

City University of Hong Kong

Department of Public Policy

*Research Student Seminar*

**Embedded agency in China's reform:  
A case study of project construction  
management system reform in  
Qianhai and Hengqin Free Trade  
Zones**

by

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*Abstract:*

This study highlights how the embedded agency actually works out in institutional change in the process of institutional reform in China. Organizational institutionalism emphasizes the influence of structure in shaping human beliefs and behavior, which accounts for institutional stability as structure is slow to change. Paradoxically, many studies find out that institutional change is promoted by embedded actors rather than exogenous shocks. The institutional entrepreneurship literature posits agency can become

'disembedded' from structure and take strategic actions. The role of structure in the change process is however not clear, and is still seen largely as a constraint. In China, the authorities are deeply embedded in existing institutions while they have often, as documented in studies, played an active role in change-oriented policies and reforms. The pre-existing institutions regulate and define their power, responsibility and routines through rules of enforcement and cognition in formal and informal ways. Introducing a new practice requires the approval of superior authorities and integrating it with the overall system entails the support from other authorities in the matrix of structure. Therefore, local innovation is usually challenged and intervened by multiple authorities involved, through which the structure exerts influence on the change process significantly.

China's ongoing reform process hence provides an opportunity to investigate into the embedded agency in institutional change. This study seeks to examine the interactions through the pilot reforms of project construction management in Qianhai and Hengqin Free Trade Zones in Guangdong Province in recent years. These two cases shared a common target to experiment on construction management innovations with reference to practices in Hong Kong, whilst their reform trajectories followed different paths. By tracing and comparing the varied reform processes and responses of the actors, this study identifies key actors, their attitudes and actions to uncover the underlying action logics. It will analyse how the actors' institutional positions mediate their perceptions of interests and choice of actions, and thus seeks to identify how agency and structure co-work in institutional change processes.