Compliance as process: Work safety in the Chinese construction industry
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Citation for published version (APA):
Li, N. (2016). Compliance as process: Work safety in the Chinese construction industry

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Chapter 4 Internal Compliance
Management: Cases in M City

1. Introduction

Mr. Li sat down in the shade and began to write in a notebook: ‘I have finished inspection for five buildings under construction this morning. Illegal use of electricity was found again in building #10. Potential hazard around elevator shaft was not resolved yet. The team of carpenters had a quarrel with the land commander of tower crane as the team used straight interphone and asked the operator of crane to lift materials. This happened twice this month.’ Mr. Li was a full-time inner safety specialist/inspector of one construction project where I conducted the study. He had just finished a three-hour inspection around the construction site. Writing down a brief job record was his habit for years. On the second day that I entered the construction project, I started to follow and observe the daily work of Mr. Li. As a key inner safety compliance manager, his main task was walking around the construction site, detecting and reacting to any potential hazard or safety violation daily. Honestly, his job was energy-consuming, highly repetitive, and filled with trivial matters. But, it was an indispensable part of day-to-day inner safety management on the construction site.

His work illustrates how different internal safety management is compared to external safety inspections. When I joined external regulatory inspections, we only reached some limited places of the construction site, and we reacted to some one-off behaviours that we were able to detect at that time. More importantly, as discussed in Part I of the book, external inspections hardly dealt with violations efficiently or changed behaviours relevant to compliance in the short-term. Furthermore, the local regulatory authority tended to rely on self-regulation of the construction businesses. For this reason, it is vital to look at what happens internally: What was the actual compliance practice during daily operation of a construction project?
How did the safety law and inner safety management function?

Western regulatory scholars have increasingly turned their attention to ‘the other side of the compliance relationship’: the principal subjects of regulation—business entities themselves (Gray & Silbey, 2011). After all, when governments commit to promulgate laws and enforce regulation, it is business corporations who must put the rules into practice. The literature has shown that the regulated actors may be perceived and act differently from what the outsiders imagined. Many variations exist among enterprises reacting to regulatory goals in and across industries (e.g. Eriscon & Doyle, 2006; Mascini & Van Wijk, 2009; Gunningham & Kagan, 2005; Gray & Silbey, 2014). A detailed overview of relevant literature is provided in section 2. In brief, there is an increasing demand for social science research on business compliance.

The second part of this book continues the study of safety compliance in the construction business in China. Inspired by the existing literature, it aims to look at the organisational process of compliance. The study seeks to directly confront the regulated actor, the subject of safety responsibility and obligation, i.e. the construction companies, as well as the source of safety risks, i.e. the construction project. The study will focus on the practices that occurred at the construction sites and their relation to safety compliance.

The main questions for the empirical study are: How do the

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68 The Chinese literature has rarely discussed compliance issues directly from the internal perspective of the corporation. A research group from the research institute of Chinese Ministry of Commerce organised a series of studies on corporate compliance, in which some Chinese cases and internal experiences and theories were referenced. However, the conception of compliance in these studies was narrowly defined as ‘anti-commercial bribery’. See: Wang & Jiang, eds. 2010. Compliance: First Priority of Corporate Responsibilities. Beijing: China Economic Publishing House. Jiang & Wang, eds. 2012. Compliance: The New Development Trend of Global Companies. Beijing: China Economic Publishing House. In this sense, the paper here mainly refers to the Western literature.

regulated actors manage their safety compliances in the day-to-day operation of the construction projects? What influences management as well as actual compliance performance? How do organisational processes shape safety compliance?

Part II comprises two chapters: chapter 4 aims to present empirical findings from three construction projects where lengthy participant fieldworks have been conducted. Chapter 5 analyses what factors and conditions contribute to shape and explain safety compliance performance of the above cases, and what these findings mean for understanding business compliance.

During a lengthy fieldwork in three construction projects of M city, a rich relevant dataset was gathered. The current chapter first relates to the empirical case studies in as much detail as possible. In the meantime, the findings in the cases are structured based on an analytical framework derived from existing compliance studies. In the day-to-day operation of construction project, compliance or non-compliance was negotiated throughout the organisation. The chapter is organised as follow: It starts with an introduction to the analytical framework (section 2). The study focuses on three important nodes of understanding organisational compliance: 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.70 Section 3 explains how the empirical cases were selected and how the participant research was conducted. Sections 4, 5, and 6 respectively present some detailed safety practices in three construction projects, which shows uneven and unpredictable compliance practices with safety law. A short discussion follows leading to a further exploration in the next chapter.

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2. Going Inside the Organisational Process of Compliance

There is a rich body of research that expands our insights of understanding compliance ‘from the other side’. Gray and Silbey (2014) argued that when researchers focus on the regulated firm rather than the regulatory agency, variations in compliance are explained by organisational motives, capacities, and characteristics.

The first strand of studies are concerned with what motivates the business to comply with law. The studies argued that businesses are subject to a complexity of pressures (Hutter & Jones, 2007), or they are basically motivated by a combination of factors (Gunningham, et al., 2003, 2005; Sutinen & Kuperan, 1999; Simpon & Rorie, 2011). For example, Kagan, Gunningham and Thornton (2011), based on three empirical studies on environmental performance of firms in different industrial sectors, categorised three basic factors that motivate compliance and even beyond-compliance: fear of detection and legal punishment, concern about the consequences of acquiring a bad reputation, and a sense of duty. A number of analyses by other compliance researchers argued for interactive factors that motivate compliance, that is, economic (material), social, and normative motives (Parker & Nielsen, 2011; Nielsen & Parker, 2012; Winter & May, 2001; Sutinen & Kuperan, 1999).

Another strand of studies analysed other organisational factors, i.e. organisational capacities and characteristics, which influence and explain variations in compliance performance including lack of (financial, technical, informational and human) resources (Huisman, 2001; 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 (Gunningham & Kagan, 2005), managerial oversight (Parker & Nielsen, 2011), organisational identity (Borck & Coglianese, 2011) as well as organisational complexity (Vaughan, 1999, 2002; Huisman, 2016).

Moreover, a few empirical studies attempted to further go inside examining organisations as a patterned network of humans with distinct roles, distributed authority, and varied expertise, both a
single collectivity and many individuals embedded in an even larger network of transactions and norms (e.g. Gray & Silbey, 2014). Consequently, it was worthy to take organisational compliance as a process filled with actors, motives and perceptions, as well as interactions and transactions. These studies focused on understanding regulatory compliance practices in the daily operation of the organisation. For example, Hutter (2001) took British Railways as a case study, and empirically analysed the corporate management of risk, in terms of the extent to which institutional systems and structure were participative, as well as the extent to which different groups within the company knew about risks, systems, procedures, and practices in place to manage them. Gray conducted an ethnographic study in an industrial factory, and examined how health and safety regulations were experienced and shaped through routine organisational practice (see: Gray, 2002, 2006b, and also Gray and Silbey, 2011). The manifestations of compliance were fundamentally linked with the social and structural contexts of individual compliance agents. Silbey and colleagues, in a study on scientific laboratories, showed how different capacities and willingness of the actors within organisations developed different conceptions of the regulators and regulations (see: Silbey et al., 2009; Huising & Silbey, 2011; Gray & Silbey, 2011). In short, studying the compliance process within the organisation provides a link between the actions as well as discourses at the micro-level and the organisational compliance performance at the macro-level.

Particularly, Parker and Gilad, based on their qualitative studies of corporate compliance management systems, as well as an overview of relevant literatures, proposed sociological themes of structure, agency and culture for further research. They argued that it is important to study the interaction between structure (adoption of formal compliance systems) and agency (perceptions, motivations and strategies of individuals within the corporation) through culture
(local norms and habituated practices). The structure-agency-culture nexus, to some extent, incorporates the factors and perspectives in the three strands of studies mentioned above. It provides a way to explore the internal corporate compliance process.

The study in this book focuses on the process of how compliance is managed and practiced within the business entity, and to develop an empirical understanding and explanation of organisational compliance. Consequently, the analytical framework is greatly inspired by the ideas conceptualised by Parker and Gilad, especially the three nodes that connect structure, agency and culture: top management attention and response; development of professional compliance management; internal communication and employees’ internalisation of compliance. Considering these analytical categories were conceptualised based on the qualitative research of Parker and her colleagues, the study here, based on a pilot study of two construction projects, developed an analytical framework in accordance with the context of the construction site. There were three interconnected aspects:

**(1) Upper-level management style**

In the study of water pollution by 14 pulp and paper mills, Kagan and his colleagues defined ‘environmental management style’ as managers’ attitudes towards environmental problems and the assiduousness with which the facility has institutionalised implementing routines to ensure a high level of environmental consciousness and control capacity (see: Kagan, et al. 2003; Gunningham et al. 2005). Management style, hence, was defined and employed in this study in a broad way, which includes two dimensions. The first is a subjective dimension referring to awareness of upper-level managers. It could be perceptions of legal

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72 Ibid. p179-185.
risks (Gunningham et al., 2005), attention to safety issues and assessment of the safety costs (Parker & Gilad, 2011), or commitment to safety compliance (Tang et al., 2003). Management awareness is important because it is usually regarded as representing the motives and perceptions of the organisation. However, management awareness only has a say in terms of management structure because various motives and perceptions of individual actors within the organisation exist, which is discussed in the other aspects.

The management style is also an objective dimension, for example, adoption of management systems/structures according to the law or regulation requirement (Parker & Nielsen, 2006; Parker & Gilad, 2011), or relevant safety arrangements based on real situations, such as providing an adequate system, warning workers of the danger, and taking reasonable steps to prevent them (Gunningham, 1987).

(2) Compliance management strategies of safety compliance professional

Parker and Gilad (2011) pointed out that, ‘policy-oriented literature suggests that specialist employees should be appointed, empowered to put the relevant issue on the agenda and to formulate policies and procedures to deal with such issues’. Some literature also confirmed the role of middle-level persons in the safety compliance management and practice. Middle-level persons may, through interactions with employees, be compliance promoting or compliance limiting (Gray & Silbey, 2014). They can also involve more proactive internal management to identify and prevent misconduct (Parker & Nielsen, 2006).

In the context of the construction industry, it is a universal practice that every construction project should appoint a specialised safety manager73, and according to the pilot study, it is actually not a hard or costly thing having such personnel in practice. Therefore, this study investigates compliance management strategies adopted by the safety compliance professional: how safety professionals (as

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73 According interviews with project managers.
managers) perform their tasks, how they make choices in daily activities, as well as make decisions in the daily operation of the construction project.

(3) Daily operation of compliance management

Besides the knowledge of top management style as well as management strategies of safety compliance personnel, it is important to analyse how such management functions in practice. Otherwise it might be doubtful whether a set of management systems and mechanism can really make any difference in influencing compliance behaviours (Parker & Nielsen, 2009a; Gunningham, 2004; Krawiec, 2003; Laufer, 2003).

In their study of corporate compliance systems, Parker and Nielsen (2009a) defined ‘compliance management in practice’ as relating to how organisational managers and employees actually manage and respond to compliance issues on a day-to-day basis. This also can be stressed in my study: the construction project has a lengthy and complex production process filled with numerous activities: on the one hand, frontline workers actually perform day-to-day construction work, whose activities most often produce direct violations or compliance. In the meantime, to what extent the project managers (especially safety professionals) regularly conduct safety inspection, check construction risks, remove safety hazards, and provide safety protection measures, will determine the extent the construction entity complies with the safety law. Therefore, the analysis of daily operation of compliance management explores how the corporate managers and the workers actually behave (especially whether they violate the safety law or not), how they communicate and interact, and how these daily practices shape compliance performance of the construction business as a whole.

In sum, this study, inspired by the literature, adopted an analytical framework with three interactive aspects: upper-level management style, compliance management strategies adopted by safety compliance professionals, and daily operation of compliance management. This framework bridges the micro-level analysis of
groups of actors as well as groups of interactions with the macro account of organisational performance as units of analysis.

3. Research Methodology

Many empirical studies investigating how different organisations and individuals within them respond to regulation, as well as to what extent they take responsibility for their own compliance, have employed approaches with qualitative interviews and participant observation (e.g. Haines, 1997, 2011; Hutter, 2001; Heimer, 1996; Eriscon & Doyle, 2006; Silbey et al., 2009).74 Some scholars such as Garry C. Gray even carried out fieldwork involving actual participation by working as a production worker in the factory (see: Gray, 2002, 2006a). Inspired by such a tradition of empirical research, this study gained access to construction sites, and conducted lengthy and close observation of safety practice in the construction process, and conducted interviews with different actors within the organisation.

Case Selection

As stated in chapter 1, the overall empirical research was conducted in M city, a provincial capital city in the southwest China. Consequently, only construction projects in M city were considered. Moreover, to link the study of regulatory enforcement and the study of regulated construction business, I mainly targeted construction projects that were under jurisdiction of either X district or W district safety station (i.e. the regulatory authority studied in Part I). The final selection of construction projects greatly depended on accessibility, because I needed cases that allowed me to go inside. With the help of local contacts, three construction projects were finally targeted, where I got permission from the chief manager of the project to actually participate. It was a pity that these three construction projects were not included in the 45 cases (of Part I) that I

participated in the on-site inspection. In some sense, my study thus was unable to use the same cases to make a direct comparison between the perspective of regulator and the perspective of the regulated actor. However, these construction projects still stayed in the same regulatory context discussed previously. When I conducted research in these projects, in particular, when discussing external regulation with different actors, I could easily have a clear idea of the regulatory context that they were talking about.

Of course, three projects cannot constitute a representative sample of construction workplaces in M city. This has some limitations concerning the explanatory efficiency of a small-number case study. Nonetheless, as Gray and Silbey (2014) pointed out, it is valuable if the cases offer a range of variation which you can anticipate will be distinguishing conditions for the theme. The investigation of three construction projects in this study, first of all, provided an opportunity to undertake qualitative in-depth observation of the actual process of safety compliance performance, which is the main purpose of the research. Furthermore, the selected cases still showed some variation in terms of organisational characteristics: Of three cases, one was a small sized construction company while two were medium sized; two were non-local companies, while one belonged to a local famous company. More importantly, three cases showed distinctive variations in terms of upper-level management style, compliance management strategies adopted by middle-level managers, as well as daily operation of safety compliance management, which this study used as critical nodes for displaying the process of organisational compliance. Considering the fact that ‘direct observation of business compliance and non-compliance by researchers is generally impractical, and studies that rely on this method of data collection are extremely rare’, this empirical study of small-number cases should be valued.

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**Participant Observation**

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Part II Organisational Compliance

With respect to data collection, as mentioned above, I got permission from the chief manager of the project to go inside. Considering my interest on safety compliance, the chief manager assigned me to work like an intern safety staff, which means I worked closely with the inner safety specialist. Accordingly, it became convenient to conduct participant observation, which then allowed for collecting different sources of data. My first observation was about routine work of full-time inner safety specialist/inspector. I became familiar with the field and could identify different actors with different functions in the safety management. In addition, I attended some periodical meetings that summarised construction progress or discussed particular problems, which allowed me to observe managerial arrangements. Furthermore, as I got permission to walk around the construction site, I was free to observe actual behaviours of various work teams, and their interactions with inner managers. For each construction project, one-month full-time participant observation was conducted.

In-Depth and Ethnographic Interviews

In the meantime, data collection included forty-one in-depth and ethnographic interviews with five categories of participants: (a) top managers of construction firm; (b) project managers; (c) safety specialists (who directly acted as compliance manager); (d) other staff at lower level of management group; (e) labour subcontractors as well as the headmen of different work teams. The observation allowed me to figure out the primary persons who had managerial power or who actually functioned as safety compliance managers. For these actors, in-depth interviews were conducted in person. Such interviews normally lasted about one hour. Some of the actors were interviewed two or three times. In total, twelve in-depth interviews were conducted. In the meantime, ethnographic interview was pursued. Shauhin Talesh holds that, ‘ethnographic interviewing is a type of qualitative research that combines immersive observation and directed one-on-one interviews. Because these interviews occur in the interviewees’ natural settings while they are performing their
normal tasks, these interviews are less formal.'\textsuperscript{76} While staying at the construction sites, I conducted twenty-nine ethnographic interviews with actors. These interviews varied in length from twenty to thirty minutes. All interviews were digitally recorded and transcribed with the consent of the interviewees. The interviews mentioned in this study were dealt with confidentially.

\textit{Data Analysis}

Besides the transcriptions of interviews, I also made field notes daily. Considering my study included a small number of in-depth empirical case studies, I did not analyse the data based on coding. I initially created some preliminary categories around actors encountered and activities/events observed in the field. Following these categories, I conducted the first analysis of field notes and interviews by using Word and Excel. In the second step, I structured case findings into the conceptual categories developed in the analytical framework. This was also conducted with Word and Excel.

\textbf{4. Case I: Fragmented Compliance Management and Practice}

\textit{Xicheng} construction project (X Project) was medium-sized\textsuperscript{77} and located in the north-west side of M city. It was under the jurisdiction of X district construction safety regulatory station (i.e. the first regulatory agency studied in Part I). This project was constructed by a non-local construction firm, i.e. \textit{Hengyang Changjiang Company} (or \textit{Changjiang Company}). \textit{Changjiang Company}, as a private-owned small business, was founded at H city (Hunan province) and used to run projects at its native place. X Project actually was the first project that the company built in M city. For the purpose of this case study, one-month participant fieldwork on the


\textsuperscript{77} The project included five main buildings (two of them were skyscrapers).
construction site of X Project was conducted in 2013. Fortunately, I had access to all three bosses of Changjiang Company because they all came and stayed in this project. Moreover, there were two middle-level managers (who were most active in dealing with safety matters) I followed in this study and particularly observed their daily work: Mr. Hu was the chief production manager who took charge of the entire production process of the project (including matters of safety), and Mr. Fan, at a lower level position than Mr. Hu, was one of two safety specialists in this project. Both of them can be regarded as ‘safety compliance managers’ in practice. In the meantime, I was free to go around the entire construction site and had talks with different actors. For this reason, I was able to catch sight of different actions and to have as many interviews as possible.

(1) Daily Operation Filled With Negotiations

My first impression of X Project was not particularly good. The entire construction site looked messy, for instance, safety protective nets outside the buildings under construction were sparsely built up, and there were even holes in some nets (which immediately made me think that safety input might be insufficient), building materials were piled up anywhere, and function zoning for different types of work was not clear. However, as the participant research went on, what was most striking to me was not the physical conditions of the construction site, but daily operation of the construction project. It was filled with bargaining, negotiation and concession in reference to compliance or non-compliance between different actors.

For instance, Mr. Fan (safety compliance manager), during a daily safety check, found that a group of workers were building a frame without paving a plank as bedding. It might become unsafe when the shelf keeps going up. Fan therefore informed Mr. Li (the chief

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78 Based on the participant research of on-site safety inspection carried out by inspectors in Part I of this book, I learned some experiences to compare and make a basic judgement on level of security measures as well as general status of construction project. In this case, safety protective nets were sparsely built up, which implied that the materials were not abundant; there were holes in the nets, which implied that the nets were broken for some reasons, e.g. falling objects, but were not repaired yet.
representative of a labour subcontractor) to meet at the scene. Fan pointed out the potential hazard and asked Li to arrange a reworking. But Li refused because he thought it was not necessary. More importantly, his team used to do it in a similar way. Seeing Fan stick to his opinion, Li then suggested, ‘Let’s pass over the completed part. We will pave planks in the following process.’ Fan still held that the completed part should be removed and reworked. The two parties could not agree with each other and the situation became a deadlock. In the end, Fan walked away (later he explained to me that if Li insisted, he had limited ways to control). However, he repeatedly mentioned this affair to every manager he met on that day. Perhaps such a public mobilisation worked, as several days later, I found Mr. Li verified the progress. Li admitted that finally they reworked and added the bedding. But he still quibbled that, ‘both ways are correct. His idea is from theory, while mine is from practice’.

In another case, I witnessed a quarrel between the headman of scaffolder work team and Mr. Zhou (another safety specialist). Zhou held that the scaffolder work team did not operate in accordance with relevant provisions and thus decided to impose a fine of 1,000 yuan. The headman became angry and refused to accept the decision. Later, he found the chief production manager (Mr. Hu) arguing. The affair ended after Hu took back the ticket. Afterwards, I asked Hu about this case. Hu explained, ‘I’m not standing on the side of the headman. It is just unnecessary to have disputes on the construction site. I only withhold this ticket temporarily. If they make mistake again, then I will enforce two tickets together’. He further supplemented, ‘This is the first offense by this group and no incident happened. You know, fining is not the goal of our job’. Mr. Hu also gave an example, ‘if I fined the headman of steel bar fixer for 500 yuan, in return, they might quietly

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79 Theoretically, the inner safety specialists have some power to fulfil their duties, including restraining or suppressing on-site violations, requesting actors to make rectification or reworking, and imposing a fine when necessary (see analysis in the next subsection as well as Figure 4.1). Accordingly, to issue a fine is based on organisational controlling mechanisms, which are different from the legal administrative sanction made by state regulators.
waste building material for 5,000 yuan during the work. Any disposal towards violation should be convincing. Moreover, we need much more coordination to carry out construction tasks’.

There was also a case about conflicts among different working groups. For example, I observed a weekly internal meeting that all primary managers and four relevant headmen (with woodworking, steel fixing, concrete pouring, as well as plumber and electrician) attended. At the meeting, the headman of plumber and electrician team pointed out a safety hazard: the wire pipelines that they had put along the floor were destroyed by other working groups. For instance, some workers dragged steel bars on the ground, or some workers operated heavy machines right on the pipeline. Once pipelines were broken, electric wires were laid bare, which became a potential hazard. Other headmen, however, denied involvement with this matter. Later, four headmen blamed each other, claiming their work was interrupted by other working groups. Ultimately, the production manager, Mr. Hu, had to step up saying these conflicts need to be communicated and negotiated in a particular meeting. At the end of the meeting, Mr. Jiang, one of three bosses of Changjiang Company made a symbolic summary, ‘...today we all posed questions and brought forward opinions. Next, the key is how the relevant parties coordinate with each other and truly implement specific agreements and requirements’. It was a bit absurd that, from my point of view, a managerial meeting ended without any substantial decision or outcome. Several days later, I had a discussion with the headman of plumber and electrician team. He said, ‘The talks at the meeting won’t change anything. Our plumber and electrician team is just a little finger on this construction site. Who can you argue or fight with? You might win to have the violating group be fined by the company, while tomorrow they could silently make new damages to the pipeline’.

Frankly speaking, numerous small cases about violations, conflicts as well as concessions could be found in the daily operation of this construction project. Moreover, negotiations of compliance or non-compliance happened everywhere, for example, between the top
manager and the subcontractors, between the middle manager and
the subcontractors or the headman, between the subcontractors and
the headman. It made any outsider like me feel confused: why did no
fixed rules exist as daily practice was full of bargaining? Why did the
managers at a higher level position have little power against those at
a lower level position, considering their decisions were frequently
questioned and challenged? Why was it hard for me to figure out a
definite and absolute authority existing within the organisation?

A funny case even deepened my confusion. One day, a concrete
tuck drove onto the construction site and started the operation of
pile driving. All on-site managers including three bosses, the chief
production manager and chief technology manager, the safety
specialists, the labour subcontractors, the headmen, as well as other
lower level managers, got scared when hearing this message. This
construction procedure was not examined or permitted. More
importantly, none of the managers sent out an order or notice about
commencement of work. For quite a while, I even had an illusion that
this construction site was not under any management or control at
all.

(2) Where is the management?

The above inquiries forced me to comb safety management
arrangements on paper, and to further analyse how safety compliance
management works in practice. First, looking at organisational
arrangements including management structure on paper: who is
involved in the safety management and what roles do they formally
have? According to the safety laws, the principal manager of the
construction firm should take responsibility for the overall safety
issues within the organisation. But specific to a construction project,
it is the chief project manager who is in charge of on-site safety
management during the process of construction. In the meantime, the
construction unit should set up internal safety management
organ/sector and be equipped with full-time personnel for daily
Part II Organisational Compliance  121

safety control. Consequently, it comprises a three-level system of safety management within a construction organisation.

Concerning specific roles and authorities of safety compliance management in a construction project, the first level (principal manager of construction firm) is primarily responsible for establishing a set of internal rules, regulations, operating instructions, as well as liability system with respect to construction safety, and organising necessary organs as well as personnel for safety compliance management, guaranteeing safety inputs, and other possible major issues. The second level (chief project manager) then is responsible for concrete implementation of the established institutions, taking control of on-site construction process, and making specific decisions. The third level (full-time safety specialist) is assigned to conduct daily safety inspections and supervision, deal with on-site violations, and report safety status to chief project manager as well as internal safety management organ. The safety specialist, thus, has the power to restrain or suppress on-site violations, request actors make a rectification or rework, and impose a fine when necessary (see Figure 4.1).

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80 See: 《Construction Law》 Article 41; 《Regulations on Safety Production Management of Construction Project》 Article 21, 23.

81 See: 《Safe Production Law》 Article 17; 《Regulations on Safety Production Management of Construction Project》 Article 21, 23.
Figure 4. 1 A three-level liability system for the construction business

- **Principal Manager of Construction Firm**
  - make top decisions on the adoption of management systems and institutions
  - take responsibility for overall safety issues within the organisation

- **Chief Project Manager**
  - take control of on-site construction process, and make specific decisions
  - in charge of on-site safety issues in a construction project

- **Full-time Safety Specialist**
  - conduct daily safety inspection and supervision, deal with on-site violations, and report safety status to chief project manager as well as internal safety management organ
  - has power to restrain or suppress on-site violations, request actors make rectification or rework, and impose a fine when necessary

Besides a three-level system of safety management provided by the laws, in the industry practice, construction firms also employed a policy within the organisation, that is, everyone is responsible for safety issues on the construction site. It puts forward that all jobs are associated with safety matters and thus everyone should act as the part of safety compliance managers.\(^{82}\) In the X Project, I also found a picture of safety management structure hanging on the wall of project office (Figure 4.2):

**Figure 4. 2 Inner safety management structure for a construction project**

According to this chart, at least as a management structure on paper, X Project established a hierarchical compliance management

\(^{82}\) Many interviewees even mentioned this idea in the interviews.
system, which encompassed the actors at different positions and with
different functions throughout the construction project.

With a knowledge of safety management arrangements in
principle, next, the paper discusses actual compliance management in
practice. Soon after staying at X Project, I targeted two managers who
really got involved in safety compliance management and dealt with
safety matters: Mr. Hu (the chief production manager) and Mr. Fan
(the safety specialist). The reality was: the chief project manager in
this project (Mr. Zeng) did not always stay on the construction
site and claimed that his duty was for the entire project including aspects
of procedure, quality, safety, funds, external coordination, etc. It was
impossible, thus, to go into daily and detailed management. Mr. Hu
inevitably acted as primary manager in charge of safety compliance
because the technical director (Mr. Yang) claimed that he only knew
things about technology. Under Mr. Hu, the safety specialist, Mr. Fan,
also became a major object of my research. Their daily work can
clearly reflect how the day-to-day safety compliance management
proceeded.

Both Hu and Fan had over twenty years of experience in the
construction industry. They were locally employed at M city by
Changjiang Company. In my observation, they both usually employed
a ‘soft’ strategy in compliance management. For instance, they
generally ignored those infractions they called ‘minor violations’.
Sometimes, Fan would take actions such as oral warnings, request to
stop working or make rectifications. However, his decisions might be
challenged by the regulated working teams, for instance, the case
mentioned above, people attempted to bargain. In some cases, I found
that his orders were neglected, or the same violating actions repeated
quickly. Mr. Hu, as a higher-level manager, rarely disposed of safety
violations directly. When problems or conflicts about safety issues
were brought to his attention, Hu tended to coordinate or mediate. As
the case mentioned above, he withdrew the ticket with the purpose of
avoiding unnecessary dispute. Many times, I heard that they
complained the job was constrained in various ways. Based on a
lengthy observation, I found that safety compliance management faced tremendous obstacles:

**One key obstacle** was that they did not directly influence workers, but the headmen did. It is well known that unsafe behaviour is a major risk on the construction site. An important task for the safety compliance manager was to conduct daily inspections and make sure the workers operated correctly and safely. However, as labour service of construction (i.e. the actual construction job) was usually sublet to different labour companies, most of the workers were actually employed and paid through labour companies. Consequently, workers mainly had close contact with the headmen and tended to follow their instructions. I once had an interview with one of the headmen in this project, Lao Ding, who specialised in recruiting workers for construction sites. He pointed out, ‘The workers I found only know me on this construction site. Of course they will obey the instruction from the managers. However, they are not familiar with them’.

This was also confirmed by the managers. For example, a manager admitted, ‘Some (workers) might be obedient, but you have nothing to do with them actually. So I normally go directly to contact the headmen’.

Theoretically, the management of individual behaviours through the headmen can work because within a construction project, the headmen stayed at a lower position than compliance managers, and in principle they should obey orders from the latter. But in practice, these headmen were partly independent from the compliance managers. Legally, compliance managers came from a construction firm, while the headmen came from the labour service firm. Two types of actors were linked together through labour subcontracts. The binding force from a subcontract was actually weak because they needed each other and also constrained each other in practice. As the two cases above showed, the headmen could refuse the decision of the compliance manager, and could have a dispute with the latter.

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83 See: interview with the Headman Ding.
84 See: interview with Mr. Zhao.
headman of the steel bar team told me, ‘We contracted the steel work of this building. We construct generally according to our schedule. Of course we will coordinate with the project manager. But if sometimes we disagree with each other, I will carry out my decision.’ Under such circumstance, it became hard for the compliance managers to regulate the headmen, and thus, regulating workers became hard.

Another major obstacle the compliance managers faced was that they were locally hired in M City, while some of the people they managed or cooperated had close ties to the non-local company and were closely related to the top managers. This further complicated compliance management in practice. From the viewpoints of those locally employed managers, many staff brought by the bosses from H city were actually less-professional and lacked a sense of responsibility, which created many unnecessary problems or extra burdens. Mr. Hu gave an example about the chief technical director, Mr. Yang (at the same position of management system as Hu). Yang used to be a business partner of the three bosses of the company and was appointed as the chief technical director. He had little experience in construction management. When he reviewed specific construction plans submitted by different work teams, Yang was rarely able to realise whether a plan meets safety requirements. Once the plan was implemented and some safety hazard was detected, it however produced unnecessary troubles between compliance managers and the work team. Management burden also came from the lower level managers. As Mr. Fan described, ‘In this project, every building under construction is equipped with at least one lower level staff in charge of daily process (including progress, quality and safety issues). Some of them are lazy and negligent. They might just make a circle at the beginning of the day and won’t appear unless we find some problems and call them to come’. These staff in the managerial team were unable to play a supporting role or have active cooperation in compliance management. For this situation, two compliance

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85 See: interview with the Headman of steel fixer Ma.
managers showed some frustration, ‘I have no power to replace them or deduct their salary. In some sense, they even have more influence on the top managers’.86

Given these obstacles, the overall management system in X Project was actually fragmented. Compliance managers, thus, could not go across the fragmented systems and implement a systematic management of safety compliance. They could only take some conciliatory or cooperative but not a binding, authoritative strategy to deal with violations appearing as individual cases. This implies a problem of power and influence: inner compliance managers lacked factual authority to manage across the fragmented divide of the construction project. This was why I had the illusion that no real management for safety practice existed.

(3) Fragmented System Adopted by Top Managers

In some sense, the management obstacles in practice were closely related to the top arrangements. Through the fieldwork I learned how some arrangements from the top management had sowed the seeds of compliance management troubles.

On the one hand, it was top decisions that chose potential partnerships. For instance, some large companies tended to sublet labour services to those labour subcontractors with a long-term cooperation. Some companies highlighted the degree of professionalism that a labour company had, so that the latter was able to provide a qualified work force as well as positive cooperation during the process of construction87. In some cases, for the sake of fluent management, construction companies set binding terms in the contract that the labour subcontractors should not sublet labour service to other work teams that were not affiliated with it.88 In X Project, the concerns of the three bosses were a bit different. They were more concerned about who (subcontractor) could do the work

86 See: interview with Mr. Hu.
87 For instance, a discussion of relations between the general construction company and the labor service company was made by He, Zhijun. 2007.
88 According to the interview with Mr. Huang in Case I.
right now for the least amount of money. The three labour subcontractors in X Project had one feature in common: they owned the capacity to prepay for construction materials as well as salary of the workers themselves. After Changjiang Company got construction payment from the investor of construction project, it then transferred payment to labour subcontractors. In this way, Changjiang Company indeed had the least burden with construction funds. But on the other side, the Company actually lost substantial control with labour subcontractors. Such a form of cooperation in the project shaped a managerial problem from the beginning: middle-level managers had weak authority and influence upon the subcontractors as well as their work teams.

On the other hand, the way that top managers organised the managerial team also caused the fragmentation of the management system. The entire on-site management group consisted of two parts: one half was the local professionals (i.e. employed at M city), the other half was the family-based personnel (i.e. followed by the bosses and from H city). Visibly, the top managers relied on the local professionals in the daily operation, as they explained, ‘We need some local and professional experiences. For example, many construction requirements are different from our home city. Moreover, different places always have different safety regulations. We have no clear idea of it. Accordingly, we employed some professional staff directly from M city.’ In the meantime, the top manager owned a native team and put them at the different places in the management group. ‘It is true that they are less professional, because after all we rarely run a big construction project at our home city’, admittedly by the top managers, ‘but you’ve known these persons for years: you’re familiar with how to use them, and you can trust them.’

This mixed employment produced some contests between two subgroups. Although daily operation relied on local-employed staff, home-based personnel still occupied many important positions. Moreover, there was no

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89 See: interview with Mr. Jiang and Mr. Xie.
evaluation system in the company. All managers at middle or low levels received a fixed salary no matter how they performed in the work. The researcher heard many complaints for equalitarian practice of the company, in which the persons who bore much burden received no awards, while the negligent persons never received any discipline.

Generally speaking, Changjiang Company used a pragmatic strategy to run a construction project: externally, it chose short-term but resourceful partners and maintained a loose and less-binding cooperation/management; internally, it adopted an informal approach for personnel management (e.g. not based on qualification and capacity, without evaluation systems). These arrangements implied that the company did not employ a set of normalised and systematic corporate governance mechanisms\(^{90}\), which ultimately caused fragmented practices on the construction site. But, according to my observation, the top managers did not take it seriously. This might be related to their past occupational background. Changjiang Company was owned by three bosses (i.e. Mr. Li, Xie, and Jiang). They used to engage in trade and just shifted to the construction industry for a short period. They believed that operation of a construction project, as a matter of fact, was operation of a series of economic contracts, similar to operation of trade\(^{91}\). It can partly explain the way they chose partners: they were concerned with the rate as well as the cost of transaction. In the meantime, the lack of experiences in the field of construction made the bosses overlook the importance of process management in a specific project. For instance, in the discussion of safety management, Mr. Jiang said, ‘Why do we employ two special safety staffs in this project? You know, the salary of the safety staff is high (about 8,000 Yuan monthly). Because we hope they would look over the construction site at all times. Accordingly, it is to

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\(^{90}\) For instance, in the study of corporate compliance systems, Parker and Nielsen (2009a) categorized some elements of formal compliance systems, including complaints handling, communication and training, management accountability and whistleblowing, and compliance performance measurement and discipline.

\(^{91}\) See: interview with Mr. Jiang and Mr. Xie.
look for safety staff as long as it involves safety issues." When putting safety management as the duty/burden of safety staffs, top managers ignored that process management actually required a reasonable institutional framework, rules, authorisations, as well as cooperation. Mr. Fan, the safety manager, gave an example that the top managers hardly realised practical obstacles that middle level managers might face ‘... when we report practical problems to the boss, the boss just said you have power to give a fine. Of course I have power of fine on paper, but how a fine can actually be implemented when the construction funds were even prepaid by those subcontractors or work teams? Even if I really made a fine, the subcontractors could go and negotiate with the boss, then the boss might withdraw the decision. Then who will take you seriously?’

In brief, the top management decisions on selection of labour contractors, as well as composition of daily management personnel had created a fragmented internal system, and thus caused fragmented practice on the construction site that undermined internal safety inspections.

(4) Summary

Xicheng construction project presented a chaotic picture of project operation. Particularly, fragmentation existed throughout the entire project that obstructed compliance management. There was no one organisation in charge, but many different ones. What does this mean for compliance? It implies that, with the fragmentation, it is hard to find clear responsibility and authority to manage safety. This echoes the findings of ‘problem of many hands’ from Thompson (1980), in which he argued that if many people are involved in enforcement then eventually no one is responsible for it. Such a problem then also exists in the organisation of the business. As this case shows, in the daily operation of the construction site, it became hard to know who will take charge, and then safety violations were

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92 See: Interview with Jiang.
93 See: Interview with Fan.
not dealt with steadily. Various transactions existed among various groups and actors. Safety compliance had to be achieved through negotiations and compromised in practice.

5. Case II: An Embarrassed Safety Manager

*LongRun* construction project (L Project), constructed by *Xiamen Zhongding Company (Zhongding Company)*, was located on the north side of M city. The project was under the jurisdiction of W district construction safety regulatory station (i.e. the second regulatory agency studied in Part I). As a medium sized construction project, it included eleven separate buildings under construction in total. One-month participant fieldwork was conducted on this construction site in 2013. Although the safety compliance practice of the overall project was barely satisfactory, it was very impressive that the safety specialist, even though trapped with various constraints and embarrassments, kept his pursuit of ‘being safe’ (Gray & Silbey, 2014) in the daily practice of the on-site safety management.

(1) Invisible top manager

*Zhongding Company* was originally registered in X city, Fujian Province. With certain economic strength, it had run many construction projects in different places of the country. The company owned a set of matured modes of project operation: first of all, to send a team of personnel (including both core manager and general staff) to the project location; in the meantime, to employ relevant staff locally. The construction project generally operated in accordance with routine construction workflows that were adopted by the company. The top managers hence only remotely controlled capital and project schedule. Only when necessary, the company would send a commissioner to visit the construction site. As a consequence, the researcher had no opportunity to see or interview any of the top managers of the company in L project. However, there were still some clues in which we can find the safety concerns as well as on-site management arrangements of the company. For example, the chief project manager in this project, Mr. Qin, was locally
employed mainly because he owned the qualification of the national first class of constructor.\footnote{This is a mandatory provision according to the construction law: the construction project has to be managed by a specialist with a qualification of the national first class of constructor. Accordingly, such a project manager acts as first-in-charge of construction safety responsibility.} But Mr. Qin, even enjoying a high income, had no actual power to make a difference in this project. The project was still operated through the representatives from the company. Particularly, Director Song, who enjoyed great trust from some top manager, was in charge of the project quality and construction safety.

Similar to X project in Case I, the overall construction work was sublet to three labour companies, who further sublet parts of the subcontracts to various headmen/small teams. Even the on-site managers were unable to say the exact number of teams actually working on this construction site. Furthermore, the way the company sublet to the subcontractors was so-called ‘covering labour and construction materials’, that is, the company only purchased steel tube (as the basic material), the subcontractor had to prepare for all other construction materials and labour force necessary for implementation of the contract. Through the layer-by-layer allocation of construction work, the on-site representatives of the company claimed that their responsibility was very clear and simple, that is, to ensure that subcontractors implemented the contracts as the Company anticipated.\footnote{See interview with Mr. Li.} Apparently, Zhongding Company was confident in the way of operating a construction project based on economic measures. That was also why the top manager was invisible on the construction site.

(2) A safety specialist’s professional ideal and realistic embarrassment

Considering that management of quality and safety was led by director Song, I focused on director Song as well as the sole safety specialist under his leadership in this study. This angle, ultimately,
contributed to the most important findings about practice of safety compliance management in this construction project. From director Song and safety specialist, Mr. Li, two different types of safety perception and management strategy appeared: pursuing 'appearing safe', or pursuing 'being safe' (Gray & Silbey, 2014).

Undoubtedly, the safety specialist Mr. Li was one of the most busy and diligent persons on this construction site. Because he firmly believed that safety compliance should be managed dynamically, ‘Different from the quality problem, safety event could occur instantaneously. You won’t be able to find potential risk or potential safety hazard unless you go around and keep inspecting. Furthermore, even if you find some safety problem and resolve it at this time, nobody can guarantee it won’t appear again next time’. He also believed that to protect people from harm ‘has boundless beneficence for yourself’.

As a safety specialist with a college degree, Li used to work in a state-run coal mining enterprise. He showed a high level of safety awareness at work. For example, he insisted on checking the preventive measures at every floor, every light well, and every elevator shaft in the buildings under construction. As he explained, ‘these places most easily cause injury’.

Moreover, Li had many professional visions of safety management. He once described a conception of a ‘security firm’, an independent agency like law firm or accounting firm as the third party, regulating safety issues and behaviours independently and professionally.96 He also introduced an idea of safety management as ‘intrinsic safety’, which meant ‘to directly eliminate safety hazards from the root, rather than relying on people behaving safely’.97 In his mind, a useful safety inspection should form a closed circle of

96 In his point of view, the current mechanism of construction supervision (‘Jianzhu Jianli’) was not a real mechanism of monitoring and inspecting the construction process by the independent third party, because the company of construction supervision was employed by the construction project investor and normally affiliated with Party A.

97 According to the author’s understanding, Li meant that comprehensive and credible safety defensive measures were highly in demand to eliminate sources of danger.
Part II Organisational Compliance

Unfortunately, Mr. Li had to face various embarrassments in practice. The first suppression came from his immediate superior, the director of quality and safety section, Mr. Song. They had different safety concepts as well as operating styles. Director Song, with over 20 years of working experience in the construction industry, claimed that he had never come across any incident on the construction sites. He deemed that those biggest hazards (e.g. dropping or falling from up high) had been basically eliminated in this project. Mr. Li could not understand such a thought, 'Director Song had worked on this job for years, he should have had more safety concerns and not be overconfident.' Besides, director Song, although owning more substantial power, generally hesitated to exercise his authority. He seemed indifferent to real situations on the site, for example, he always stayed in the office, and tended to deal with affairs by telephone.

Mr. Li, always staying on the spot, was able to discover problems about safety as well as violations for the first time. It was also Mr. Li who, as the frontline inner inspector, had direct reactions or direct action towards these matters. As mentioned above, in principle, a full-time safety specialist has the power to restrain or suppress on-site violations, request actors make rectifications or rework, and impose a fine when necessary. But in practice, the notice of rectification or fines made by Mr. Li had to be signed by Mr. Song in procedure. Besides, when Mr. Li found some safety hazards that should be resolved by the company (e.g. to make or repair preventive facilities), he had to report to Mr. Song for a decision. Given that a superior manager can trust or give more empowerment to those subordinate frontline managerial staffs, he will generally sign the notice of rectification or fine as a procedural formality. He will be ready to accept ideas made by the latter as they knew practical situations a lot. In this project, however, Direct Song often felt that Mr. Li was making a fuss and thus procrastinated when signing rectification notices or giving a definite answer regarding the
suggestions from Mr. Li. As a consequence, Mr. Li’s authority to fulfil his daily duty was weakened in practice.

Besides suppression from the superior, Mr. Li was greatly confined by the mode of project operation adopted by the company. Similar to Case I, the existence of subcontracting produced some fragmented systems within the construction project, which more or less made various work teams operate independently. The upper-level strategy implemented management and control mainly through economic measures which further intensified the fragmentation. Mr. Li explained his embarrassment to me: ‘There are too many uncontrollable factors and events on the construction site, most of which are closely associated with the person and the person’s action. This is actually the part that the management should devote more attention and arrangement. But in practice, I was unable to reach the work teams and the workers smoothly.’ Furthermore, he had little capacity for overcoming such fragmentation due to the lack of empowerment. As Li complained, ‘the company was only concerned with the goal of economic contract rather than control of production process. As a consequence, the frontline managers, like me, were granted less power to control the actual situation.’ ‘This is the most chaotic construction site that I’ve ever seen’, Li remarked.

Because of the dual constraints, Mr. Li was obsessed by the fact of powerlessness in daily management, ‘Without safety concerns from above and the appropriate authorisation to us, safety manager stands for nothing. If I have the power to detect the working performance and make punishment when necessary, I will have a strong sense of accomplishment for this job.’ Facing reality, Mr. Li had to adjust his work strategy, ‘I can only “retain the large, release the small” (“Zhua Da Fang Xiao”),’ Li explained, ‘the major issues, such as electricity, falling things, collapse, foundation pit, should not be passed over with

98 For example, Mr. Li at some point reported that there was no defensive facility above the open workshop of steel bar processing (the workshop served to get steel bar cut into pieces or made steel bar into different shapes.) Workers in the workshop might get hurt by any falling object. But Song thought it was the duty of the subcontractor, and the company should not spend any more money.
eyes closed, while for small issues, I can’t be too earnest or serious. Otherwise, you can’t do anything ultimately.’

Unluckily, no matter how much Mr. Li had compromised with himself, the day-to-day operation of the construction project still produced various unexpected challenges for him. In the following cases, we can catch sight of endeavour, helplessness, as well as struggle of a frontline inner compliance manager.

(3) The (electricity) distribution box always in trouble

The most impressive safety problem on this construction site might be the usage of electricity. For example, electric wires were paved in a disorderly fashion on the ground.99 In particular, the secondary distribution boxes were often in short circuit. The secondary distribution box originally only served as the circuit transfer to the tertiary electricity box where people can use electricity through a socket. However, some workers used electricity directly through a secondary distribution box, which was a very dangerous illegal operation.

Although Mr. Li attempted to routinely check upon the distribution boxes daily, it seemed that he failed to take control because the boxes often had some unpredictable situations. Just during one month, the researcher witnessed several cases, which are listed in the Table 4.1.

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99 According to the criteria of electricity operation, the wires should be paved either in the sky or underground. It should not be paved in a disorderly way on the ground.
Table 4.1 Case list of violating electricity operation

<table>
<thead>
<tr>
<th>No</th>
<th>Case Brief</th>
<th>Disposal/Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Building #10, some workers connected construction equipment to the secondary distribution box. The power load was too large so that a sudden outage occurred. At that moment, a tower crane using electricity transferred by this box suddenly ceased operation. Due to huge inertia, the arm of the crane swung to the next building under construction. Fortunately, nobody was injured.</td>
<td>Mr. Li gave an oral warning to the worker and issued a rectification notice to the work team. In the following days, Li particularly strengthened monitoring towards this distribution box.</td>
</tr>
<tr>
<td>2</td>
<td>Building #9, the distribution box was set up on a pillar where everyone could reach. The box was unlocked.</td>
<td>Mr. Li just closed the door of the box. He did not find the violator. (Later he explained to the researcher that in this case, the project electrician should take primary responsibility who failed to set up the box at an appropriate place).</td>
</tr>
<tr>
<td>3</td>
<td>Building #10, the distribution box was smoking. Someone connected a thick wire (special wire for welding machine) through the bottom of the box.</td>
<td>Mr. Li disconnected the electric switch in the box and made a call to the project electrician. A few minutes later, the electrician came. He conducted a brief check for the box, pulled out the illegal wire, switched on the power, and left.</td>
</tr>
<tr>
<td>4</td>
<td>Building #10, a cable connected with the distribution box was smoking. Visually, the cable was aged and in poor quality.</td>
<td>Mr. Li hurried to disconnect the electric switch in the box and made a call to an electrician. A few minutes later, the electrician came. He pulled out the cable and left.</td>
</tr>
<tr>
<td>5</td>
<td>Building #9, some circuit under the distribution box was in trouble so that an electrician disconnected the power and went to check the wires one by one. For the purpose of safety, the electrician asked a headman to look after the box. By this time, a young worker came over, without any notice, directly switched on the power. All people standing over here were greatly scared by his act. When Mr. Li asked him for a reason, the young worker explained, ‘I thought that was all right’.</td>
<td>For the first time, Mr. Li gave a very severe warning to the worker but did not take any other action. However, all persons around the box held that the main cause was the safety management of the company not being in place.</td>
</tr>
<tr>
<td>6</td>
<td>Building #9, an illegal connection with the</td>
<td>Mr. Li just saw the project</td>
</tr>
</tbody>
</table>
distribution box. The thick cable was used for a welding machine. The cable was burning hot.

electrician, Mr. Zhou, so he asked Zhou to deal with the problem (in theory, Zhou also has the safety responsibility of electricity operation). Mr. Zhou asked the worker to pull out the cable, and said, 'find a tertiary electricity box to use. This distribution box shouldn’t be used. Next time, I will fine you'. Then the worker left taking his cable.

7 Building #10, a wire connected with the distribution box was aged and in very poor quality: some parts of the wire skin were worn-out and re-fixed without using insulating material.

Mr. Li took a picture, pulled out the wire and directly destroy it (he explained, 'it’s risky. I’ve already said several times but didn’t work. It better to just destroy it').

8 Building #8, the door of the distribution box disappeared. Just then, a worker came over and wanted to connect a wire to the box by himself.

Mr. Li stopped his act and required him to call the electrician. In case the worker would act on his own, Mr. Li didn’t leave until the electrician showed up in half an hour.

9 Building #1, the cable of welding machine connected with the distribution box was burning.

Mr. Li gave a very severe criticism to the worker but didn’t take any other action.

10 Building #2, one of the leakage protectors in the distribution box was burnt out. At that time, an operating welding machine was connected to the box.

The electrician only replaced a new protector, but didn’t trace what operation caused the damage. Mr. Li then took a picture and planned to issue a safety rectification notice.

11 Building #2, the distribution box was smoking. A water pumper and a welding machine were concurrently connected to the box.

Mr. Li firstly turned off the power in the box and called the electrician. Then he took a picture as evidence and issued two safety rectification notices back at the office.

12 Building #11, one of the wires in the distribution box was cut and connected with an illegal one.

Mr. Li firstly turned off the power in the box and called the electrician. Then he took a picture as evidence and issued a safety rectification notice back at the office.
According to this table list, we can generally summarise the way that the safety specialist dealt with the illegal operation of electricity: he usually shut down the power first, next informed the electrician to resolve problem or resolved it by himself. However, he seldom traced the exact violators. Even when the violating worker was in front of him, Li normally just gave some oral warnings. In a few cases, he decided to issue rectification notices. Obviously, this did not work effectively as the repeated violating behaviours emerged again in the same places. In these cases, it seemed that the safety manager understood the issue as a technological matter rather than as a behaviour violating the law which he should issue a sanction towards the violator. In other words, Mr. Li focused on the electricity problem itself rather than fulfilling his duty of safety compliance management.

In the interview with Mr. Li, he explained some reasons: first of all, the company did not supply sufficient electric facilities around the construction site. In the meantime, the project electrician negatively exercised his duty of electricity safety management (Mr. Zhou thought that his duty was just to ensure the secondary distribution box has electricity. He did not care about the workers’ behaviours). As a result, the workers who needed electricity or had no patience waiting for the electrician to solve problems tended to operate the electricity by themselves. Realising these facts, Mr. Li did not expect that the violating electricity operations could be controlled at this construction site.

(4) The withdrawal of a fine ticket and its subsequent troubles

Besides the troubled electricity distribution box, the authority of Mr. Li as a safety compliance manager was also challenged under the circumstances that the stakeholders attempted to negotiate the violations. The following was a case about the withdrawal of a fining ticket:

Some scaffolders (who took charge of building the main shelves

100 See interview with the project electrician Mr. Zhou.
that can be used as both operating platform and safety protection) called to complain that the carpenters were building their support frames right on the shelves that the scaffolders had put up for the elevator well.\(^{101}\) Mr. Li went to the site and found that the shelves, pulled by the support frames, had become tilted. It was an obvious risky operation.\(^{102}\) Mr. Li took pictures as evidence and then made a call to Mr. Hu, the headman of carpentry. While waiting, the scaffolders expressed their anger because such practice had already occurred many times. Mr. Li comforted them and promised that this time he will fine the carpentry team. However, one hour later, Mr. Hu did not appear at all. Li had to call the subcontractor (Mr. Zhao). Mr. Zhao expressed that sometimes he had no way to control the headman, and echoed the decision of Mr. Li. Back at the office, Mr. Li issued a ticket fining 3,000 Yuan. This time, Director Song supported the decision and signed the fine ticket. The ticket was sent to the carpentry team.

However, on the next day, the researcher heard that the ticket was withdrawn. The story was: the headman, Mr. Hu communicated with director Song. At first, he asked Song to withdraw the ticket. After bargaining, Song made a concession of reducing the fine to 2,000 Yuan. At this time, Mr. Zhao (the representative of the subcontractor) stood up, suggesting that the carpentry team should promise to definitely make rectifications, and Song could withdraw the ticket this time. If the team violated again, Song could give a double fine next time. The headman immediately echoed this suggestion and made many promises. Although Mr. Li insisted on the original decision, unfortunately, the ticket was withdrawn in the end.

But the story was not over yet. After hearing about the withdrawal of the ticket, the scaffolders came and asked for an explanation. To relieve their anger, director Song issued three

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\(^{101}\) The carpenters made use of those shelves as supporting points to continue their own work, which can save construction materials as well as their working procedure.

\(^{102}\) In this way, the shelves had to sustain extra weight. It might be distorted and even collapse. This is a huge safety hazard.
rectification notices to the carpentry team. Several days later, the researcher, when following up on the event, found that although carpenters removed the frames they built as a rectification, the scaffolders had to repair the leaning shelves by themselves. As a kind of revenge, scaffolders deliberately delayed the following construction progress. Moreover, to avoid further conflict, Mr. Li had to withhold two rectification notices that should have been sent to the scaffolding team.

Matters ended in a deadlock. Mr. Li was greatly disappointed. In his opinion, the management team suffered a loss of prestige. It created an impression: there were no fixed rules, no justice, and no deterrence on this construction site. Everything can be negotiated and compromised. The working team as well as their workers might not take the safety management as well as the managers seriously any more.

(5) 'To give you face'\textsuperscript{103}

Realising that the management system did not work well and the authority of the management team was undermined, Mr. Li attempted to take a different strategy in order to fulfil his duties as a safety compliance manager. He tried to develop positive interaction with the workers through some personal skills such as emotional communication, private relational contact. For example, when Director Song denied the proposal of organising a particular training session for the working team of crane tower, Mr. Li individually attended the safety education activity organised by the working team itself, which expressed his personal support. Consequently, some workers or headmen were also willing to 'give face to Mr. Li', and accept his advice or request. Director Song hence often sent Li to make relevant coordination.

\textsuperscript{103} In Chinese culture, the expression of 'giving face' ('Gei Mian Zi') generally has two kinds of meanings: one means not calling out someone on their errors in public, or shaming them/questioning them too aggressively. The other means that someone agrees to do or not to do something mainly due to a relational interaction/consideration. Here the paper refers to the second meaning.
In one case, it was reported that some shelves used as the working platform were damaged. However, the working team of the scaffoldor claimed that, according to the labour subcontract, their task was only to 'build up' without 'repair'. Making new shelves of course would cost extra money, but the company did not intend to pay for it. Director Song thus just put aside the problem. But Li did not dare neglect such a safety hazard. He went to negotiate with the headman of the scaffolding team. The headman actually was very dissatisfied with Director Song. Li had to say many nice words. Under soft persuasion and the humble request of Mr. Li, the headman finally agreed to repair the broken shelves. But he repeatedly stressed that it was to give face to Mr. Li and there was no next time.

In another case, Director Song asked Mr. Li to repair some safety protecting nets because the project had no plan to purchase any new facility. Li understood that Song actually wanted him to get some free nets from the working team. As expected, the headman did not hide his scorn for the project managers, especially towards Director Song. Mr. Li had to express that he was different from Song, and he was in need of support and coordination. Li also tried to persuade the headman that repairing the protecting nest was for everyone’s sake. In the end, the headman agreed to give some nets to Li.

There were actually so many occasions on this construction site, as the researcher observed, in which Mr. Li, as a safety specialist, had to employ his personal skills and some emotional mechanism in order to fulfil his duty. This is in line with the argument that legal regulation, either by the regulator or through self-regulation, works as an emotional process, and works by giving rise to emotional process (e.g. Lange, Bettina. 2002).

(6) Summary
Similar to Case I, fragmentation of management existed within the construction project. This gave rise to many practical problems. But in Case II, it seems the persons in charge of safety management had a lot to do with the style of inner self-regulation. Director Song
conducted an approach of laissez faire to deal with practical issues, which is a reflection of upper-level management strategy that was more concerned with economic contracts rather than process management. While Mr. Li, with his own occupational belief, attempted to stand in the complicated circumstance: conducting daily inspection consistently, busy with handling various specific problems, making proposals to superior tenaciously, keeping on issuing the unvalued rectification notices, keeping communication with the workers/headmen humbly. His experiences rightly showed, as some literature argued, that the middle persons in the organisation could play active roles in terms of compliance promoting (e.g. Gray & Silbey, 2014). The safety specialist, as middle-level person in the organisation, on the one hand, attempted to influence the performance of organisational compliance management; on the other hand, influenced the performance of compliance within the organisation. Mr. Li displayed a kind of endeavour, more or less, that pursued ‘being safe’ in the real practice of work safety.

Regrettably, the cases of the electricity box and withdrawal of a fine, as well as his interactions with the work teams illustrated the realistic embarrassments that an inner safety compliance manager had to face. That is, he actually lacked power. His powers to stop, correct or punish those (repeating) violations were not guaranteed by a reasonable as well as enough authorisation from the organisation. His limited influence upon safety practice worked through some informal ways. In brief, his authority as a professional safety specialist as well as an inner law enforcer had been implicitly undermined in the operation of compliance management. This can be linked back to the argument made in the regulatory process, where I found that if state regulators were unable to make commensurate regulatory sanctions towards violations, the enforcement pyramid will be broken. A similar argument then may be made in the organisational process, given that inner compliance managers were unable to make managerial sanctions towards violations during production process, the whole idea of inner self-regulation may
collapse from the base.

6. Case III: Operation of a Formalistic Compliance Management and Its Unintended Consequences

Yuanhe construction project (Y project), located on the north-east side of M city, was constructed by a local famous company, Yunjian Company. The project was under the jurisdiction of W district construction safety regulatory station. A one month participant study was carried out in this project in 2013. Different from the X and L projects, Y project showed a distinct characteristic in the adoption of formal management institutions and internal procedures. However, the operation of a formalistic management had not achieved an ideal effect as expected. This case, to some extent, shows the limitation of a formal management system in practice.

(1) A famous construction company in pursuit of good management

Yunjian Company was an independent branch of a local famous construction enterprise group in M city. It had good economic strength and completed many construction projects, especially projects invested in by the local government. On account of a good social reputation locally, Yunjian Company showed great concerns for safety and quality management of a construction project. For example, judging from the quality of protective facilities on the construction site, the company provided adequate funding for safety measures. In addition, the company valued the importance of a management system. The work divisions of project managers and staff at all levels were clear, as some staff remarked, ‘everyone has his responsibility, and you have no chance to “eat rice in a mixed pot”’. The chief project manager, Mr. Zeng said, ‘our company made many specific regulations as well as assessment criteria in terms of quality, safety, and progress of the project’.

The investor of Y project, the Mchen urban construction

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104 See: Interview with Mr. Chen.
105 See: Interview with Mr. Zeng.
investment corporation (i.e. Party A), was also a famous company in M city. Both parties made a goal for Y project that it should apply for the title of ‘Demonstration Project of M city’ awarded by the local government. This, thus, gave rise to a higher requirement towards the management (especially the safety aspect) in this construction project.

In fact, similar to the preceding two cases, construction work of the project was sublet to three different labour companies (i.e. labour subcontractors). Consequently, numerous work teams who had different affiliations were working together on the construction site. To overcome possible fragmentations in the daily operation of the project, the company adopted a series of strategies:

First of all, the on-site managerial team organised for Y project was a self-contained functional unit and mainly composed of senior staffs from the company rather than hiring outside. In particular, besides full-time safety inspecting specialists, the project had a special position of chief safety officer, with the responsibility of ensuring safety management be implemented and maintained. Parker and Nielsen, in their study of corporate compliance systems, also recognised that having a special compliance officer matters in management practice (see: Parker & Nielsen, 2006, 2009; Parker, 2002.). All these arrangements served to assemble a cohesive and professional managerial team than can make management function in the construction project.

Second, a set of managerial procedures were clearly defined, for instance, routine meetings were held to handle practical issues and document exchanges for any disposal of compliance failure (will be further discussed in the next section). These procedures aimed to enhance day-to-day communication and interaction among actors at different levels of the construction project.

Moreover, the company employed a three-level safety production

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106 For Party A, such a title contributed to increase word of mouth advertising for the future real estate sales, while for Yijian Company, the title of ‘Demonstration Project’ was in favour of accumulation of reputation for future bidding.
accountability system, which was embodied through some written accountability agreements signed between the enterprise group and the branch company, between the branch company and the chief project manager, and between the chief project manager and the subcontractor/the headman.

In addition, to show its willingness to accept external review from the third party during the construction process, Y project engaged a locally famous construction supervision company, *Xindi Supervision*, for its project supervision.\(^{107}\) Furthermore, the project invited the investing party, *Mchen Corporation*, to closely get involved in the supervision with routine meetings (see Figure 4.3). To some extent, Y project embodied a kind of powerful collaboration among ‘three parties’ (i.e. the investing party, the construction company, as well as the supervision company).

![Figure 4.3 Three parties involved in the construction project](image)

According to legal requirement, all construction projects under construction should have a supervision party (‘Jian Li’). But in practice, many supervision firms were too weak or basically affiliated with the investing party (party A), so that they were unable to have a substantive influence upon the construction firm. In the first two cases, the supervision party was very weak so the paper does not refer to it.

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\(^{107}\) According to legal requirement, all construction projects under construction should have a supervision party (‘Jian Li’). But in practice, many supervision firms were too weak or basically affiliated with the investing party (party A), so that they were unable to have a substantive influence upon the construction firm. In the first two cases, the supervision party was very weak so the paper does not refer to it.
managerial mechanisms in Y project to pursue good management.

(2) Formalistic safety management in practice

Under the adoption of formal compliance systems, the middle-level managers did implement safety compliance management actively in the day-to-day operation of Y project, which was particularly embodied in two aspects: one was a routine meeting mechanism among the three parties, and the other was document-based procedure control.

(i) Safety monitoring based on meeting mechanism

In order to show a real concern for construction safety, Yunjian Company expressed a warm welcome to the investing party and the supervision company for getting involved in the actual process of safety management, monitoring and control. Y project, hence, strictly executed a routine meeting mechanism. The routine meeting also served as a channel of communication for practical issues among the managerial team and different labour subcontractors/working teams.

a) Weekly safety inspection meeting

There was an on-site safety inspection every Tuesday, which was convened in the name of the investing party. The entire process was very similar to external inspection conducted by the district safety regulatory station. Relevant managers from the three parties together went through the construction site to check safety issues. Afterwards, they had a meeting in the office to make a summary. The representatives of the subcontractors or the relevant headmen of the working team should also attend the meeting. The investing party firstly expressed its final comment and put forward some specific requirements towards both construction party and the supervision party. The supervision party followed to express its conclusion and some specific requirements of the construction party. The construction party further expressed its conclusion and some specific requirements of the subcontractors and working teams. Through a triple-layer review, all safety requests were ultimately directed to the subcontractor as well as working team.
b) Weekly supervision meeting

A second routine meeting was convened in the name of the supervision party every Wednesday. The participants were the same as those of the safety inspection meeting. The meeting normally was brief: the supervision party summarised the overall findings in the past week, and pointed out its supervision opinions. The construction party then responded to the problems mentioned and also expressed its opinion about the following work.

 c) Inner self-examination meeting

Every Friday, the construction company then organised a self-examination meeting with all subcontracting work teams. This meeting actually served as a reminder for relevant work teams that they should make relevant rectifications as required in the two routine meetings.

On the whole, Y project kept an intensive routine meeting mechanism, which, to some extent, contributed to maintain formal managerial pressure towards safety practice. In addition, the routine meeting supplied a formal mechanism for the three parties and the working teams to communicate and negotiate the operation of the project.

(ii) Procedure management based on file work

Besides routine meeting mechanism, Y project implemented formal procedure control based on file work. According to the observation, the document exchange was an important way to work. Especially for the supervision party and the construction party, they spent a considerable amount of time making documents. For example, the staff of the supervision party made records of safety checks every day, as someone explained, ‘It is your working trace, just in case some bad incident happens’. If they found some safety problems, they issued a notice to the construction party. The latter would return a written reply to the supervision party (of course, all were fixed format files) by saying how they dealt with the problems. Next, the

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108 See interview with the staff of the supervision company, Mr. Liu.
manager of the supervision party would sign the reply (representing the supervision party accepting the rectification results) and returned it to the construction company. Once the construction company stamped the file, the complete notice was finally returned to and preserved by the supervision party. The construction company actually conducted similar document exchanges with its subcontracting work teams. If the managers received the safety notice from the supervision party, or they found some safety problems by themselves, they implemented the same procedure as the supervision party did. It is worth noting that in this process of file exchange, neither the supervision party nor the construction company actually went to the site to verify whether the problems were resolved or the situation was improved. They paid more attention to whether the file was filled out and signed completely. If the problems remained, a new file could be produced next time.

Although such a ‘quiet indoor office management style’ seemed a bit incompatible with the lively scene of the construction site, in fact, the file-based management became the most important part of daily practice. For example, although relevant parties discussed safety issues heatedly at the routine meetings, all decisions and sanctions were eventually implemented through file exchange.

Generally speaking, the safety compliance systems adopted in Y project had been implemented and maintained through a strict formalistic way. It created a general impression of good management. The following part, however, will discuss some practical challenges for the operation of such compliance management.

(3) **Is a fine (as control) effective?**

Although a set of formal safety management mechanisms had been operating systematically in Y Project, the highly formalistic ways of working still faced the practical challenge of implementation effectiveness. A fine was an example.

Different from the prior two construction projects, a fine was a frequently referenced and utilised measure in Y project. On the one
hand, there were a series of provisions stipulating the situations to issue a fine, for example, rule-breaking operation, occurrence of injury or accident, fire, or food poisoning, being detected or punished by the safety regulatory agency, disclosure of safety hazards by the media. On the other hand, to give a fine or threat of fine became a common method for the management. A bit to my surprise, it was almost an immediate response of most managers (from the three parties) to make a fine or threaten to give a fine when discussing the disposal of a violation. While in the other two cases, the managers rarely referred to a fine as they perceived it was impractical. The chief manager of Y project once explained, ‘of course a fine is not the ultimate purpose. However, it is necessary for those repeating violations. Compared with the methods of education, persuasion, oral warning, or a request of rectification, a fine can cause an economic loss (even just a small amount), and more importantly, it produces some deterrence. For example, some work teams just kept their ways of working and did not want to accept any new ideas. Once you gave a real fine to them, they changed.’ Such a perception that a fine was in favour of generating some certain pressures was also confirmed by other managers.

Nonetheless, the frequent use of fines did not necessarily cause better performance in practice. Here the paper looks at the decisions made at the routine meeting as an example. During a one-month participant study, the researcher attended four weekly safety inspection meetings and four weekly supervision meetings in total. The following table lists the number of fines or threats of fines, as well as the number of repeating violations.

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109 See: Interview with Mr. Zhong.
110 See: Interview with Mr. Zeng, Mr. Wang, and Mr. Yang.
111 According to my observation, the amount of the fine seemed a bit flexible from 200 Yuan to 500 Yuan for an ordinary violation, and from 1000 to 1500 Yuan when managers understood the matter as important.
Table 4.2 Fine or threat of fine as a disposal

<table>
<thead>
<tr>
<th></th>
<th>Fine</th>
<th>Threat of fine</th>
<th>Repeating violations after sanctions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly safety inspection meeting</td>
<td>01</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>02</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>03</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>04</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Weekly supervision meeting</td>
<td>01</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>02</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>03</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>04</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

According to Table 4.2, a large portion of fines or threats were actually directed to those repeating violations that had been fined or been threatened previously. It implied that, for some violations, there were no changes even with a repeating fine or threat of fine. For example, the illegal use of electricity was a repeating problem that was stressed at every meeting and was fined or threatened every time.

Besides the fact that a fine did not necessarily bring about a change of behaviour; the implementation of fines was also a challenge. The following was an example. Two managers went to collect the fine issued to a subcontracting company. One stated the details (violating items and amount of fine) in the ticket to a staff of the subcontractor. In the process, the staff denied several violating items. The two managers were a bit angry and presented some evidence. The staff then said that they could not sign the ticket until their chief manager came back. However, the chief manager did not show up at all that day. The two managers had to put forward this event at the weekly safety inspection meeting held on the next day. Finally, the deadline for this ticket was postponed to the end of the week.

Many managers admitted that the implementation of fines was impeded due to some practical situations, for example, the work teams were not willing to cooperate, or some small teams flowed too
quickly to have a fine implemented. Some managers even pointed out the negative effect that the sanctioned actors might thus use reverse psychology and tend to resist when getting fines, ‘afterwards they might stay away from you, or be disgusted with you.”

Actually, the doubt about the impact of punitive measure as deterrence in this paper is not unique. Recently, a research group conducted a systematic review on corporate crime deterrence, collecting data from numerous published and unpublished studies. The review showed that overall there was limited evidence that punishment deters corporate behaviour. Earlier, some studies (such as Kagan, et al., 2011; Thornton et al., 2005; Gunningham et al., 2005; Gray & Shadbegian, 2005; Braithwaite & Makkai, 1991) had already questioned a deterrence approach and asked for a broader approach.

In this case, the chief safety officer, Mr. Han, also attempted to carry out some unique mechanisms. He once proposed creating a group on the Internet that all managers of relevant parties should sign in daily. Then all messages about sanctions of violation could be stated in the group promptly. He assumed that the more easily managerial information was shared, the more efficiently managerial sanctions could be implemented. Mr. Han also made a list of timelines for every procedure with the purpose of enhancing implementation efficiency. Particularly, he drafted a provision on rewards and punishments, proposing that the money from the fines could be used as rewards for those who performed in accordance with the safety requirement; and the actors who did not pay for fines promptly would lose the qualification to get any bonus. These innovations had been communicated and discussed among the three parties for a long time. Regrettably, when I left, the proposals were still in writing. From

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112 See: interview with manager Han, interview with manager Li, and interview with manager Liu.
113 See interview with manager Chen.
114 Two hundred and sixty five studies were eligible for inclusion in this study.
the viewpoint of the researcher, these innovations were only some matters for the existing managerial institutions and procedures. It, hence, cannot penetrate into practice and create a real incentive.

Ironically, the managers explained that they actually had no other useful measures for control besides fines, ‘......they (i.e. the work teams) just don’t seriously care about it. Then what could we do? The only choice left is to report to the chief manager of the project, or report to the company. But it is unrealistic. Can you expect that the higher manager will deal with the practical issues that they think you should take care of?’\textsuperscript{116} As a consequence, the managerial team still returned to fining as a main approach, but some managers changed their perceptions about its function, ‘We just followed the managerial rules to issue a fine. If an inspected actor doesn’t want to change, it becomes his own business. But the fine itself can prove that we have fulfilled our duties and we have used up the available measures. Even the top managers found that we failed to resolve the problem, at least, they can see the efforts that we have put in’\textsuperscript{117} In this sense, fines became a strategy of blame shifting. It was a goal displacement where the fine becomes something in the bureaucratic order that shows one has done his job regardless of whether the situation has become safer.

\textbf{(4) Untouchable workers}

The difficulty of implementing a fine actually implied existing fragmented practices in Y project that work teams stayed comparatively independent from the managerial team and the latter had limited influence upon them. It was confirmed by some managers that they rarely reached the workers who stood at the terminal of safety practice. On the objective side, when the middle level managers highly relied on the operation of formalistic management systems, they certainly did not have to keep direct contact with the workers because systems would direct to ‘things’ rather than ‘persons’. This

\begin{footnotesize}
\textsuperscript{116} See: interview with manager Han, interview with manager Liu, and interview with manager Xiao.

\textsuperscript{117} See: interview with manager Han, and interview manager Liu.
\end{footnotesize}
was not a rare case. Many studies have shown that regulatory risks can be successfully controlled through technology or some well-designed procedure mechanism (Feng, 2008; Cui & Shen, 2004; Wang, Fei, et al., 2011; Liu, Hui et al., 2013). However, a fact was ignored that, on many occasions, it was the person who caused unsafe problems. It had also been ignored that the individual had great subjectivity in the decision-making of behaviours.

Furthermore, the middle level managers had their own subjective views and actually showed their reluctance to directly contact the workers. For example, during an inspection, a safety specialist pointed at an electricity distribution box and told the researcher, ‘This is an obvious illegal operation. But I won’t talk with the workers, rather I will inform their headman and ask him to educate the worker to change the behaviour. If you go directly to educate the worker, they possibly contradict you.’\(^{118}\) Some managers also confirmed such a perception, ‘Generally speaking, the worker won’t listen to us because they don’t receive a salary from us. We hence normally communicate with the headman of the team. Particularly some workers are less-educated. If you criticise, they might have quarrels with you.’\(^{119}\) As a consequence, the managers further believed that the on-site safety management can only rely on a hierarchy, i.e. the management should be operated layer-by-layer. In some sense, such perceptions in reverse reinforced their position on other informal institutions and mechanisms.

(5) Summary

As some literature pointed out, management style significantly influenced practice (Gunningham et al., 2005). Compared to the prior two cases, Y construction project adopted a series of managerial arrangements in terms of organisation structuring and staffing, institutional and procedural control, which made compliance management of Y project seem more formal, standardised and

\(^{118}\) See interview with manager Liu.

\(^{119}\) See interview with manager Chen, and interview with manager Xiao.
systematic than the other two cases. But, as Parker and Nielsen (2009a) questioned: do appropriate compliance systems lead to better compliance? Although their own study found a significant positive association between implementation of compliance management systems elements and compliance management in practice, my study showed something different.

The failure of fines as an effective control revealed some facts: Internal compliance systems of Y project were actually operating in a formalistic way. Routine meeting mechanism did not make management more effective or powerful. Procedure control based on file exchange produced a ‘paper’ management style. Managers continually issued fines even though they realised the limitations. These practices made daily compliance management ‘look good’ but in the end it was hollow. It failed to substantially resolve practical matters in the construction process, in particular, it failed to deal with the offenders or increase level of compliance.

Resorting to formalistic compliance management further showed that these middle level managers, in some sense, were powerlessness. Their managerial strategy stopped with the fines but not with the desired behavioural change. They had limited authority and influence over work teams as well as individual workers. In other words, they were unable to overcome the fragmented practices on the construction site, which was also recognised in the other two cases.

Furthermore, daily operation of a formalistic compliance management created some unintended consequences, that is, blame shifting of the managers. For instance, the managers paid attention to document exchange. They issued fines to prove they had fulfilled their duties. There thus existed some distinction between achieving compliance through a fine and achieving the illusion of compliance by issuing a fine. This actually echoes a classic argument holding that a bureaucratic system may result in situations where actors (in my case the inner inspectors) just seek to tick boxes (i.e. issuing a fine in my case) to relieve themselves from responsibility (e.g. Crozier, M. 1964). By doing so, they seem to be managing their own risks and shifting
blame and liabilities, regardless of whether it leads to ending the risks, or making a situation better.

7. Discussion

To sum up, the three empirical cases studied in this chapter present some details of the organisational compliance management process on the construction sites. We can create a short overview as follows (Table 4.3):
### Table 4.3 Overview of case study

<table>
<thead>
<tr>
<th>Case</th>
<th>Upper level Management Style</th>
<th>Middle-level management Practice</th>
<th>Results of Managerial process</th>
</tr>
</thead>
</table>
| I    | - Amateur manager at the top;  
|      |  - kept a loose and less-binding relation with partnership (labour subcontractor);  
|      |  - Used a mixed employment approach (relied on expertise of locally employed professionals, with more trust in home-based personnel). | - Competing management between the company manager and the headman of work teams;  
|      |  - Mainly employed a ‘soft’ strategy and ignored minor violations. | - Various contests and negotiations in reference to compliance or non-compliance among different levels of actors;  
|      |  - It seemed that no one organisation was in charge, but many different ones;  
|      |  - It was hard to find clear responsibility for work safety. | |
| II   | - Top manager only had remote control over capital and project schedule;  
|      |  - Believed that the operating construction project relied on contract-based economic measures;  
|      |  - Sent trustworthy people from the top to conduct on-site management. | - Safety director from the home company had no strong commitment to safety management;  
|      |  - Safety specialist at the lower-level devoted himself to safety management by resorting to both formal and informal approaches. | - The overall compliance management was passive, reactive, and flexible;  
|      |  - Even issuing a fine did not effectively deal with safety violations;  
|      |  - Project managers had no direct impact upon the workers;  
|      |  - Formalistic operating with formal systems in some sense created blame-shifting and symbolic compliance management. | |
| III  | - Famous local company;  
|      |  - Highly concerned with formal management systems. | - Greatly resorting to a formalistic operation with formal systems (e.g. routine meetings, procedure control based on file management). |  
|      |  | - Even issuing a fine did not effectively deal with safety violations;  
|      |  | - Formalistic operating with formal systems in some sense created blame-shifting and symbolic compliance management. | |
The empirical cases, first of all, demonstrated a picture of managing compliance in complex fragmented settings. It seemed to be a conventional practice that actual constructing work was sublet to different labour service companies. Existence of subcontracting created numerous work teams with different affiliations within one construction project. These teams stayed comparatively independent from the managerial team of the project, which created a fragmented system within the project. All three cases faced such a fragmented setting but showed variations of management in practice. In Case I, even the managerial team itself was fragmented due to different staffing mechanisms. As a result, we saw a form of fragmentation throughout the entire project that obstructed compliance management. It was hard to find clear responsibility and authority to manage safety. There hence existed various negotiations and compromises among various groups and actors in practice. By contrast, Case II owned a relatively unified managerial team, but compliance managers showed competing styles of management. Different from the other two cases where top-level manager of the organisation held a laissez-faire attitude to the situation, in Case III, the company attempted to overcome fragmentation through a set of formal institutional and procedural controls. Regrettably, such internal compliance systems were actually operating in a formalistic way. It created an impressive procedural paper system that in the end had no real influence on behaviour and just created a paper trail without any real effect. To sum up, neither of the three cases presented a good performance of managing compliance in complex fragmented settings.

Looking further, the unsatisfactory performance of daily compliance management, numerous practical challenges that compliance managers had to face, all implied the lack of authority and power of compliance managers. According to Fiss (2008), organisational governance was relevant to ‘the proper allocation of power and resources’ across and within organisations. Gray and Silbey (2014) argued that, based on their empirical studies in
different sectors, variations of organisational governance and regulatory compliance derive from variations in positions, autonomy, and expertise within each organisation. Here the issue of power is key, which they referred to as legitimate exercises of power on the basis of subordinates’ deference to requests or commands. In all three cases, compliance managers were actually lacking power to break through the fragmentation all the way to the level of the worker. In Case I, the top managers obviously neglected process management. They deemed it was the duty of compliance managers, but did not give corresponding empowerment. Of course, as the construction company had a dependence on subcontractors in terms of construction capital, it, in fact, could not grant any genuine empowerment. In Case II, it was so impressive that Mr. Li, as a frontline compliance manager, made great effort to fulfil his duty. But his powers to stop, correct or punish those (repeating) violations were not guaranteed by a reasonable as well as enough authorisation from the organisation. He had to employ some personal and emotional mechanisms to have a limited influence on people as well as their behaviours. Powerlessness of compliance managers existed even when there was a more formal management system such as in the last case. The managerial strategy stopped with the fines and not with the desired behavioural change. Compliance managers had no choice but to resort to formalistic compliance management. Such empirical findings also echoed the literature arguing that the effectiveness of compliance officers very much depends on their formal and informal positions. Their effectiveness increases when they operate more independently from the business line and when they enjoy a certain level of organisational clout (see: Huisman, 2016).

Moreover, in the three cases, we can see the personal style of managers was influential. As some scholars claimed, regulatory compliance may demand increased resource commitments of time, energy, and personal authority from managers (Dutton & Ashford, 1993; Kalev & Dobbin, 2006; Huising & Silbey, 2011). In Case I,
compliance managers (especially those locally employed specialists) complained of fragmentation as well as powerlessness a lot. But I hardly saw them trying to take any active effort to overcome the situation or make any change. It was a kind of passive style, which, more or less, aggravated the chaotic status of the construction site. Case II showed some distinct personal styles. Director Song was actually indifferent to the actual situation of the project, and he just took an attitude of ‘let it be’. Accordingly, many workers looked down on him and were unwilling to follow his orders. Mr. Li, with professional competence and high concern about safety issue, attempted to deal with complicated circumstance and make possible changes. Unavoidably, two kinds of styles were in competition. Mr. Li, thus, had to face many obstacles, part of which came from the constraint of Director Song. But in general, the story of Mr. Li displayed a kind of endeavour that pursued ‘being safe’ and pursued influencing performance of organisational compliance. In Case III, compliance managers did commit to carry out a set of formal institutions and procedures for management. But most concerns were documented through formalistic implementation of compliance management systems, which, intentionally or unintentionally, created goal displacement. That is, management practice, in some sense, became something that showed one had done his job regardless of whether if led to ending risks, making a situation better, or achieving behavioural change.

Generally speaking, the three cases, despite being a small sample, contributed to demonstrate some interesting similarities as well as variations in compliance management of the organisations. The empirical study also proved that compliance of the organisation was a complicated process. Case studies in this chapter uncovered the tip of the iceberg of organisational compliance. The next chapter, thus, further develops these findings in a broader context.