

TOWARDS A REORIENTATION OF THEORY AND RESEARCH ON DEVELOPMENT IN MALAYSIA: A CRITICAL EVALUATION OF CURRENT ONTOLOGICAL AND EPISTEMOLOGICAL ASSUMPTIONS*.

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The purpose of this article is to discuss a type of social scientific theorizing in an attempt to expand the paradigms and the analytical frameworks in the study of Malaysia's corporate organisations specifically, and Malaysia's development issues at the more general level. The examination of this 'new' type of theorizing is based on four points of contentions which delineate the ontological and epistemological limitations of major paradigms in today's development discourse with references to literature on organisations. Simultaneously, the four contentions provide strategies in transcending these weaknesses for future social research. In addition, this article also offers a brief critique on specific issues with regards to ethnicity, global versus local factors, and state-centredness. In doing so, it identifies vital gaps within the mainstream development literature. It submits that there is insufficient discussion or theorising on how the major social forces and social relations converge and interact to shape the various social realities in Malaysia. This article, in essence, argues that in a poly-centric social reality, a uni-centric analysis is inadequate. It proposes that through this new type of theorizing, these limitations can be managed.

Artikel ini bertujuan untuk membincangkan sejenis proses berteori secara saintifik bagi mengembangkan paradigma-paradigma dan rangkakerja-rangkakerja analisis, khususnya dalam penyelidikan tentang organisasi korporat di Malaysia, dan isu-isu pembangunan amnya. Proses berteori ini berlunaskan empat hujah yang membahaskan batasan-batasan ontologi dan epistemologi bagi paradigma-paradigma utama dalam wacana pembangunan. Fokus utama perbincangan artikel ini tertumpu kepada karya-karya tentang organisasi. Empat hujah tersebut juga mengemukakan strategi-strategi untuk menjangkau kelemahan-kelemahan yang dikenalpasti. Artikel ini juga

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menawarkan suatu kritikan ringkas tentang isu-isu tertentu berkenaan etnik, faktor-faktor global dan setempat, serta 'state-centredness' atau penumpuan terhadap kerajaan. Justeru, ianya juga mengenalpasti jurang-jurang dalam wacana pembangunan. Artikel ini mengusulkan bahawa kedapatan kekurangan analisis atau usaha berteori tentang bagaimana kuasa-kuasa sosial dan perhubungan-perhubungan sosial bertemu dan berinteraksi dalam membentuk kepelbagaian realiti sosial di Malaysia. Intipati artikel ini menghujahkan bahawa analisis 'uni-centric' atau yang berasaskan satu punca sahaja tidak mencukupi bagi memahami realiti sosial 'polycentric' atau yang mempunyai banyak punca. Ia mencadangkan bahawa melalui proses berteori yang baru ini, kelemahan-kelemahan yang dikenalpasti boleh diatasi.

INTRODUCTION

In studying social realities in any society, every now and then it is useful to take a step back to reflect upon our normal methods of inquiry in order to sharpen the tools of theorizing before moving on to further research excavations. This article represents one of these attempts on reflective thinking. In pursuing this aim, this article provides a brief review of a sampling of Malaysia's development literature, followed by a set of four contentions which offers further analysis on the development literature and advances a new type of theorizing to manage the present ontological and epistemological blind-spots. In order to contextualise the discussion on the four contentions, special emphasis will be given to the theorizing of corporate organisations.

VITAL ISSUES AND GAPS IN THE DEVELOPMENT LITERATURE

The literature on Malaysia canvasses a wide breadth of development topics; but the recurring themes centre on two key areas: (1) ethnicity, and (2) economic development. Indeed, these themes are hardly mutually exclusive. They are frequently intertwined. Nonetheless, most debates on development originate from or lead back to these two distinct points of reference. They overwhelm the literature landscape as the dominant subject matter.

In critiquing the literature, there are three major issues to be addressed. The first deals with the significance of ethnicity as the literature has reinforced what seems to be the paramount status of ethnicity in the analyses of Malaysian development. The second major issue is the need to identify a complementary perspective or perspectives to local factors such as ethnicity. The third area involves the unit of analysis. A disproportionate amount of scholarly attention has been steered towards the state apparatus, specifically the Malaysian

government and political parties; therefore, there is a possible gap which needs to be seriously studied and explained.

Ethnic Imperative

Ethnicity is clearly a significant variable, or even a candidate for the determinant, behind the development history of Malaysia. Indeed, ethnicity has probably shaped or interacted with most of, if not all, other factors and forces of change in the Malaysian society. Its significance is directly or indirectly emphasised by virtually all writings which have dealt with Malaysia's development history (Nagata, 1979; Snodgrass, 1980; Hashim, 1983; Jesudason, 1989; Faaland et.al., 1990; Ariiff, 1991; Oo, 1991). This recognition of the significance of ethnicity is indeed an integral part of this present research. Ethnicity is a particularly relevant and significant sociological issue in Malaysia especially as it relates to inequality and power struggles within the public and private sectors. Social scientists studying ethnicity in Malaysia should continue to focus on ethnic inequality, at least, until more equitable social realities emerge. Furthermore, given the socio-political and economic evolution, and the structures of Malaysia's society, studies on main centres of power in Malaysia would have limitations if ethnicity is not factored in.

However, this article argues that the social reality in Malaysia cannot be explicated with an economic framework alone nor can it be reduced to ethnicity as the primary determinant. At this juncture, it is useful to take a detour and introduce the ethnic economy thesis as an example of theorizing which combines two social forces within the society. It provides a working framework for the synthesis of class and race. More important, it is highly relevant to the theorizing of corporate organizations in Malaysia.

There are several concepts and propositions from the ethnic economy literature that are of relevance and significance to Malaysia's development in general and specifically to the present research. To begin with, ethnic economy is said to exist "whenever any immigrant or ethnic minority maintains a private economic sector in which it has a controlling ownership stake" (Light and Karageorgis 1994: 648)¹. Bonacich and Modell define ethnic economy as an economy with self-employed, employers, and co-ethnic employees of any ethnic or immigrant group who create their own sector of employment out of the local market (1980: 45, 110-11).

¹ The discourse of ethnic economy can be traced back to the works of Weber, Marx and Sombart, all of whom consider that modern capitalism rises from an economy that is ethnically based (Light and Karageorgis 1994: 647).

Co-ethnic members of an ethnic economy are able to tap into what is termed as ethnic resources. These ethnic resources consist of a whole range of advantages such as, "kinship and marriage systems, trust, social capital, cultural assumptions, religion, language, a middleman heritage, entrepreneurial values and attitudes, rotating credit associations, relative satisfaction arising from nonacculturation to prevailing labour and living standards, reactive solidarities, multiplex social networks, employer paternalism, an ideology of ethnic solidarity, and underemployed and disadvantaged co-ethnic workers" quoted in Light and Karageorgis (1994: 660). Therefore, in practice, in order to support ethnic economy's entrepreneurial activities, class resources, including capital as well as means of production and distribution, are combined with ethnic resources.

As for market power, industrial clustering by co-ethnics explains the control over selected sectors of trades and professions. In addition, Light and his colleague (1994) refer to the studies carried out by Wilson and Porter (1980) who conclude that the ethnic economy obtains oligopolistic-like advantages of big firms through the vertical and horizontal expansion via the placing or positioning of co-ethnic sons and son-in-laws into related industries. This industrial clustering is seen in many instances across many localities, such as cities in the US and the UK. By reducing and restraining competition within a particular industry, this pattern of ethnic-related economic behaviour leads to economic closure which has been achieved particularly by many East Asians (Light 1972, chap 4 and 5).

The ethnic networks that emerge within the ethnic economy become a potentially powerful resource for fellow co-ethnics. These networks have the ability to convey valuable business-related insights and strategies and to create the possibility for co-ethnics to obtain preferential purchasing, to penetrate new markets, as well as to build and sustain a significant degree of monopoly. Nevertheless, ethnic economies facilitate the increase of groups' incomes. When ethnic economies are large enough, they accelerate the groups' economic mobility (Light and Karageorgis 1994: 661-3). The 'twist' in Malaysia's social reality is that the economic power in most industries is said to be held by the so-called immigrant ethnic groups, while the local ethnic group has been mostly left behind economically. Nevertheless, the ideas of ethnic resources and class resources are useful concepts to evaluate the various social spheres in Malaysia's development, especially when analysing the corporate world. Therefore, in studying corporate organisations, this ethnic resource perspective may be useful in understanding what the different ethnic groups in Malaysia can offer to one another that may encourage them to co-operate with one another, either within the company or even outside the company.

Turning the attention back to the Malaysia's development literature, although the importance of ethnicity has been repeatedly stressed, the current literature on ethnicity in Malaysia offers limited explanation in two areas. The first involves the issue of ethnic conflict versus ethnic co-operation or integration. Since many have focused on tension and conflict between ethnic communities (e.g. Ratnam, 1965; Vasil, 1980; Young et. al., 1980; Kahn and Loh, 1992; Tan, 1992; Cho, 1990; Faaland et. al., 1990; Abraham, 1997), there is insufficient exploration into their co-operative efforts. In addition, the literature explaining economic inequality using cultural attributes points to the ethnic tension rather than co-operation between the Malays and Chinese. (Abdul Aziz 1957; Huang 1975; Snodgrass 1980; Abdullah 1992; Abraham 1997). Last but not least, the discussions on National Economic Policy (NEP) revolve around the fact that its implementation has led to conclusions on its limitations in poverty reduction and on increased political tension between the Malays and the Chinese (Snodgrass 1980; Mehmet 1986; Clad 1989; Jomo 1990; Crouch 1994; Gomez 1994). The second area in ethnicity which lacks adequate analyses is in the ways in which companies manage ethnicity. Indeed, there have been numerous discussions evaluating the objectives, the policies, and the implementation of the state and its related political and non-political machinery, yet not enough on the institutions in the private sector.

Global Perspective

But operating from an ethnic paradigm alone, at the expense of understanding other divisions--rich-poor, urban-rural, east-west--may lead to incomplete inferences (Fisk and Osman-Rani 1982: 8-19). Since ethnicity or race is very much linked to local social forces, studies of societal institutions which focus merely on it (ethnicity) and exclude global forces may have epistemological weaknesses. In such studies, ethnic variables should be complemented with global variables in order to factor in forces external to Malaysia. The significance of examining both local and global forces, at least at the ideological or doctrine level, is highlighted by Balibar and Wallerstein (1988) as they examine the abstract notions of racism and universalism. Wallerstein (1988) states that "What we see is a tense link between the right dosage of universalism and racism-sexism. There are always efforts to push one side or the other of this equation 'too far'. The result is a sort of zigzag pattern. This could go on forever, except for one problem. Over time, the zigs and the zags are getting bigger, not smaller²" (Balibar and Wallerstein 1988: 35-6). Wallerstein

² According to Wallerstein, universalism can be seen as "the culmination of an older intellectual tradition" or "an ideology particularly appropriate to a capitalist world-economy" (Balibar and Wallerstein 1988: 30), whereas racism "operationally has taken the form of what might be called the 'ethnicization' of

contends that racism is the solution to the paradox within the capitalist world economy by minimising the costs of production in order to maximise the accumulation of capital while minimising the cost of political disruption; "hence minimise – not eliminate, because one cannot eliminate – the protests of the labour force" (1988: 33).

However, on the one hand, Wallerstein places the economy at the centre and sees that universalism derives from the structure of the economy and the market, and racism as an outcome of the division between core and peripheral labour markets. Balibar, on the other hand, places nationalism at the centre with racism being an expression of it (nationalism) and that universalism exists as a paradox within racism (1988: 9-10). Smith (1995) dwells with this issue from a different standpoint as he poses the question, "why, at the close of the second millennium, there should be a resurgence of ethnic conflict and nationalism, at a time when the world is becoming more unified and interconnected, and when the barriers between ethnic groups and nations are falling away and becoming obsolete?" (Smith 1995:1). His answer to this question is based on a framework of "mutual influence of 'layers' of social and historical experience, and the derivation of national phenomena from ethnic and territorial symbolism and modes of organization" (1995: 6). Smith disagrees with the idea that changes in political and cultural domains can be deduced from changes in the economic sphere and asserts that polities and cultures contain their very own characteristics and nature, although he recognises the presence of the global forces at work which warrants closer scrutiny (1995: 8-28).

State-Centred Paradigm

As for the persistent focus on the state and the government, inevitably most analysts have positioned their discussions in support of or against the policies of the ruling administration or leaders. This state-centred bias turns analyses of development into a type of 'policy science', as argued by Preston in *Rethinking Development: Essays on Development and Southeast Asia*. He proposes the disentangling of social science from policy science in development studies (Preston, 1986, Chap 5).

Putting the state at the centre of analysis risks presupposing that present-day societies are uni-centric. The process of globalisation suggests that other economic forces are at work as well, particularly the world capitalist factors, such as transnational corporations, transnational investments or even the big

the work force...at all times there has existed an occupational-reward hierarchy that has tended to be correlated with some so-called social criteria" (1988:33)

business owners themselves, and such centres of power are emerging rapidly in Malaysia as well. The significance of these power centres can even be found in some state-centric literature on Malaysia's development, for instance Heng's (1992) discussion on Chinese business owners³; or Machado's (1990) analysis on Japanese corporation and Malaysia's national car manufacturer PROTON⁴; or Sieh's (1992) examination of business transformation, equity ownership and management positions⁵. While numerous research projects on Malaysia have been carried out targeting on the state especially in relation to the successes and

³ Heng (1992) discusses on the individual Malaysian Chinese elites who own businesses and prospered from political connections (1992: 127-44). Although the theme of discussion relates to centers of power being dominated by the state, and how the Malay aristocrats, bureaucrats, and politicians play an influential role, the Chinese elites do play an influential role in decisions on company practices. This is clearly from the author's point that the Chinese elites allowed influential Malay partners as company directors and shareholders but control the business through ownership of large blocks of shares in order to dominate company policy and most decision making (1992: 128, 132). Therefore the power to direct the company resources lies within the Chinese owners. This is another piece of evidence of the other centres of power being the business owners themselves.

⁴ Another source of evidence is pointed to the bargaining power wielded by the Japanese companies in the formation of the joint venture company, PROTON, between HICOM and Mitsubishi Motor Corporation (MMC) to build the national car (Machado 1990: 504-31). MMC was allowed to assume important management positions within PROTON when the latter experienced management crisis in the midst of recession and steep yen appreciation and needed MMC's assistance in facilitating improvement to PROTON's economic performance. MMC was also keen to be in charge in order to realise its main objective of achieving regional complementation rather than exporting the national car as desired by the government (1990: 521-22).

⁵ In terms of evaluating other emerging centres of power, it is obvious that Sieh evaluated the business transformation from the point of view of power of the state to influence equity ownership and management positions within the corporations (1992: 103-26). However, the power of the corporations and the influences of the company practices can be implied from the article. Either intentionally or not, the author implicitly states on the influences that corporations can wield: that FTZ companies taking advantage of industrialisation policies, that the joint venture companies for the Proton and steel project reflect control exertion, and that although foreign companies passed the equity-control to Malaysians, the management was built upon foundations and tradition which corporations already possessed.

failures of the state and its policies, the 'private sector', especially the corporations, their policies, and their practices have not been adequately investigated⁶. While a great number of writings on corporations in Malaysia can be found in management and business publications, these commonly have a general pro-business or technical orientation and are of limited use for research purposes. The state-centred paradigm in Malaysian development literature still assumes, at least implicitly or indirectly, that power to originate change is the sole property of the government. Yet with the development of export-oriented industrialisation, privatisation, foreign direct-investment, free-trade zones, a poly-centric reality is fast emerging. Hence, these new centres of power must be evaluated with the same level of scrutiny as the state has been all this while. The vortex of political power has expanded, if not shifted, into 'new' zones, which social science has only begun to understand.

Comparative data among nations must be complemented with comparative data between and within industries and corporations if we are to explain development and its absence. The empirical work on corporations is increasingly vital since the Malaysian administration, like many others of the aspiring industrialising countries, has more and more similar economic policies and practices with other upcoming market economies. It follows that governments in these robust economies, like Malaysia, Thailand, Singapore, might learn from each others' successful economic policies and quickly replicate and even match them in their own countries. Therefore, by merely comparing and contrasting aggregate data among different nation-states, research in social science may lose sight of the economic actors behind these data. This certainly does not imply neglecting the state's social-policy framework in which these economic actors are functioning. Nevertheless, in the Malaysian context, the state and its NEP have long been under the siege of development studies; so it is timely for new research efforts to be directed to other emerging centres of power.

FOUR POINTS OF CONTENTION FOR A NEW TYPE OF THEORISING

We will raise four points of contention to build the foundations for a new type of theorising in order to advance the literature on development in Malaysia. This new type of theorising has both ontological and epistemological

⁶ The exceptions are Gomez and Jomo's analysis on the new rich (1997: 117-65) and Cheong (1990a, 1990b, 1992).

challenges. The first two points of contention below deal with the ontological aspects, while the last two address the epistemological problems.

As an overview, the four points of contention involve:

1. The need to identify and analyse *major entities, institutions or groups* that have shaped Malaysia's development and not be constantly fixated on a uni-centric assumption of social reality (such as state-centrism) or marginalising certain entities, institutions or groups.
2. The need to examine *the relationships between these entities, institutions or groups* and assess the significance and the relevance of these relationships.
3. The need to verify *the existing theories and assumptions* by examining hard and soft evidence on the ground from the social actors themselves as well as from their social environment, including evidence on structural or institutional characteristics, policies, practices, and perceptions. Existing theories must be informed by and correspond to the empirical changes or verifications on the ground.
4. The need to be able to identify the '*emergence*' or '*arrival*' of *new entities, groups or institutions as well as relationships* in the scene of Malaysia's development. Again, changes in the empirical world may lead to changes to existing theories and assumptions.

Our first point of contention is that the literature on Malaysia must identify and examine the major entities, institutions or forces that are shaping the course of development. While the literature on Malaysia has considered the major entities and players of development, it seems to be focusing on the same set of entities and issues. Yet, this new type of theorising should study major entities without necessarily assuming that a single entity occupies the centre stage while the rests gravitate around that entity, such as what has been the case with Malaysia's development literature which places the state as the primary mover of the society. This is evident in Malaysia's development literature in which the government's policies and agendas, especially in relation to the NEP, have been given far more attention than the agendas of the corporations or even the labour movements. The writings of Siwar and Hasan (1985); Faaland et. al (1990) and even Toh (1982), whose book is entitled *The State, Transnational Corporation and Poverty in Malaysia*, have focused on the problems of the NEP. This does not presume that no single entity is able to be the origin of change. But to

constantly operate with this assumption risks creating theoretical blind spots such as the state-centric paradigm, which steers all enquiries towards the state and draws attention away from conducting the same level of in-depth analysis of the transnational institutions such as transnational corporations and supranational bodies, for instance International Monetary Fund (IMF), World Trade Organisation (WTO), and the like. Another example is Low (1992) where despite his recognition of external forces facing Malaysia's industrialisation, his recommendations are geared toward the state, and appears to be uncritical of these external forces. Likewise, although Taylor and Ward (1994) emphasises the tension between foreign investment and government policies (especially the redistributive policies), their analysis centres on the Malaysian government rather than the Malaysian companies or even the foreign companies in Malaysia.

The challenge for this new type of theorising is not only to identify the major players and their potential powers, but also more importantly, the power relations between them. The importance of analysis of relationships between entities is at the heart of the second point of contention. These twin tasks - to identify the different social forces and the relationships between them as well as to collect the relevant data - pose both ontological and epistemological challenges which must be considered in such theorising. At the ontological level, we have pointed to the need to go beyond local factors; thus, covering the relevant global factors as well examining other centres of power such as corporations. However, it may not be sufficient to shift focus and observe each individual entity or group in isolation. Studies focusing on a single entity need to be complemented with those examining other important entities as well, in order establish a fuller picture of the social reality. What is necessary is to identify and analyse what relationships each entity has with other entities because the type of relationships each entity has may direct its priorities and actions. The key here is to understand their relationships. The knowledge of relationships will enable researchers to re-evaluate the conceptual divisions, such as the Bumiputra-non-Bumiputra division, and to reformulate new divisions, such as local versus foreign capitalists, as we discussed above.

The fixation on ethnic groups and on typical conceptual trajectories of Malaysian ethnic relations - particularly on whether one ethnic group (either Bumiputra or Chinese) is dominating or benefiting from the nation's development at the expense of the other - hinders or at least marginalises the type of theorising that explores 'new' realignment or groupings, such as the possibility of the growing local business alliances between non-Bumiputras and Bumiputras. This fixation may also hinder the theorising of 'new' conflicts, such as the local business alliances versus the foreign business corporations. Abraham's (1997) analysis on the ways in which colonialism has laid down the

structures of ethnic conflicts in Malaysia fails to take into account the relationship established between the Malay aristocrats and the rich Chinese elites, although due credit must be given for his discussions between the British and the Chinese communities. Yet, the co-operative relationship between the Malay and Chinese elites may have provided some insights as to how ethnic conflicts were suppressed or exploited after independence was obtained from Britain. Similarly, Gomez and Jomo's (1997) thesis on political patronage and rent-seeking activities by the state offers critical evaluation on the relationship between local businessmen and the government; nevertheless, it is short on the analysis on relationships between TNCs and government or TNCs and the local businessmen. One can argue that one of the main reasons such an alliance between the government and local capitalist is forged is to create sufficient concentration of power to negotiate with the TNCs who themselves have substantial concentration of power financially, technologically and in terms of distribution networks; hence, the theorising can be improved with the analysis of relationships with other entities which bear significance and relevance to the matter at hand. With regard to the literature on industrialisation and Free Trade Zones (FTZ)s (for instance, Fong (1986); Warr (1987), Taylor and Ward (1994)), the discussions on problems of backward linkages neglect to take into account the relationship between those export-oriented companies operating in the FTZs and their existing suppliers. We may discover that there are other important considerations besides the quality of inputs of the local suppliers or their dependability or lack of incentives, such as their long-term relationships or contracts with their supplier network which can be part of the competitive strategy for their company. We may also find that some MNCs or TNCs may also be using management techniques such as JIT (just in time management) to push the costs of storage and the risks to the local manufacturers and suppliers. Taylorist measures may also be instituted to manage their smaller suppliers and vendors.

This analysis of company-company relationships is also lacking in the literature on regional co-operation and competition (Suriyamongkol 1988; Ariff 1991; Natarajan and Tan 1992; Chee 1997; Sopiiee 1997). As we have discussed, the regional co-operation/competition is often taken as co-operation and competition between and among countries. There is insufficient analyses carried out to examine co-operation and competition between companies in Malaysia and those from other countries. Yet, with such inter-company analyses, we can be more informed as to the power relations that exist and whether Malaysian companies are benefiting from these co-operative/competitive relationships. In addition, when these discussions use the word 'Malaysia' or the phrase 'Malaysia will benefit', it is often unclear whether the word refers to Malaysian government, or Malaysian companies, or Malaysian workers or a combination of them. However, there are exemptions

such as Jomo's (1993) critique on Malaysia's national car PROTON with Mitsubishi.

Therefore, in advancing the theories of development in Malaysia and in building and integrating the foundations of a new type of theorising, we have so far submitted two points of contention: (1) that there is a need to bring together major entities, groups or centres of power into a working framework of analysis; and (2) that once these entities, groups or centres are identified, the relationships between them need to be analysed.

The third and fourth points that we will focus on relate to the epistemological challenge of this new type of theorising on development in Malaysia. At least, in order to avoid reification of social entities or relationships that do not exist, studies should check these entities or relationships against the data on the ground, for instance researchers can verify this by examining the perceptions and practices of members of the groupings or entities as well as the more objective external structural elements. So, for instance in analysing corporate entities, enquiries can be made to evaluate the perceptions and practices of managers and corporations as well as the institutional or structural data, such as corporate equity and ethnic composition of employees in the corporations. In advancing his ideas of transnational practices (TNPs), Sklair argues on the importance to study abstract concepts in relation to observable phenomena (1995: 59-62). Therefore, even though transnational practices are abstract, they describe and refer to practices of the agents (1995: 59). Such an approach based on practices, focuses on the observable and at times measurable, rather than abstract entities and relations. Sklair states that, "[I]t is not only *impossible* to theorise fruitfully on the basis of abstract relations which are nothing but abstract relations, but it is *only possible* to theorise fruitfully on the basis of abstract relations that refer directly to observable phenomena in material reality" (1995: 59). Similarly, in Mills' classic work on elites, he argues that in order to understand power elites⁷, it is necessary to examine their codes of honour as well as their actions as decision makers (1956: 284-87). Mills claims that codes of honour of the power elites "are the codes of their circles, those whose opinions they defer" (1956: 284). The importance of analysing "their policies and the consequences of their conduct of office" is stressed because they are in strategic positions to make decisions which can lead to detrimental effects on population (1956: 286-287). Although, Mills warns against operating with the assumption that these people belong to a club with permanent and well-

⁷ Mills (1956) describes the power elites as consisting of political bosses, corporate chieftains and military warlords. One of his main theses in his seminal book, *Power Elite*, is that there is an increasing concentration of power in the U.S. with these three interrelated groups of powers holders.

defined boundaries, or with the assumption that power elites have a "unity of policy" because they know one another, he asserts that there are well-established formal and informal relations, especially with respect to their shared beliefs, similarity of institutional structures, and coinciding interests (1956: 287-88).

At this point, it is necessary to outline some of the basic ideas involved in what Blaikie (1993) terms "the abductive approach" of theorising which can address the weaknesses of current development literature on Malaysia. Blaikie traces back the abductive research strategy to the Hermeneutic tradition. He argues that the abductive strategy is being adopted by many who use the Interpretivist ontological and epistemological elements, including Critical Theory, Realism, Structuration Theory, and Feminism (1993: 76-177). Essentially, the abductive approach emphasises the individuals' accounts and explanation regarding their own and other people's actions as the gateway and access to the social world. Consequently, the language of the individuals is crucial in that it embodies the relevant concepts and structure of meanings upon which they construct fragments of explanations or theories about their social world. Researchers, therefore, must integrate these fragments of meanings and interpretations into theories in order to construct a description of their social world. What sets the abductive strategies apart from either inductive or deductive strategies are its standpoints on social life in that it adopts a relativist view of social reality rather than a single reality, as well as its approaches to develop the understanding of social life in that social scientific knowledge is to be derived from daily perceptions, meanings and concepts that are socially constructed. Hence, while the inductive approach of Positivism and the deductive approach of the Critical Rationalism tend to neglect perceptions, meanings, interpretations and intentions, the abductive strategy views these elements as the foundation of theorising for social scientific knowledge. Bringing these arguments back to developing a new type of theorising for development research in Malaysia, this article sees that it is necessary to examine plans, practices and relationships in order to understand the nature and the direction of the entities such as corporations. Thus, new research should consider the embeddedness approach prescribed by economic sociology in which social action and social networks are to be analysed in order to grasp a deeper understanding of economic life⁸.

⁸ Zukin and DiMaggio (1990) emphasise that economy is the result of social action. They dispute against the idea of merely using economic models to explain socio-economic reality and state that economic sociology accepts "the fallibility and flexibility of human action; to view social causation as contingent, path-dependent, and except at microscopic levels, irreducible to simple models of high generality; and to value carefully designed empirical research over ingenious mathematical models based on untested assumptions"

For instance, in studying ethnicity, it will be insufficient to stick to gathering information on income distribution and occupational patterns (for instance, Snodgrass, 1980), or examining the values of the various ethnic groups (for instance, Abdullah, 1992); what is needed is to carry out more studies on their practices and performances of not only the social actors themselves (for instance Huang's (1975) case studies on two ethnic communities in government-subsidised farming settlements), but also the practices and the performances of the institutions and the networks in which the social actors operate. An example of the institution in which ethnic groups operate is the political parties which have been investigated to a significant extent (Arasaratnam, 1970; Ling et. al., 1988; Gomez, 1994). But, beyond the political parties, little effort has been invested in areas such as corporations, labour movements, and NGOs. It is through the examination of practices of social actors, the practices of their social institutions, and the practices of their relationships that we can verify the win-lose assumptions that often become the basis of many ethnic conflict discussions.

Analysing these elements of practices, we may be able to find that there is evidence to suggest that there are some levels of ethnic collaboration and integration. Indeed, it is through the knowledge gathered from the field on the changing nature of groupings and relationships which leads Jesudason (1997) to critique his own previous views of Chinese versus Malay conflict as being no longer useful and that the interaction between these groups has entered a phase of inter-ethnic co-operation. It is also the assumption of this article that to investigate company practices based merely on ethnic conflict vis-à-vis Chinese versus Malay may be inadequate, if not misleading. Approaching research from Chinese versus Malay standpoint may marginalise other possible conflicts, such as local versus foreign capital; and more importantly, it may lead to an oversight of possible ethnic co-operation between the different ethnic groups. Thus, new research which examines the nature of ethnic integration in companies presupposes the possibility that there is some degree of ethnic integration occurring in these companies and this phenomenon is worth investigating. Nevertheless, this article does not seek to debunk the notion of Chinese business community as Jesudason (1997) attempted to. The fact remains that there are still numerous formal and informal ties which bind Chinese business persons together, for instance the associations of Chinese with the same family name, Chinese chambers of commerce, Chinese school alumni associations, and sub-ethnic Chinese groups such as Cantonese, Hokien and TeoChu societies. All these possible networks can serve as the basis for business communities for fellow Chinese. Nevertheless, it can be argued that Jesudason stops short of

(Zukin and DiMaggio, 1990: 2). See also Granovetter's (1985) thesis on embeddedness.

formulating a framework to identify a new division emerging between the local non-Bumiputra-Bumiputra business alliances and the foreign alliances. This brings us the next discussion.

The fourth point of contention aims at building the methodological ability in identifying new social integration and divisions as well as in constructing new theories. By checking the data on the ground, studies should be aware of patterns that may indicate emergence of new entities and groups or new relationships. These entities, groups or relationships may come through by the changing nature of existing entities and relationships or through the arrival of new ones. The emergence of new entities, groupings and relationships does not necessarily eliminate the existing ones, since the incumbent entities, groupings and relationships tend to be more familiar with their own space and locality, and thus, might adapt to the changing environment, such as what has been argued by Dicken (1998) in the case of the state vis-à-vis foreign investment and transnational corporations.

Nevertheless, basing development theories on mere perceptions, meanings and concepts socially constructed by the social actors without sufficient critical evaluation as advocated by the abductive strategies can be erroneous, for these actors can be influenced by the hegemonic powers which seek to condition the former to think and act in ways that support the hegemonic powers. Understanding these perceptions, meanings and concepts is important, but researchers must be able to assess them critically⁹.

CONCLUSION

In conclusion, this article asserts that the process of theorising ought to be a dynamic one. In bringing the development literature to a new level, the theorising should be able to (1) use theories in order to formulate conceptual frameworks, (2) study the evidence on the ground and identify new patterns to be the basis of theory formulation, and (3) explore the perceptions and the meanings of the social actors to capture the reality as constructed by them and their interaction. Therefore, although the abductive strategy advocates the view

⁹ Rex argues, "For, whereas the actor's use of meanings is open-ended, situation-bound and often inconsistent, the sociologist who uses these meanings in order to provide definitions and rules of transformation in his ideal typical theory when he uses it for explanatory purposes can, if he wishes, always subject the interpretation and meanings which he takes over from the actor to some kind of test, and he is likely to do so when he finds himself in dispute with his fellow sociologists" (Rex, 1974: 47).

of social reality as a social construction of actors, for the fourth point of contention, we stress that both the 'insider's view as well as hard evidence from the 'outside' (such as events in Malaysia's history, changes in government's economic policies, or in the case of corporate organisations, data on companies' percentage of foreign equity and patterns of promotion) should be the basis for theorising in development literature in Malaysia. To reiterate, a poly-centric society as the one in Malaysia with a rich mixture of internal and external social forces, cannot be fully understood through a uni-centric analysis. New theorising on Malaysia's development should, therefore, constantly examine the ontological and epistemological assumptions of the present paradigms and seek to confirm or challenge them; thus, eventually advance the knowledge of Malaysia's social reality.

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