Chapter 1 Setting the Scene


At the end of 2014, a serious accident occurred on the construction project site of the affiliated high school of Tsinghua University in China. During the steel construction work on the basement floor, about 2,000 square meters of an upper steel bar collapsed. Ten workers were killed and four wounded.\(^1\) This disaster however is just one of the many major construction incidents that occur in China each year.

Over the past three decades, the Chinese construction industry has been a major economic force. It is estimated that, during 1978-2007, the development of the construction business in China has maintained the same rapid speed as that of GDP over the same period.\(^2\) In addition, the construction business shows a great capacity of absorbing labour forces. According to statistical data, it accommodated 19,943 million employees in 2000, while the number rose to 41,604 million in 2010.\(^3\) However, occupational safety in China’s construction industry is indeed hazardous, scoring second in terms of serious and fatal accidents only after China’s notoriously unsafe mines.\(^4\) For instance, in 2013, one in every 150 construction businesses experienced an incident, and on average about 1.27 persons died as a result of such an incident.\(^5\) This data has not yet included those various but non-fatal injuries at the workplace (i.e. at

\(^5\) Data Resources: Official website of Ministry of Housing and Urban-Rural Development of PR China; China Construction Industry Yearbook, 2014.
the construction site), which were not recorded in the official statistics.

China has attempted to control high risks of construction work. It has developed an intricate system of laws and regulation to regulate such risks through legal means (see Appendix 1 Legal Framework of the Construction Safety Case in China). Moreover, the state has established a complete institutional system from the central level down to county/municipal district levels to implement such regulation (see Appendix 2 Regulatory Framework of the Construction Safety Case in China).  

Despite all this, fatal and wounding accidents in Chinese construction remain common. This results from a problem of limited compliance. Persistent safety violations continue to occur in China’s construction industry. For instance, authorities found 17,304 safety violations at 44,880 construction projects during only one national enforcement campaign in 2012. In other words, there was a safety violation at one in every 2.6 construction projects, and these only included the ones detected during the campaign when many projects most likely do their best to evade being caught. Thus, construction safety compliance remains a big challenge in China.

2. Compliance as a Key Challenge in China

Compliance is not just a challenge in the construction industry. China is facing challenges of regulating risks in many other regulatory domains such as environment, food, natural resources, occupational health and safety, tax, finance, and intellectual property. The

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problem is not a lack of law. On the contrary, China has developed a comprehensive legal framework of economic and social regulation at both the central and local levels. In the meantime, a corresponding institutional framework running from the central level down to its more than 2,000 counties/municipal districts has been set up to implement these regulatory laws. The problem is how these institutions actually enhance compliance and help to transform the written legal norms into behavioural changes in practice. In other words, China faces a key challenge of how to achieve compliance. And such a challenge has been addressed, for the first time, in the most authoritative programmatic document so far on the rule of Law, issued by the ruling party (i.e. Chinese Communist Party) of China in 2014.

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9 Christine Parker and Vibeke Lehmann Nielsen have defined the terms ‘social regulation’ and ‘economic regulations’ in detail: social regulation is expected to help avert environmental catastrophes, prevent accidents and ill health in mines, factories, transport and food production systems, secure the delivery of essential services (power, water, housing, communication) in an equitable way, achieve justice and social inclusion for the disadvantaged and keep people’s assets and livelihoods safe from financial crisis; economic regulation is used extensively to curb monopoly, promote competition, and to set standards for prices and quality in industries. See: Parker, C. & Nilsen, V.L. 2011. "Introduction chapter", in the book of Explaining Compliance: Business Response to Regulation, edited by Parker and Nielsen. Cheltenham, UK & Northampton, MA, USA: Edward Elgar. The focus of this book is on social regulation.


11 As known, the Chinese Communist Party (CCP) is the sole ruling party in China. So the programmatic document issued by CCP actually embodies the leading policy of national governance. At the beginning of each year, CCP will hold a plenary meeting and address some specific issues. In 2014, the plenary meeting issued a comprehensive programmatic document on ‘rule of law in China’, which was the first time that the issue of ‘rule of law’ had been discussed and addressed specially and stated in a special document from the CCP. In this sense, it acts as the most authoritative programmatic document so far on rule of law in this country. In this authoritative document, the word ‘compliance’ was mentioned 14 times, and ‘promoting the public to obey the law’ was one of the crucial targets of rule of law construction. See: Bulletin of the fourth plenary session of the 18th
The challenge first lies in limited compliance. China continues to suffer from the loss of natural resources (Huang, et al., 2011), environmental pollution (Wang, Jin., 2011), unsafe food (Zeng, 2012), labour violation and dispute (Ma & Zhao, 2009; Cooney, 2007), workplace accidents (Ding, 2014), financial irregularities (Li, Cixiang., 2015; Zhou, Fenmian, 2014), tax evasion (Wang & Zhang, 2014; Cong & Shao, 2016), and infringement of intellectual property rights (Dimitrov, 2009; Ding & Du, 2012). Violations of regulatory law seem quite common. A limited level of compliance itself challenges enhancing compliance. The more people and enterprises break the law, the harder it is to create a credible enforcement threat against violators, and the more likely it is that violations become normal in social practices and are reflected in lower market prices for products made through such violating practices. Widespread violations of the law present a formidable challenge for improving compliance.

The challenge also lies in only having limited knowledge of compliance in China. Both practitioners and scholars have largely ascribed these problems of violations to the issue of weak enforcement. In public government documents, for instance, we often see an official expression saying ‘violation remains a universal problem. Accordingly, enforcement must be strict and violations must be detected and punished severely’ (‘Zhifa biyan, Weifa bijiu’). Sometimes, an intensive response has been an enforcement campaign to eliminate violations in the short-term. Some scholars echoed the central committee of the Communist Party of China (i.e. the governing party).

12 Such formulation can be found in all kinds of official documents and files issued by the central government as well as its various departments. Here is an example that the policy orientation is addressed by a high level of authority. In March 10, 2011, the Chairman of the Standing Committee of the National People’s Congress (on behalf of China’s top legislative body) made an important annual report at the annual session of the National People’s Congress. The report announced that China has basically established a comprehensive and complete legal system with Chinese characteristics. At present, it becomes more outstanding and vital to emphasise the matter of strict enforcement and punishment for violation (‘Zhifa biyan, Weifa bijiu’). See: http://news.xinhuanet.com/legal/2011-03/10/c_121170711.htm.

13 Concerning study of enforcement campaign in China, please also see: Van Rooij, B.
policy orientation of the government, arguing that universal violations are the result of weak enforcement in terms of low detection probability and sanction severity, and the fragmentation of regulatory authority. The possible solution then lies in strengthening deterrence of regulatory enforcement (Chen & Lin, 2006; Tong & Ding, 2006; Xie, 2003; Huang, 2003; Zhao, Zhang, & Wang, 2007). Scholars have analysed why enforcement is so challenging by studying enforcement capacity, awareness, resources, independence, autonomy, and structural constraints (Van Rooij, 2006, 2015; Chen, Baifeng, 2015; Liu, Lei, 2015; Lo, et al., 2009; Wu, 2000; Song & Li, 2004; Cao & Wang, 2007; Xiao, 2012). Some research has also indicated complicated relations between the government and the market (Wang, Shaoguang., 2005), between the political and the business realms (Yan, Ye., 2005, 2012), and between the central and the local levels (Van Rooij. et al., 2016), which eventually impact enforcement.

With much attention directed to enforcement, little is known about how the regulated actors make decisions about compliance. (e.g. why the regulated actors tend to obey the law or not? What causes the behaviours of the regulated actors?) There is little knowledge of what the current legislation and regulatory enforcement mean for the regulated actors in China. And for years, compliance has not been the focus of studies, as for instance, the only relevant official propaganda in the legal education for the public is: ‘abiding by the law is the basic duty of the citizen’ (‘Shoufa shi gongming de jiben yiwu’), 14 which implies obeying the law is self-evident. So breach of such duty is generally ascribed to an individual’s low level of legal consciousness (He, Fusong, 2013; Feng, Yue, 2008), or to disgraceful pursuit of economic profits by a business (Tong & Liu, 2006; Chen & Lin, 2006; Liu, Z. 2005).

In order to understand China’s compliance challenge we must

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14 In the past twenty years, China has launched six successive national programmes of ‘Five-year Planning of Legal Publicity and Education’ (1986-2015), with the purpose of spreading legal knowledge and increasing legal awareness of the public.
look beyond problems in enforcement for two main reasons. First, simply understanding enforcement does not describe how it is perceived by the regulated actor. Deterrence arising out of enforcement is something that works through the perception of individual decision makers who can direct their organisation towards violation or compliance.\textsuperscript{15} Such perceptions need not match actual enforcement threats. Second, understanding enforcement does not mean we can improve compliance. Many enforcement problems in China are structural and difficult to change, especially through research. Moreover, and this may be good news, compliance is not just the product of deterrence and enforcement but entails a range of other influences, including organisational characteristics, operational costs and benefits, behaviour of others, our own morals and interests and unconscious influences.\textsuperscript{16} There can be compliance even when there is limited deterrence and weak enforcement, because other variables are at play.

Fortunately there is some compliance work on China we can draw from. For instance, some recent empirical studies in China showed that: changes in legislation and enforcement have had limited impact on compliance. The regulated behaviour was case based, and often the result of interactions between actors and their social, political, economic, and regulatory contexts, and also can be influenced by internal characteristics of the firm such as its size, its pension structures and its leadership (Van Rooij, 2006). In some cases, even though state enforcement was weak to non-existent, the regulated actors still perceived high risks of violating the law, which come from plural deterrence resources (Van Rooij, 2015). Also in some cases, individuals' behavioural decisions were influenced by

\textsuperscript{15} For example, the study of tax compliance by Chinese lawyers, see: Van Rooij, B. 2015(published early view online). "Weak Enforcement Strong Deterrence: Dialogues with Chinese Lawyers About Tax Evasion and Compliance." Law and Social Inquiry.

\textsuperscript{16} For instance, the study of pesticide compliance of Chinese farmers, see: Yan, H., Van der Heijden, J. and Van Rooij, B. 2015. "Symmetric and asymmetric motivations for compliance and violation: A crisp set qualitative comparative analysis (csQCA) of Chinese farmers." Regulation & Governance (accepted for publication).
complex constellations of variables including amoral calculation, legitimacy and capacity (Yan, et al., 2015). This strand of empirical compliance research, although limited, highlights the level of complexity in compliance practice, revealing many variations in terms of motives, factors, conditions, as well as contexts that might influence compliance behaviour. Further exploration of different issues in compliance and in different fields in China are needed.

Addressing these issues, this book presents an exploratory study of how the regulated businesses in a singular sector, the construction industry, complies with the law in a singular regulatory arena, work safety rules, in China. With an empirical case study of construction work safety compliance in China, this book first seeks to refine some theoretical insights to understand regulatory compliance in China, and to present lessons that can be drawn from this case study as well as the approaches used in the research.

Moreover, this book seeks to add a Chinese case to the general regulatory compliance theory that has largely been developed from findings in North America, Europe and Australia. In some sense, there is a theoretical need for comparative compliance studies beyond Western contexts. On the one hand, it explores whether the existing body of literature generalises outside of a Western context, to reflect on compliance behaviour in the rest of the world. On the other hand, empirical cases in contexts outside of the West will probably shed new light as well as reflections upon exiting knowledge of regulatory compliance as well as future research. For instance, a recent study conducted by Van Rooij and his colleagues (2016) directly compared compliance decision-making concerning digital piracy amongst Chinese and American students showing marked differences. The authors thus argued for the necessity of comparative compliance studies.

3. Understanding Compliance through Processes: Theory and Application

The case study in this book, building on the existing literature,
focuses on the processes of compliance. General compliance theory teaches that compliance is not the sole product of deterrence or even the amoral costs and benefits of violating or obeying legal norms, but also the capacity to obey or break the law (Coleman, 1987; Kagan & Scholz, 1984) and the moral (Vandenbergh, 2003), social (Cialdini & Goldstein, 2004) and procedural (Tyler, 1990) legitimacy of the law. Such theory also teaches that compliance should not be seen just as an outcome shaped by certain variables, but rather as a series of processes in which different norms (some legal and others social or normative) and different actors (both regulators and the regulated) interact to shape behaviours and also the meaning of the legal norms themselves (Heimer, 1999; Lange, 1999; Hutter, 1997; Fairman & Yapp, 2004; Bruijn, et al., 2007; Turner & Gray, 2009). In this sense, a process perspective is needed, especially for empirical studies aiming to analyse multi-levels and multi-actors of compliance practice.

On the one hand, when we perceive that the corporate compliance concerns certain sub-processes, for instance, the external regulation level, the internal organisational level, and the individual level, we are able to identify the network of various actors in the action, and identify diverse interaction patterns between actors, which together come to shape the performance and meanings of compliance. On the other hand, a process analysis allows for integrating a top-down and a bottom-up analysis (Cf. Sabatier, 1986; Mascini & Bacharias, 2012). If ‘compliance will be understood as consisting of a situation in which behavior comes to be in accordance with a legal norm’ (Van Rooij, 2013), first of all, we can view this as a top-down process with a legal point of departure where legal norms become selected, activated, enforced and thus affect behaviour. In the meantime, we can also view it from the bottom-up with a behavioural point of departure by understanding the explanations of regulated actors for their behaviours and tracing back whether and how elements of legal norms have shaped such behavioural explanations. So for example in this study, we are able to analyse how safety law is implemented and policy goals can be achieved through regulatory
enforcement (top-down), and also analyse how the regulated businesses perceive and react to such regulation (bottom-up). Furthermore, we are able to analyse how internal safety compliance is managed and fulfilled by the organisation (top-down), and also analyse how individuals within the organisation perceive and react to such compliance management (bottom-up). By doing so, it becomes possible to provide theoretical integration, which has been deemed a strategy worthy of consideration (Vaughan, 2007).

When summarised in the broadest manner, there are three major perspectives in the existing compliance literature to explain and study compliance of the regulated business: compliance as processes of responding to external regulatory enforcement pressures, compliance as the internal management processes in the regulated entity (i.e. the organisation), and compliance as the individual decision-making processes within the regulated organisation.

This study seeks to presents a uniquely comprehensive understanding of corporate compliance by integrating the above-mentioned perspectives. More specifically, this study aims to understand safety compliance through three processes: regulatory enforcement process, organisational compliance process, as well as individual compliance process within the organisation (see Figure 1.1).

**Figure 1.1 Compliance through Processes**
This research will first analyse the **external regulatory process.** A large body of literature has analysed how external regulation and enforcement shape compliance. Earlier scholarly attention has discussed what may be an ideal approach for regulation to achieve compliance. It might be a deterrence-oriented or compliance-oriented approach (Becker, 1968; Hawkins, 1984, 1989; Gunningham, 1987; Kagan, 1994; Hutter, 1993; Gray & Scholz, 1993). Later, much effort has been devoted to analyse functioning of regulation in practice. A major focus has been to document variation in enforcement strategies or enforcement styles, as well as its contribution to compliance (e.g. Ayres & Braithwaite, 1992; Braithwaite, et al., 1994; May & Winter, 1999, 2000, 2011; Braithwaite, 2002; Johnstone, 2003; Mascini & Van Wijk, 2009; Baldwin & Black, 2008; Gunningham, 2011). Scholars have also sought to understand how regulation becomes successful or ineffective, and shapes compliance. The explanations range from the discretion of frontline inspectors (Lipsky, 1980; Hutter, 1997; Hawkins, 2002), agency factors such as financial and personnel resources, organisational goals and structures (Kagan, 1994; Reiss, 1984b; Wood, 1988; Wilson, 1989, Van Rooij, 2006), and the external political, social and economic influences on regulatory enforcement (Kagan, 1994; Hutter & O’Mahony, 2004, May, 2005b; Van Rooij, 2006). Scholars have also explored new directions for effective enforcement, arguing for smart regulation, or networked enforcement, in which plural regulatory resources get involved (Gunningham & Grabosky, 1998; Braithwaite, 2011; Van der Heijden, 2011, 2015, 2016; Van Rooij, 2012b) [more details on external regulatory research literature can be seen in chapters 2 and 3].

Building on the literature, this study will analyse the regulatory process of construction work safety by looking at how regulatory agencies conduct safety regulations, what shapes or influences such regulatory practice, and what impact such regulatory practice has upon the regulated construction business.

Next, the research will analyse the **organisational process.** In
another vein of compliance studies, scholars have increasingly turned their attention to ‘the other side of the compliance relationship’: the regulated business entities (Gray & Silbey, 2011; Parke & Nielsen, 2011; Hutter, 2001). They aim to understand, from the perspective of regulated actors, how they respond to the law and how they interact with regulators and their enforcement (Braithwaite, et al., 1994; Braithwaite, 1985; 2002; Gunningham & Kagan, 2005; Eriscon & Doyle, 2006; Mascini & Van Wijk, 2009; Gray, 2002, 2006a; Gray & Silbey, 2011, 2014). Much attention has been given to variations in compliance by referring to organisational motives (Kagan, et al., 2003, 2011; Gunningham, et al., 2003, 2005; Sutinen & Kuperan, 1999; Winter & May, 2001; Parker & Nielsen, 2011; Nielsen & Parker, 2012; Simpon & Rorie, 2011), or to organisational capacities and characteristics, for example lacking the (financial, technical, informational and human) resources (Huisman, 2001, 2016; Van Rooij, 2006; Parker & Nielsen, 2009a), the knowledge of the law and external influence (Hutter & Jones, 2007), size of organisation (Huisman, 2001), characteristics of the industry sector (Gunninham & Kagan, 2005), managerial oversight (Parker & Nielsen, 2011), organisational identity (Borck & Coglianese, 2011). Moreover, research has focused upon how internal compliance systems function in practice (Parker & Nielsen, 2006, 2009a; Parker & Gilad, 2011; Kagan et al., 2002) [further details of organisational compliance research literature can be seen in chapter 4]. Inspired by the literature, this research seeks to analyse the internal management processes of how regulatory rules are operationalised and enforced within the construction project organisation. It will take a close look at how the organisational structure, the leadership, as well as the internal processes affect the transformation of external legal rules into operational processes within the construction work and how this shapes compliance practices.

Finally the study will analyse individual process. Increasing academic attention has been given to individuals within the regulated businesses. It is believed that study of organisational compliance
should not only examine the organisation itself as a unitary unit of analysis, or only give priority to the manager/management. The individual employee within an organisation could have various values, perception, as well as actions, which play a role in shaping meanings of the organisation (Parker & Nielsen, 2011; Tyler, 2011; Gray & Silbey, 2011). And more importantly, it can add a bottom-up perspective to both regulation and corporate compliance research (Mascini & Bacharias, 2012; Almond & Gray, 2016). On the one hand, we need to consider why and how the individuals within the organisation comply or not. General compliance theory states that compliance is not the sole product of deterrence or amoral costs and benefits of compliance or violation (Kagan & Scholz, 1984; Braithwaite & Makkai, 1991; Hawkins, 1983; Thornton, Gunningham & Kagan, 2005; Winter & May, 2001; Becker, 1968; Slapper & Tombs, 1999; Polinsky & Shavell, 2000), but also the capacity to obey or break the law (Coleman, 1987; Kagan & Scholz, 1984; Winter & May, 2001; Van Rooij, 2006; Kim, 1999) and the moral (Vandenbergh, 2003; Braithwaite, 2003; Tyler, 1990), social (Cialdini, 1990, 2007; Cialdini & Goldstein, 2004; Cialdini & Trost, 1998) and procedural (Tyler, 1990) legitimacy of the law. On the other hand, interactions between individuals and regulation, between individuals and internal management may help in understanding corporate compliance. For instance, Gray and Silbey’s studies (2014) on factories, truck drivers, and research laboratories showed that employees within the same organisation interpreted the nature of the regulators’ capacity and role differently due to different occupational positions within the organisation [further details of individual compliance research literature can be seen in chapter 6]. Based on this literature, this study also focuses on individual compliance by looking at how individual employees (i.e. construction workers in this case) conduct safety practices and what influences the compliance decision of the individual.

In sum, this research seeks to understand corporate compliance through processes. It is a new combination of study, using qualitative
methods, to examine all three major levels, which is unique not just to China but elsewhere.

4. Main Research Questions

In brief, this book aims to conduct an exploratory study of corporate compliance through three interrelated processes. It is achieved through an empirical case study of construction work safety compliance in the selected M City, China (*details of research methodology will be introduced in the next section*). The research seeks to answer the following main questions:

1. What are and how do the processes of external regulatory enforcement, internal compliance management, and individual compliance decision-making function and influence compliance practices with the work safety law in the construction industry?
   1.1 What are the practices of safety regulatory enforcement? How does the external regulatory process shape safety compliance?
   1.2 What are the practices of internal compliance management? How does the organisational process shape safety compliance?
   1.3 What are the actual compliance-related behaviours of the individual workers? And to what extent does the individual process act as one part of corporate compliance?

2. What are the broader theoretical implications and practical insights of the answers to Question 1 for the management of work safety risks in China, improving compliance in China and enhancing the regulatory compliance theory?

5. Approach and Methodology

(1) A frontline approach\(^\text{17}\)

In general, this research adopts a so-called ‘frontline approach’,

\(^{17}\) This phrase was directly borrowed from the work of Garry C. Gray, but the overall methodology in this study was also inspired by other researches. In the meantime, the scope and focus of a frontline approach were broadened in this study.
which was borrowed from two empirical studies. One is about street-level bureaucrats. The work of Lipsky (1980) identified that the actions of street-level bureaucrats might vary from stated policies of higher-ups. Many studies subsequently focused on divergences of policy implementation caused by the daily practices of frontline actors, and sought to discuss how to control or influence the behaviours at the frontlines (cf. Riccucci, 2005; Kelly, 1994; Weissert, 1994; Meyers, et al., 1998; Brehm & Gates, 1997; Meyers & Vorsanger, 2003; May & Wood, 2003; Brewer, 2005). For instance, May and Winter (2007) conducted an empirical study on the actions of caseworkers for the municipal implementation of employment policy in Denmark. They examined to what extent the proposed elements (political attention, managerial considerations, knowledge and perception of street-level bureaucrats) could shape or influence the behaviours of caseworkers.\textsuperscript{18} Such research, thus, highlights the importance of analysing actions and practices at the frontlines.

Another type of study is about the frontline not regarding enforcement, but of workers at the workplace. For instance, Almond and Gray (2016) stated the need for a frontline focus in occupational health and safety. They argued that ‘a frontline safety approach’ takes seriously the relationships between people at the local level, between people and the systems/institutions in which they are embedded, and between people and their wider social and political contexts.\textsuperscript{19} In some sense, the workplace frontline has a higher relevance to compliance, as it is the place where actual compliance behaviours take place.

These two types of studies, despite having a different focus, have one thing in common: they highly value the interpretation and understanding at the frontline level. Inspired by such studies, my


\textsuperscript{19} Paul Almond & Garry Gray, 2016 (under peer review). “Frontline Safety: Understanding the Workplace as a Site of Regulatory Engagement”. This was available on file from the second author.
empirical research of construction work safety compliance, hence, generally adopts a frontline approach. Furthermore, in this study, the scope and focus of such approach are broadened to three ‘frontlines’: the frontline of safety regulation (i.e. the frontline safety regulator and the on-site safety inspection), the frontline of internal safety compliance management (i.e. the safety compliance practice in the specific construction projects), and the frontline of the workplace (i.e. how the construction workers behave on the construction sites).

Adopting a frontline approach then leads to two main research methods in this study. First, this study seeks to present what actually happens in the three processes of compliance. Specifically, in the first process, the study will focus on how local regulators conduct safety inspections at the construction sites, and the impacts of such an inspection. In the second process, the study will focus on what compliance systems are adopted by the business, how on-site managers carry out daily management, as well as how the actors (both the manager and the workers) on the construction site interact. In the third process, the study will focus on how individual workers actually behave in the daily work and how they explain their behaviours. Such a focus on what actually happens, in some sense, helps the researcher to ‘go inside the process’. Moreover, the empirical findings from these frontlines allow for further discussing how to explain such practices, which then links a micro-level analysis to an understanding at the macro-level.

Second, to achieve a successful analysis of what actually happens in practice, both methods of participant observation and qualitative interview are employed in the fieldwork (this will be further introduced in the ‘data collection’ part of this chapter). Following the general frontline approach and the two strategies mentioned above, the empirical research is carried out based on real and in-depth access to all three levels of compliance.

(2) Getting access to the frontline of each process

As stated above, this research aims to develop a comprehensive
understanding of corporate compliance through a unique combination of analysing all three processes, and the research puts a major focus on the frontlines of compliance processes. So it becomes a key challenge, but also might be a major and unique contribution of this research, to getting real access to the frontline of each process.

Parker and Nielsen (2009b) pointed out that empirical research on business compliance faces challenges at the data collection stage. Due to difficult and limited access to the scenes and settings where the regulated actors encounter the regulators, and where actual compliance behaviours occur, researchers might only obtain limited or biased information through surveys, interviews, self-reports, official data and records, or quasi-experiments, which might result in limited understanding. This research attempts to overcome such methodological limitations. The empirical cases thus are not selected randomly, as the case we really need is the one where permission can be obtained to conduct lengthy participant fieldwork, to observe actual behaviours and interactions, and to do in-depth qualitative interviews. The study eventually focused on a limited number of cases, in which the researcher was allowed to go inside.

This section will introduce how the fieldwork location was selected, how the researcher got access to each level of the process, collected data, and how the data were analysed. It should be noted here that, for the analysis of each process of compliance (which is of different characteristics), a specific analytical framework and operationalisation have been developed differently, which leads to some variations in the specific data collection as well as data analysis. This section will generally introduce basic information on research methodology, while further details about how the research of each process was conducted can be seen in chapter 2, chapter 4, and chapter 6.

A. Choice of fieldwork location

Considering this is a comprehensive study on several interrelated processes of compliance, ideally, the cases in different processes should be studied in the same locality rather than in different areas. From a sociological perspective, for the purpose of analysing different aspects/domains of a general theme (in my case, it is corporate compliance with construction work safety law), if we conduct empirical research at the same locality, all possible findings, more or less, share similar local contexts. The entire empirical research was carried out in M city, which is a provincial capital city in the South-West of China. The most compelling reason for this selection was having previously conducted other empirical studies in this area, which helped me to develop a good network of local contacts. This made it possible to gain real access to all three targeted fields (i.e. the regulatory agency, the construction firms, and the construction projects). In the meantime, M city itself is representative: as a provincial capital, M city has active economic and market development and has been rated as one of 55 most competitive and vigorous cities in China. Currently, the criteria of market access in the construction sector shows little difference from most areas of China, which implies that the types of construction project in M city will be legally similar to those in other cities.

**B. Access to local regulatory enforcement agency**

Extensive preparation was made through pilot studies. In the winter of 2011, I visited a construction regulatory bureau at the provincial level and another one at the city level, which provided general knowledge about safety regulation in the construction industry. Based on this pilot study, I decided to target the regulatory agency at the district level. The regulatory enforcement agency in charge of construction work safety throughout the country is classified into four layers: the national, the provincial, the city, and the district. With reference to work divisions, construction projects with an investment of less than ten billion fall under the jurisdiction of the

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district regulatory agency. In other words, most medium and small sized construction companies and their construction projects are administered by the district agency.

In the spring of 2012, I conducted a short pilot study again at a district construction safety regulatory agency (called 'district safety station') of M City, where I got permission to stay for one week. At that time, a research design had been developed. This pilot study then served to test if the details of the research design were feasible in the field. Afterwards, the main empirical case study was conducted at two district safety stations in M city,\textsuperscript{22} where I got permission to undertake a lengthy participant study. The selection was mainly influenced by accessibility, and two agencies selected showed different characteristics (\textit{details about the cases will be introduced in Part I: chapter 2}).

Data were collected in June 2012 (for X district) and April 2013 (for W district). Seven-week participant research was conducted for each agency, which allowed for participating in some frontline safety inspections on construction projects. It was really a precious opportunity to look at what actually happened in an inspection. Similar to Mascini and Van Vijk in their study of Dutch food and consumer product safety regulation (2009), I accompanied the safety inspectors and observed interactions between the inspector and the regulated business during inspection. Different from their study, this research had more time and opportunities to conduct multiple interviews with all inspectors of the agency, not only about inspection, but also about their general work as well as relevant issues. Moreover, owing to a full-time participant study, I was able to observe routine work of the safety station, which allowed for a comprehensive understanding of the regulatory process by linking micro-level action to macro-level context. In total, 45 on-site inspections were observed, and 11 individual interviews were conducted independently [\textit{details about data collection are provided in chapter 2}].

\textsuperscript{22} The total population includes four district bureaus in the main urban zone of M city, and one was visited for the pilot study.
C. Access to construction projects

In some sense, a construction project can be regarded as the frontline of organisational compliance practice of the regulated construction business, as it is the locale that the top decisions of the organisation are implemented, compliance management is practiced by frontline staff, and daily compliance performance is exposed. This research hence focused on organisational safety compliance practice in a construction project.

Considering the overall empirical research was conducted in M city, only construction projects in M city were considered. Moreover, considering the link with the study of regulatory processes, this research mainly targeted construction projects that were under the jurisdiction of either X district or W district safety station.

For preparation, in July 2012, I first visited two construction projects in M city, which provided a general idea about how a construction project operated. This preliminary pilot study played a guiding role, through which I identified many clues in terms of what kinds of issues might be interesting or be questions. The pilot study also served to evaluate what research approaches would be feasible. I realised that, for an outsider, conducting interviews with relevant actors might be easy, but access to the construction project was harder than expected; it was even more difficult to take an in-depth look at the actual process of construction. Based on the pilot study, I eventually abandoned the idea of visiting as many projects as possible with only superficial contacts, but rather finding cases where I as the researcher was allowed to go inside. For this purpose, I tried to make full use of local contacts for possible options. In the spring of 2013, after the research design was completed, another short pilot study was carried out in two new construction projects at the same locality. Afterwards, the observation and the interview guidelines were revised.

The main empirical case study was initiated in 2013, after the fieldwork of two regulatory cases (i.e. X safety agency and W safety agency) was completed. With the help of two friends who are
majoring in architectural engineering design and have lots of contact with the construction business, three construction projects were finally targeted, where I got permission from the chief manager of the project to actually participate by working as an intern safety staff (details about the cases will be introduced in chapter 4). For each construction project, a one month fulltime empirical study was conducted (in August, September and October, 2013).

Perhaps due to my identity as a student who did research about construction work safety, and maybe also being female, I was treated kindly on the construction sites. Similar to what Garry Gray did in his study of a Canadian factory (2002), where he worked as a plant worker, the researcher in this book acted as intern safety staff. Consequently, I was able to accompany the safety managers and observe their daily work. In addition, I attended some periodical meetings that summarised construction progress or discussed particular problems. Furthermore, I was free to walk around the construction site, which allowed for observing actual behaviours of various work teams, and their interactions with inner managers. Owing to a lengthy stay, I also gained the opportunity to conduct in-depth interviews with different participants [details about data collection are provided in chapter 4].

D. Access to construction workers

This research also seeks to analyse compliance practice of individual workers on the construction site. To achieve conformity in the overall research, individual workers were targeted from the same construction projects mentioned above. As Parker and Nielsen (2009b) pointed out, compliance-exogenous research generally faces the challenge of operationalising compliance by reference to actual compliance behaviour; because in practice direct observation of compliance and non-compliance by researchers is generally impractical.23 This study, however, attempted to focus on actual

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compliance behaviours of the individual workers. Due to unique access to three construction projects, I was able to stay at the construction sites for a lengthy period. As intern staff, I was free to go around the construction site and people did not feel weird about my presence. Also because I was intern staff, people generally did not treat me as real managerial staff, which made mutual communication more natural and relaxed. It, hence, became practical to study actual compliance by means of participant observation and qualitative interviews. In other words, I was able to observe actual behaviour, and then link it to interviews conducted after observation.

Three types of daily behaviours were targeted in this study including the use of a helmet, the use of a safety rope, as well as the use of electricity (for detailed reasons for selection, please see chapter 6). Generally, these behaviours can be definitely judged as compliant or non-compliant by myself, since I was taught to detect and identify them by safety managers. After observing how an individual worker worked, I tried to have an interview with him in order to collect information about how the individual explained his behaviour. Inspired by Van Rooij in his study of Chinese lawyers about tax evasion and compliance (2015), this study also adopted a ‘dialogue approach’ to conduct open qualitative interviews. A topic list was developed for this dialogue [details about data collection are provided in chapter 6]. Not all interviews were successful because some were interrupted or the worker withdrew consent halfway through, and some failed to cover all aspects on the topic list. As a result, 183 workers in total from three construction projects were successfully interviewed and eventually counted in the sample.

(3) Data Analysis
As stated above, empirical data for the analysis of each process was collected generally by means of participant observation and qualitative interviews, but was based on different analytical frameworks and operationalisations, as well as different guidelines
for observation and interviews. Consequently, variations in the specific process of data analysis exist, which will be further indicated in relevant chapters (i.e. chapters 2, 4, and 6). This subsection, thus, mainly introduces the general data analysis.

The analysis of raw data from the fieldworks was a great undertaking. For the participant observation, I made notes daily. And for the interviews, recordings or taking notes during conversations were made, so transcriptions were created. With respect to data processing and analysis, the raw material from the field was first analysed based on the text: A raw table was developed (using Microsoft Word) in which several preliminary categories were created; for each aspect/category, a summary was made according to the respondent’s answer, or according to the field notes in which actual actions were described. In the second step, I structured these summaries into the conceptual categories developed in the analytical framework (by using Microsoft Excel). The third step was coding when necessary. The summary for every category in the table was assigned a score. The process of coding enabled calculating a relevant percentage of answers. However, as this study did not rely on a quantitative approach, the content of interview or notes still needed to be analysed in-depth in the fourth step, in which the particular cases and illustrative quotes were discerned. It helps to understand the nature of the answers. As the study of different processes adopted different analytical dimensions, details of data analysis will be further provided in the following chapters.

6. Research Limitations

As the entire research in this book reports on an explorative study of corporate compliance through three interrelated processes, and presents actual compliance practices based on empirical study of selected cases, it, hence, cannot avoid some limitations.

Limitation of location for empirical study: The entire empirical research was conducted in M city, a provincial capital city in the South-West of China. A compelling reason for this location lies in the
possibility for full access to all processes of compliance, which is crucial for an in-depth qualitative study. Although M city itself is like most competitive and vigorous cities in China, and generally, construction projects are very similar to other booming cities in China, the attempt to generalise the case findings for discussing compliance challenges of construction work safety in China might not capture all possible variations throughout the country. Future research thus is needed to apply a similar approach and analytical framework and conduct new local studies in China, or to develop different local studies that help to broaden insights.

Limitation of samples: In the study of every process, the number of cases was limited: 2 district regulatory agencies, 3 projects under construction, and 183 workers in the three projects. Thus a small-number case study has some limitations concerning explanatory efficiency. The limited case selection is partly affected by accessibility. In order to analyse actual processes of compliance practice, real and full access to the field is very crucial, so that participant observation as well as qualitative interviews can be carried out as much as possible, as openly as possible. This study was focused on gaining real and full access to the field, and this concern influenced case selection. Moreover, the sample was limited due to research cycle and energy. This was a comprehensive study of compliance processes, and it took time to go inside the process. Consequently, small cases were targeted in every process. In brief, the limitation of the sample obviously exists. However, considering the fact that ‘direct observation of business compliance and non-compliance by researcher is generally impractical, and studies that rely on this method of data collection are extremely rare’, this empirical study of a small number of cases can still be valued.

Limitation of analytical framework: In general, a variety of variables/aspects have been used to explain regulation and compliance in the rich literature. But, the dimensions or variables

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adopted in the analytical frameworks of this study were generally limited. For instance, the paper only adopted six dimensions to analyse enforcement styles (part I), three main nodes to analyse internal compliance practice (part II), and three variables to deductively analyse compliance behaviours of the individuals (part III). In this way, the research might miss some other valuable aspects to explain compliance practices. In some sense, this limitation cannot be overcome, as fruitful academic endeavours are too fruitful to be explored in a single study. Consequently, it 'seems more practical and realistic to develop partial theories and hypotheses that can be tested individually in each study'. Moreover, another limitation is that this research applied some theoretical frameworks that have been mainly developed in the context of empirical research in Western countries. This issue has been considered from the beginning of the research and accordingly, I have tried to avoid any measurement that is highly based on theoretical hypotheses. In the fieldwork, I tended to rely on open-mindedly observing and conversing to collect as much local data as possible. During data processing, I also attached importance upon text analysis, and tried to link empirical data with the local contexts. In some sense, the use of the Western analytical frameworks served as a path to present findings of a Chinese story, which can be understood easily. Hopefully, this research, with attempts at getting real access and integrating different perspectives as well as levels, can highlight some new things, and also add China as an important case of how compliance functions as processes to the existing studies that are largely based on findings from Europe, Australia and North America.

Besides, this empirical research might face some challenges in terms of biased understanding of what should be counted in the data collection as well as analysis (Parker & Nielsen, 2009b). There were also other risks, for example, do the three conceptualised interactive

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processual levels of compliance process really exist? Can the assumed interactions of actors within each level and between different levels be captured based on the field data? All such critical questions could lead to a failure of a strong argument and hence the researcher should keep reasonable doubt all the time. In addition, to mitigate these limitation as well as risks, I have tried to discuss the findings with my supervisors, who have broader knowledge and insight of Western compliance research, in particular, Prof. Benjamin van Rooij, who has extensive research experiences in both contexts. I also discussed my findings with other Chinese researchers and some local citizens whose knowledge and perspectives might differ from mine.

7. Book Outline

As mentioned above, the entire research in this book, based on an empirical study in selected M City, China, seeks to understand safety compliance of construction business through three interrelated processes. Besides the current introductory chapter (chapter 1), the remainder of the book is organised as follows:

**Part I** discusses how safety regulatory enforcement in the construction industry is organised, conducted, and functions (i.e. the external regulatory process). The overall analysis is presented in two parts: chapter 2 examines in more detail the daily practice of frontline safety inspection. Empirical data from two local inspection stations as well as activities in 45 on-site inspections illustrates how the local safety inspectors access, detect, and react to violations on the construction sites, as well as the outcomes of the inspection. In general, frontline safety inspection employed an educative and non-coercive style, but also had many variations in practice. Chapter 3 then further analyses why the regulatory authority conducts enforcement in certain ways, as well as the possible impact of enforcement upon compliance.

**Part II** continues the study of safety compliance with a focus on the organisational process. It seeks to directly confront the regulated actor, i.e. the construction companies, as well as the source of safety
risks, i.e. the construction project. The study analyses day-to-day practices that occurred at the construction sites and their relation to safety compliance. Part II comprises two chapters: chapter 4 presents empirical findings from three construction projects where lengthy participant fieldworks were conducted. Inspired by the literature, the analysis focused on three aspects: the upper-level management style, compliance strategies adopted by the middle-level managers (especially the safety compliance professional), and daily operation of safety compliance management. In the day-to-day operation of construction project, compliance or non-compliance was negotiated throughout the organisation. Next, chapter 5 analyses what factors and conditions contribute to shape and explain such safety compliance practices of the above cases, and what these findings mean for understanding business compliance.

Part III of this book (i.e. chapter 6) further seeks to analyse compliance of individual workers on the construction sites (i.e. the individual process). It discusses how individual workers behave, and why they behave in certain ways. Moreover, to what extent or in what ways does the study of individual’s behaviours contribute to further understanding organisational compliance? Empirical research was conducted on the behaviours of 183 individual workers who were working on the three construction projects discussed in Part II. Empirical data generally showed that the interviewed construction workers make their behavioural choices based on personal preference.

Some general discussions are made in the conclusion chapter (chapter 7). A summary of empirical findings in the three interrelated compliance processes presents how compliance/non-compliance happens in practice. Then the chapter discusses what these findings mean in order to understand corporate compliance. It brings forth some theoretical implications in terms of the processual approach, fragmented settings, power and powerlessness, the limits of responsive regulation, the limits of enforced self-regulation, and the culture of deviance. In the meantime,
it raises some policy implications including necessary caution for the
dark side of responsive regulation as well as enforced self-regulation,
enforcement and beyond, accountability and danger of blame shifting,
as well as empowerment to the third party. Some discussion about
research limitations as well as directions for future research are
made at the end of the chapter.