

## BOOK REVIEW

**Yao Souchou. *The Shop on High Street: At Home with Petite Capitalism*. Singapore: Springer, 2020.**

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Despite the current revival of small firms and their booming economic importance to the capitalist societies, it is disquieting to know that the sociological analysis of the small enterprises has not developed much. From the statistical point of view, most of the economic units in capitalist societies remain small. In Malaysia, the majority of Malaysian businesses are family-owned small and medium enterprises (SMEs) that are involved in retailing, manufacturing and trading activities. From this data, family businesses are, not surprisingly, a major contributor to Malaysia's gross domestic product (GDP).

Researchers have argued that traditional family companies do not embrace openness in the firm's practice and retain a similar business culture introduced by the founders. Family firms in Malaysia are more likely to remain SMEs and by virtue of the ethnic Chinese comprising 25 percent of the population, still managed by Chinese families. Most of these firms are also managed by its founder, while only 30 percent are run by the second or third generations who are the founders' heirs. Some of them were founded by the first-generation immigrants from China and have since been handed down to the second and even third generation family members. Based on blood ties, Chinese family businesses (CFBs) are inherited with China's traditional trade and cultural values to maintain their business for several generations. Over time, certain Chinese businessmen and CFBs achieved the millionaire status and people began hearing about their inspiring journey in achieving economic mobility.

In viewing Malaysian CFBs as part of the sociological grouping of overseas CFBs, the author reveals several stark similarities between countries across the borders of East and Southeast Asia, namely culture practices, heritage, familial ties and history. Similar to the East and Southeast Asia nations, the Malaysian Chinese have taken a major lead and continue monopolising Malaysia's economy. In general, CFBs in Malaysia are predominantly related to the dynasty, where the businesses are conducted as a family legacy revolving around creating, preserving and expanding the innovation practices and knowledge. However, they struggle to transform into a hybrid cultural and modernised form of CFBs. CFB founders expect successors to emulate and carry the Chinese values from the past. Therefore, given the current economic and political situations, a deeper analysis of the small capital or *petite* capitalism in Malaysia is required.

The author of this book, Yao Souchou is well known in the fields of anthropology, Chinese capitalism and cultural studies. He has made a commendable effort to extend the scholarly perspective on the Chinese capitalism substantially by applying the most crucial aspects of his book: the analysis of *petite bourgeoisie* as a class; the sociology of entrepreneurship; employment of *guanxi* in the small enterprise; and finally, the articulation of small capital with the rest of society. Throughout the book, the author examines *petite* capitalism by capturing the daily realities, triggered events and historical experiences of the Chinese family-owned shophouses on the High Street, Kuala Lumpur. Now renamed Jalan Tun H. S. Lee, this street attracts the attention of architects and developers. In this book, the author discusses the concepts of Chinese *petite* capitalism, the architecture of the Asian shophouse, the Hakka kinship of *guanxi*, “tiger parenting” and the children upbringing in the Chinese family, the culture of debt, family legacy and Chinese inheritance based on the author's own memories and the art of ethnography.

The book is divided into nine chapters focusing on major aspects and impact of the *petite* capitalism struggle against the financial instability and limitations of economic structure among the small CFBs in Malaysia. This thread begins in the first and second chapters, which dwells on sociological aspects of the small capital owners. It is interesting to note that the conceptions of social relations and property often come from our daily interactions with small capital owners. This is the opposite of the common perception that *petite* capitalism is only exclusive for the lowest rungs of the property hierarchy. In light of this point, the author emphasises the economic significance of *petite* capitalism, as well as its importance in the construction of ideological

and inequality reproduction in the first chapter. The author incorporates different thoughts and perceptions that are diverse between countries on wealth distribution and inheritance to explore the uniqueness of the CFBs in Malaysia. Since the Malaysian Chinese are fluid, dynamics and situational, most of them have a complex set of beliefs and practices inherited from the China traditions.

In the next chapter (Chapter 2), an in-depth discussion is presented revolving the shophouse on the High Street, especially on its architecture aspects, heritage values and its “slow built form” in the current urban setting. In retrospect, it is fascinating to think that people used to live in these premises while at the same time, conducted family businesses. The author lived in such a premise, describing that his family owned “a sweatshop servitude and a grinding machine” in their shophouse for business purposes. Throughout the chapter, the family business concepts are well integrated. In managing a family business, family labour is naturally implemented, meaning that productivity activities and duties related to the business are organised and carried out by the family members. The nature of this labour is unique as it depends on the family coordination and dynamics. Furthermore, it is mentioned that “the *petite bourgeoisie* has control over both surplus value (investment and resource allocation) and constant capital (machinery and physical means of production in general), but not over the labour power of others.” Compared to the *bourgeoisie*, small employers only possess limited control over others’ work and are involved with the labour activity. While the author includes some insights on the heritage values, more emphases should have been given on this matter to strengthen the Asian values.

Many researchers claim that familial ties are the key to understanding the concept of social relations in a small firm. However, this relationship is more intricate than it seems. In the third and fourth chapters, the author discusses the pros and cons running a family business. Although familial ties and values come with valuable resources, the Chinese tend to create and maintain *guanxi* (networks or connections). This may close some doors to other available network resources in achieving better efficiency and economic growth. Moreover, *guanxi* relies on the exchange of benefits, not through friendship-based sentiments. From the perspective of Westerners, this interaction is formed based on utilitarian needs rather than emotional. In short, it can be seen that a family serves as both a resource provider and a hindrance in business. Instead of autocracy, “negotiated paternalism” is a more accurate term to describe Chinese’s familial work arrangement.

In Chapter 3, the author states that the Hakka kinship of *guanxi* believes in strength in numbers. While forming social networking is beneficial, familial ties are more significant due to kinship. Social networking outside of family relationship is often based on functionality. The Hakka practice tends to recruit individuals who can add values to their firm and give advantages to them. For instance, the author shares that people sought to form an alliance with his family business in terms of employment and new opportunities, or would be willing to lend a loan when the family business needed it. Additionally, informal recruitment through mutual connections is favourable from the aspect of efficiency. Finally, the strong familial ideology serves as a way of reinforcing managerial discipline. From the discussion presented in this chapter, we can conclude that family labour is more complicated than meets the eyes and contrary to popular belief, it is not solely focusing on employing one's family members in managing the business as corporate relationship can involve people outside of familial ties. Therefore, despite employing non-family members, the business can still be regarded as a family firm.

In Chapter 4, the author dives into the roles of gender in managing small family firms, specifically regarding women's job in terms of their nature and status associated with them. Generally, the responsibility of concrete management rests on the shoulders of female family members. On top of managing the firm's internal processes, balancing the production system and handling any raised conflicts, they are not exempted from performing domestic chores. Despite their huge contributions, female members are only regarded as supervisors instead of the firm manager. While being involved in a hectic family business is undeniable stressful, the author counts his blessings for having his family behind his back. The author pays tribute to his mother and sisters; while breaking their backs in building the business, they also act as breadwinners, in addition to being married women, by helping in the male-dominated business.

In a small enterprise, manager-worker relation is commonly described as paternalistic. In the fifth chapter, a shophouse owner is described to be working as a quasi-familial unit, where the employer shows great interest in the employee's personal life. Instead of having a formal employment contract with stated salary, the income is based on the employer's perceptions and evaluations on the employee's performance. This is socially acceptable and seen as a norm by the employees. Hence, the management in Chinese capitalism is developed from a particular ethos. On the High Street where the shopkeepers are a petite capitalist, they treat their workers kindly as part

of the family and guide them to improve their skills. The mid-level staff are expected to sharpen their skills and knowledge elsewhere in order to be recruited as employees.

Moreover, Chinese petite capitalism can be best described as the “capitalism of the little person.” In this concept of *zuoxiao shengyi* (making a small living), it is believed that anyone could be a business owner regardless of the amount of capital possessed as long as one has the can-do attitude. In Malaysia’s Chinese society whereby the first generation mostly immigrated from China, the ideology *gong-zibu-chu-tou* (meaning “working under somebody’s roof has no future”) was born after several years of service as “shop boys,” such as the Chew Tsai family working for the author’s family-owned shophouse. Soon after that, Chew Tsai began their own businesses, marking the start of *dang-lao-ban*, meaning “being one’s own boss.” In the beginning, they were limited to businesses requiring minimum capital such as a grocery shop and a mini-mart. Chew Tsai’s expanding mini-mart business is a great result and proof of persistence and hard work.

“Wealth does not endure three generations” is a phrase that perfectly reflects the reality faced by many Asian CFBs, in which they experience difficulties in sustaining themselves beyond two generations, and seldom last longer than three generations. However, in Malaysia scenario, scholar Edmund Terence Gomez explains that most small family firms in Malaysia highly encourage their children to become professionals. This situation serves as one of the factors that stunt the growth of these firms. There are specific reasons for this lack of desire in growing their enterprises. In Chapter 6 of tiger parenting, the author argues that “tiger parents” have become a catchphrase in Chinese petite capitalism. It refers to the demanding parents who push their children to excel academically and gain vast knowledge and various skills. While the author claims that his parents are not such strict disciplinarians, Chinese are known for their dedication towards providing the best opportunity in education for their children; his parents included. In the family, the author and his siblings have been successful in achieving their parents’ expectation in becoming professionals. Despite having great careers, they show no inclination towards business and do not intend to follow the path of inheriting the legacy of his parents.

In Chapter 7, in a lesson on borrowing, the Chinese petite capitalists rely on social relationships. However, the way of *guanxi* also imposes rules and judgements on borrowing and lending. Making money with other people’s money is financially and morally risky in Chinese business philosophy. The efficiencies in “extending credit, expediting

transactions, and serving as a form of guarantee” are vital in ensuring the success of first-generation CFBs. In realising this goal, a high degree of trustworthiness is important. Absolute trust can be nurtured through familial ties and blood relationship for the common good. It is expected that family members will be involved in the business by contributing selfless effort in growing it.

In any form of business, risk is inevitable and cannot be predicted. The capitalists believe that to manage risk, it is vital to be vigilant and only hand-pick the most reputable shop. This can be linked to the collapse of the deposit-taking scheme upon the death of the author’s father. A strong reliance on *guanxi* and kinship could lead to the blind trust that is backed up by greed and irrational behaviour with poor risk management. The kin could be overconfident in the current predecessor, and believes that the future successors would be as effective and capable as the predecessor, giving rise to gambler’s fallacy due to the false belief. With the flexibility of work structure and common negotiations based on trust, most CFBs depend on both informal transactions and centralised control in order to reduce staff bureaucracy and paperwork. Informal reporting is done by committing information to memory rather than via the deposit-taking schemes. This increases productivity, allowing better opportunities to be gained.

The last two chapters are about the road to ruin and family legacy. The author states that the death of his father due to sickness was expected to some extent, but there was still a lack of emphasis on succession planning. The author briefly describes how he was, since young, brought to the shop to help out his family business, but inadequate information was shared on how the values, principles, experiences and tacit knowledge were being transferred to the family members. The “Chineseness” principles and values shall also be part of the family legacies, but the author explains in a very descriptive manner but without much emphasis on how it was being solved by the author’s family members, seeing the fact that all these are part of the legacies inherited from the predecessor. Also, the author postulates that the social capital is personal and the successors could hardly utilise it. This could be arguable as the sustainability of the social capital is dependent on the overall business foundation. If the business remains well established, the social capital from the predecessors remains applicable, even though it is now handled by the successors.

In general, previous studies on the Chinese diaspora mainly dives into the conventional political economy. In these studies, emphases are given on ideology, geopolitics, nation-building and ethnicity, assimilation and

integration. Since these research works rarely cross the disciplinary boundary, they tend to be limited within the regional or narrow local perspective. In addition, Schumpeter's "creative destruction" gives the impression that the dynamic nature of capitalism undermines businessmen's hard work. The author even expresses his appreciation to his parents for funding the children's education with the earnings from the High Street shop. The most subjective part in this book is that the Chinese medicine business does not spike the interest of the author eventually, and the author even claims that Western education has made Chinese petite capitalists unfaithful, and the issue of family legacy is easily dismissed.

Overall, it can be deduced that the author's father possessed high autonomy and control in his family business without delegating much burden to the other family members. Despite helping out at the shop, the author's mother was still unable to effectively take over the business upon the death of her husband. The author articulates his father's resistance to change and his unwillingness to pass down tacit knowledge to the non-family members who could be capable successors. Equal inheritance among the sons in the CFBs remains a normal practice but there are cases in which wealth is shared among the daughters too. However, in this case, despite the allocation of shares to the sons and the strong emphasis of inheritance, the fact that there was no potential successor in taking the lead, and the lack of involvement from the author and his siblings, had threatened the family business. As such, a strong emphasis on the wealth inheritance does not necessarily equate to the sustainability of the family business overall, unless it is well managed by qualified successors.

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