we have described have contributed to the study of Chinese organizations in that they highlighted the salient role of formal organizations—state bureaucracies, local governments, and other political institutions—in the organization of Chinese society and the ongoing transformation. These studies have emphasized the role of political interests and the organizational design of the Chinese bureaucracy, as well as their implications for bureaucratic negotiation, policy implementation, and state capacities in organizing and developing China. On the other hand, although there are many parallel themes and research topics between the two areas, these streams of research seldom intersect, let alone interact. From the vantage point of organization research, we highlight the characteristics of the political science research on Chinese organizations, especially noting the potential links between these recent studies and the literature on organization research in general.

First, recent studies of government behaviors in political science have been greatly influenced by the new economics of organizations. Reflecting the grand trend in political science, these studies have drawn heavily from the rational choice models, in which incentives, information, and strategic interactions are explicitly used in organizational analysis. For example, Oi (1992, 1999) explicitly drew theoretical ideas about incentives from the economics of organizations and about organizational response from behavioral theories of organizations to develop key propositions about the institutional bases of economic reform, and in particular local governments' response to changes in the incentive structures in the reform process.

Second, in contrast to the strong flavors of economic literature, there is little evidence that organizational analysis has provided input to political scientists' study of Chinese organizations. While there are many studies on decision making and implementation in organizations and on bureaucratic politics (Lipsky 1980; Pressman and Wildavsky 1984; Wilson 1989), researchers appear to have been unaware of this rich literature in the development of their theoretical and empirical studies of Chinese organizations. For example, the edited books by Lampton and Leiberthal barely made reference to this literature. One obvious consequence of this intellectual neglect is that the "Chinese characteristics" of these organizational phenomena have been unduly exaggerated and the similarities and parallels among bureaucratic organizations across societal contexts overlooked. A noticeable exception is Oi 1999, which made explicit reference to the behavioral theories of organizations in determining how officials in the Chinese bureaucracy respond to incentives and risks. Indeed, there are many parallels and similarities in bureaucratic behaviors and politics across societal contexts. Many studies of the central and local government relationships and the behaviors of local bureaucracies bear some resemblance to issues related to the analysis of loose coupling in organization research (March and Olsen 1979; Meyer and Rowan 1977; Weick 1976, 1982). The organizational literature elaborated

on the advantages and disadvantages of such an organization in local adaptation to complex and diverse environments, which would have provided a more informed discussion about the role of the Chinese state in economic reform. In a related area, theoretical ideas on incrementalism in “muddling through” in organization analysis (Lindblom 1959, 1979) also shed light on the characteristics of policy making and bureaucratic negotiations in China’s gradualist strategy of reform. State building, especially the centralization and bureaucratization of the state in the last decade, has reintroduced many new monitoring and sanctioning mechanisms into the Chinese bureaucracy, greatly enhancing state capacities. Without an understanding of organizational capacities, it is impossible to explain, let alone predict, the direction and pace of institutional change in China.

Finally, political science studies have a tendency to focus more on formal institutions and structures and less on informal and behavioral aspects of Chinese organizations. Most studies have paid much attention to formal policies and official statistics in an attempt to establish a causal interpretation of the phenomena at hand, but there have been few observations of bureaucracies at work. Even those studies based on extensive empirical research (e.g., by Whiting and Oi) had little to say about the behavioral aspects of local government officials—how they respond to local problem solving, multiple goals, and tasks. This gap in knowledge was largely caused by the difficulties of access to the Chinese bureaucracy. We should fully recognize the particular angles through which the Chinese bureaucracy is portrayed; that is, these studies portrayed the “official face” of the Chinese bureaucracy, which tended to be rational, responsive, and purposive. As a result, the actual behaviors and concerns of those who govern, and the interactions among them, were overlooked, leaving significant gaps in our knowledge about what is really going on in the Chinese bureaucracy. For example, researchers have emphasized the importance of economic growth as the main incentive behind local government officials’ behavior. However, a major concern of local government officials is timely promotion up the bureaucratic ladder, and the pressure is especially acute given age restrictions and rotation policies. As a result, local officials are extremely sensitive to bureaucratic fiat and policy shifts. Seen in this light, the behaviors of government officials are intricately linked to their supervising agencies, which in turn are linked to higher authorities. This issue has been recognized in some studies (e.g., Whiting 2000), but its implications have not been carefully examined either theoretically or empirically. In this regard, studies of government behaviors by Chinese scholars, especially studies of local government behaviors, have particular merits in providing many details on the behavioral aspects of the Chinese bureaucracy, which provides a critical and healthy balance to studies in the English literature. Unfortunately, a meaningful review of this literature is beyond the scope of this essay.

Economic Approaches to Chinese Organizations

In recent decades, the economics of information, transaction cost economics, and contract theory have provided important analytical tools and theoretical frameworks that stimulated active research on industrial organizations. These theoretical models and analytical tools were further applied to the study of transitional economies and public bureaucracies (Dixit 1996; Milgrom and Roberts 1992; Tirole 1986). Application of formal theories in the economics of organizations has provided significant advancement in analytical rigor and theoretical insights in the study of Chinese firms. In this section,

we first focus our discussion on some selected studies in this research style—those studies that are built on the new organization theory in economics, centered on issues such as information, incentives, and mechanism design.

Institutional Analysis of Organizational Form

Inspired by the distinct reform experiences of the transitional economies in China and Eastern Europe, and drawing on recent economic theory of organizations, Qian, Roland, and Xu have published a series of studies to compare and explain the implications of distinctive organizational forms for innovation, efficiency, adaptation to uncertainty, imperfect market competition, and mixed property rights characteristic of transitional economies (Qian, Roland, and Xu 1999, 2006; Qian and Xu 1998). In particular, they have modeled and contrasted the design attributes and relative advantages of two ideal types of organizational forms: U-form (unitary form) and M-form (multidivisional form). Qian, Roland, and Xu (2006) define “an M-form organization as one that consists of ‘self-contained units’ in which complementary tasks are grouped together,” whereas “a U-form organization is decomposed into ‘specialized units’ in which substitutable or similar tasks are grouped together” (369). The emphasis here is on the relative advantages and disadvantages of coordination under different institutional conditions. In particular, there is an obvious tradeoff between innovativeness and efficiency when the organizational design emphasizes attribute matching versus attribute complementarity. The authors showed that the U-form of organizations has advantages in realizing gains from specialization and scale economy; in contrast, the M-form organization achieves better coordination in attribute matching but suffers from poor coordination in “attribute compatibility” and has fewer gains in specialization. Moreover, the M-form of organizations is flexible in choosing between small-scale and full-scale experimentation, and is flexible in innovation in the face of uncertainty. From the vantage point of organizational analysis in organization-environment relationships, an obvious implication is that the U-form of organizations is advantageous in a stable environment with known technologies, but, because of the characteristic of grouping complementary attributes together, the M-form of organizations allows better local problem solving and organizational response to diverse, uncertain environments. In a similar spirit, Huang (1994) compared the reform experiences of China and the Soviet Union by considering the structure of bureaucracies in providing and processing information.

Starting from the premise that organizational forms affect the information structure of the organization and thus the way to coordinate changes, Qian, Roland, and Xu (1999) used this framework to explain the difference in reform experiences—an experimentation approach versus a big bang approach—between China and Eastern European countries. They attributed these differences to the historical legacies of distinct organizational structures in the planned economies: the U-form in Eastern Europe and M-form in China. They argued that the M-form is more flexible because it makes local experiments possible, contrary to the U-form, where this would give rise to major complications in the coordination of reform efforts. In a similar vein, Qian and Xu (1998) compared bureaucracy (soft budget constraint) and financial constraints (hard budget constraint) as screening mechanisms in selecting projects (i.e., organizational choices regarding innovation). Under circumstances of less uncertainty, bureaucratic screening allows fewer parallel projects, hence less waste in replication.

But multiple agencies and fragmented bureaucratic interests may generate organizational forms and practices that are suboptimal.

This line of research has several merits. First, by formalizing these ideas and intuitions, these studies are able to clarify the conditions under which different organizational forms have relative competitive advantages. And they also yield insight into the bases and limitations of bureaucratic intervention and shifts between hierarchies and markets. Second, these ideas have direct implications for understanding organizational reform in China. To illustrate, let us extend this set of ideas to consider the recentralization of authority and resources in the Chinese bureaucracy in recent years.

The centralization efforts are characteristic of strengthening vertical control through specialized agencies (e.g., ministries). The immediate implication, to borrow the analytical framework outlined above, is an emphasis on the grouping “attribute matching”—agencies of the same function were grouped together through a vertical link (of the typical functional form of organizations). In contrast, territory-based local governments are characteristic of “attribute complementarity,” which involves the matching and coordination of various attributes at the local level for local problem solving. In other words, the vertical and horizontal (local) lines of authority resemble the U-form and M-form of coordination, respectively. Take, for example, township governments. In the reform process, various functions—taxation, land management, and so on—were taken away from township governments, stripping complementary attributes from local governments and regrouping them along functional lines. This shift in reform strategies has greatly reduced the ability of local governments to solve problems and respond to crises. In contrast, the people’s commune—the predecessor of the township government—was largely an M-form organization, in which different, complementary functions were grouped under the authority of the commune government. Much is to be learned by revisiting these alternative institutional forms of governance through organizational analysis. Huang (1994) compared the organizational arrangements of the Soviet Union and China for information collection and processing and their implications for the different reform experiences of the two.

These discussions parallel studies of “loose coupling” in the organization literature, as we outlined above. *Loose coupling* refers to the internal organizational practice that keeps only loose coupling between an organization and its environment, between symbols and substance. An organizational lens emphasizes the relationship between an organization and the complex environments it encounters and the pitfalls of misadaptation. Organization theorists have argued that loose coupling allows an organization to be flexible in responding to different environments and in developing local knowledge to manage uncertainty. It seems that cross-fertilization across these two areas may lead to a better understanding of organizational forms and institutional changes.

Centralization, Decentralization, and Federalism

On the theme of central-local government relationships, Qian and Weingast (1997; see also Montinola, Qian, and Weingast 1995) developed a model of “federalism, Chinese style” to explain the reform strategies and success of China’s transformation. Again, the line of inquiry explicitly draws from “the new theory of the firm” in economics, which shows “how firm institutions and governance structures can be structured so that, in interacting with the market, they align incentives of managers

with the interests of shareholders” (1997, 84). The analytical focus of the “federalism, Chinese style” model is on the relationship between the central government and local governments. The starting point is the recognition that “an economic system faces a fundamental dilemma: not only does it depend on the political system for specifying and enforcing property rights and contracts, but it also depends on the political system to protect the market from political encroachment” (1997, p. 79). In their view, the model provides a solution to this dilemma by using “federalism” as a commitment to preserving market incentives. Federalism also imposes hard budget constraints, which facilitates market disciplines (Qian and Roland 1998). Montinola, Qian, and Weingast identified five conditions in their model: a binding and delineated scope of authority; local governments have primary authority over the economy in their jurisdictions; central government is effective in policing market transactions across local boundaries; hard budget constraints; and institutionalized durability of the allocation of authority and responsibility.

According to the authors, in such a federalist system, the central government is restrained, or self-disciplined, but still effective in maintaining monetary policies and imposing hard budget constraints, policing competition among local governments: “Central to the success of market-preserving federalism is the element of political durability built into the arrangements, meaning that the decentralization of power is not merely at the discretion of the central political authorities” (Montinola, Qian, and Weingast 1995, 53). In their view, such a new political system was emerging in China’s reform process, one that “provides considerable political protection for China’s reforms, including limits on the central government” (52), and is a market-preserving mechanism through the decentralization of power.

The key question is whether such a “credible commitment” is credible. The authors outlined the following conditions: “First, the central government must be given sufficient resources to police shirking by lower governments; second, the lower governments must police central government abuse of its authority by retaliating in concert against abuses” (Qian and Weingast 1995, 90). And they seemed optimistic, citing evidence on the sustainability of this organizational design. But this line of research was published around mid-1990s, when the central government was the weakest, in both authority and resources, relative to the capacities of local governments. Since then, however, we have witnessed significant recentralization of both decision-making authority and resources in the hands of the central government, raising serious questions about the sustainability and limitations of the model of “federalism, Chinese style.”

As we have shown, economic studies of Chinese organizations have drawn heavily from recent developments in the economics of organizations, which significantly enhanced the analytical rigor. These studies also are normative in nature and employ highly stylized formal modeling. One characteristic of the formal modeling research style is that models thus developed are built on explicit assumptions, situated in a particular analytical framework, which allows selected attention to a particular mechanism design (Mookherjee 2006). Some studies, for example, focus on adverse selection but assume away communication costs within organizations. Others focus on distinct organizational forms regarding their tradeoffs between efficiency and adaptability but put aside organized interests associated with such forms. Therefore, one needs to attend carefully to these assumptions and analytical frameworks in order to understand the implications and limitations of such models.

Empirically Based Economic Research

In contrast to the normative, formal modeling style of research, another, distinct literature is largely based on empirically grounded economic studies of Chinese organizations. Studies in this literature have examined various aspects of Chinese organizations: the strategies and trajectories of reform in Chinese firms (Naughton 1996), the evolution and performance of state-owned firms (Jefferson and Rawski 1994, 2002; Jefferson et al. 2000; Rawski 1995), and the rise and characteristics of the management class (Groves et al. 1995), among other topics. In contrast to the prevailing normative, formal modeling style in mainstream economics, scholars in this group showed great familiarity with both the context and the ongoing processes of change, which informed their analysis and sense making. And their studies adopted a more contextualized approach, sensitive to the particular institutional context and historical legacies; in so doing, they provided a much richer account of the Chinese organizations under transformation.

A once active area of research in economic studies of Chinese organizations was the rise and performance of township and village enterprises (TVEs), where we see the intersection of formal modeling and empirical research in economics, as well as the interaction of research activities among multiple disciplines in the social sciences. In the next section, we will focus on the study of TVEs by researchers in multiple disciplines and will compare and contrast different research styles and approaches across academic fields.

An Illustration: Multidisciplinary Research on TVEs

To illustrate our critique and contrast different analytical models across disciplines, we now focus on one particular area: research on township and village enterprises (TVEs). Our choice of this particular field is based on several considerations. First, the importance of TVEs—as a unique organizational form, its historical legacy and its relationship with local governments and village collectives, and especially its spectacular performance but unexpected demise—has made it a fascinating case for scholarly inquiry. Second, this is an area that has witnessed active research from multidisciplinary perspectives, as scholars in sociology, political science, management science, and especially economics have all shown a strong interest in accounting for the TVE phenomenon; thus, the state of the art facilitates a closer comparative assessment. Finally, the fact that TVEs, as a particular organizational population, experienced a spectacular rise and fall, especially its dramatic collapse in the mid-1990s, makes it a strategic focus of analysis and an attractive subject for more definitive assessments in discipline-based approaches to Chinese organizations. Indeed, this episode raises significant questions about the ways social scientists study Chinese organizations.

Of the various Chinese reform experiences, TVEs have received great attention among scholars across multiple disciplines. This academic interest is well warranted. First of all, the rapid rise and spectacular performance of the TVEs played a significant role in China's economic takeoff. Consider the statistics.

In 1978, 78% of national industrial output came from state-owned enterprises (SOEs); by 1993 that percentage had sunk to a 43% level, with nonstate enterprises providing 57% of total production. The

most dynamic segment in the nonstate sector is rural enterprises (Xiangzhen qiye), which accounted for 46% of the national industrial output in 1993, up from 9% in 1978. Within the rural sector, the township and village enterprises (*xiangcun qiye*), or TVEs, account for about three-quarters of rural industrial output, or more than one-quarter of the national total. (Che and Qian 1998b, 1)

In other words, the success of the TVEs holds the key to understanding China's takeoff in the early phase of the economic reform.

Moreover, TVEs can be seen as a distinctive organization population, with distinctive ownership configurations, behavioral patterns, and institutional environments. As is well known, the TVEs were largely collectively owned, and their chief management teams were appointed or sponsored by the local governments. As an organizational form, TVEs were characteristic of vaguely defined property rights and subject to multiple claims by local governments and collective authorities, as well as local residents (villagers). Compared to state-owned firms, they were also in less advantageous positions with regard to scale, technology, and capacities for resource mobilization.

Thus, the TVE phenomenon and its success present a puzzle. How do we explain TVEs' great success in the context of their unfavorable ownership structure and institutional environment? Obviously, the TVE phenomenon presented a challenge to "standard property rights theory" in economics. As Naughton (1994) put it, "The surprising thing about TVE's is not that they function without clearly specified property rights, but rather the fact that local government ownership turns out to be a fairly robust ownership form" (268). Since the early 1990s, much of the literature has sought to develop explanations to solve this puzzle.

Scholars in one camp—often labeled the convergence school—argue that the organizational form of the TVEs resulted from an organizational response to imperfect institutional conditions for market competition. Because of the transitional characteristic of the Chinese economy, a firm faced multiple institutional environments, especially the coexistence of a strong state and imperfect market conditions. In sociology Nee (1992) developed this line of argument, arguing that, in transitions to markets, mixed property rights involving both local governments and local collectives gave TVEs advantages in adapting to multiple demands on the TVEs and increased their capacities in resource mobilization. As Nee wrote:

The transition economy, characterized by weak market structures, poorly specified property rights, and institutional uncertainty increases the relative cost of redistribution even while rendering costly market transactions. This characteristic condition of partial reform creates an institutional environment in which hybrid forms enjoy a transaction cost advantage over alternative governance structures. . . . A continuing shift from redistribution to markets, however, induces change in the comparative costs of governance. As market institutions become more dominant in the transition economy and as the institutional foundation of a market economy is incrementally constructed, these parameter changes result in a relative increase in the cost of hybrid governance structures and reduction in the cost of transacting for private firms. (4)

This line of argument put its emphasis on the role of market disciplines and saw the vague property rights associated with TVEs as a transitional organizational phenomenon. That is, in competitive

markets, mixed property rights were less advantageous than well-defined private property rights, which better fit market mechanisms. Therefore, with improvement in market institutions, these firms will eventually “converge” toward clearly specified property rights (for a forceful review of this approach, see Woo 1999).

On the other side of the debate, scholars have tried to explain the puzzle by considering the advantages of the TVEs in their adaptation to their institutional environments. While they also agree that the distinctive forms of the TVEs resulted from organizational adaptation to their environments, they attributed TVEs’ success to the role of local governments and social institutions, in their capacities in local problem solving in (1) more effective monitoring mechanisms, (2) long-term contracting, and (3) protection from the predatory state. We highlight some of the studies below.

In an earlier, tentative attempt, economists Chang and Wang (1994) investigated different dimensions of ownership in the TVEs to look for answers. They argued that the issues that confront private firms in a market economy differ from those that TVEs face in China’s planned economy. They showed that while local governments may be the key decision maker in the TVEs, local citizens were the main beneficiaries (in their rights to income). In their view, such an ownership configuration reflected the institutional conditions in China: TVEs as an organizational form provided advantages in resource mobilization, and in creditable commitment embedded in local citizens’ ownership. Their model gives prominence to the role of both local governments and local citizens. They also highlighted the role of technology and employment in TVE governance, relative to private firms.

To address the puzzle of the ambiguity in property rights in the TVEs, Weitzman and Xu (1994) suggested that the success of TVEs may be attributed to its ability to solve internal organizational problems: “The significance of ownership interacts in a critical way with the ability to solve efficiently internal organizational problems without formal rules, which may perhaps be treated as more or less culturally given in many relevant cases” (139). In this argument, if a society has the characteristic of high cooperation and trust, “then, without formal ownership, parties may still be able to invest in the relationship or to lock together. In this case, it may not be necessary to have a well-defined owner with a clear-cut right to exclude some people from accessing the asset” (140).

Other studies placed the role of local governments at the center of their explanation. Che and Qian (1998b) argued that “the community government’s involvement in TVEs helps overcome the problems of state predation and underfinancing of private enterprises”; moreover, it helped impose greater budget constraints than state-owned enterprises did, giving TVEs particular advantages in adapting to the institutional environment. Further, Che and Qian (1998a) argued, “Because ‘local government ownership’ integrates local government activities and business activities, local government may better serve the interests of the national government, and thus local government ownership may credibly limit state predation, increase local public goods provision, and reduce costly revenue hiding.” The formal modeling also allowed them to offer explicit conditions for the TVEs’ success: “TVEs are more likely to disappear when the government experiences an increase in monitoring costs or an increase in private benefits (say, from pursuing its political agenda) and when the entrepreneur has more wealth” (17). Of various economic studies, Che and Qian’s work stands out in its explicit effort to derive conditions for the TVEs’ advantages and disadvantages through comparative statics analysis under different institutional environments (see also Che and Qian 1998a).

Sociologists have also paid particular attention to TVEs. In particular, Walder (1995b) developed theoretical arguments that treat local governments as the headquarters of local firms within their jurisdiction. The core argument, as Walder put it, is an organizational analysis. Here Walder drew from the economics of incentives to argue that the decentralization of the Chinese government gave local governments incentives to promote local firms, and to provide monitoring incentives to ensure their management and growth. That is, governments acted as if they were the headquarters of the local firms within their jurisdictions and, in so doing, solved the agency problem that plagued the state-owned firms in the Chinese economy. Oi (1999) developed a similar line of argument and extended this logic to the private sector. That is, fiscal reform and decentralization of administrative authority within the Chinese bureaucracy gave local governments the incentive to actively promote private firms in their jurisdiction. Lin (1995) also shed light on the role of social networks in the rise of TVEs, especially in the relationship between village leaders and government officials.

In the study of TVEs, theoretical explanations were rich and diverse, but empirical tests were relatively thin. Peng (2001) provided a rigorous empirical assessment in his analysis of firm performance using data on SOEs and township-government-owned firms, as well as village firms in a municipal area in 1993. He found that both township and village enterprises outperformed SOEs and that the scale of township-village governments increases productivity, despite weaker monitoring capacities because of the scale. On this basis, Peng offers two revisions: "First, TVEs had fewer agency problems, not due to more effective direct bureaucratic monitoring, but due to more effective indirect market monitoring. . . . Second, local government's external borrowing power from the state bank better explains the softness of budget constraints on SOEs. Internal cross-subsidizing within the local state corporations is probably limited and more calculated when it happens" (1365). He concluded that "contrary to the local state corporatist approach, which attributes TVE success to closer bureaucratic monitoring, the market discipline approach would argue that bureaucratic monitoring of managers is not only ineffective given the large corporate size, but may even be counterproductive because it provides the managers with excuses for making losses and bargaining for subsidies and loans" (1351). In another study, Peng (2004) argued that informal institutions in the form of kin solidarity and kin trust allowed protection of the property rights of private entrepreneurs and reduced transaction costs during the early stages of market reform, when formal property rights laws were ineffective and market institutions underdeveloped.

Despite eloquence, sophistication, and cautious qualifications, however, none of these studies foresaw or was able to explain the dramatic concluding chapter of the TVEs as an organizational population in China: in a short period of a few years, TVEs as an organizational population disappeared. The disappearance was both dramatic (hundreds of thousands of TVEs were being turned into private firms or closed doors) and uniform (the same fate took place across different regions, different administrative jurisdictions, and different types of products).

In contrast to the heated debate on the spectacular economic performance of the TVEs in the literature, scholars have been largely mute on the equally dramatic demise of the TVEs in the late 1990s. There are studies of the privation processes (Li and Rozelle 2003), but few have examined the causes of the TVEs' demise. Chang, McCall, and Wang (2003) belatedly reported an empirical study that shows that in panel data of 80 TVEs between 1984 and 1993, managerial incentive contracts do

not have a significant effect on firm performance; rather, “Performance is significantly better under ownership forms with better-defined property rights than under community ownership, even when the latter is supplemented with managerial incentive contracts” (321; see also Kung and Lin 2007).

How do we explain the dramatic fate of the TVEs? In what ways can theoretical and empirical studies help shed light on this phenomenon? Let us start by eliminating some common explanations and speculations in the existing literature. First, the drastic changes in such a short period of time can hardly be attributed to sudden changes in market conditions. Although there was a serious economic recession in major world economies in the early 1990s, these TVEs covered a wide range of products, targeting both domestic and international markets. Thus, one would expect considerable variation in the fate of TVEs situated in different market segments. Second, even assuming that TVEs experienced the similar environment of an economic recession, one cannot explain the uniformity of such changes across regions and economic areas as spontaneous actions resulting from the independent, rational decisions of local governments that decided to cut their losses by abandoning TVEs. Indeed, if we treat local governments as if they were the “quasi owners” of the TVEs, as some theoretical models suggest, we would expect much more variation in fate of TVEs across regions and over time, in patterns that were similar to those in the private sector. Third, one cannot argue that the TVEs’ disappearance was due to improvement in the condition of competitive markets that had made TVEs no longer advantageous compared to private firms. Market conditions had improved during this period of time, but this improvement was by no means significant and uniform enough to have induced such dramatic changes. Finally, the vulnerability of the TVEs in this episode also seriously challenges the proposed merits of TVEs in local problem solving and resource mobilization, compared to either state-owned firms or private firms.

In short, the demise of the TVEs cannot be explained away by external economic or market conditions, rational decisions by local governments-as-owners, or changes in the relative competitive advantages among different types of firms. Instead, answers must lie elsewhere. In our view, the drastic and uniform experiences of the TVEs reflect, above all, a political process enforced by the bureaucratic apparatus of the local governments. It was the local governments that oversaw the processes of privatization. The death and burial of the TVEs were executed by the very local governments that “owned” or sponsored them.

With much hindsight, we can now raise a series of issues using the lens of organizational analysis. The key issue, here, is the role of local governments. Almost all theoretical discussions explicitly or implicitly assume that local governments act as if they are rational, unitary owners. From this premise, one may logically infer the benefits of local government-as-owner in monitoring, resource mobilization, concerns for efficiency, and political protection. But this assumption is by no means realistic for several reasons. First, theories of bureaucracy have long recognized that bureaucracies are political coalitions with multiple interests and multiple goals. In this sense, TVEs and local firms face local governments with different interests and demands. Not all of them acted rationally, nor did they all care about promoting local development. Second, local governments—specifically, the township governments—are not merely “community governments” in the local jurisdiction, as some economists claimed. Rather, they are first of all part of the state administrative apparatus, and governed by incentive designs within the Chinese bureaucracy. As Peng (2001) noted, “[T]ownship

government is more integrated with the state bureaucracy than with local community” (1365). This recognition drastically alters some key claims in the existing literature. For example, as officials with career concerns within the bureaucracy, they cared more about administrative fiat than the interests of local firms. Moreover, the administrative rotation system was such that chief township government officials usually stayed in the same position for only three to five years. With such a short time horizon, one can hardly expect that they had in mind the long-term prospects of the TVEs.

This recognition also raises questions about the nature of “ownership” or the monitoring role of the local governments. It is true, as many studies have suggested, that local governments played an active role in protecting local TVEs from the predatory state in resource mobilization and local problem solving. But at what cost? Only belatedly did research reveal that firms with better-defined property rights outperformed firms with “local community government ownership” even with managerial incentives (Chang, McCall, and Wang 2003). There is also evidence that a large proportion of TVEs were poorly managed, suffered chronic losses, and survived only by devouring their remaining collective assets. Finally, research did not pay serious attention to the considerable variation among the TVEs, especially the fact that a large number of them operated as private firms, with the “red cap” strategy (Woo 1999).

The preceding discussions also raise two issues about the methodologies with which social scientists approach Chinese organizations in general and TVEs in particular. First, there is a lack of close observation of microprocesses that take into consideration the actual behaviors of local officials, entrepreneurs in terms of incentives, and career concerns at the individual level. Among the large number of studies of TVEs, most were based on official statistics and theoretical models developed in the West with scant empirical observations of what was really going on these TVEs! The problems that TVEs experienced, as outlined above, were not deliberately concealed from researchers. But they seldom entered researchers’ purview because most studies have focused on theoretical modeling based on “first principles” or the analysis of quantitative data.

Second, the “selection bias” in theoretical modeling is another culprit. Theoretical arguments were largely post hoc justifications that drew on the existing literature developed from economic theories of incentives, especially regarding the monitoring role of the local government. They conventionally assumed that the local government acts as a unitary owner with the goal of the long-term interest of the firm. For example, Che and Qian (1998a) focused on resource mobilization and political protection under the conditions of “imperfect institutional environment.” Other important issues, such as incentives of government officials and competing interests among parties to ownership, are assumed away in their economic analysis. As another example, the argument that ambiguous property rights allow for mobilization of resources is sensible. But the cost associated such ambiguity has not been examined in an integrated analytical framework. Similarly, many scholars highlighted the importance of fiscal reform that provided incentives for local governments to promote local economic growth. On the other hand, the costs of local governments in arbitrary interference, diversion of collective funds, and losses due to the pursuit of short-term “administrative achievement” have not seriously entered the balance book in researchers’ assessments.

Looking Ahead: Emerging Research Agendas

Retrospectively, social science research on Chinese organizations has evolved considerably over the last three decades, partly propelled by developments in research paradigms in social science disciplines and partly fueled by the great transformation of Chinese society. In the early days, studies in this area had strong imprints of the traditional, discipline-based division of labor: sociologists tended to pay particular attention to social organization of the workplace, family, and social welfare, and workplace-based social inequality; political scientists focused more on political institutions such as government agencies, policy making and implementation, and central-local government relationships; and economists centered their research focus on industrial organizations. Over time, as we have noted, common themes emerge across these disciplinary boundaries. First, the role of organizational mechanisms, such as incentives, organizational environments, and interactions among different types of organizations—local governments and firms, state regulation and firm performance, principal-agent relationships—permeate these studies. Second, the subject matter of different scholars has broken traditional discipline-based boundaries: nowadays sociologists study industrial organizations and government behaviors, political scientists study social institutions, and economists theorize about political design. Research on Chinese organizations has benefited from such cross-fertilization of multidisciplinary approaches.

What have we learned from the literature of social science research on Chinese organizations? In discussing the role of local governments in economic development, political scientist Oi (1992) argued, “There is no inherent reason why only individuals, as distinct from governments, can be entrepreneurs. Similarly, there is no inherent reason why secure property rights will be an effective incentive only if they are assigned to individuals” (100). Indeed, as Coleman (1974) observed, formal organizations have played a central role in contemporary societies: “It is the corporate actors, the organizations that draw their power from persons and employ that power to corporate ends, that are the primary actors in the social structure of modern society” (49).

On the other hand, the shift of analysis from individuals to formal organizations introduces an entirely new set of issues, both theoretical and analytical, which calls for new theoretical focuses and analytical approaches, especially giving prominence to the role of organizational analysis. Unlike individuals, formal organizations consist of multiple individuals with different interests and experiences. They also have stable routines and structural arrangements to coordinate activities across departments or product lines and incentive designs to induce organizational behaviors. Formal organizations also have their distinct histories and experiences, which that are subject to collective interpretation, sense making, and experiential learning. Indeed, an array of issues related to organizational design, such as coordination, information asymmetry, incentive design, and employment relationships, must be taken into consideration before we can satisfactorily explain the role of formal organizations—private firms, local governments, and other corporate bodies and their relationships—in China’s transitional economy.

The key lesson emerging from our survey is that organizational analysis provides a distinctive lens through which to better understand Chinese organizations and China’s transformation. Taking organizational analysis seriously will significantly improve our theoretical explanation and analytical

power. Starting from this premise, we now make more general observations and comments on those issues and areas that need improvement in social science research on China in general. The issues identified below also provide clues to the emerging agenda in the study of Chinese organizations.

First, *there is a lack of interaction between the study of Chinese organizations and the literature in organizational research*. Most studies in the social sciences did not explicitly adopt theories and analytical models in organizational analysis, nor did their studies engage in a serious dialogue with research issues and activities in the field of organization research. For example, studies of promotions in Chinese organizations made almost no reference to numerous studies in the organization literature, nor were these analyses focused on those mechanisms that are central in organization research (e.g., organizational demographics, vacancy chains, etc.). Rather, these studies emphasized the role of the external political context, which affects the internal operation of formal organizations. This is unfortunate because organizational analysis can be readily applied to social phenomena in Chinese organizations, which can significantly elevate the sophistication of conceptualization and analytical strength in this area. For example, analytical models and tools in organization analyses can be extended to shed light on issues such as dual controls in Chinese organizations, relationships between firms and regulatory authorities, multiple bases of legitimacy in property rights, mechanisms of interfirm relationships, and government behaviors in extrabudgetary resource extraction, to name a few.

Second, there is a *lack of accumulation of knowledge in this area*. This partly results from the lack of communication across academic fields and is partly due to the lack of integration of the research community in China studies. There are some noticeable exceptions, such as the body of literature on fragmented authoritarianism and TVEs. But overall, as the reader probably has noticed in our review of these studies, there were few studies that consciously built on previous studies. In the sociology of organizations, for example, Walder's new traditionalism model has not been carefully scrutinized or formulated for empirical testing, nor has Nee's model of organizational dynamics in the transition period. Even in the literature on promotion patterns in organizations, theoretical models developed in this field have not guided subsequent research in terms of rigorous empirical scrutiny. One important contributing factor of this state of the art is that there is a lack of intellectual community in China studies. Scholars were trained in diverse fields, professionalized into segmented research traditions, situated in different intellectual streams of ideas, and not integrated into a unified literature. Another contributing factor, in our view, is the lack of a critical mass due to the limited size of the intellectual community in this area.

Third, *there is a glaring gap in our knowledge about the internal processes in Chinese organizations*. From the large number of studies reviewed above, we have learned a lot about formal attributes in Chinese organizations and macropatterns, but we know little about the behavioral aspects within organizations. Take, for example, two areas of active research on Chinese organization.

The first is *the role of networks*. A large number of studies in recent years examined the role of social networks in labor markets (finding a job), in bridging interorganizational relationships, and in managing organization-environment relationships. But most studies spent a large amount of time and attention on collecting quantitative data but little effort in *understanding* (hence explaining beyond commonsense) microprocesses in a systematic manner. As a result, we do not know much about *how* these networks work and *under what conditions* they are chosen, activated, or bypassed. The second is

patterns of promotion. As our survey shows, by now several studies have shown patterns of promotion in organizations at the macrolevel, thanks to the accumulation of a series of large-scale surveys. However, we know remarkably little about how the processes of promotion or other types of mobility operate *within* an organization. How does opportunity interact with social networks? How is loyalty weighted in organizations? How are criteria formulated and implemented?

This is in sharp contrast to the earlier studies of organizations in American sociology in which careful and in-depth fieldwork and close observations provided a solid empirical foundation for understanding organizational phenomena. These early studies are among the best in the sociological tradition of empirical research. Gouldner's (1964) study of authority relationships in a mining company challenges the conventional view of organizational rules as instruments of efficiency in the Weberian bureaucracy. Instead, Gouldner found that formal rules are often used as a substitute for close supervision, that is, for avoidance of conflicts. Blau's (1955) work on two government agencies revealed flexibilities in rules in adapting to local circumstances and the injection of employees' subjective evaluations. Finally, a study by Crozier' (1964)—a French sociologist—involved observation and study of two French bureaucracies and detailed bureaucratic practice and management styles in the French context. In contrast to Gouldner and Blau, Crozier found strict reporting rules, rigidity. He concluded that rules are used to avoid conflicts and as protection from arbitrary decisions by managers. These studies are exemplary in combining clear theoretical logics and rich empirical evidence to develop a powerful sociological analysis, linking microdynamics to major issues of contemporary sociology. As Blau (1955, v) put it, "By taking pains with details, we hope to acquire the systematic knowledge needed for the scientific analysis of the important problems of modern society." We believe that this remains the ultimate goal in the social science study of formal organizations.

We have also learned a great deal from comparative and historical studies of organizations in the early period. Bendix (1956) showed the importance of societal environments in authority relationships in organizations and industries by contrasting managerial ideologies between market views and Soviet ideologies, and between two models of industrialization in Great Britain and Russia. The need to justify industry before the public in the early stages of the industrialization led to the style of early management theory. This recognition calls attention to the importance of ideology and culture in understanding organizational and managerial practice. These ideas seem especially relevant, as a baseline, to examinations of the way Chinese organizations are shaped in their response to historical legacies and the impact of globalization.

Since the 1980s, social science disciplines have moved to a new era of formal modeling and/or quantitative analysis, where theory testing based on large-scale and systematic data analysis became the mainstream research style. As more and more time is devoted to collecting survey or archival data, ironically researchers become increasingly distant from the actual processes in organizations. (The void is filled by those business school gurus who have less contact with rigorous research.) Unfortunately, research on Chinese organizations is increasingly shaped by this kind of research. The strong incentive for scholars to publish in English journals has inadvertently induced them to play the publishing game while ignoring the mission of intellectual endeavor—to understand and explain. Scholars are driven to invest heavily in sophisticated statistical skills and an appetite for large data sets, often at the expense of close observation and sense making. Research on Chinese organizations tends to be

based on surveys and takes a long-distance macroview of organizational phenomena but pays little attention to understanding what is really going on in organizations. As a result, our knowledge about Chinese organizations has not increased in proportion to the number of publications in this area. These organizations remain opaque, fuzzy, and mysterious to both researchers and readers. Reflecting on the negative effect of statistical modeling in understanding changes in history, economic historian Landes (1994) stated, "Let me make a modest proposal. Economic history needs protection against bad numbers. The more artful our econometric techniques, the greater the recourse to quantification, the more protection we need" (654). In our view, social scientists should take this proposal seriously as well.

On the theoretical front, there is also an urgent need to develop more sophisticated models of Chinese organizations. In explaining the institutional changes in China, Walder (1994) argued:

It is relatively easy to develop a list of "causes," but an explanation, or theory, must specify clearly the links—that is, the social processes or institutional mechanisms—between the suspected causes and the political outcomes they are thought to create. Many emerging explanations . . . neglect these links, and therefore remain vague and difficult to evaluate. . . . Our understanding of these historical changes will be enhanced to the extent that we can move from discussions about what factors or variables are important to examinations of social processes and mechanisms that may or may not have served to bring about change. (303)

Indeed, theories matter only to the extent that they are serious about specifying the underlying mechanisms that link the causes to the outcomes. As a starting point, theories need to be built on a serious effort to understand the actual processes of change, the institutional context and historical legacy, rather than simply relying on some ready-made and fashionable models and concepts.

Consider the role of local governments. It has long been recognized that organizations are political coalitions of multiple interests and goals. As a result, within an organization preferences and goals are temporary, shifting, and inconsistent. In this light, then, the role of local government requires much more serious scrutiny. Moreover, we also need to consider the relationship between local bureaucrats and their task environment. For example, Zhou (2009) showed that facing multiple tasks in their daily work local bureaucrats will balance and prioritize these tasks, giving selective attention to those that are urgent and pressing while ignoring others, generating diverging patterns of symbolic versus substantive actions. Without a broader view of such attention management, it is difficult to understand government behaviors. More important, career concerns are the main issues for the chief executive officer of the government bureau or local government (e.g., a township government). The age restriction weighs heavily on the minds of bureaucrats. Organizational rules also shape government behaviors. The rotation system created an incentive for short-term goals at the expense of long-term prospects. The strengthening of vertical command makes it difficult for the institutional design of complementary attributes in problem solving, inducing collusive behaviors among local governments (Zhou 2009). An organizational lens thus leads us to frame the research issues differently. In what ways have local governments been affected by, and overcome, such bureaucratic problems in their leading role in local development?

Witnessing the orientation toward formal theories and hypothesis testing in the social sciences, Hirschman (1970) called attention to the pitfalls of “the search for paradigm as a hindrance to understanding.” Armed with concepts and models developed in the existing literature, researchers have a tendency to search for evidence that fits the existing paradigm or to come up with easy “explanations” rather than taking the harder route of understanding what is really going on in the empirical world. Indeed, the literature on Chinese organizations is rich in theoretical speculation but weak in careful empirical studies that scrutinize these ideas. We witness a favorable soil for mutation in theoretical ideas, but it is coupled with weak selection mechanisms in scrutiny. As a result, there has been a great increase in terminology, ideas, and expressions but much slower growth in knowledge. To overcome these problems, as Huang (1991) pointed out:

So long as research is restricted to macro-level or quantitative analyses, it is extremely difficult to resist the inclination to apply to China models and assumptions derived from one’s own context. Dense evidence at the micro-social level or, better still, the ethnographer’s sustained firsthand contact with the subject, however, allows one the possibility of developing a feel for the subject that is different from one’s preconceived notions. With that comes the possibility for inverting the usual epistemological pattern of proceeding from intuitive assumptions to empirical research. The opportunity is then opened up for perceiving and conceptualizing empirical realities that contradict our existing assumptions. (316)

To conclude this survey essay, we have witnessed impressive progress in the study of Chinese organization in the last three decades, and with the expansion of the research community and the elevation of research sophistication, the future of this field is promising. But, as we alluded to before, there are also major hurdles for future development, and we hope that our review and discussions here will help clarify gaps in our knowledge and areas that need improvement; in particular, we believe that a closer interaction between social scientists and organization researchers in other fields, especially the management field, will provide a major impetus for social science research in Chinese organizations.

Note

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