

A New Perspective for Rural Bank's Transformation: A Case Study of Wuwei Rural Bank in China

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Abstract

Rural bank played an important role in the Chinese economy. They perform financial tasks by giving microcredits to their customer and support projects aiming at reducing poverty. But in recent years, the rural bank in China haven't finished the tasks successfully. This paper focuses on the transformation of the Wuwei rural bank in China and explore the practice logic of the transformation. With the Bourdieu's practice theory, we plant the habitus and the symbolic capital into transformation practice. This paper benefits from a particular ethnography enriched by oral cultures and engaged observations in two years of fieldwork followed by a middle-long follow-up study. We have interviewed the residents in the Wuwei and the senior managers of the Wuwei rural bank for several times. The study examines that transformation of the rural bank is not only the business transformation but also the social transformation. Change the residents' habitus and develop the symbolic power can make the transformation successful. These considerations are much more complicated than the traditional view of transformation but provide a new perspective in the transformation of rural banks and provide a new model for improving financial and social efficiency and reducing the poverty.

Keywords: Bourdieu; symbolic capital; habitus; rural bank; China

1. Introduction

In transformation research, the characteristics of theory logic limit the theory seeing through practice, which makes the theory confronted the dangerous of distortion when the practice is brought into the theory dialogue (FENG Xiang-dong, 2012). Bourdieu raised "practice logic", and considered it as the medium binding theory and practice (Bourdieu, 1990a), which was of methodology significance for the transformation research of the rural bank. Rural bank played an important role in the Chinese economy. In recent years, technological and legal developments, as well as changes in the business strategies of larger banks and nonbank financial service providers, have purportedly made it more difficult for commercial banks to attract and retain customers, and hence to survive (Dean F. Amel and Robin A. Prager, 2016). More and more commercial banks are trying to develop the rural market and set up the rural banks.

But the residents' habitus are not easy to be changed and it makes the rural banks have difficulty to attract and retain customers (Bourdieu, 1990a). Rural market is a blue ocean for the commercial banks in Chinese country, and how to develop the rural market is the key of the transformation for the banks (QU Xiaogang and LUO Jiangchao, 2013). The traditional view for the strategy making or the analysis of the market with the SOWT (strengths, weaknesses, opportunities and threats) method or the PEST (political, economic, social and

technological) method becomes inefficient in the rural market developing. It is very important for us to find the mechanisms of the transformation with the critical realism. The commercial banks should find the operational mechanisms of the rural banks and then the transformation will be successful. In order to find the operational mechanism of the rural banks, we should know about the habitus of the residents. This paper use the theory of the Bourdieu and extend the work into the field of sociology and provide a new perspective in the transformation of rural Banks.

2. Bourdieu's theory

Bourdieu's ideas constitute a practice theory based on his "relational thinking" (Kelum Jayasinghe and Danture Wickramasinghe, 2011). The key concept of the Bourdieu's theory is the habitus, capital and field. The "relational thinking" make it easy to understand the relationships of these three concepts. And Bourdieu summaries the practical logic as: $Practice = (habitus * capital) + field$.

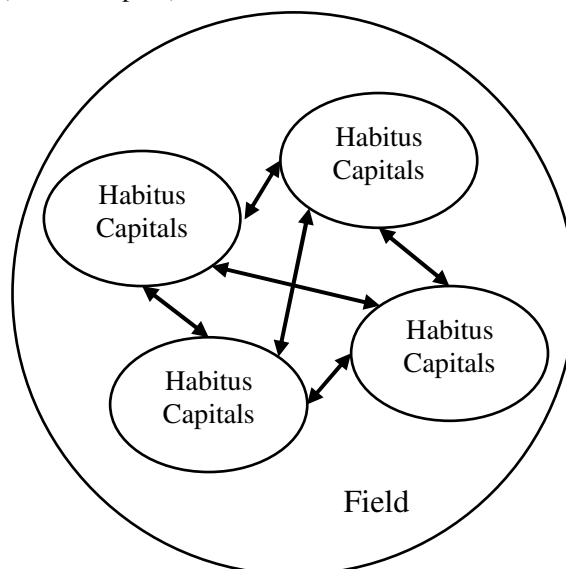


Fig.1. Diagrammatic representation of relational thinking: practical logic of Bourdieu.

Field in the Bourdieu's theory means social space which has the characteristic of produced and reproduced. For Bourdieu, a field is a duality that consists of a structured space of positions and a space of positions-takings (Joseph J. Ferrarea and Michael W. Apple, 2015). The space is not refers to the space of physical but constituted with a series of objective historical relations which depended on the various forms of the power or the capital. The field is the main place for activities that structured by the social agents who follow the certain logic. And the social agents are all influenced by the field, it depends on the structure or the quantity of the capital but also depends on the agents' habitus and positions.

Habitus is a way of conceptualizing how social structures influence practice without reifying those structures or falling into the traps of voluntarism, determinism, subjectivism and objectivism (Anne-Laure Fayard and John Weeks, 2014). Bourdieu's concept of habitus explains the interpretation process particularly well. Habitus stresses that the objective structures, such as institutions, social relations and resources, become embodied and internalized in the cognitive structure of agents, and that this is further realized in practice. It is acquired over the lifetime of an individual by virtue of the objective economic and social conditions of his or her existence (Anne-Laure Fayard and John Weeks, 2014). That is to say, no one has exactly the same biography as others, and the agents' habitus maybe homologous when they live in the same context and share a similar social class but can't be identical. Habitus is both a system of schemes of production of practices and a system of perception and appreciation of practices. And, in both of these dimensions, its operation expresses the social position in which it was elaborated. As the Bourdieu's words "possible the free production of all the thoughts, perceptions and actions inherent in the particular conditions of its production – and only those", all agents' behavior are regulated by their habitus and the habitus tends to generate practices that ultimately reproduce the original objective conditions and so functions as structure.

In the Bourdieu's theory, the field is seen as a struggle space for agents who use their capitals. Bourdieu classified the capitals as four capitals: economic capital, cultural capital, social capital and the symbolic capital. Economic capital is consist with the factors of production, property and some of the economic interest. Economic capital is the basic capital for the social activity and the economic capital has the different

characteristic in the different social context. Cultural capital is the same as the economic capital that forms the principle in the social distinction. Cultural capital that can be incorporated into dispositions (taste and lifestyle, for example), objectified (cultural goods own by an agent), or institutional (for instance, educational qualifications) (Hanna-mari Husu, 2013). So that we should consider the forms of the cultural capital when we analysis the characteristics of the cultural capital. For instance, the cultural capital of the disposition is transformed by the economic capital in a long time, and which makes it has the historical and timeliness. Moreover, the value of the objective cultural capital depended by dominant capacity of the appreciation and consumption which included in the cultural property, and is not depended by the cultural capital, per se. The institutional cultural capital, has the self-discipline which independent of the owner because of the relative independence of the institution per se.

Social capital is the social resource or the fortune which acquired with the social relations. The reproduce of the social capital rely on the institutions which promote the legal exchange activities and reject the illegal exchange activities. For instance, the social capital can reproduced in the sport games, clubs, masquerades and any other social activities. Symbolic capital refers to the capitals with the symbolic such as honor, prestige and respect. Symbolic capital is based on the possession of economic and cultural capital, which draws attention to the class position and middleclass status of the members (Hanna-mari Husu, 2013). A key property of symbolic capital is that it is not strictly intrinsic in an individual, but in fact developed as a result of social interaction (Shane Francis Conway, John McDonagh, Maura Farrell and Anne Kinsella, 2016). So the symbolic capital is different from the other capitals and it is a sociological phenomenon which legitimated by the field-specific conditions. Symbolic capital that becomes official, as in the case of official languages, is often embedded in histories and ideologies that may challenge the hegemony of the state (Niloofar Haeri, 1997). It is more powerful in an invisible way than any other hypostatic capitals.

In the Bourdieu's primary 'thinking tools' premising the sociology of everyday life, 'relation thinking' can help us to understand the complex theoretical triad consisting of 'habitus', 'capital' and 'field'. Agents are influenced by the field, and agents are always conflict with each other with their capitals, which will restructured their habitus.

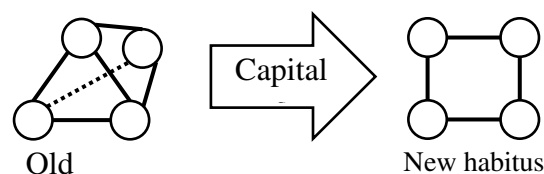


Fig.2. Diagrammatic representation of habitus restructured.

3. The transformation practice of the Wuwei rural bank

Focusing on the transformation practice of the Wuwei rural bank, we examined their changing mechanisms of the transformation practice. Bourdieu's idea of the construction of social space (field positions) and position-taking provides insights into rural bank transformation research.

Staying true to its essential cause, this research employed an ethnographic method in an attempt to secure an in-depth understanding of the sociology factors or anthropology factors that influence the process of the rural bank transformation. Following Bourdieu's ethnographic method, a detailed survey was initially undertaken with residents in attendance at a series of field work. We follow the case for 2 years and do the survey in 21 towns throughout the Wuwei country by communicating with the residents for twice, the first investigation took place in October to November 2013 and the second took place in November to December 2015.

As we mentioned before, in the field of the bank loan project, the bank loan was a historically constructed discourse. The bank loan in the rural market is different from the bank loan in the urban market. According to our research, Wuwei country is one of the top ten poverty country in China in the past. In Wuwei country, preliminary results from Statistics Wuwei most recent census indicate that most of farmers were aged 60 and older, other residents are all work in nonlocal. So the target market of the rural bank is the farmers were aged 60 and older. But most of the aged were lack of education and were influenced by the feudal history and culture in China, adopting the bank loan become very difficult for them.

In order to understand the rural market conditions, we do the first survey two years ago and took an interview with the local farmers, the dialogue as following:

Q: Could you please tell me whether you have known about the rural bank?

A: I known only a little, not too much.

Q: Will you save your money at the Wuwei rural bank? If not, could you please tell me the reasons?

A: No, I'm worried about the risk of the rural bank, and I like keeping the cash in my house, I know only a little about the rural bank, and if the rural bank is the China bank or the bank which established by the government, maybe I will save my money in the bank, and that is security.

According to the communication with the residents, we concern about the nature of residents. The most of the residents have the awareness of the risk about the rural bank two years before, and they want to keep money in their house rather than save in the bank. We want to make the explanation for this phenomenon, and found the Bourdieu's theory. Habitus produces practices and representations which are available for classification, which are objectively differentiated; however, they are immediately perceived as such only by those agents who possess the code, the classificatory schemes necessary to understand their social meaning. Habitus thus implies a "sense of one's place" but also a "sense of the place of others" (Bourdieu, 1989). Central to this observation is the concept of habitus, which can be understood through the nature of the agent's action. The role of the structural and the imprints of history are significant in the notion of the habitus, everyday interaction are seen to contain and express elements of the social, revealing also the influence of American symbolic interactionism in the formulations (Elizabeth B. Silva, 2016). We all know that the residents are lack of education and deep-influenced by the feudal history and culture in China, so that their habitus were shaped in the context and can't be changed easily. These residents live in the village for a long time and deeply influenced by the ideas what is backward and feudal, this is inherent and structured in their body and can't be changed easily.

But now, when we do the investigation last year, we were all shocked by the development of the Wuwei rural bank because it has occupied the rural market completely. The ATM have embedded into the every village and have attracted lots of farmers use the ATM successfully. But how can such a big exchange realized? We make a communication with the local farmers.

Q: How long have you use the ATM? We know that you were worried about the risk of the rural bank and didn't want to save your money in the bank, but why you like to use the ATM now?

A: We have used the ATM for one year approximately, and we were indeed worried about the risk of the rural bank, but the Wuwei rural bank has made the publicity with the local government for several times, we trust the government and we trust the Wuwei rural bank. Then the ATMs of the Wuwei rural bank are all built in the house of the chief of the village or the store in the village, and they are empowered by the Wuwei rural bank. We captured the information in the dialogue and seek to find the essential motivation of the successful transformation. According to the statement of the respondents, we think the symbolic capital have played an important role in this rural bank transformation. The symbolic capital is be known as the highest form of the capital, and which refers to the legitimate bases for claiming esteem, honor, prestige, respect and recognition within a given field (Bourdieu, Wacquant, L.J.D., 1992). When we rethink the transformation practice of the Wuwei rural bank, we can find the reputation of the village head and the recognition of the store in the village, which are the presentation of the symbolic capital what we are talking about. Wuwei rural bank made the publicity with the local government, it is the rational use of the government's symbolic capital especially. In order to verify the authenticity of the analysis above mentioned, we take a communication with the governor of the Wuwei rural bank.

Q: could you please share us about the prosperity of the rural bank transformation? We are all curious about the motivation that make farmers changed greatly.

A: We have made many strategy for attracting rural customers before and then failed, so we consulted a professor and were told that we should get rid of the traditional methods and try to make strategy based on the sociology. So we became analysis the behavior of the farmers and try to affect the farmers with the help of the authorities in the village.

Q: That sounds good, and what is the next step you will make for developing the rural bank?

A: We use the power of the authorities, which comes from others and that is temporary, so we should develop and enhance the authority which comes from Wuwei rural bank per se next. We become to help the poverty and do some public good such as establish the school or support who want to start a business etc. The analysis have been confirmed according to the interview with the governor of the Wuwei rural bank. The facts provide us a new perspective for the transformation and confirmed that Bourdieu's theory is feasible in conducting the practice of the business transformation.

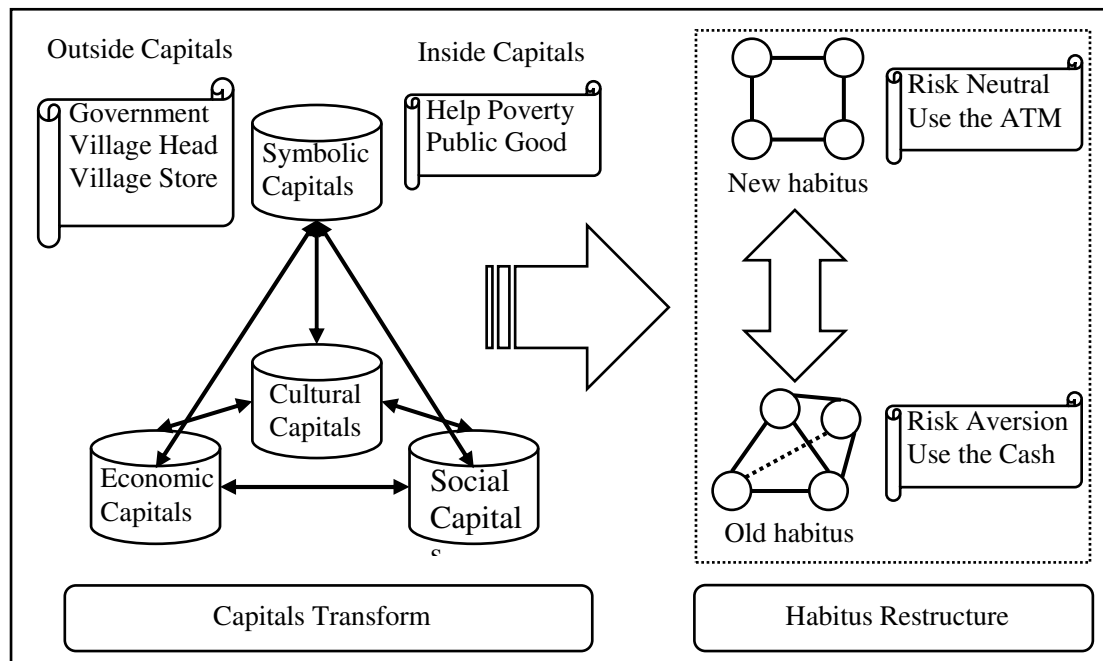


Fig.3. Diagrammatic representation of Wuwei rural bank practice logic.

The traditional strategy become invalid in the practice of the business transformation, find the motivate mechanism of the activities maybe the most important thing than planning. Pointing at critical realism as a fruitful philosophical position for research within business transformation. From the investigation we did over the years, we argue that factors that affecting the performance of the Wuwei rural bank is not the service, management or the governance structure, but the habitus of the customer. So research the habitus of the customer can help the manager make the correct decision.

4. Conclusion

This paper provide a new perspective for the business operation as evident from the case study above. Critical realism acknowledges the independent causal powers of both agents and structures and thus provides a suitable platform for investigating causal relationships between social conditions, spatial urban structures and the actions of agents (Petter Naess, 2015). Critical realism is the research paradigm for searching the mechanism and the practice theory of the Bourdieu provide us the ideas for the mechanism. Research result argues that searching the mechanism can't be restrained in on field, it may be found in the any other fields.

Habitus is embodied and internalized in the cognitive structure of agents, and it is the lifestyle with the people's life and activity. Considering that habitus stresses that the objective structures, such as institutions, social relations and resources. This may indicate that we should change the agents' habitus according to the objective structure, symbolic power play an important role in the restructure. From Bourdieu's perspective, the person who is full of economic capital, cultural capital and the social capital can turn to the new position firstly. As the symbolic capital is the highest form of the capitals, it will be enriched in power that can make habitus restructure. This research includes focusing on capital and interaction in transformation field, which provide a new research perspective for business transformation from a sociology field. While the business transformation research project, which has flourished in the last few decades, tends to romanticize the roles of transformation in organizations, institutions and society, the Bourdieu's theory point to the roles of the social in transformation. We leave this to future research for more empirical evidence that we can try to do more work in the managerial and economic field with a sociological perspective. Bourdieu's theory provide us a new direction for researching the business transformation.

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