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## Ray Yep, *Manager Empowerment in China. Political Implications of Rural Industrialization in the Reform Area*

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- 1 Ray Yep's book is a case study of the changing dynamics between the local state and managers of collective township and village enterprises (TVE, *xianzhen qiye*) in rural China. The fieldwork was undertaken from 1995-1998 in Zibo prefecture in Shandong province (a map and basic demographic and socio-economic data would have been useful).
- 2 In seven chapters the author focuses on how managers in TVEs have become economically and politically empowered partners of the local state since rural reforms started in the early 1980s. Chapter one provides an overview of the theoretical framework and of the relevant literature on the development of the TVE sector. The key arguments/assumptions are : 1) There is a local situation with a dynamic pattern of interaction between the state and the TVE managers as increasingly powerful economic, social and political actors. These managers are a special breed of entrepreneurs who do not own their assets. The managers have risen in the emerging new rural political and economic order and have a growing impact on the shaping of the local state-society relationship ; 2) The rise of new social interest groups does not necessarily lead to more tension between state and society. Rather, a symbiotic, particularistic relationship has emerged. The local state finds managers indispensable since they turn idle state assets into streams of income. From the managers' point of view, the support of the local state is necessary to reduce the transaction costs of doing business in rural areas ; and 3) The rural economy and the relationship between the local state and the TVE managers evolve in a space where socialist legacy and demand for market reforms make the outcome of the reform process uncertain.
- 3 Chapter two presents a contextual overview of China's rural transformation and the rise of TVEs in a historical perspective. Chapters three to seven present the main

analysis. The first three of these deal with the rise of the TVE managers, the role of the local state and the dynamic of their relationship. Yep argues that TVE managers have become indispensable to local economic development and that there is a clear link between entrepreneurial success and the accumulation of political capital. However, political capital is but one of the elements in a successful career. Education, professional knowledge and relevant experience are also important. Yep also argues that government support continues to be necessary for a range of reasons, e.g. to get access to credit, and that life can be difficult for the TVE managers without it. On the other hand, local governments are heavily relying on taxes and profit transfers from the TVEs and this has forced the local state to allow the managers room to manoeuvre.

- 4 Chapter six, on enterprise reform, is a historical precursor to the more interesting subsequent chapter on shareholding reforms (both chapters primarily relate to the situation in the mid 1990s). In 1995, about half of Zibo's enterprises had been reformed and dissociated from direct government control. However, reforms led to different property regimes, but in most cases the authorities in Zibo maintained control through a share majority. Still, Yep finds that managers are the winners of the enterprise reform process in terms of gaining more independence and control over the assets of their enterprises, while also increasing their personal wealth. However, they still have to be acutely aware of the limits to their autonomy and their obligations towards the local power holders and society.
- 5 Although reforms have led to an increasing delegation of management authority and asset control to managers, Yep debates whether privatisation of TVEs is actually spreading in rural areas despite the intentions of the central government. It is true that local governments often devise ways to maintain influence in the reformed enterprises, as is the case in Zibo. However, private enterprise as such is on the rise and this reviewer is of the view that private enterprise will eventually become more attractive to rural entrepreneurs as the business environment becomes more regulated. Therefore, there is reason to doubt that TVEs will survive in the long run. They would more likely turn private—legally or informally—to avoid the interference from the local government to be able to survive in competition with true private enterprises. This could potentially deprive local governments of their most important source of income.
- 6 The reviewer agrees with Yep's conclusion that it is possible to foresee that managers of TVEs will become increasingly important in rural areas. This would go for the emerging group of private entrepreneurs as well. There is often a symbiotic relationship with the local state, where managers and the local state can thrive from the relationship. But there is also a changing pattern of articulation and accommodation of the interests of the increasingly stronger managerial elites, and one may ask if they will not start organising on their own and pursue their particular interests through collective action? Yep found that collective action is hardly necessary for managers that have direct access to local officials. But he also notes that there has been instances of collective action by managers in China in the 1980s and 1990s and that more and more managers consider collective action a possible option when policy issues of a wider concern are involved.
- 7 The data sets on enterprises and managers are essentially of a quite varied nature in terms of research goals, sample population and timing, and Yep admits to their limitations. They are not representative of the entire population of TVE managers, neither in Tangshan, Zibo, nor nationally, nor do they fully reflect the importance of

informal political dynamics. The reviewer would argue that Yep exploits these data sets to the very limit in his analysis. However, other unique data from the region tend to balance off this weakness.

- 8 The book has been adapted from Yep's PhD study, and in some instances the reviewer is reminded of this origin. The theoretical and methodological sections could have been more consistent. There are a number of misrepresentations of Chinese words in *pinyin*. A list of the Chinese characters for the words quoted in *pinyin* would have been useful. That said, Yep's book is an interesting and enlightening study. It is full of fresh and fascinating analysis as well as hard data. It is recommended to the specialist interested in the rural political economy in China and in its enterprise reforms.